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**GREATER WARD ONE WATERWORKS DISTRICT  
OF LINCOLN PARISH  
FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 1997**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAY 06 1998

GREATER WARD ONE WATER DISTRICT  
 OF LINCOLN PARISH  
 FINANCIAL STATEMENTS  
 FOR YEAR ENDED December 31, 1997

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OF LINCOLN PARISH  
FINANCIAL STATEMENTS  
FOR YEAR ENDED December 31, 1997**

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# WILLIAM D. EDWARDS

Certified Public Accountant  
A Professional Accounting Corporation  
Member: AICPA / Society of LCPA'S

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Greater Ward One Waterworks District  
of Lincoln Parish

I have audited the accompanying financial statements of the Greater Ward One Waterworks District of Lincoln Parish, as of and for the year ended December 31, 1997, as listed in the table of contents. These financial statements are the responsibility of the Waterworks' management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and generally accepted governmental auditing standards contained in the Government Auditing Standards - Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

My audit was conducted for the purpose of forming an opinion on the financial statements of Greater Ward One Waterworks District of Lincoln Parish, taken as whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as whole.

In my opinion, the financial statements referred to above present fairly, in material respects, the financial position of the Greater Ward One Waterworks District of Lincoln Parish, as of December 31, 1997, and the results of its operations and the changes in financial position of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.



Ruston, Louisiana  
February 27, 1998

GREATER WARD ONE WATERWORKS DISTRICT  
OF LINCOLN PARISH  
COMBINED BALANCE SHEET - ALL FUND TYPES & ACCOUNT GROUPS  
December 31, 1997

	Proprietary Fund Type	(Memorandum Only)
	Year Ended Dec. 31, 1997	Year Ended Dec. 31, 1996
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 156,377	\$ 128,702
Receivables	8,511	14,856
Accrued Receivables	9,379	8,570
Prepaid Expenses	3,797	5,592
	-----	-----
Total Current Assets	178,064	157,720
	-----	-----
<b>Restricted Assets</b>		
Bond Reserve Accounts	90,153	89,581
Customer Deposit Account	36,400	30,830
Depreciation Reserve Account	104,177	84,675
Construction Checking Account	8,979	-0-
	-----	-----
Total Restricted Assets	239,709	205,086
	-----	-----
Property, Plant & Equipment (Net)	1,244,224	993,367
	-----	-----
<b>TOTAL ASSETS</b>	<b>\$ 1,661,997</b>	<b>\$ 1,356,173</b>
	=====	=====
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 4,861	\$ 13,050
Payroll Taxes Payable	1,806	1,315
Sales Taxes Payable	661	668
	-----	-----
Total Current Liabilities	7,328	15,033
	-----	-----

GREATER WARD ONE WATER DISTRICT  
OF LINCOLN PARISH  
COMBINED BALANCE SHEET- ALL FUND TYPES & ACCOUNT GROUPS  
(CONTINUED)  
December 31, 1997

	Proprietary Fund Type	(Memorandum Only)
	Enterprise	Year Ended Dec. 31, 1996
<b>Current Liabilities- from Restricted Assets</b>		
Customer Deposits	33,780	28,340
Accrued Interest Payable	7,626	1,954
Current Portion-Long Term Debt	18,000	16,000
<b>Total Liabilities-Payable from Restricted Assets</b>	<b>59,406</b>	<b>46,294</b>
<b>Long-Term Liabilities</b>		
Revenue Bonds Payable	1,037,148	800,409
<b>TOTAL LIABILITIES</b>	<b>1,103,882</b>	<b>861,736</b>
<b>FUND EQUITY</b>		
Contributed Capital	\$ 196,000	\$ 196,000
<b>Retained Earnings</b>		
Reserved for Debt Retirement	203,309	123,242
Unreserved	158,806	175,195
<b>Total Retained Earnings</b>	<b>362,115</b>	<b>298,437</b>
<b>TOTAL FUND EQUITY</b>	<b>558,115</b>	<b>494,437</b>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b>\$1,661,997</b>	<b>\$1,356,173</b>

**INDEPENDENT AUDITOR'S REPORT**  
**GREATER WARD ONE WATERWORKS DISTRICT**  
**OF LINCOLN PARISH**  
**COMBINED STATEMENT OF REVENUES, EXPENSES & CHANGES IN**  
**RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES**  
**YEAR ENDED December 31, 1997**

	Proprietary Fund Type ----- Enterprise -----	(Memo Only) ----- Year Ended Dec. 31, 1996 -----
<b>OPERATING REVENUES</b>		
Charge for Services		
Water Revenues	\$291,717	\$ 248,950
Miscellaneous Revenues	-----	-----
Meter Taps	17,590	16,644
Miscellaneous	2,335	1,246
	-----	-----
Total Miscellaneous Revenues	19,925	17,890
	-----	-----
<b>TOTAL OPERATING REVENUES</b>	<b>311,642</b>	<b>266,840</b>
<b>OPERATING EXPENSES</b>		
Accounting	2,660	2,475
Advertising	555	-0-
Audit	1,300	1,000
Auto Allowance	-7,530	8,008
Bank Service Charges	-0-	173
Commissioner's Fee	1,740	1,800
Computer	-0-	175
Chemical's	1,551	636
Cut Off Fee	1,670	1,100
Depreciation	42,881	42,386
Dues & Subscriptions	150	160
Employees	270	-0-
Engineering	9,794	2,528
Insurance	7,751	7,314
Insurance-Group	2,451	2,717
Insurance-Workers' Compensation	4,566	1,129
Legal	321	-0-
Meter Readings	3,850	3,854

INDEPENDENT AUDITOR'S REPORT  
 GREATER WARD ONE WATER DISTRICT  
 OF LINCOLN PARISH  
 COMBINED STATEMENT OF REVENUES, EXPENSES & CHANGES  
 IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES (CONTINUED)  
 DECEMBER 31, 1997

	Proprietary Fund Type ----- Enterprise -----	(Memorandum Only) ----- Year Ended Dec. 31, 1996 -----
Meter Taps	8,590	4,063
Miscellaneous	80	-0-
Mowing and Bush Hogging	2,440	2,470
Office Expense	1,589	2,936
Permits	183	500
Postage	2,140	2,313
Repairs & Maint.-Lines	5,578	7,507
Repairs & Maint.-Build. & Grounds	4,079	2,542
Salaries	44,603	43,275
Supplies	12,294	10,560
Taxes-Payroll	4,773	4,475
Testing	1,249	-0-
Travel	510	28
Utilities & Telephone	37,069	43,135
	-----	-----
<b>TOTAL OPERATING EXPENSES</b>	<b>214,217</b>	<b>199,259</b>
	-----	-----
<b>OPERATING INCOME</b>	<b>97,425</b>	<b>67,581</b>
 <b>NONOPERATING REVENUE (EXPENSES)</b>		
Test Wells Abandoned	-0-	-0-
Interest Income	12,696	11,573
Interest Expense	(46,443)	(48,152)
	-----	-----
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<b>(33,747)</b>	<b>(36,579)</b>
	-----	-----



INDEPENDENT AUDITOR'S REPORT  
 GREATER WARD ONE WATER DISTRICT  
 OF LINCOLN PARISH  
 COMBINED STATEMENT OF REVENUES, EXPENSES & CHANGE IN  
 RETAINED EARNINGS - ALL PROPRIETARY TYPES (CONCLUDED)  
 December 31, 1997

	Proprietary Fund Type	(Memorandum Only)
	-----	-----
	Enterprise	Year Ended Dec. 31, 1996
	-----	-----
NET INCOME (LOSS)	63,678	31,002
RETAINED EARNINGS, BEGINNING	298,437	267,435
RETAINED EARNINGS, ENDING	----- <u>362,115</u>	----- <u>298,437</u>

GREATER WARD ONE WATERWORKS DISTRICT  
OF LINCOLN PARISH  
COMBINED STATEMENT OF CASH FLOWS - UNRESTRICTED  
YEAR ENDED December 31, 1997

	Proprietary Fund Type	(Memorandum Only)
	Enterprise	Year Ended Dec. 31, 1996
<b>CASH FROM OPERATING ACTIVITY</b>		
Net Income (Loss) from Operations	\$ 97,425	\$ 67,581
Items Not Requiring the Use of Cash		
Depreciation	42,881	42,386
Changes in Working Capital		
Accounts Receivable	6,345	3,926
Accrued Accounts Receivable	(809)	1,099
Prepaid Expense	1,795	(202)
Accounts Payable	(8,189)	9,441
Payroll Taxes Payable	491	213
Sales Taxes Payable	(7)	(57)
<b>NET CASH PROVIDED BY OPERATING ACTIVITY</b>	<b>139,932</b>	<b>124,387</b>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>	<b>-0-</b>	<b>-0-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>		
Additions to Property, Plant & Equipment	(293,738)	(48,138)
Principal Paid on Notes	(17,247)	(16,173)
Interest Paid on Notes	(46,443)	(48,152)
Proceeds from New Notes	255,986	-0-
Increase in Current Portion Long Term Debt	(2,000)	-0-
<b>Total</b>	<b>(103,442)</b>	<b>(112,463)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net Increase in Restricted Assets	( 34,623)	(36,004)
Net (Decrease) Increase in Current Liabilities Payable from Restricted Assets	13,112	3,102
Interest on interest -bearing activities	12,696	11,573
<b>TOTAL CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(8,815)</b>	<b>(21,329)</b>

GREATER WARD ONE WATERWORKS DISTRICT  
 OF LINCOLN PARISH  
 COMBINED STATEMENT OF CASH FLOWS - UNRESTRICTED (CONTINUED)  
 YEAR ENDED DECEMBER 31, 1997

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	Proprietary Fund Type	(Memorandum Only)
	Enterprise	Year Ended Dec.31, 1996
INCREASE (DECREASE) IN CASH	27,675	(9,405)
CASH AT BEGINNING OF YEAR	128,702	138,107
CASH AT END OF YEAR	\$ 156,377	\$ 128,702
SUMMARY		
Operating Account	\$ 156,377	128,702
Restricted	239,709	205,086
	\$ 396,086	\$ 333,788
Expenditures for interest - cash basis	\$ 46,504	
Expenditures for taxes - cash basis	\$ 4,282	

GREATER WARD ONE WATERWORKS DISTRICT  
OF LINCOLN PARISH  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1997

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The accounting and reporting policies of the Greater Ward One Waterworks District of Lincoln Parish conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The following notes to the financial statements are an integral part of the Waterworks' Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Greater Ward One Waterworks District of Lincoln Parish was organized in 1967 as a political subdivision of Lincoln Parish to provide water usage and service to the residents of Greater Ward One of Lincoln Parish.

This report includes all funds and account groups which are controlled by or dependent on the Board of Commissioners. Control by or dependence on the Board of Commissioners is determined on the basis of a budget adoption, authority to issue or secure debt financing, election or appointment of the Board of Commissioners, and other general oversight responsibilities.

B. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Greater Ward One Waterworks District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures/expenses. The individual fund accounts for the governmental resources allocated to time for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

The funds presented in the financial statements are described as follows:

Proprietary Fund Types - Enterprise Fund

GREATER WARD ONE WATERWORKS DISTRICT  
OF LINCOLN PARISH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 1997

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This fund accounts for operations that are organized to be self-supporting through user charges. This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on continuing basis be financed or recovered primarily through user charges.

**C. BASIS OF ACCOUNTING**

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Interests on revenue bonds, proceeds of which are used in financing the construction of certain assets, is capitalized during the construction period net of interest on the investment of unexpended bond proceeds.

**D. BUDGETARY DATA**

The Waterworks District adopts an operating budget for the enterprise fund on the cash basis which is not the same basis of accounting as that used to account for the actual results of operations on the accrual basis. The following items indicate the primary differences between the budgetary basis and the GAAP basis used to account for the results of operations for the operating accounts:

1. Interest Income - earned on restricted assets is included in the results of operations. Such amounts are not budgeted in the operating accounts.
2. Interest Expense - on long-term debt is included in the results of operations. Such amounts are not budgeted in the operating accounts.
3. Depreciation Expense - is not budgeted, however, expenditures for capital outlays are budgeted. These outlays have been capitalized into fixed assets and eliminated from the results of operations on a GAAP basis.

**E. ASSETS, LIABILITIES AND FUND EQUITY**

**1. Receivables**

All receivables are reported at their gross value. The District uses the direct charge off method for uncollectible accounts rather than an allowance for such losses.

GREATER WARD ONE WATER DISTRICT  
OF LINCOLN PARISH  
NOTES TO FINANCIAL STATEMENT (CONTINUED)  
December 31, 1997

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**2. Restricted Assets**

Enterprise Funds, based on certain bond covenants, are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt.

**3. Property, Plant & Equipment**

Property, plant and equipment acquired for proprietary funds are capitalized. Property, plant and equipment are stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Depreciation of exhaustible fixed assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the proprietary fund balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated useful lives are as follows

Equipment and Wells	- 40 Years
Improvements	- 15 Years
Building	- 25 Years
Equipment	- 5-7 Year

**4. Long-Term Debt**

Long-term liabilities for revenue bonds are reported in the appropriate Enterprise Fund.

**5. Fund Equity**

Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distribution. Reserved retained earnings for proprietary funds represent the net assets that have been legally identified for specific purposes.

**F. REVENUES AND EXPENSES**

Revenues and expenses of proprietary funds are recognized in essentially the same manner as in commercial accounting.

**G. COMPARATIVE DATA**

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

GREATER WARD ONE WATER DISTRICT  
OF LINCOLN PARISH  
NOTES TO FINANCIAL STATEMENT (CONTINUED)  
DECEMBER 31, 1997

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**H. ACCUMULATED UNPAID VACATION, SICK PAY AND OTHER  
EMPLOYEE BENEFITS**

Accumulated vacation, sick pay and other employee benefits are not material and are therefore not accrued.

**I. RETIREMENT AND PENSION BENEFITS**

No employer provided retirement or pension benefits are provided.

**J. TOTAL COLUMNS**

The Combined Financial Statements include a total column that is described as memorandum only. Data in these columns do present financial position, results of operations, and changes in financial position in conformity with generally accepted accounting principles as there are not Interfund transactions to be eliminated.

**2. STEWARDSHIP, COMPLIANCE & ACCOUNTABILITY**

**A. COMPLIANCE WITH BOND COVENANTS**

There are a number of limitations and restrictions contained in the various bond indentures. The District is in compliance with all significant limitations and restrictions.

**B. DEPOSITS WITH FINANCIAL INSTITUTIONS**

State statutes require that the District's deposits be collateralized by securities. At December 31, 1997, deposits were collateralized at Central Bank.

**3. CASH AND INVESTMENTS**

The District is authorized to make direct investments in United States government bonds, treasury notes, treasury bills or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the state of Louisiana or any other federally insured investment, or in guaranteed investment contracts issued by a financial institution having one of the two highest rating categories or in mutual or trust fund institutions which are registered with the SEC and which have underlying investments consisting solely of and limited to securities of government or its agencies.

Investments made by the District are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the category described below:

GREATER WARD ONE WATER DISTRICT  
OF LINCOLN PARISH  
NOTES TO FINANCIAL STATEMENT (CONTINUED)  
December 31, 1997

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Category 1 - Insured or registered, or securities held by the District or its agent in the district's name.

Description	Category-1	Carrying Value	Market Value
Cash in Bank and Certificates of Deposit	\$ 396,086	\$ 396,086	\$396,086

The certificates of deposit are classified as cash on the balance sheet due to their cash equivalence.

4. PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant and equipment of proprietary funds is presented below:

	Balance Jan. 1 1996	Additions	Deletions	Balance Dec. 31 1997
Land	\$ 42,640	\$	\$	\$ 42,640
Tanks & Wells	1,293,834	21,263		1,315,097
Improvements - contributed	30,000			30,000
Building & Equipment	74,186			74,186
Construction in progress	31,045	272,475		303,520
	1,471,705	293,738		1,765,443
Less Accumulated Depreciation	(478,338)	(42,881)		(521,219)
Total	\$ 993,367	\$ 250,857	\$	\$ 1,244,224



GREATER WARD ONE WATERWORKS DISTRICT  
OF LINCOLN PARISH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 1997

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5. LONG-TERM DEBT

The following is a summary of the District's long-term debt transactions for the year ended December 31, 1997:

Transactions -----	Water Revenue Bond -----
Debt Outstanding at January 1, 1996	\$ 816,409
Revenue Bond Proceeds	255,986
Repayments	( 17,247) -----
Debt Outstanding at December 31, 1997	<u>\$ 1,055,148</u>

Revenue bonds payable at December 31, 1996, are comprised of the following individual issues:

	Outstanding 12-31-97 -----
Water Revenue Bonds \$175,200 1979 Water Revenue Bonds dated 3-22-79, due in annual installments of \$2,200 to \$5,000 through January 1, 2008, interest at 5%.	\$ 129,000
\$131,000 1982 Water Revenue Bonds dated 4-7-82, due in annual installments of \$3,000 to \$9,000 through January 1, 2007, 86,000 interest a 5%.	69,000
\$648,000 1989 Water Revenue Bonds dated 7-28-89, due in annual installments of \$43,351 through January 1, 2029, interest at 6%	601,162 -----
\$280,000 1997 Water Revenue Bonds dated 4-1-97, due in annual installments of \$ interest at 5.5%	255,986 -----
	<u>1,055,148</u>

GREATER WARD ONE WATERWORKS DISTRICT  
OF LINCOLN PARISH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 1997

---

The annual requirements to amortize all bonded debt outstanding as of December 31, 1995 including interest payments of \$1,010,359 are as follows:

1997	79,151
1998	80,200
1999	81,223
2000	80,673
2001	80,123
Thereafter	1,866,209
	-----
	<u>\$2,267,579</u>

All outstanding revenue bonds are secured by a first lien on net revenues earned by Enterprise Funds. Net revenues are defined in the revenue bond agreement.

6. FLOW OF FUNDS: RESTRICTIONS ON USE - UTILITIES REVENUES

Water Revenue Bonds Under the terms of the bond indenture on outstanding Water Revenue Bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Water Utility System are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

All of the revenue earned by the District from the operation of the waterworks system (the "System"), must be deposited Monies in the Waterworks Revenue Fund. Monies in the Waterworks Revenue Fund shall be first used for the payment of all reasonable and necessary expenses of operating and maintaining the System, and all payments required in connection with the outstanding Revenue Note payable from the revenues of the System.

GREATER WARD ONE WATER DISTRICT  
OF LINCOLN PARISH  
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)  
December 31, 1997

---

Each month, there will be set aside into a "Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments.

There shall also be set aside into a "Reserve Fund" an amount equal to 5% of the amount to be paid into the "Sinking Fund", until there is on deposit an amount equal to \$63,801. This amount represents the maximum principal and interest requirements in any one maturity year.

Funds will also be set aside into a "Depreciation Fund" at the rate of \$368 per month.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

## 7. FUND EQUITY

### Reserve of Retained Earnings

Reservations of retained earnings of Enterprise Funds are created by increases in assets restricted for debt service. These increases result from earnings on restricted assets and other interfund transfers to restricted accounts. Earnings on restricted assets are included in net income of the Enterprise Funds. When reserved retained earnings are increased there is an equal reduction to the portion of retained earnings that is unreserved.

Reserve for debt service was created in conjunction with the issuance of revenue bonds and is funded by initial deposits from the proceeds of such bonds and by transfers from the revenue accounts based deposits on assets held by the Enterprise Funds that are restricted for debt service. The purpose of the reserved retained earnings is to service the revenue bonds.

## 8. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

### Litigation

There are no pending or threatened litigation at this time as advised by the District's attorney.

GREATER WARD ONE WATER DISTRICT  
OF LINCOLN PARISH  
NOTES TO FINANCIAL STATEMENT (CONTINUED)  
December 31, 1997

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9. OTHER RELEVANT INFORMATION

The commissioners are appointed by the Lincoln Parish Police Jury.

Police Jury, based upon recommendations by the water district. The water district is a chartered political subdivision of the State of Louisiana which operates independent of the Lincoln Parish Police Jury aside from the selection of commissioners.

1997 Board of Commissioners and per diem payments received are as follows:

Butler Hampton - President	Expires	January 23, 2001	\$ 360
Bill Seaman	Deceased		60
F. J. Armond - V. Pres.	Expires	September 21, 1997	360
Reagan Plyant	Expires	August 22, 2000	360
Herbert Farmer	Expires	January 9, 1999	360
Mike Haddox	Expires	September 24, 2001	240
			-----
	Total		<u>\$1,740</u>

GREATER WARD ONE WATERWORKS DISTRICT  
 OF LINCOLN PARISH  
 SCHEDULE OF CHANGES IN ASSETS RESTRICTED FOR  
 REVENUE BOND DEBT SERVICE  
 YEAR ENDED DECEMBER 31, 1997

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	BOND & INTEREST REDEMPTION -----	RESERVE FUNDS -----	TOTALS -----
BALANCE-JAN. 1, 1997	\$ 7,736	\$ 81,844	\$ 89,580
	-----	-----	-----
RECEIPTS			
Transfer from Operating	63,751		63,751
Interest Earned	572	4,528	5,100
	-----	-----	-----
TOTAL CASH RECEIPT	64,323	4,528	68,851
	-----	-----	-----
TOTAL AVAILABLE	72,059	86,372	158,431
	-----	-----	-----
DISBURSEMENTS			
Transfer to Reserve			
Payment of Principal and Interest	63,751	4,528	68,279
	-----	-----	-----
TOTAL DISBURSEMENTS	63,751	4,528	68,279
	-----	-----	-----
BALANCE-DEC. 31, 1997	\$ 8,308	81,844	90,152
	=====	=====	=====

GREATER WARD ONE WATERWORKS DISTRICT  
OF LINCOLN PARISH  
SCHEDULE OF INSURANCE IN FORCE  
DECEMBER 31, 1997

---

**Right-of-Way Bond**

Agent : Williams	Effective Date : 5-31-97
Insurer : Commercial Union	Date Expires : 5-31-98
Policy No. : CE7125841	Annual Premium : \$ 60
Coverage	Property Insured
\$ 4,000	Right-of-ways

**General and Commercial Liability Coverage**

Agent : Broussard, Bush & Hurst	Effective Date : 9-28-97
Insurer : Reliance	Date Expires : 9-28-98
Policy No. : JK 2543650	Annual Premium : \$4616
Coverage	Property Insured
\$2,000,000	General Liability
\$1,000,000 Limit	Boiler & Machinery, Mechanical Breakdown
\$ 927,500	Plant and Equipment Damage
\$ 100,000	Employee Dishonesty
\$ 50,000	Employee Dishonesty, Hartford Supplement

**Public Officials Liability Policy**

Agent : Go Pro Underwriting	Effective Date : 9-28-97
Insurer : Scottsdale Ins. Co.	Date Expires : 9-28-98
Policy No. : PO-582697	Annual Premium : \$ 1,545
Coverage	Insured
\$1,000,000	Board Errors & Omissions

# WILLIAM D. EDWARDS

Certified Public Accountant  
A Professional Accounting Corporation  
Member: AICPA / Society of LCPA'S

## AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Board of Commissioners  
Greater Ward One Waterworks District  
of Lincoln Parish

I have audited the financial statements of Greater Ward One Waterworks District of Lincoln Parish, for the year ended December 31, 1997, and have issued my report thereon dated February 27, 1998. My audit of such financial statements was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office, and accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Ruston, Louisiana  
February 27, 1998

GREATER WARD ONE WATERWORKS DISTRICT  
 OF LINCOLN PARISH  
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED DECEMBER 31, 1997

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GRANTOR/PROGRAM TITLE	Loan Number	Loan Balance 12-31-97
<b>OTHER FEDERAL ASSISTANCE</b>		
<b>DEPARTMENT OF AGRICULTURE</b>		
<b>GUARANTEED LOANS</b>		
Farmers Home Administration	91.03	129,000
Farmers Home Administration	91.05	69,000
Farmers Home Administration	91.06	601,162
Farmers Home Administration	91.07	255,986
		<u>1,055,148</u>
<b>Total Federal Assistance</b>		<u><u>1,055,148</u></u>



**GREATER WARD ONE WATERWORKS DISTRICT  
OF LINCOLN PARISH  
NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
DECEMBER 31, 1997**

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**1. SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-128**

All Federal assistance of the Greater Ward One Waterworks are included in the scope of the OMB Circular A-128 audit (the "single audit").

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal financial assistance has been prepared on the accrual basis of accounting.

**3. LOAN BALANCES**

The loan balance represents the outstanding amount of federal guaranteed loans as of December 31, 1997.

**4. FINDINGS OF NONCOMPLIANCE**

There were no Noncompliance or Internal Control Findings.

# WILLIAM D. EDWARDS

Certified Public Accountant  
A Professional Accounting Corporation  
Member: AICPA / Society of LCPA'S

## INDEPENDENT AUDITOR'S LETTER ON COMPLIANCE

To the Board of Commissioners  
Greater Ward One Waterworks District  
of Lincoln Parish

I have audited the financial statements of Greater Ward One Waterworks District of Lincoln Parish for the year ended December 31, 1997, and have issued our report thereon dated February 27, 1998. My audit was made in accordance with generally accepted auditing standards; the standards financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and the provisions of OMB Circular A-128, Audits of State and Local Governments, and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The management of the Greater Ward One Waterworks District is responsible for the District's compliance with laws and regulations. In connection with my audit referred to above, we selected and tested transactions and records to determine the District's compliance with laws and regulations noncompliance with which could have a material effect on the financial statements of the District.

The results of our tests indicate that for the items tested, Greater Ward One Waterworks District, *complied with those provisions of laws and regulations noncompliance with which could have a material effect on the financial statements.* Nothing came to my attention that caused me to believe that for the items not tested Greater Ward One Waterworks, were not in compliance with laws or regulations noncompliance with which could have a material effect on the District's financial statements.

This report is intended solely for the use of management and any other State and Federal audit agency and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Legislative Auditor's Office is a matter of public record.



Ruston, Louisiana  
February 27, 1998

# WILLIAM D. EDWARDS

Certified Public Accountant  
A Professional Accounting Corporation  
Member: AICPA / Society of LCPA'S

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROLS (ACCOUNTING & ADMINISTRATIVE)

To the Board of Commissioners  
Greater Ward One Waterworks District  
of Lincoln Parish

I have audited the financial statements of the Greater Ward One Waterworks District, for the year ended December 31, 1997, and have issued our report thereon dated February 27, 1998. As part of my audit, I made a study and evaluation of the internal control of Greater Ward One Waterworks District, to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards, the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities and Functions, issued by the U.S. General Accounting Office, the Single Audit Act of 1984, and the provisions of OMB Circular A-128, Audits of State and Local Governments.

For the purpose of this report, I have classified the significant internal accounting and administrative controls in the following categories:

**Accounting Controls:** 1) Cash, 2) Service Revenue and Receivables-Proprietary Fund, 3) Property, Plant & Capital Expenditures, 4) Expenditure for Goods and Services and Accounts Payable, 5) Payroll and Related Liabilities, and 6) Debt and Debt Service Expenditures

**Controls Over Federal Assistance Programs:** 1) General Compliance Requirements; a) Cash Management and b) Federal Financial Reports, and 2) Specific Compliance Requirements; a) Types of Service Allowed or Unallowed, b) Reporting, and c) Special Provisions

The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of the Greater Ward One Waterworks District, is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of

control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. *Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.*

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement, could adversely affect the entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Because of a limited number of available personnel, it is not possible to adequately segregate certain incompatible duties, so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.

My audit did not reveal any significant errors or irregularities resulting from this lack of segregation of employee duties and responsibilities.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My study and evaluation made for the limited purpose described in the first paragraph would not

Board of Commissioners  
Greater Ward One Waterworks Districts  
of Lincoln Parish  
Page 3

necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the Greater Ward One Waterworks District, taken as a whole or on any of the categories of controls identified in the first paragraph. However, I study and evaluation disclosed no conditions that I believe to be a material weakness in relation to the financial statements.

This report is intended solely for the use of management and the Legislative Auditor's Office and the Farmers Home Administration and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance the Legislative Auditor's Office, is a matter of public record.



Ruston, Louisiana  
February 27, 1998