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**WEST VIRGINIA PARISH WATERFOOT DISTRICT**  
**FINANCIAL STATEMENTS**  
**December 31, 1987**

Under provisions of state law, this report is a public document. A copy of the report has been distributed to the auditor, or receiver, and to and other appropriate public officials. This report is available for public inspection at the Water Foot office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/31/87

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**ELLIOTT & ASSOCIATES, INC.**

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**UNQUALIFIED OPINION ON GENERAL-PURPOSE  
FINANCIAL STATEMENTS-GOVERNMENTAL ENTITY  
REPORT OF INDEPENDENT PUBLIC ACCOUNTANT**

Board of Commissioners  
West Vernon Waterworks District

I have audited the accompanying general-purpose financial statements of West Vernon Waterworks District, a component unit of the Vernon Parish Police Jury, as of and for the year ended December 31, 1997, as listed in the table of contents. These general-purpose financial statements are the responsibility of West Vernon Waterworks District's 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the general-purpose 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.

In my opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of West Vernon Waterworks District as of December 31, 1997, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 5, 1998, as my consideration of West Vernon Waterworks District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was performed for the purpose of forming an opinion on the general-purpose financial statements of West Virginia Waterworks District taken as a whole. The accompanying schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Ernst & Assoc., LLP

Charleston, Louisiana

October 5, 2008

# ELLIOTT & ASSOCIATES, INC.

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P. O. Box 1287

Louisville, Louisiana 71406-1287

STATE OF LOUISIANA  
COMPTROLLER GENERAL  
P.O. BOX 1287

St. Michael Union, CMA

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT ACCOUNTING STANDARDS

Board of Commissioners  
West Virginia Waterworks District

I have audited the general-purpose financial statements of the West Virginia Waterworks District, as of and for the year ended December 31, 1997, and have issued my report thereon dated October 5, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the West Virginia Waterworks District's general-purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with these provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards which are described as follows:

**Finding:** This audit report is not being issued within the six months of the close of its December 31, 1997 fiscal year-end. This is a violation of 44 C.F.R. 404.512(A)(3)(a).

**Management Response:** The CPA performing the examination of revenues had an external quality review performed in December 1997. Based on the results of that review, a specific letter of comment suggested that, due to the firm's size, the firm should consider retaining another qualified CPA firm to review all governmental type reports prior to issuance to improve its quality control features.

The firm accepted the recommendation, however, implementation and coordination of the procedure review has delayed the release of certain reports until after the statutory deadline. Future reports beginning with the next fiscal year will be issued within the statutory time frame.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered the West Virginia Waterworks District's internal control over financial reporting, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements to 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the management. However, this report is a matter of public record and its distribution is not limited.

Elliott + Assoc. "APAC"  
Louisville, Louisiana  
October 3, 1998

WEST VERNON WATERWORKS DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Year Ended December 31, 1997

I have audited the financial statements of West Vernon Waterworks District as of and for the year ended December 31, 1997, and have issued my report thereon dated October 5, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 1997 resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

*a. Report on Internal Control and Compliance Material to the Financial Statements*

**Internal Control**

Material Weaknesses  Yes  No

Reportable Conditions  Yes  No

**Compliance**

Compliance Material to Financial  
Statements  Yes  No

**B. Federal Awards**

**Internal Control**

Material Weaknesses  Yes  No  N/A

Reportable Conditions  Yes  No  N/A

**Type of Opinion On Compliance For Major Programs**

Unqualified  Qualified

Disclaimers  Adverse

N/A

Are state findings required to be reported in accordance with Circular A-133, Section 510(a)?  
 Yes  No  N/A

c. Identification of Major Programs

CFDA Number(s)

Name of Federal Program

None

None

Dollar threshold used to distinguish between Type A and Type B Programs:

\$ N/A.

Is the matter a "low-risk" matter, as defined by OMB Circular A-133?

Yes  No  N/A

Section II Financial Statement Findings

1997.1

Late Filing: This audit report is not being issued within the six months of the close of the December 31, 1997 fiscal year-end. This is a violation of L.A.R.S. 024 51-3(A)(5)(a), but does not have any effect on the financial statements. All future reports should be issued within the required time frame.

Section III Federal Award Findings and Questioned Costs

N/A

See independent auditor's report.

## West Vernonia Parish Waterworks District

## BALANCE SHEET

December 31, 1993

## ASSETS

Current assets:	
Cash (Note 2)	\$ 50,259
State revenue sharing receivable	9,050
Ad valorem taxes receivable (Note 3)	20,863
Total current assets	80,172
Restricted assets:	
Bond construction accounts	
Cash and cash equivalents	450,000
Debt service accounts	
Cash and cash equivalents (Note 2)	240,439
Ad valorem taxes receivable (Note 3)	52,483
Total restricted assets	742,922
Organization costs (Note 4)	19,379
Less: accumulated amortization	777
Organization costs (net of accumulated amortization)	18,602
Construction-in-progress (Note 5)	78,448
Total assets	2028,500

The accompanying notes are an integral part of this statement.

## LIABILITIES AND EQUITY

Current liabilities:	
ED valuation deductions payable	\$ 2,481
Total current liabilities	2,481
Current liabilities from restricted assets:	
Accrued interest payable	6,437
Bonds payable (Note 6)	20,000
Customer deposits	18,808
Total current liabilities from restricted assets	45,245
Long-term liabilities:	
Bonds payable (Note 6)	468,288
Total liabilities	515,718
Equity:	
Retained earnings:	
Reserved for debt service	229,597
Unreserved	178,487
Total retained earnings	402,284
Total equity	402,284
Total liabilities and equity	\$928,000

## Exhibit B

## West Virginia Parish Waterworks District

## Statement of Revenues, Expenses, and Changes in Retained Earnings

For the year ended December 31, 1997

Operating revenues:	
Charges for sales and services	
Water sales	\$ _____
Total operating revenues	_____
Operating expenses:	
Current:	
Office expense	72
Legal advertising	214
Repairs and maintenance	138
Professional fees	2,905
Pension contract valorem deductions	2,482
Total operating expenses	5,808
Net income (loss) before nonoperating revenues (expenses)	(3,808)
Nonoperating revenues (expenses):	
Interest income	21,837
Interest expense (Note 6)	(21,946)
State revenue sharing	13,575
Ad valorem taxes-restricted (Notes 3 and 8)	56,469
Ad valorem taxes-unrestricted (Note 3)	22,572
Total nonoperating revenues (expenses)	84,307
Net income	78,499
Retained earnings, beginning balance	213,602
Prior period adjustment (Note 8)	(11,302)
Retained earnings, beginning, as restated	202,300
Retained earnings, ending	\$ 280,809

The accompanying notes are an integral part of this statement.

## Exhibit C

Miss Yvonne Parish Waterworks District  
 Statement of Revenues, Expenses, and Changes in Retained Earnings  
 Budget and Actual (GAAP Basis)  
 For the year ended December 31, 2023

	Budget	Actual (Unfavorable)	Variance Favorable
Operating revenues:			
Charges for sales and services:			
Water sales	\$ _____	\$ _____	\$ _____
Total operating revenues	_____	_____	_____
Operating expenses:			
Current:			
Office expense	100	32	68
Legal advertising	250	224	26
Repairs and maintenance	100	134	(34)
Professional fees	2,988	2,988	0
Position costs-ad valorem deductions	2,500	2,892	(392)
Total operating expenses	5,500	5,892	(392)
Net income (loss) before nonoperating revenues (expenses)	(14,900)	(20,881)	(5,981)
Nonoperating revenues (expenses):			
Interest income	28,000	23,037	(4,963)
Interest expense (Note 4)	(20,000)	(21,944)	1,944
State revenue sharing	12,500	23,523	11,023
Ad valorem taxes - restricted (Notes 3 and 4)	56,000	56,469	469
Ad valorem taxes - unrestricted (Note 3)	22,500	22,523	23
Total nonoperating revenues (expenses)	88,000	84,301	(3,699)
Net income	28,100	28,889	789
Retained earnings, beginning balance	217,602	217,602	---
Prior period adjustment (Note 9)	12,103	11,183	(920)
Retained earnings, beginning, as restated	229,705	228,783	(922)
Retained earnings, ending	\$408,805	\$407,204	\$1,601

The accompanying notes are an integral part of this statement.

West Virginia Public Waterworks District  
 Statement of Cash Flows  
 For the year ended December 31, 1997

Exhibit D

CASH FLOWS FROM OPERATING ACTIVITIES

Operating income	\$ (5,000)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	---
Changes in assets and liabilities:	
Customer deposits	1,249
Ad valorem deductions payable	<u>23</u>
Net cash (used) by operating activities	<u>44,536</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Ad valorem taxes	39,528
Prior period adjustment	<u>2,388</u>
Net cash provided by noncapital financing activities	<u>32,236</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Ad valorem taxes	46,844
Prior period adjustment	8,396
Payments for construction-in-progress	(16,885)
Interest paid on long-term debt	(27,847)
Payments of revenue bonds	<u>(120,800)</u>
Net cash used by capital financing activities	<u>(112,336)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>28,272</u>
Increase in cash & cash equivalents	39,339
Cash & cash equivalents, beginning of fiscal year	<u>708,329</u>
Cash & cash equivalents, end of fiscal year	<u>775,948</u>

CLASSIFIED AS

Current assets	\$ 53,259
Restricted assets	<u>695,412</u>
Total	<u>748,671</u>

The accompanying notes are an integral part of this statement.

West Vernon Parish Waterworks District

Notes to the Financial Statements

December 31, 1997

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Vernon Parish Police Jury is a political subdivision of the State of Louisiana. The Vernon Parish Police Jury is the reporting entity for Vernon Parish as defined by GGA Statement 3, "Defining the Governmental Reporting Entity."

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governments. In November of 1984, the GASB issued a codification of governmental accounting and financial reporting standards. This codification is recognized as generally accepted accounting principles for state and local governments.

West Vernon Parish Waterworks District, "District," is a component unit of the Vernon Parish Police Jury as defined by GASB codification Section 2109. The District was created by the Vernon Parish Police Jury as authorized by Louisiana Revised Statutes 33:9831-21. The District is governed by a board of five commissioners appointed by the Vernon Parish Police Jury, who are responsible for providing water service within the boundaries of the district.

A. FUND ACCOUNTING

West Vernon Parish Waterworks District is organized and operated on a fund basis as a Proprietary Fund Type--Enterprise Fund. In an enterprise fund the accrual basis of accounting is utilized and revenues are recognized when earned and expenses are recognized when incurred. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

West Vernon Parish Waterworks District

Notes to the Financial Statements (Continued)

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

B. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Proprietary funds follow GAAP prescribed by the Governmental Accounting Standards Board and all Financial Accounting Standards Board's standards issued prior to November 30, 1989. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets associated with the operation of these funds are included on the balance sheet. Fund equity, (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

C. BUDGETARY PRACTICE

The West Vernon Parish Waterworks District utilizes the following budgetary practices:

Annually the District adopts a budget for the general fund type as a management device for control of revenues and expenses. The budget is amended at various times during the year as the need arises.

D. BAD DEBTS

Uncollectible amounts due for ad valorem taxes are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

Metairie Parish Waterworks District  
Notes to the Financial Statements (Continued)

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

**E. STATUS OF OPERATIONS**

At December 31, 1987, the District was still working PWA and/or similar government agency financing in the approximate amount of \$4,500,000. The District expects to commence construction in late 1988 and will seek to continue signing contracts with related water deposits in 1988 and 1989. The only costs incurred at December 31, 1987, and expected in 1988 consist of engineering, legal and/or organizational costs which will be capitalized and amortized when the District produces water in 1988 or thereafter.

**F. INTEREST EXPENSE**

The District has been expensing interest during its development stage and will continue this policy in 1988.

NOTE 2--CASH AND CASH EQUIVALENTS

Under state law, the District may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in United States bonds, treasury notes, time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, investments as stipulated in state law, or any other federally insured investment.

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits, with maturities of three months or less.

At December 31, 1987, the District had cash and investments as follows:

	Unrestricted	Restricted	Total
Cash (demand deposits)	\$ 43,759	\$203,368	\$247,127
Investments	<u>          </u>	<u>491,815</u>	<u>491,815</u>
Total	\$ 43,759	\$695,183	\$738,942

West Vernon Parish Matorworks District

Notes to the Financial Statements (Continued)

NOTE 2--Cash and Cash Equivalents (Continued)

At year end, the carrying amount of the District's deposits were \$248,418, and bank balances were \$241,848. A summary of collateralization of bank balances is presented below.

Insured (Federal deposit insurance)	\$295,385
Uncollateralized (in accordance with GAP - see below)	<u>153,463</u>
	<u>\$241,848</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times at least equal the amount on deposit with the fiscal agent.

The uncollateralized amount shown above is secured by pledged securities with a market value of \$248,418 held in the name of the pledging fiscal agent banks in holding or custodial banks. Even though the pledged securities are considered uncollateralized under GAP, Louisiana Revised Statutes impose a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3--ANNUAL TAXES RECEIVABLE

The District utilized the Vernon Parish Sheriff's Office to collect its property taxes using the assessed values determined by the tax assessor of Vernon Parish.

For the year ended December 31, 1987, taxes of 20 mills and 28 mills were levied on property with assessed valuation totaling \$2,382,318 and was dedicated toward operations and maintenance and the sinking fund respectively.

Total taxes levied were \$48,831 and the receivable at December 31, 1987 consisted entirely of the current year assessment.

## West Virginia Parish Waterworks District

## Notes to the Financial Statements (Continued)

NOTE 4--ORGANIZATION COSTS

Amortization of organization costs will be computed on the straight-line method over five years when the water system becomes functional and begins earning revenue.

NOTE 5--CONSTRUCTION-IN-PROGRESS

Construction-in-progress activity for the year ended December 31, 1997 was as follows:

Balance, December 31, 1996	\$ 60,188
Additions	16,850
Deletions	-----
Balance, December 31, 1997	<u>\$ 77,038</u>

The construction-in-progress will be capitalized and not depreciated until the water system becomes functional.

NOTE 6--CHANGES IN LONG-TERM DEBT

Bonds payable at December 31, 1997 is comprised of the following issues:

Bonds payable, December 31, 1996	\$490,000
Bonds issued	-----
Bonds retired	(20,000)
Bonds payable, December 31, 1997	<u>\$470,000</u>

\$470,000 of general obligation bonds dated June 1, 1992; due in annual installments of \$15,000-\$50,000 through 2012; interest at 4.00%-6.55%.

West Vernon Parish Waterworks District

Notes to the Financial Statements (Continued)

NOTE 6--CHANGES IN LONG-TERM DEBT (Continued)

The annual requirements to amortize all revenue bonds outstanding as of December 31, 1997, including interest payments of \$266,175, are as follows:

1998	\$ 49,800
1999	49,600
2000	47,300
2001	50,838
2002	48,312
2003-2007	243,925
2008-2012	<u>246,400</u>
Total	<u>\$1,135,175</u>

NOTE 7--LITIGATION

The District was not involved in any litigation nor did it have asserted claims lodged against it.

NOTE 8--RESERVED RESTRIED EARNINGS

The balance of \$220,897 in reserved retained earnings represents the difference between assets restricted for debt service less liabilities payable from restricted assets including \$450,800 in long-term bonds to be utilized for construction purposes in future periods.

NOTE 9--PENSION SERVICE ADJUSTMENT

A prior period adjustment has been made to reflect an error on bonds received during 1997 that were not properly accrued as December 31, 1996 based on incorrect information received from the Vernon Parish Sheriff's office. The proper adjustment has been made and reflected in the current period financial statements.

SETTLERS' INFORMATION

West Vernon Parish Waterworks District  
Supplementary Information  
For the year ended December 31, 1997

Schedule 1

COMPENSATION OF BOARD MEMBERS

The Board of Commissioners of the West Vernon Parish Waterworks District served without compensation for the year ended December 31, 1997.

See independent auditor's report.

West Vernon Waterworks District  
SCHEDULE OF PRIOR YEAR FINDINGS

For the Fiscal Year Ended December 31, 1997

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

There were no prior year findings relating to internal control and compliance material to the financial statements.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

There were no prior year findings relating to internal control and compliance material to federal awards.

**SECTION III MANAGEMENT LETTER**

There was no management letter with the prior year audit report.

See independent auditor's report.

West Vernon Waterworks District  
MANAGEMENT'S CORRECTIVE ACTION PLAN

For the Fiscal Year Ended December 31, 1997

<b>SECTION I</b>	<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT</b>
1027.1	The Board will more closely monitor the timely completion of the December 31, 1996 audit by June 30, 1999 and require the auditor to complete it in a timely fashion.
<b>SECTION II</b>	<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>
	N/A
<b>SECTION III</b>	<b>MANAGEMENT LETTER</b>
	N/A

See independent auditor's report.