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KELLY WATER DISTRICT
Kelly, Louisiana

**General Purpose Financial Statements
With Accountant's Compilation Report
and Agreed-Upon Procedures Report
As of and for the Year Ended
October 31, 1999**

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 MAR 22 2000

KELLY WATER DISTRICT
Kelly, Louisiana

General Purpose Financial Statements
With Accountant's Compilation Report
and Agreed-Upon Procedures Report
As of and for the Year Ended
October 31, 1999

C O N T E N T S

	Statement	Page No.
Accountant's Compilation Report		2
General Purpose Financial Statements:		
Proprietary Fund Type - Enterprise Fund:		
Balance Sheet	A	4
Statement of Revenues, Expenses, and Changes in Retained Earnings	B	5
Statement of Cash Flows	C	6
Notes to the Financial Statements		7
	Schedule	Page No.
Supplemental Information Schedules:		
Summary Schedule of Prior Year Findings	1	14
Corrective Action Plan for Current Year Findings	2	15
Accountant's Report on Applying Agreed-Upon Procedures		17
Louisiana Attestation Questionnaire		21

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

309 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5720

Accountant's Compilation Report

BOARD OF COMMISSIONERS
KELLY WATER DISTRICT
Kelly, Louisiana

I have compiled the accompanying general purpose financial statements and supplemental information schedules, as listed in the foregoing table of contents, of the Kelly Water District as of October 31, 1999, and for the year then ended, in accordance with standards established by *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and schedules, information that is the representation of management. I have not audited or reviewed the accompanying financial statements and schedules and, accordingly, do not express an opinion or any other form of assurance on them.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report, dated March 3, 2000 on the results of my agreed-upon procedures.

Carleen Dumas

Calhoun, Louisiana
March 3, 2000

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

KELLY WATER DISTRICT
Kelly, Louisiana
PROPRIETARY FUND TYPE - ENTERPRISE FUND

Balance Sheet, October 31, 1999

ASSETS AND OTHER DEBITS

Current assets:

Cash and cash equivalents	\$104,313
Accounts receivable - water sales (net of allowance for doubtful accounts)	<u>8,193</u>
Total current assets	112,506
Restricted assets - cash and cash equivalents	9,915
Property, plant and equipment (net of accumulated depreciation)	<u>393,162</u>

TOTAL ASSETS AND OTHER DEBITS \$515,583

LIABILITIES AND FUND EQUITY

Current liabilities (payable from current assets) - accounts and taxes payable	\$592
Current liabilities (payable from restricted assets) - customer deposits	<u>9,915</u>
Total liabilities	<u>10,507</u>
Fund Equity:	
Contributed capital	292,105
Retained earnings - unreserved - undesignated	<u>212,971</u>
Total Fund Equity	<u>505,076</u>

TOTAL LIABILITIES AND FUND EQUITY \$515,583

See accompanying notes and accountant's compilation report.

KELLY WATER DISTRICT
Kelly, Louisiana
PROPRIETARY FUND TYPE - ENTERPRISE FUND

Statement of Revenues, Expenses, and
Changes in Retained Earnings
For the Year Ended October 31, 1999

OPERATING REVENUES	
Water sales	\$83,777
Connection and reconnection fees	<u>1,690</u>
Total revenues	<u>85,467</u>
OPERATING EXPENSES	
Office expense	4,329
Repairs and maintenance	16,450
Utilities	6,478
Education	358
Insurance	4,053
Salaries	36,663
Payroll taxes	2,807
Depreciation	16,180
Other operating expenses	<u>1,131</u>
Total operating expenses	<u>88,449</u>
OPERATING INCOME (Loss)	<u>(2,982)</u>
NON-OPERATING REVENUES	
Interest earned on deposits	3,364
Ad valorem taxes	<u>9,398</u>
Total non-operating revenues	<u>12,762</u>
NET INCOME	9,780
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>203,191</u>
RETAINED EARNINGS AT END OF YEAR	<u><u>\$212,971</u></u>

See accompanying notes and accountant's compilation report.

KELLY WATER DISTRICT
Kelly, Louisiana
PROPRIETARY FUND TYPE - ENTERPRISE FUND

Statement of Cash Flows
For the Year Ended October 31, 1999

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	<u>(\$2,982)</u>
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation	16,180
Decrease in accounts receivable	592
Increase in customer deposits	961
Increase in accounts payable	<u>259</u>
Total adjustments	<u>17,992</u>
Net cash provided by operating activities	<u>15,010</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of fixed assets	(2,214)
Ad valorem taxes	<u>9,398</u>
Net cash provided by capital financing activities	<u>7,184</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings on bank deposits	3,364
Investments reclassified as cash equivalents	<u>57,093</u>
Net cash provided by investing activities	<u>60,457</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	82,651
CASH AT BEGINNING OF YEAR	<u>31,577</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u><u>\$114,228</u></u>

See accountant's compilation report and accompanying notes.

KELLY WATER DISTRICT
Kelly, Louisiana

Notes to the Financial Statements
As of and for the Year Ended October 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Kelly Water District was created by the Caldwell Parish Police Jury in 1972, as authorized by Louisiana Revised Statute 33:3811 for the purpose of supplying safe drinking water to the population of the district. The district is governed by a five member board appointed by the police jury who serve for indefinite terms of office without the benefit of compensation. The district serves approximately 346 customers and has three employees.

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of Kelly Water District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for established governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Caldwell Parish Police Jury is the financial reporting entity for Caldwell Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Caldwell Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body,
and;

See accountant's compilation report.

KELLY WATER DISTRICT

Kelly, Louisiana

Notes to the financial statements (Continued)

- a. The ability of the police jury to impose its will on that organization and/or;
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
 3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints the governing body of the district and has the ability to impose its will on the district, the district was determined to be a component unit of the Caldwell Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

Kelly Water District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance.

See accountant's compilation report.

KELLY WATER DISTRICT

Kelly, Louisiana

Notes to the financial statements (Continued)

With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The Enterprise Fund is reported in the accompanying financial statements on the accrual basis of accounting. Revenues, such as water sales and other operating income are recognized when they are earned. Interest on bank deposits is recorded when the interest is credited to the account. All expenses of the district are recognized when they are incurred.

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes amounts in demand deposits, interest-bearing demand deposits, and time deposits with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with banks 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.

F. RESTRICTED ASSETS

Certain resources of the Enterprise Fund set aside for the refunding of customer deposits are classified as restricted assets on the balance sheet because their use is limited.

G. FIXED ASSETS

Fixed assets of the district are included on the balance sheet of the enterprise fund and are recorded at actual cost. Fixed assets reported on the balance sheet are net of accumulated depreciation. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over estimated useful lives of 40 years for the water distribution system and 5-10 years for furniture and equipment.

H. CONTRIBUTED CAPITAL

Contributed capital is recorded in proprietary funds that have received capital grants or contributions when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired from such resources.

See accountant's compilation report.

KELLY WATER DISTRICT
 Kelly, Louisiana
 Notes to the financial statements (Continued)

2. CASH AND CASH EQUIVALENTS

At October 31, 1999, the district has cash and cash equivalents (book balances) totaling \$114,228, as follows:

Interest bearing checking account	\$40,580
Interest bearing savings accounts	5,475
Certificates of deposit	<u>68,173</u>
Total	<u>\$114,228</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. Cash and cash equivalents (bank balances) at October 31, 1999, are \$116,093, and are fully secured from risk by federal deposit insurance.

3. LEVIED TAXES

On October 3, 1998, the voters of the district approved a 10 mill ad valorem tax for the purpose of constructing, acquiring, improving, maintaining, and operating the water system. The tax will be levied for a period of ten years beginning with the year 1999 and ending with the year 2007.

4. ACCOUNTS RECEIVABLE

At October 31, 1999, the district has net receivables of \$8,193 as follows:

Water sales	\$9,520
Allowance for uncollectible accounts	<u>(1,327)</u>
Net receivables	<u>\$8,193</u>

The allowance for uncollectible accounts at October 31, 1999 is an estimate based on the amount of past due accounts at October 31, 1999, and prior years' collection percentages.

5. FIXED ASSETS

A summary of fixed assets at October 31, 1999, follows:

See accountant's compilation report.

KELLY WATER DISTRICT
Kelly, Louisiana
Notes to the financial statements (Continued)

Water system	\$604,972
Furniture and equipment	<u>20,416</u>
	625,388
Less accumulated depreciation	<u>(232,226)</u>
Property, plant and equipment, net	<u>\$393,162</u>

6. LITIGATION AND CLAIMS

The district is not involved in any litigation at October 31, 1999, nor is it aware of any unasserted claims. The district maintains insurance coverage to reduce the risk of loss resulting from property damage or liability claims. There were no significant reductions in insurance coverage during the year ended October 31, 1999, nor were there any costs resulting from claims or judgements.

See accountant's compilation report.

SUPPLEMENTAL INFORMATION SCHEDULES

See accountant's compilation report.

KELLY WATER DISTRICT
Kelly, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended October 31, 1999

PRIOR YEAR FINDINGS

The follow-up and corrective action taken on all prior year findings is presented in the summary schedule of prior year findings (Schedule 1).

CURRENT YEAR FINDINGS

The corrective action plan for current year findings is presented in Schedule 2.

See accountant's compilation report.

KELLY WATER DISTRICT
Kelly, LouisianaSummary Schedule of Prior Year Findings
For the Year Ended October 31, 1999

<u>Reference Number</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Additional Explanation</u>
Procedure 8(a)	10/31/98	One disbursement was not adequately supported.	Yes	N/A

See accountant's compilation report.

KELLY WATER DISTRICT
Kelly, Louisiana

Corrective Action Plan
For Current Year Findings
For the Year Ended October 31, 1999

Reference Number	Description of Finding	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
Procedure 4	The district paid an employee's immediate family member as a contract laborer.	The district was not aware that the payments were in violation of state law. In the future, the district will not enter into any contracts or transactions with any members of an employee's immediate family.	Glenda Moreno, Secretary - Treasurer	October 31, 2000

See accountant's compilation report.

**Independent Accountant's Report on Applying
Agreed-Upon Procedures**

The following independent accountant's report on applying agreed upon procedures is presented in compliance with the requirements of the *Louisiana Governmental Audit Guide* and the *Louisiana Attestation Questionnaire*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5726

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

BOARD OF COMMISSIONERS
KELLY WATER DISTRICT
Kelly, Louisiana

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Kelly Water District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Kelly Water District's compliance with certain laws and regulations during the year ended October 31, 1999, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

A review was made of all disbursements for the year. There were no disbursements exceeding \$15,000 made during the year.

Kelly Water District
Independent Accountant's Report on
Applying Agreed-Upon Procedures
October 31, 1999

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

4. Determine whether any of the employees included in the listing obtained from management in agreed-upon procedure (3) were also included in the listing obtained from management in agreed-upon procedure (2) as immediate family members.

There were no names on the employee listing that were also included on the listing of immediate family members. However, the district paid an employee's immediate family member \$100 for contract labor.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

The district was not required to adopt a budget for the year ended October 31, 1999.

6. Trace the budget adoption and amendments to the minute book.

See results of procedures listed under agreed-upon procedure (5).

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5 % or more or if actual expenditures exceed budgeted amounts by 5% or more.

See results of procedures listed under agreed-upon procedure (5).

Kelly Water District
Independent Accountant's Report on
Applying Agreed-Upon Procedures
October 31, 1999

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and;
- (a) trace payments to supporting documentation as to correct amount and payee;
 - (b) determine if payments were properly coded to the correct fund and general ledger account;
 - (c) determine whether payments received approval from proper authorities.

An examination of six randomly selected disbursements disclosed the following:

- (a) The six selected disbursements were properly supported as to amount and payee.
- (b) The six selected payments were properly coded to the correct fund and general ledger account.
- (c) The six selected payments received approval from the proper authorities.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1-12 (the opening meetings law).

Agendas for board meetings were posted as required by LSA-RS 42:7.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I examined all bank deposits for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Kelly Water District
Independent Accountant's Report on
Applying Agreed-Upon Procedures
October 31, 1999

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the board meetings and an examination of payroll records indicated no payments which may constitute bonuses, advances, or gifts.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Kelly Water District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Carleen Dumas

Calhoun, Louisiana
March 3, 2000

Louisiana Attestation Questionnaire

The accompanying *Louisiana Attestation Questionnaire* has been completed by management and is included in this report as required by the *Louisiana Governmental Audit Guide*.

M. Carleen Dumas
Certified Public Accountant
369 Donaldson Rd.
Calhoun, La 71225

Mrs. Dumas,

In connection with your compilation of our financial statements of the Kelly Water District as of October 31, 1999 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on information available to us as of _____.

PUBLIC BID LAW

1. The provisions of the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office have been complied with.

Yes [] No [] N/A []

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone which would constitute a violation of LSA-RS 42:1101-1124.

Yes [] No [] N/A []

3. It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980 under circumstances which would constitute a violation of LSA-RS 42:1119.

Yes [] No [] N/A []

BUDGETING

4. We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:43.

Yes [] No [] N/A []

ACCOUNTING AND REPORTING

5. All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [] No [] N/A []

6. We have filed our annual financial statements in accordance with LSA-RS 24:514, LSA-RS 33:463, and/or LSA-RS 39:92, as applicable.

Yes [] No [] N/A []

7. We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [] No [] N/A []

MEETINGS

8. We have complied with the provisions of the Opening Meetings Law, LSA-RS 42:1-12.

Yes [] No [] N/A []

DEBT

9. We have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 47:1410.60.

Yes [] No [] N/A []

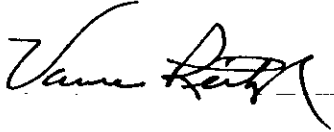
ADVANCES AND BONUSES

10. We have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [] No [] N/A []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known non-compliance which may occur subsequent to the issuance of your report.



1/12/00

Date