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**WATERWORKS DISTRICT NO. 1 OF ALLEN PARISH**  
**A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY**  
Oakdale, Louisiana

**ANNUAL FINANCIAL STATEMENTS**

For the Year Ended June 30, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 NOV 30 2011

**STUTZMAN & GATES, LLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**P.O. BOX 1238**  
**SULPHUR, LOUISIANA 70664-1238**

**WATERWORKS DISTRICT NO. 1 OF ALLEN PARISH**  
Annual Financial Statements  
As of and for the Year Ended June 30, 2011

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# Stutzman & Gates, LLC

## Certified Public Accountants

Members:  
American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants

### INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

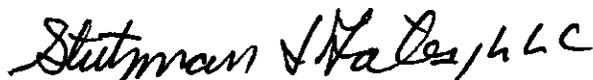
Board of Commissioners  
Waterworks District No. 1 of Allen Parish  
Oakdale, Louisiana

We have compiled the accompanying financial statements of the business-type activities of the Waterworks District No. 1 of Allen Parish, component unit of the Allen Parish Police Jury, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the Waterworks District No. 1 of Allen Parish is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management of the Waterworks District No. 1 of Allen Parish in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has not presented the management's discussion and analysis information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.



Stutzman & Gates, LLC  
November 10, 2011

**FINANCIAL STATEMENTS**

**WATERWORKS DISTRICT NO. 1 OF ALLEN PARISH  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
Oakdale, Louisiana  
STATEMENT OF NET ASSETS  
June 30, 2011**

**ASSETS**

Current assets:

Cash	\$ 161,823
Accounts receivables	12,283
Interest receivable	24
Prepaid assets	10,396
Restricted assets:	
Customer deposits:	
Cash	23,573
Total current assets	<u>208,099</u>

Non-current assets:

Capital assets, at cost, net of accumulated depreciation	619,872
Total non-current assets	<u>619,872</u>

**TOTAL ASSETS** 827,971

**LIABILITIES AND NET ASSETS**

Current liabilities:

Accounts payable	14,353
Payroll taxes payable	1,561
Wages payable	2,100
Payable from restricted assets:	
Customer deposits	23,573
Total current liabilities	<u>41,587</u>

**TOTAL LIABILITIES** 41,587

Net Assets:

Invested in capital assets-net of related debt	619,872
Unrestricted	166,512
<b>TOTAL NET ASSETS</b>	<u>\$ 786,384</u>

See accompanying notes & accountant's compilation report.

**WATERWORKS DISTRICT NO. 1 OF ALLEN PARISH  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
Oakdale, Louisiana  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
For the Year Ended June 30, 2011**

**OPERATING REVENUES**

Charges for services	\$ 142,149
<b>Total operating revenues</b>	<u>142,149</u>

**OPERATING EXPENSES**

Advertising	1,658
Depreciation	19,822
Insurance	16,662
Licenses & permits	1,230
Meter reader	4,800
Miscellaneous	260
Office	2,783
Per diem	3,600
Postage	2,194
Professional fees	4,500
Rent	1,200
Repairs & maintenance	16,903
Salaries	53,431
Supplies	1,086
Taxes	4,408
Truck	3,291
Utilities	8,370
<b>Total operating expenses</b>	<u>146,198</u>

**OPERATING INCOME (LOSS)** (4,049)

**NON-OPERATING REVENUES (Expenses)**

Interest income	1,232
Miscellaneous	25
<b>Total non-operating revenues (expenses)</b>	<u>1,257</u>

**Change in net assets** (2,792)

**Total net assets - beginning** 789,176

**Total net assets - ending** \$ 786,384

See accompanying notes & accountant's compilation report.

**WATERWORKS DISTRICT NO. 1 OF ALLEN PARISH  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2011**

<b>Cash Flows from Operating Activities:</b>	
Received from customers and users	\$ 144,895
Payments for supplies and services	(74,243)
Payments to employees	(54,168)
<b>Net Cash Provided by Operating Activities</b>	<u>16,484</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Purchases of capital assets	(5,636)
<b>Net Cash Provided (Used) from (for) Capital and Related Financing Activities</b>	<u>(5,636)</u>
<b>Cash Flows from Investing Activities:</b>	
Interest received	1,261
Other income received	25
<b>Net Cash Provided (Used) from (for) Investing Activities</b>	<u>1,286</u>
<b>Net Increase (Decrease) in Cash and Equivalents</b>	12,134
<b>Cash and Cash Equivalents at Beginning of Year</b>	173,262
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 185,396</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating income (loss)	\$ (4,049)
Depreciation	19,822
(Increase) decrease in:	
Receivables - trade	2,214
Prepaid expenses	(320)
Increase (decrease) in:	
Accounts payable-trade	(1,273)
Accrued liabilities	(442)
Customer deposits-net	532
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 16,484</u>
<b>Reconciliation of Total Cash:</b>	
Current assets-cash	\$ 161,823
Restricted assets-cash	23,573
<b>Total Cash</b>	<u>\$ 185,396</u>

See accompanying notes & accountant's compilation report.

**NOTES TO FINANCIAL STATEMENTS**

**WATERWORKS DISTRICT NO. 1 OF ALLEN PARISH  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2011**

**INTRODUCTION**

The Waterworks District No. 1 of Allen Parish is a political subdivision of the State of Louisiana. It was created under the provisions of Louisiana Revised Statute 33:3811, for the purpose of providing water to the rural area of Northeast Allen Parish. The District is governed by a compensated board of commissioners composed of five members appointed by the Allen Parish Police Jury. The District has five part-time employees.

As the governing authority of the parish, for reporting purposes, the Allen Parish Police Jury is the financial reporting entity for the District. 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 Allen 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 organizations' governing body, and
  - 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 all members to the governing body and has the ability to impose its will on the District, the District was determined to be a component unit of the Allen 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 the police jury, or the other governmental units that comprise the financial reporting entity.

WATERWORKS DISTRICT NO. 1 OF ALLEN PARISH  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
NOTES TO FINANCIAL STATEMENTS

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The accompanying financial statements of the Waterworks District No. 1 of Allen Parish have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments", issued in June 1999.

The financial statements of the District are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. Under Governmental Accounting Standards Board Statement No. 20, the District has elected to apply Financial Accounting Standards Board provisions issued after November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The operating revenues of the District come from metered sales to residential and commercial customers as well as service connection charges and penalties from late payment of bills. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**B. Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Waterworks District No. 1 of Allen Parish's investment policy allow the District to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

**C. Prepaid Items**

The District records as prepaid expenses amounts paid in the current year that benefit future periods

WATERWORKS DISTRICT NO. 1 OF ALLEN PARISH  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
NOTES TO FINANCIAL STATEMENTS

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**D. Accounts Receivable**

Trade accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for water user fees. The District's ability to collect the amounts due from the users of the District water system and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disaster or other calamity in this one concentrated geographic location.

**E. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. As of June 30, 2011, all assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Waterworks District No. 1 of Allen Parish maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of each class of depreciable property is computed using the straight-line method. Estimated useful lives are as follows:

Building .....	10 years
Distribution system.....	40 years
Machinery & equipment.....	5-10 years

**F. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from the estimates.

WATERWORKS DISTRICT NO. 1 OF ALLEN PARISH  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
NOTES TO FINANCIAL STATEMENTS

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**G. Compensated Absences**

The District's leave policy does not provide for the accumulation and vesting of leave.

**H. Statement of Cash Flows**

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less when purchased to be cash equivalents.

**I. Net Assets**

In the financial statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

In accordance with a fiscal agency agreement that is approved by the Board of Commissioners, the District maintains demand and time deposits through local depository banks that are members of the Federal Reserve System.

Interest rate risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of credit risk. The District places no limit on the amount the District may invest in any one issuer.

WATERWORKS DISTRICT NO. 1 OF ALLEN PARISH  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
NOTES TO FINANCIAL STATEMENTS

**NOTE 2 - CASH AND CASH EQUIVALENTS**

At June 30, 2011, the District has cash and cash equivalents (book balances) totaling as follows:

Interest-bearing demand deposits .....	\$ 64,907
Time deposits .....	120,489
Other .....	-
Total	<u>\$185,396</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 equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2011, the District has \$185,396 in deposits (collected bank balances). These deposits are secured from risk by \$185,396 of federal deposit insurance.

**NOTE 3 - FIXED ASSETS**

A summary of fixed assets at June 30, 2011 follows:

	Beginning Balance	Net Additions (Deletions)	Ending Balance
Capital assets not being depreciated:			
Land	\$ 6,407	\$ -	\$ 6,407
Total capital assets not being depreciated	<u>\$ 6,407</u>	<u>\$ -</u>	<u>\$ 6,407</u>
Capital assets being depreciated:			
Building	\$ 16,040	\$ -	\$ 16,040
Distribution system	751,804	18,786	770,590
Machinery & equipment	58,002	-	58,002
Total capital assets being depreciated	<u>\$ 825,846</u>	<u>\$ 18,786</u>	<u>\$ 844,632</u>
Less accumulated depreciation for:			
Building	\$ 6,925	\$ 1,604	\$ 8,529
Distribution system	159,614	13,774	173,388
Machinery & equipment	44,806	4,444	49,250
Total accumulated depreciation	<u>\$ 211,345</u>	<u>\$ 19,822</u>	<u>\$ 231,167</u>
Total capital assets being depreciated, net	<u>\$ 614,501</u>	<u>\$ (1,036)</u>	<u>\$ 613,465</u>

Depreciation expense was \$19,822 for the year ended June 30, 2011.

**NOTE 4 - COMPONENTS OF RESTRICTED ASSETS**

The customer deposit account had a balance of \$23,573 at June 30, 2011. The account is restricted to refunding the deposits as needed. The balance owed from this account was \$23,573 at June 30, 2011.

WATERWORKS DISTRICT NO. 1 OF ALLEN PARISH  
 A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
 NOTES TO FINANCIAL STATEMENTS

**NOTE 5 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The District did not reduce insurance coverage during the year ended June 30, 2011.

**NOTE 6 - OPERATING LEASE COMMITMENTS**

The District has a lease commitment for land where it maintains its office building. Future minimum rental commitments for this land as of June 30, 2011 are as follows:

2012	\$ 1,200
2013	1,200
2014	1,200
2015	1,200
Total future minimum lease payments	<u>\$ 4,800</u>

Rental expenses for the land for the year ended June 30, 2011 was \$1,200.

**NOTE 7 - PER DIEM**

LA. Rev. Stat. 33:3819 allows for each commissioner to be paid up to \$60 for each meeting attended up to 24 meetings in each year, and for each special meeting not to exceed 12 special meetings in each year. Commissioners are paid \$60 for each meeting attended.

	<u>Per Diem</u>
Donald Harper, President .....	\$ 720
Randy Welch .....	720
Bruce Wheat .....	720
Richard Hussong .....	720
Johnny Durant .....	720
	<u>\$ 3,600</u>

**NOTE 8 - SUBSEQUENT EVENT REVIEW**

The District's management has evaluated subsequent events through November 10, 2011, the date which the financial statements were available to be issued.