

**ELLIOTT & ASSOCIATES, INC.**

*A Professional Accounting Corporation*

P. O. Box 1287

Leesville, Louisiana 71496-1287

(318) 239-2535  
(318) 238-5135  
Fax 239 2295

W. Michael Elliott, CPA

REPORT OF INDEPENDENT PUBLIC ACCOUNTANT

Board of Commissioners  
Cameron Parish Waterworks District No. 2  
Hackberry, Louisiana:

I have audited the accompanying component unit financial statements of Cameron Parish Waterworks District No. 2 as of December 31, 1995, and for the year then ended. These component unit financial statements are the responsibility of Cameron Parish Waterworks District No. 2'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. 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.

In my opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of Cameron Parish Waterworks District No. 2 as of December 31, 1995, and the results of its operations and changes in financial position for the year then ended in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The accompanying financial information listed as schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the component unit financial statements of Cameron Parish Waterworks District No. 2. The information in these schedules has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in my opinion, is fairly stated in all material respects in relation to the component unit financial statements taken as a whole.

*Elliott & Assoc. "APAC"*  
Leesville, Louisiana  
May 29, 1996

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W. Michael Elliott, CPA

Board of Commissioners  
Cameron Parish Waterworks District No. 2  
Hackberry, Louisiana:

I have audited the component unit financial statements of Cameron Parish Waterworks District No. 2, as of and for the year ended December 31, 1995, and have issued my report thereon dated May 29, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, 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.

In planning and performing my audit of the component unit financial statements of Cameron Parish Waterworks District No. 2, for the year ended December 31, 1995, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the component unit financial statements and not to provide assurance on the internal control structure.

The management of Cameron Parish Waterworks District No. 2 is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure 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 internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, I have classified the significant internal control structure policies and procedures in the following categories:

Cash receipts  
Purchasing/receiving  
Accounts payable  
Cash disbursements

Payroll  
Property and equipment  
General ledger

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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more 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 general purpose 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 structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of the Cameron Parish Waterworks District No. 2's management and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Elliott & Assoc. "APAC"*  
Leesville, Louisiana  
May 29, 1996

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W. Michael Elliott, CPA

Board of Commissioners  
Cameron Parish Waterworks District No. 2  
Hackberry, Louisiana:

I have audited the general purpose financial statements of Cameron Parish Waterworks District No. 2, as of and for the year ended December 31, 1995, and have issued my report thereon dated May 29, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, 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.

Compliance with laws, regulations, contracts, and grants applicable to Cameron Parish Waterworks District No. 2 is the responsibility of Cameron Parish Waterworks District No. 2's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Cameron Parish Waterworks District No. 2's compliance with certain provisions of laws, regulations, contracts, and grants. However, my objective was not to provide an opinion on overall compliance with such provisions.

The results of my tests indicate that, with respect to the items tested, Cameron Parish Waterworks District No. 2 complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that Cameron Parish Waterworks District No. 2 had not complied, in all material respects, with those provisions.

My examination did, however, disclose one matter which is listed below:

Finding: The District did not adopt or publish a budget for the year ended December 31, 1995.

Cause: The District was not aware that a budget was required due to the fact that their gross revenues had never exceeded \$250,000 until this year and thus a budget was not adopted or published.

Effect: There was no effect upon the financial statements.

Mgmt. Response: The District will immediately adopt a 1996 budget and revise it as necessary in late 1996.

This report is intended for the information of the Cameron Parish Waterworks District No. 2's management and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Elliott & Assoc. "APAC"*  
Leesville, Louisiana  
May 29, 1996

CAMERON PARISH WATERWORKS DISTRICT NO. 2

BALANCE SHEET

December 31, 1995

ASSETS

Current assets:

Cash and cash equivalents (Note 2)	\$ 269,972
Receivables (net, where applicable, of allowances for uncollectibles) (Note 3):	
Ad valorem taxes	71,808
Accounts	17,111
State revenue sharing	1,210
Accrued interest	1,698
Prepaid insurance	<u>5,072</u>

Total current assets 366,871

Restricted assets:

Cash -- Meter deposit fund (Note 2)	6,695
Cash -- Construction fund (Note 2)	<u>344,004</u>

Total restricted assets 350,699

Fixed assets (Note 4)

Land	1,000
Buildings	95,222
Plant	494,739
Improvements other than buildings	458,692
Furniture, fixtures, and equipment	115,878
Less: accumulated depreciation	<u>(664,014)</u>

Fixed assets (net of accumulated depreciation) 501,517

Total assets \$1,219,087

The accompanying notes are an integral part of this statement.

LIABILITIES AND EQUITY

Current liabilities:	
Accounts payable	\$ 5,024
Deferred revenue	2,989
Sales taxes payable	377
Retirement deductions payable (Note 6)	<u>2,502</u>
Total current liabilities	<u>10,892</u>
Current liabilities payable from restricted assets:	
Customer deposits	<u>5,027</u>
Total current liabilities payable from restricted assets	<u>5,027</u>
Total liabilities	<u>15,919</u>
Equity:	
Contributed capital (Note 5)	<u>267,430</u>
Retained earnings:	
Reserved for general construction	344,004
Unreserved	<u>591,734</u>
Total retained earnings	<u>935,738</u>
Total equity	<u>1,203,168</u>
Total liabilities and equity	<u>\$1,219,087</u>

## CAMERON PARISH WATERWORKS DISTRICT NO. 2

Statement of Revenues, Expenses and  
Changes in Retained Earnings

For the year ended December 31, 1995

Operating revenues:	
Charges for sales and services:	
Water sales	\$ 259,826
Installation service	715
Total operating revenues	260,541
Operating expenses:	
Salaries and related benefits	152,972
Per diem of board members	2,820
Operation of plant	104,333
Depreciation	39,446
Total operating expenses	299,571
Operating income (loss)	(39,030)
Nonoperating revenues (expenses):	
Ad valorem tax	73,334
Interest income	29,610
Berthing fee	18,900
State revenue sharing	1,814
Miscellaneous income	3,553
Total nonoperating revenues (expenses)	127,211
Net income	88,181
Add depreciation on assets acquired through contributed capital (Note 5)	20,392
Increase in retained earnings	108,573
Retained earnings, January 1, 1995	827,165
Retained earnings, December 31, 1995	\$ 935,738

The accompanying notes are an integral part of this statement.

## CAMERON PARISH WATERWORKS DISTRICT NO. 2

## Statement of Cash Flows

For the year ended December 31, 1995

<u>Operating activities</u>	
Net income	\$ 88,181
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	39,446
Changes in operating assets and liabilities:	
(Increase) decrease in receivables	(11,190)
(Increase) decrease in prepaid insurance	(1,440)
Increase (decrease) in accounts payable	185
Increase (decrease) in deferred revenue	(692)
Increase (decrease) in retirement deductions payable	516
Increase (decrease) in sales tax payable	(5)
Increase (decrease) in meter deposits	(413)
Net cash provided by operating activities	114,588
<u>Investing activities</u>	
Purchase of equipment	(18,222)
Net cash used by investing activities	(18,222)
<u>Financing activities</u>	
.....	
Increase (decrease) in cash	96,366
Cash and cash equivalents, January 1, 1995	524,305
Cash and cash equivalents, December 31, 1995	\$620,671

The accompanying notes are an integral part of this statement.

CAMERON PARISH WATERWORKS DISTRICT NO. 2

Notes to the Financial Statements

December 31, 1995

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cameron Parish Police Jury is a political subdivision of the State of Louisiana. Cameron Parish Police Jury is the reporting entity for Cameron Parish as defined by NCGA 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.

Cameron Parish Waterworks District No. 2 "District" is a component unit of Cameron Parish Police Jury as defined by GASB codification Section 2100. The District was created by the Cameron Parish Police Jury as authorized by Louisiana Revised Statutes 33:3811-21. The District is governed by a board of five commissioners appointed by the Cameron Parish Police Jury, who are responsible for providing water service within the boundaries of the district.

A. FUND ACCOUNTING

Cameron Parish Waterworks District No. 2 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 and ad valorem taxes.

CAMERON PARISH WATERWORKS DISTRICT NO. 2

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.

C. BUDGETARY PRACTICE

The Cameron Parish Waterworks District No. 2 utilizes the following budgetary practice:

Annually the District adopts a budget for the Enterprise Fund as a management device for control of revenues and expenses. The budget is amended at various times during the year as the need arises. A comparison of revenues and expenses is not included with the accompanying statements.

D. CASH AND CASH EQUIVALENTS

Cash includes amounts in petty cash, demand deposits, interest earning demand deposits, and money market accounts. Cash equivalents include amounts in time deposits, with maturities of one year or less. Under state law, the district may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, and time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana, or United States bonds, treasury bills and notes, or certificates.

E. FIXED ASSETS

The fixed assets of the waterworks district are accounted for on the balance sheet of the Enterprise Fund. The fixed assets of the District as shown on the balance sheet are recorded at historical cost. Depreciation is computed by the straight line method based on the estimated useful life of the individual assets.

CAMERON PARISH WATERWORKS DISTRICT NO. 2

Notes to the Financial Statements (Continued)

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

F. VACATION AND SICK LEAVE

The Cameron Parish Waterworks District No. 2 has the following policy related to vacation and sick leave:

Employees of the District accrue from 5 to 25 days annual leave each year depending on length of service. Upon resignation or retirement, unused annual leave is forfeited. In addition, employees of the District accrue from 12 to 18 days of sick leave each year depending on length of service. Upon resignation or retirement, unused sick leave is forfeited.

NOTE 2--CASH AND CASH EQUIVALENTS COLLATERAL

At December 31, 1995, the carrying amount of the District's cash and investments was \$620,671 and the bank balance was \$621,214. Of the bank balance, \$100,000 was covered by federal depository insurance, and \$521,214 was covered by collateral held in the District's name by the pledging banks' safekeeping agents.

NOTE 3--RECEIVABLES

Receivables at December 31, 1995 consist of the following:

Ad valorem taxes	\$ 71,808
Accounts	17,111
State revenue sharing	1,210
Accrued interest	<u>1,698</u>
Net total receivables	<u>\$ 91,827</u>

Note 4--CHANGES IN FIXED ASSETS

Fixed assets are recorded at cost or estimated cost less accumulated depreciation. Depreciation is calculated by the straight-line method over the estimated useful life of the various classes of assets.

CAMERON PARISH WATERWORKS DISTRICT NO. 2

Notes to the Financial Statements (Continued)

NOTE 4--CHANGES IN FIXED ASSETS (CONTINUED)

The following is a summary of changes in fixed assets as of December 31, 1995:

	<u>Land</u>	<u>Buildings</u>	<u>Plant</u>	<u>Improvements other than buildings</u>	<u>Furniture, fixtures, &amp; equipment</u>	<u>Total</u>
Balance 12/31/94	\$1,000	\$ 95,222	\$494,739	\$458,692	\$97,656	\$1,147,309
Additions	---	---	---	---	18,222	18,222
Deletions	---	---	---	---	---	---
Balance 12/31/95	1,000	95,222	494,739	458,692	115,878	1,165,531
Less: Accumulated depreciation	---	(20,455)	(268,613)	(232,445)	(72,501)	(664,014)
Net fixed assets 12/31/95	<u>\$1,000</u>	<u>\$ 4,767</u>	<u>\$226,126</u>	<u>\$226,247</u>	<u>\$43,377</u>	<u>\$ 501,517</u>

The following estimated useful lives are used to compute depreciation:

Buildings	45 years
Improvements other than buildings	45 years
Furniture, fixtures, and equipment	3-10 years

NOTE 5--CONTRIBUTED CAPITAL

Changes during 1995 in the contributed capital account (shown net) are as follows:

Balance 12/31/94	\$ 287,822
Depreciation of assets acquired by contributed capital	(20,392)
Balance 12/31/95	<u>\$ 267,430</u>

CAMERON PARISH WATERWORKS DISTRICT NO. 2

Notes to the Financial Statements (Continued)

NOTE 6--PENSION PLAN

Substantially all employees of the District are members of the Parochial Employees Retirement System. Aggregate pension cost totaled approximately \$2,502 for 1995. The District does not guarantee any of the benefits granted by the retirement system.

NOTE 7--LITIGATION

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

SUPPLEMENTARY INFORMATION

CAMERON PARISH WATERWORKS DISTRICT NO. 2

SUPPLEMENTARY INFORMATION

For the year ended December 31, 1995

Schedule 1-COMPENSATION OF BOARD MEMBERS

The schedule of per diem paid to board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 session of the Legislature.

As provided by Louisiana Revised Statute 33:4564, the board members received \$60 per diem for attendance at meetings of the board in 1995.

	<u>Number</u> <u>Attended</u>	<u>Amount</u>
Alton Schexnider	9	\$ 540
Donald Broussard	11	660
Gerald Labove	11	660
Richard Erickson	10	600
Michael Devall	3	180
Darrell Duhon	3	180
Totals	<u>47</u>	<u>\$2,820</u>

Schedule 2-QUESTIONED COSTS

During the year ended December 31, 1995, I noted no questioned costs arising from my audit.

Schedule 3-EXIT CONFERENCE

An exit conference was held on May 29, 1996, to discuss the proposed audit report with the following people in attendance:

W. Micheal Elliott, CPA  
Melanie Lindsey - Staff Accountant - W. Micheal Elliott, CPA  
Marilyn LaBauve - Chief Accountant - Water District No. 2

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CAMERON PARISH WATERWORKS  
DISTRICT NO. 2

ANNUAL FINANCIAL REPORT

DECEMBER 31, 1995

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 8-14-96

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