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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
BASED ON AN AUDIT OF GENERAL PURPOSE OR BASIC FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Members of the Board of Directors  
Te Marou Water District  
Villie Plant, Louisiana

I have audited the general purpose financial statements of the Te Marou Water District (the District), a component unit of the Evangeline Parish Police Jury, as of and for the year ended June 30, 1997, and have issued my report thereon dated September 24, 1997.

I conducted my audit in accordance with generally accepted auditing standards and 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 financial statements are free of material misstatement.

Compliance with laws, regulations, and contracts of the Te Marou Water District is the responsibility of the Te Marou Water District's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the District's compliance with certain provisions of laws, regulations, and contracts. However, the objective of my audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the board of directors, management, the Evangeline Parish Police Jury and the Legislative Auditor. This restriction is not intended to limit its distribution of this report, which is a matter of public record.



September 24, 1997

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

#### Segregation of Duties

Due to the small number of individuals administering the District's accounting functions, there is inadequate segregation of duties within the accounting systems.

Auditor Response - The District is aware of this control weakness and has implemented procedures for approval of bills by the board of directors and the recording of monthly financial statements in an effort to compensate for the weakness without incurring the cost of hiring additional personnel.

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

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I do not believe the reportable condition described above is a material weakness.

This report is intended for the information of the board of directors, management, the Eschwege Parish Police Jury and the Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

J. L. Soule

September 24, 1997

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE OR BASIC  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Members of the Board of Directors  
Te Meme Water District  
Vill Platte, Louisiana

I have audited the general purpose financial statements of the Te Meme Water District (the District), a composite unit of the Evangeline Parish Policy Jury, as of and for the year ended June 30, 1997, and have issued my report thereon dated September 24, 1997.

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 general purpose financial statements are free of material misstatement.

The management of the Te Meme Water District 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 procedures may become inadequate because of changes in conditions, or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the general purpose financial statements of the District, for the year ended June 30, 1997, I obtained an understanding of the internal control structure. With respect to the internal control structure, 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 in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 4. Retirement System

The District maintains no retirement system.

### 5. Compensated Absences

No accrual has been made for vacation or sick pay due to the insignificance of the amounts involved.

### 6. Board Member Compensation

Board members receive compensation of \$250 per meeting; such compensation totaled \$15,000 and \$14,700 in 1997 and 1996, respectively. In addition, several board members contracted with the District to provide accounting, supervision, maintenance, and water testing services. Payments under those contracts totaled \$28,065 and \$23,380 in 1997 and 1996, respectively.

### 7. Risk Management

The district is exposed to risks of loss in the areas of general and auto liability, property hazard, and workers' compensation. These risks are handled by purchasing commercial insurances. There have been no significant reductions in insurance coverage during the current fiscal year. Settlements have not exceeded insurance coverage during the three year period ended June 30, 1997.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**Cash.** The District considers only cash on hand and in interest and noninterest-bearing checking accounts to be cash for purposes of the statement of cash flows.

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

The enterprise fund is accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned, and expenses are recognized when incurred.

**Deposits and Investments.** Investments are stated at cost. The District currently invests only in certificates of deposits. All of the District's cash and certificates of deposit were insured by the FDIC at fiscal year end.

Under state law, the District may deposit funds in demand or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

The District may invest in bonds, debentures, notes and other evidences of indebtedness backed by the full faith and credit of the U. S. government or are issued or guaranteed by U. S. government instrumentalities which are federally sponsored. Certain collateral mortgage obligation derivatives, inverse floaters, and structured notes are prohibited.

**Dollar Signs.** All numeric data in the financial statements and accompanying notes are presented in U. S. dollars. Dollar signs have been omitted.

### 3. Summary of Plant and Equipment

	Cost	Accumulated Depreciation	Net	Depreciation This Year
Distribution and treatment system	1,144,150	358,304	804,846	28,650
Office building	18,041	4,408	13,632	581
Office equipment	15,308	11,992	3,316	1,948
	<u>1,177,499</u>	<u>374,704</u>	<u>802,794</u>	<u>31,179</u>

During 1997 and 1996, \$11,500 of depreciation expense related to assets acquired with contributed capital was charged against the contributed capital account.

Additions to property plant and equipment totaled \$105,812 and \$-0- in 1997 and 1996, respectively. There were no dispositions of property, plant and equipment in 1997 and 1996.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Because the police jury appoints the District's board members and has the ability to impose its will on the District, the District was determined to be a component of the Exchange Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds administered 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.

**Fund Accounting.** The accounts of the board are organized into one enterprise fund. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenses.

**Fixed Assets and Long-Term Liabilities.** The enterprise fund is accounted for on a cost-of-services, or "capital-maintenance," maintenance focus, and all assets and liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet.

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

Distribution and treatment system	10-30 years
Office building	32 years
Office equipment	7-30 years

The plant assets of the enterprise fund currently in use were acquired over many years at price levels which were lower than current price levels. The portion of the original cost of these assets allocated to depreciation expense each year and used in determining profit was, therefore, substantially lower than if a provision had been made on the basis of present replacement price levels.

All fixed assets are stated at historical cost. Construction period interest, when significant, is capitalized. No interest costs were capitalized in the current year.

**Accounts Receivable.** The District utilizes the direct write-off method for accounts receivable becoming worthless during the year. No allowance for uncollectible accounts receivable was made due to immateriality.

## TE MAROU WATER DISTRICT

### NOTES TO FINANCIAL STATEMENTS

June 30, 1997 and 1996

#### I. Summary of Significant Accounting Policies

The financial and reporting policies of the Te Marou Water District ("the District") conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the guidelines set forth in the Louisiana Municipal Audit and Accounting Guide and to the industry audit guide, Audits of State and Local Governments of Louisiana. The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 are applied unless they conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The following is a summary of certain significant accounting policies:

**Reporting Entity.** As the governing entity for the parish, for reporting purposes, the Evangeline Parish Police Jury is the financial reporting entity for Evangeline 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 Statement No. 14 established criteria for determining which component units should be considered part of the Evangeline Parish Police Jury for financial reporting purposes. The basic criteria 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
  - 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 financially 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.

**TE MAMOU WATER DISTRICT**

**STATEMENTS OF CASH FLOWS**  
 Years Ended June 30, 1997 and 1996

	<u>1997</u>	<u>1996</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income	28,143	8,441
Adjustments to reconcile operating income to net cash provided by operations -		
Depreciation	30,289	22,034
(Increase) decrease in:		
Accounts receivable	1,901	(3,238)
Prepaid expense	(944)	61
Increase (decrease) in:		
Accounts payable and accrued expenses	30,544	3,624
Customer meter deposits	1,320	789
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>81,722</u>	<u>35,662</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earned on investments	1,687	2,396
Purchases of certificates of deposit	(5,080)	(5,004)
Certificate of deposit maturities	5,080	5,000
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>1,687</u>	<u>2,392</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of plant and equipment	(118,012)	-
Interest paid on notes	-	(812)
Payments on long-term debt	-	(24,786)
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<u>(118,012)</u>	<u>(25,598)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<u>(34,603)</u>	<u>12,456</u>
<b>CASH AT BEGINNING OF YEAR</b>	<u>82,745</u>	<u>70,034</u>
<b>CASH AT END OF YEAR</b>	<u>48,142</u>	<u>82,490</u>
<b>OTHER CASH FLOW DISCLOSURE</b>		
Cash interest payments	-	880

See Notes to Financial Statements.



TE MAMOU WATER DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
Years Ended June 30, 1997 and 1996

	<u>1997</u>	<u>1996</u>
<b>OPERATING REVENUES</b>		
Charges for services -		
Water sales	168,359	146,947
Installations and services charges	8,114	5,761
Miscellaneous	2,372	1,898
Total operating revenues	<u>178,845</u>	<u>154,606</u>
<b>OPERATING EXPENSES</b>		
Salaries	39,032	28,818
Contract labor	10,242	11,412
Payroll taxes	2,387	2,037
Discrimin' fees	15,000	14,700
Depreciation	30,289	22,054
Utilities	15,708	13,473
Insurance	5,482	4,950
Vehicle expense	11,786	10,784
Repairs and maintenance	18,716	32,651
Bad debts	-	-
Legal and accounting	2,890	2,729
Office expense	2,980	1,945
Miscellaneous	2,682	2,917
Total operating expenses	<u>148,782</u>	<u>143,769</u>
Operating income	28,143	8,441
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest on investments	1,087	2,386
Interest on debt	-	(812)
Net income (loss)	<u>29,840</u>	<u>19,015</u>
Add back depreciation on assets purchased with contributed capital	11,500	11,500
Retained earnings beginning of year	<u>292,405</u>	<u>329,940</u>
Retained earnings end of year	<u>333,805</u>	<u>360,455</u>

See Notes to Financial Statements.

THE MAMOU WATER DISTRICT

BALANCE SHEETS

June 30, 1997 and 1996

	<u>1997</u>	<u>1996</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash on hand and in bank	57,658	87,293
Certificates of deposit	5,000	5,000
Water sales receivable	22,087	24,048
Prepaid insurance	1,546	3,002
Total current assets	<u>86,331</u>	<u>119,343</u>
<b>PLANT AND EQUIPMENT</b>		
At cost net of accumulated depreciation (\$355,345 - 1997; \$325,018 - 1996)	<u>872,121</u>	<u>734,668</u>
Total assets	<u>958,532</u>	<u>854,011</u>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>LIABILITIES:</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	38,659	9,158
Customer asset deposits	26,675	24,705
Total current liabilities	<u>65,334</u>	<u>33,863</u>
<b>FUND EQUITY:</b>		
Contributed capital, net of accumulated amortization (\$164,000 - 1997; \$152,500 - 1996)	410,983	423,483
Retained earnings - unrestricted	<u>433,805</u>	<u>397,465</u>
Total fund equity	<u>844,788</u>	<u>820,948</u>
Total liabilities and fund equity	<u>910,122</u>	<u>854,811</u>

See Notes to Financial Statements.

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CERTIFIED PUBLIC ACCOUNTANT

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**INDEPENDENT AUDITORS' REPORT**

Members of the Board  
Te Mamou Water District  
Villie Plaza, Louisiana

I have audited the accompanying general purpose financial statements of the Te Mamou Water District, a component unit of the Evangeline Parish Police Jury, as of and for the years ended June 30, 1997, and 1996. These financial statements are the responsibility of the Te Mamou Water 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 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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 aspects, the financial position of the Te Mamou Water District, a component unit of the Evangeline Parish Police Jury, as of June 30, 1997, and 1996, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.



September 24, 1997

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**TE MAMOU WATER DISTRICT  
FINANCIAL REPORT**

June 30, 1987

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

Reference: DerMAE 0.5.158

**J. L. SCHNEIDER**  
Certified Public Accountant  
Lafayette, Louisiana