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SEWER DISTRICT NO. 11 OF  
WARD 3 OF CALCASIEU  
PARISH, LOUISIANA  
Lake Charles, Louisiana

Annual Financial Report  
December 31, 1993 and 1994

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or controller, and to other responsible 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 7-27-96

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# BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

*A Professional Corporation*

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SULPHUR, LA 70665

## INDEPENDENT AUDITOR'S REPORT

Cadrasien Parish Police Jury  
Newer District No. 11 of Ward 3  
of Cadrasien Parish, Louisiana  
Lake Charles, Louisiana

We have audited the accompanying balance sheet of Newer District No. 11 of Ward 3 of Cadrasien Parish, Louisiana, composed unit of Cadrasien Parish Police Jury, as of December 31, 1990 and 1991, and the related statements of revenues, expenses, and changes in retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, government auditing procedures, issued by the Comptroller General of the United States, and the provisions of SAS's Circular 8-109, "Audits of State and Local Governments". These standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Newer District No. 11 of Ward 3 of Cadrasien Parish, Louisiana as of December 31, 1990 and 1991, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

*Broussard & Company*

Sulphur, Louisiana  
June 11, 1992  
Jgh



LIABILITIES AND FUND EQUITY

	1985	1984
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 14,575	\$ 11,190
Due to primary government	11,399	-
<b>Total Current Liabilities</b>	<b>\$25,974</b>	<b>\$11,190</b>
<b>CURRENT LIABILITIES (Payable From Restricted Assets)</b>		
Current portion of general obligation bonds	15,000	20,000
Deferred income - E.P.A. grant	-	188,888
Deferred income - E.O.T.B. grant	-	64,863
Retainage payable	-	188,733
<b>Total Current Liabilities (Payable From Restricted Assets)</b>	<b>\$15,000</b>	<b>\$482,584</b>
<b>LONG-TERM LIABILITIES</b>		
General obligation bonds (net of current portion)	410,000	480,000
<b>Total Liabilities</b>	<b>\$425,974</b>	<b>\$893,874</b>
<b>FUND EQUITY</b>		
Contributed capital	4,478,937	4,494,343
Retained earnings (accumulated deficits):		
Reserved by bond indenture	84,874	84,874
Surplus	( 248,388)	( 181,318)
<b>Total Retained Earnings (Accumulated Deficits)</b>	<b>( 163,514)</b>	<b>( 96,444)</b>
<b>Total Fund Equity</b>	<b>\$4,315,423</b>	<b>\$4,397,900</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$4,741,397</b>	<b>\$5,291,774</b>

SEWER DISTRICT NO. 11 OF PARISH 3  
OF CALCAHOUN PARISH, LOUISIANA  
Lake Charles, Louisiana

Statement of Revenue, Expenses, and  
Changes in Retained Earnings  
For the Years Ended December 31,

	<u>1995</u>	<u>1994</u>
<b>OPERATING REVENUES</b>		
Sewer user and fee fees	\$ 102,035	\$ 10,816
<b>OPERATING EXPENSES</b>		
Commissioner's per diem	2,240	2,700
Office facility and expenses	18,957	17,144
Insurance	661	833
Bank fees	2,368	47
Legal and professional	12,769	8,300
Depreciation and amortization expense	95,080	40,163
Contract labor	2,224	1,815
Utilities	2,674	820
Supplies	18,140	2,074
Miscellaneous	725	1,478
Salaries and wages	8,441	-
Payroll taxes	465	-
Sales testing fees	2,724	-
Judgments and damages	23,127	-
Repairs and maintenance	7,385	-
Travel and seminars	3,335	-
Trash expense	420	-
Total Operating Expenses	<u>303,521</u>	<u>76,883</u>
<b>(LOSS) FROM OPERATIONS</b>	<u>\$ 101,888</u>	<u>\$ 60,803</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Ad valorem taxes - Sinking Fund	32,439	52,890
Ad valorem taxes - maintenance	24,628	23,801
Interest income	5,088	109
<b>Interest expense</b>	<u>\$ 24,439</u>	<u>\$ 35,300</u>
Total Non-Operating Revenues (Expenses)	<u>44,122</u>	<u>60,801</u>
<b>NET INCOME (LOSS)</b>	<u>\$ 57,766</u>	<u>\$ 29,803</u>
<b>ACCUMULATED DEFICIT - January 1</b>	<u>\$ 78,728</u>	<u>\$ 78,728</u>
<b>ACCUMULATED DEFICIT - December 31</b>	<u>\$ 20,962</u>	<u>\$ 48,925</u>

The accompanying notes are an integral part of the financial statements.

SEVEN STREET NO. 11 OF WARD 3  
OF CHICAGO PARISH, LOUISIANA  
Lake Charles, Louisiana

Statement of Cash Flows  
Years Ended December 31,

	<u>1999</u>	<u>1998</u>
<b>Cash Flows From Operating Activities:</b>		
Operating income (loss)	\$1 100,000	\$1 60,407
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	98,000	48,343
(Increase) in receivables	370	( 9,403)
Increase (decrease) in accounts receivable payable and accrued liabilities	( 155,488)	( 68,223)
Net Cash Provided (Used) by operating activities	( 157,598)	( 98,886)
<b>Cash Flows From Investing Activities:</b>		
Interest income received	3,400	899
Purchase of investments	( 41,382)	-
Net Cash (Used) by Investing Activities	( 37,982)	899
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Proceeds from grants	506,334	588,949
Repurchase and construction of capital assets	( 300,703)	( 623,300)
collection of sewer tap fees	-	12,388
principal payments on bonds	( 18,000)	( 18,000)
interest paid on bonds	( 14,434)	( 14,384)
Tax receipts - sinking fund	80,832	48,922
Net cash provided (used) by Capital and Related Financing Activities	234,029	48,575
<b>Cash Flows From Non-Capital Financing Activities:</b>		
Tax receipts - maintenance	25,254	33,008
Notes receivable	( 5,229)	-
Due from primary government	11,800	-
Net Cash Provided by Non-Capital Financing Activities	31,825	33,008
<b>Net (Decrease) in Cash</b>	<b>( 61,753)</b>	<b>( 14,101)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>70,525</b>	<b>84,626</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 8,772</b>	<b>\$ 70,525</b>
<b>Cash and Cash Equivalents:</b>		
Unrestricted	\$ 3,099	\$ 13,978
Restricted	5,673	56,547
	<b>\$ 8,772</b>	<b>\$ 70,525</b>

The accompanying notes are an integral part of the financial statements.

SEWER DISTRICT NO. 11 OF WARD 3  
OF CALCASIEU PARISH, LOUISIANA  
Lake Charles, Louisiana

Notes to Financial Statements  
December 31, 1993 and 1994

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Sewer District No. 11 of Ward 3 of Calcasieu Parish, Louisiana, conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes Title 24 and to the guides set forth in the Louisiana Municipal Audit and Reporting Guide, and to the industry audit guide, *Guide of State and Local Governmental Units*. The following is a summary of the more significant policies:

**FINANCIAL REPORTING ENTITY**

This report includes all funds and account group which are controlled by the District. Control is determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Based on the foregoing criteria, the Sewer District No. 11 has no other fiscal or significant managerial responsibility over any other governmental unit that is not included in the financial statements of the Sewer District No. 11 of Ward 3 of Calcasieu Parish, Louisiana. The District is a component unit of the Calcasieu Parish Police Jury.

**FUND ACCOUNTING**

The accounts of the district are organized on the basis of a proprietary fund, which is considered a separate accounting entity or enterprise fund. Enterprise funds are used to account for operations (a) 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; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income be appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**BAIS OF ACCOUNTING**

The District uses the accrual basis of accounting. The revenues are recognized when they are earned, and expenses are recognized when incurred.

**INVENTORY, PLANT AND EQUIPMENT AND LONG-TERM LIABILITIES**

The proprietary fund is accounted for on a cost of services or capital maintenance measurement basis, and all assets and liabilities (whether current or non-current) associated with its activity are included in the balance sheet.

Continued  
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**SEWER DISTRICT NO. 21 OF WARD 3  
OF ORLANS PARISH, LOUISIANA  
Lake Charles, Louisiana**

**NOTES TO FINANCIAL STATEMENTS (Continued)  
December 31, 1993 and 1994**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Depreciation of all exhaustible fixed assets is charged as an expense against the operations. Depreciation has been provided using the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Furniture and equipment	5 - 20 years
Plant and distribution system	40 years

All fixed assets are stated at historical cost. Depreciation amounted to \$91,385 for the year ended December 31, 1993.

The various fees incurred in connection with obtaining and issuing the general obligation bonds have been capitalized and are being amortized over a period of twenty years on a straight-line basis. Amortization expense amounted to \$700 for the year ended December 31, 1993.

**CASH AND CASH EQUIVALENTS**

The district considers all short-term investments with an original maturity of twelve months or less to be cash equivalents.

**Note 2 - Ad Valorem Taxes**

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the parish in September or October and are annually billed to the taxpayer in November. Billed taxes become delinquent on January 1 of the following year.

For the year ended December 31, 1993, taxes of \$1.83 mills were levied on property with assessed valuations, net of homestead exemption, of \$7,488,440. Total taxes levied, net of homestead exemption, was \$78,228. Taxes receivable at December 31, 1993 were \$79,028, all of which were considered collectible. The 11.50 mills were dedicated as follows:

Watermain Fund	3.83 mills
Sliding Fund	7.67 mills

**Note 3 - Long-Term Debt**

The following is a summary of long-term debt transactions of the district for the year ended December 31, 1993:

	Balance January 1, 1993	Additions	Reductions	Balance December 31, 1993
General Obligation Bonds	\$ 488,000	\$ _____	\$ 21,800	\$ 466,200

Continued  
3

SEWER DISTRICT NO. 12 OF PARISH 3  
OF CALCAHIEE PARISH, LOUISIANA  
Lake Charles, Louisiana

Notes to Financial Statements (Continued)  
December 31, 1995 and 1994

**Note 3 - Long-Term Debt (Continued)**

Long-term debt at December 31, 1995 consists of the following:

**General Obligation Bonds:**

\$200,000, dated January 1, 1990;  
due in annual installments of  
\$5,000 - \$50,000, plus interest  
at 7% to 10% through January, 2012

\$ 442,000

The annual requirements to amortize all debt outstanding as of December 31, 1995, including interest of \$287,700, are as follows:

Year	General
December 31,	Obligation
1996	\$ 40,115
1997	40,825
1998	41,543
1999	42,268
2000	43,000
2001 - 2012	430,252
	<u>\$ 1,148,503</u>

The general obligation bonds are to be retired from the assets of property taxes levied and collected within the limits of the district.

**Note 4 - Board of Commissioners' Per Diem**

Members of the Board of Commissioners are paid a per diem allowance for attending board meetings. The total expenses for meetings attended during the year are as follows:

Marion Bapris	\$ 350
Richard January	450
Darby Carter	450
H.P. Shapman	-
Wanda Franklin	450
Total	<u>\$ 1,700</u>

As of July, 1995, the Board was terminated and all operations are managed by the Police Jury.

**Note 5 - Cash and Cash Equivalents**

At December 31, 1995, the district has cash and cash equivalents (bank balances) totaling 14,358. These deposits are stated at cost, which approximates market. These deposits are insured from risk by Federal deposit insurance.

Continued  
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SEWER DISTRICT NO. 11 OF PARISH 3  
OF CALCAHOU PARISH, LOUISIANA  
Lake Charles, Louisiana

Notes to Financial Statements (Continued)  
December 31, 1993 and 1994

Note 8 - Restricted Capital

A summary of restricted capital follows:

Environmental Protection Agency	\$ 2,793,948
State of Louisiana	1,113,385
General Obligation Bonds	630,000
Tap Fees	61,344
	<u>\$ 4,598,687</u>

Note 9 - Contingencies

The District is involved in potential litigation. Management's legal counsel is of the opinion that the maximum exposure is \$7,000.



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## INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Catahoula Parish Police Jury  
Newer District No. 13 of Ward 3  
of Catahoula Parish, Louisiana  
Lake Charles, Louisiana

We have audited the financial statements of Newer District No. 13 of Ward 3 of Catahoula Parish, Louisiana, as of and for the year ended December 31, 1994, and have issued our report thereon dated June 11, 1994. Those financial statements are the responsibility of Newer District No. 13 of Ward 3 of Catahoula Parish, Louisiana, management. Our responsibility is to express an opinion on those general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of State and Local Governments". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Newer District No. 13 of Ward 3 of Catahoula Parish, Louisiana, taken as a whole. The accompanying schedule of Federal financial assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

*Broussard & Company*

Sulphur, Louisiana  
June 11, 1994  
/s/

SEVEN DISTRICT NO. 11 OF PARISH 3  
OF CALCAHOU PARISH, LOUISIANA  
LEWIS CHARLES, LOUISIANA

Schedule of Federal Financial Assistance  
Year Ended December 31, 1995

<u>Federal Agency</u>	<u>Grant Number</u>	<u>Federal OMB Number</u>	<u>Amount</u>	<u>Expenditures</u>
U.S. Environmental Protection Agency	C-100670-83-0	66-410	\$ <u>100,000</u>	\$ <u>100,000</u>



# BROUSSARD & COMPANY

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

Calcasieu Parish Police Jury  
Sewer District No. 11 of Ward 3  
of Calcasieu Parish, Louisiana  
Lake Charles, Louisiana

We have audited the financial statements of Sewer District No. 11 of Ward 3 of Calcasieu Parish, Louisiana as of and for the year ended December 31, 1979, and have issued our report thereon dated June 11, 1980.

We conducted our audit in accordance with generally accepted auditing standards, the standards for financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, grants, and binding policies and procedures applicable to Sewer District No. 11 of Ward 3 of Calcasieu Parish, Louisiana is the responsibility of Sewer District No. 11 of Ward 3 of Calcasieu Parish, Louisiana management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Sewer District No. 11 of Ward 3 of Calcasieu Parish, Louisiana compliance with certain provisions of laws, regulations, contracts, grants, and binding policies and procedures. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that with respect to the items tested Sewer District No. 11 of Ward 3 of Calcasieu Parish, Louisiana complied, in all material respects, with the provisions referred to in the preceding paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Sewer District No. 11 of Ward 3 of Calcasieu Parish, Louisiana had not complied, in all material respects, with those provisions.

This report is intended for the information of the audit committee, management, and others within the organization and the Environmental Protection Agency. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Broussard & Company*

Slipflop, Louisiana  
June 11, 1980  
jpb



# BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

*A Registered Corporation*

54 FIRST AVENUE

MONROE, LA 70002

MEMPHIS

FORM NO. 31-0004

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH SPECIFIC REQUIREMENTS APPLICABLE TO MONROE  
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS**

Calcasieu Parish Police Jury  
Sewer District No. 11 of Ward 3  
of Calcasieu Parish, Louisiana  
Lake Charles, Louisiana

We have audited the financial statements of Sewer District No. 11 of Ward 3 of Calcasieu Parish, Louisiana as of and for the year ended December 31, 1995, and have issued our report thereon dated June 11, 1996.

In connection with our audit of the financial statements of Sewer District No. 11 of Ward 3 of Calcasieu Parish, Louisiana, and with our consideration of Sewer District No. 11 of Ward 3 of Calcasieu Parish, Louisiana's internal structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-133, Audit of State and Local Governments, we selected certain transactions applicable to certain major federal financial assistance programs for the year ended December 31, 1995. As required by OMB Circular A-133, we have performed auditing procedures to test compliance with the requirements governing types of costs allowed or unallowed; illegality; and matching, level of effort, or matching; expensing; special costs and provisions that are applicable to these transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Sewer District No. 11 of Ward 3 of Calcasieu Parish, Louisiana's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Sewer District No. 11 of Ward 3 of Calcasieu Parish, Louisiana had not complied, in all material respects, with these requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with these requirements.

This report is intended for the information of the audit committee, management, and others within the organization and the Environmental Protection Agency. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Broussard & Company*

Monroe, Louisiana  
June 11, 1996  
/s/bo



# BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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SULZER LA 70060

## REPORT ON THE INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Calcasieu Parish Police Jury  
Sever District No. 11 of Ward 3  
of Calcasieu Parish, Louisiana  
Lake Charles, Louisiana

We have audited the financial statements of Sever District No. 11 of Ward 3 of Calcasieu Parish, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated June 11, 1996.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of Sever District No. 11 of Ward 3 of Calcasieu Parish, Louisiana, for the year ended December 31, 1996, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of Sever District No. 11 of Ward 3 of Calcasieu Parish, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the reported 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 general purpose 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 in 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.

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

- Cash
- Revenues and expenditures
- Property and equipment
- Debt and other liabilities



Calcasieu Parish Police Jury  
Lower District No. 11 of Ward 1  
of Calcasieu Parish, Louisiana

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

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.

Our 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended solely for the use of management and other state and federal audit agencies. This restriction is not intended to limit the distribution of this report which, upon acceptance of state and federal audit agencies, is a matter of public record.

*Ernst & Young*

Bayou, Louisiana  
June 11, 1998  
/s/



# BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

*A Registered Corporation*

NEW ORLEANS, LOUISIANA

MEMPHIS, TENNESSEE

NEW ORLEANS, LOUISIANA

NEW ORLEANS, LOUISIANA

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Columbus Parish Police Jury  
Sewer District No. 11 of Ward 3  
of Calcasieu Parish, Louisiana  
Lake Charles, Louisiana

We have audited the financial statements of Sewer District No. 11 of Ward 3 of Calcasieu Parish, Louisiana for the year ended December 31, 1996, and have issued our report thereon dated June 13, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office and Management Budget (OMB) Circular A-120, Office of State and Local Governments. These standards and OMB Circular A-120 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit for the year ended November 30, 1996, we considered the internal control structure of Sewer District No. 11 of Ward 3 of Calcasieu Parish, Louisiana in order to determine our auditing procedures for the purpose of expressing an opinion on Sewer District No. 11 of Ward 3 of Calcasieu Parish, Louisiana's financial statements and to report on the internal control structure in accordance with OMB Circular A-120. This report addresses our consideration of internal control structure policies and procedures related to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated June 11, 1996.

The management of Sewer District No. 11 of Ward 3 of Calcasieu Parish, Louisiana 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 reduced 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, that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities or instances of noncompliance may nevertheless occur and not be detected. Also, projections 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.

Calcasieu Parish Police Jury  
Severe District No. 11 of Ward 3  
of Calcasieu Parish, Louisiana

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering Federal financial assistance programs into the following categories:

- \*Cash
- \*Revenues and expenditures
- \*Property and equipment
- \*Debt and other liabilities

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended December 31, 1988, Severe District No. 11 of Ward 3 of Calcasieu Parish, Louisiana had no major Federal financial assistance under the major Federal financial assistance programs listed on page 11.

We performed tests of controls, as required by GSA Circular R-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements concerning claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned program. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering Federal financial assistance would not necessarily disclose all errors in the internal control structure that might constitute 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 internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that could be material to a Federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

The report is intended solely for the use of management and other state and Federal audit agencies. This distribution is not intended to limit the distribution of this report which, upon acceptance of state and Federal audit questions, is a matter of public record.

*Donald J. Coyle*

Shreveport, Louisiana  
June 11, 1989  
JPC