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SEWERAGE DISTRICT NO. 2 OF RAPIDES PARISH  
RAPIDES PARISH POLICE JURY  
Alexandria, Louisiana

FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORTS  
AS OF AND FOR THE YEARS ENDED  
DECEMBER 31, 1998 AND DECEMBER 31, 1999  
WITH SUPPLEMENTAL INFORMATION SCHEDULES

**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 ~~JUL 19 2000~~

SEWERAGE DISTRICT NO. 2 OF RAPIDES PARISH  
 RAPIDES PARISH POLICE JURY  
 Alexandria, Louisiana

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## INDEPENDENT AUDITOR'S REPORT

BOARD OF COMMISSIONERS  
SEWERAGE DISTRICT NO. 2 OF RAPIDES PARISH  
RAPIDES PARISH POLICE JURY  
Alexandria, Louisiana

I have audited the accompanying financial statements of Sewerage District No. 2 of Rapides Parish, a component unit of the Rapides Parish Police Jury, as of and for the years ended December 31, 1998 and 1999, as listed in the forgoing table of contents. These financial statements are the responsibility of management of the district. 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 generally accepted governmental auditing standards contained in *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. 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 financial statements referred to above present fairly, in all material respects, the financial position of Sewerage District No. 2 of Rapides Parish at December 31, 1998 and 1999, and the results of operations and cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated June 20, 2000, on my consideration of the internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, contracts, and grants.

MEMBER

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

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

  
Bruce H Stagg CPA

June 20, 2000

SEWERAGE DISTRICT NO. 2 OF RAPIDES PARISH  
RAPIDES PARISH POLICE JURY  
Alexandria, Louisiana

Statement A

ALL FUND TYPES AND ACCOUNT GROUPS  
BALANCE SHEET  
December 31, 1998 and 1999

	<u>1998</u>	<u>1999</u>
<b>ASSETS</b>		
Cash	\$ 91,992	\$ 92,588
Accounts Receivables	3,726	5,152
Fixed Assets (net)	<u>448,438</u>	<u>454,147</u>
TOTAL ASSETS	<u>\$ 544,156</u>	<u>\$ 551,887</u>
<b>LIABILITIES AND FUND EQUITY</b>		
Liabilities-deferred revenue	\$ 4,644	\$ 4,660
Fund Equity:		
Contributed capital	427,000	404,852
Retained earnings	<u>112,512</u>	<u>142,375</u>
Total Fund Equity	<u>\$ 539,512</u>	<u>\$ 547,227</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 544,156</u>	<u>\$ 551,887</u>

SEWERAGE DISTRICT NO. 2 OF RAPIDES PARISH  
 RAPIDES PARISH POLICE JURY  
 Alexandria, Louisiana

Statement B

PROPRIETARY FUND TYPE-ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
 FOR THE YEARS ENDED DECEMBER 31, 1998 and 1999

	<u>1998</u>	<u>1999</u>
<u>OPERATING REVENUES</u>		
Sewerage service and tap fees	\$ 175,869	\$ 201,658
<u>OPERATING EXPENSES</u>		
Public works-sanitation-sewerage collection and disposal:		
Current:		
Personal service-per diem	4,320	4,320
Operating services	162,759	166,405
Material and supplies	392	795
Depreciation	22,118	23,936
Total Operating Expenses	\$ 189,589	\$ 195,456
OPERATING INCOME (LOSS)	\$ (13,720)	\$ 6,202
<u>NONOPERATING REVENUES</u>		
Interest earnings	2,548	1,513
NET INCOME (LOSS)	\$ (11,172)	\$ 7,715
Depreciation of Fixed Assets acquired with Contributed Capital	21,222	22,148
Increase in Retained Earnings	\$ 10,050	\$ 29,863
Retained Earnings at Beginning of Year	102,462	112,512
Retained Earnings at End of Year	\$ 102,462	\$ 142,375

SEWERAGE DISTRICT NO. 2 OF RAPIDES PARISH  
 RAPIDES PARISH POLICE JURY  
 Alexandria, Louisiana

Statement C

PROPRIETARY FUND TYPE-ENTERPRISE FUND

STATEMENT OF CASH FLOW  
 FOR THE YEAR ENDED DECEMBER 31, 1998 and 1999

	<u>1998</u>	<u>1999</u>
Cash flows from operating activities:		
Cash from operating revenues	\$ 177,914	\$ 200,248
Cash for operating expenses	<u>167,471</u>	<u>171,520</u>
Net cash provided (required) by operating activities	\$ 10,443	\$ 28,728
Cash flows from capital and related financing activities:		
Improvements to treatment plants	\$ 18,750	\$ 29,645
Cash flows from investing activities - interest earnings	<u>2,548</u>	<u>1,513</u>
Net increase (decrease) in cash and equivalents	\$ (5,759)	\$ 596
Cash and equivalents at beginning of year	<u>97,751</u>	<u>91,992</u>
Cash and equivalents at end of year	<u>\$ 91,992</u>	<u>\$ 92,588</u>
<i>Reconciliation of operating income (loss) to net cash provided (required) by operating activities</i>		
Operating income (loss)	\$ (13,720)	\$ 6,202
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	\$ 22,118	\$ 23,936
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	792	(1,426)
Increase (decrease) in deferred revenues	<u>1,253</u>	<u>15</u>
Total adjustments	\$ 24,163	\$ 22,525
Net cash provided (used) by operating activities	<u>\$ 10,443</u>	<u>\$ 28,727</u>

SEWERAGE DISTRICT NO. 2 OF RAPIDES PARISH  
RAPIDES PARISH POLICE JURY  
Alexandria, Louisiana  
Notes to the Financial Statements  
As of and for the Years Ended December 31, 1998 and 1999

INTRODUCTION

*Sewerage District No. 2 of Rapides Parish* was created by the *Rapides Parish Police Jury* under the authority of Louisiana Revised Statutes 33:3881. The sewerage district is governed by a three-member board appointed by the police jury. The sewerage district maintains and operates the sewerage system within the boundaries of the district. At December 31, 1999, the district has approximately 969 customers.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

As the governing authority of the parish, for reporting purposes, the *Rapides Parish Police Jury* is the financial reporting entity for Rapides 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 Statements No. 14 established criteria for determining which component units should be considered part of the *Rapides 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. These criteria include:

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 fiscally dependent on the police jury.



SEWERAGE DISTRICT NO. 2 OF RAPIDES PARISH  
RAPIDES PARISH POLICE JURY  
Alexandria, Louisiana  
Notes to the Financial Statements  
As of and for the Years Ended December 31, 1998 and 1999  
(Continued)

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 has the ability to impose its will on the district and there exists the potential for the district to provide specific financial benefits to or impose specific financial burdens on the police jury, the district was determined to be a component unit of the Rapides 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 service provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

**B. FUND ACCOUNTING**

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

**C. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

SEWERAGE DISTRICT NO. 2 OF RAPIDES PARISH  
 RAPIDES PARISH POLICE JURY  
 Alexandria, Louisiana  
 Notes to the Financial Statements  
 As of and for the Years Ended December 31, 1998 and 1999  
 (Continued)

**D. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposit accounts. Cash equivalents include amounts in time deposits. Under state law, the district may deposit funds in demand deposits, interest bearing demand deposits, money market accounts or time deposits with fiscal agent banks organized under the laws of the State of Louisiana and national banks having their principal offices in Louisiana.

**E. FIXED ASSETS AND LONG TERM LIABILITIES**

Fixed assets and accumulated depreciation of the district are included on the balance sheet of the fund. Depreciation of all exhaustible fixed assets are charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful life of the system of 45 years for sewerage lines and equipment and 10 years for all other equipment. Fixed assets purchased by the district are recorded at historical cost and donated fixed assets are valued at the estimated fair market value at the time of donation. The sewerage district has no long-term liabilities.

**F. FUND EQUITY – CONTRIBUTED CAPITAL**

Contributed capital represents sewerage facilities donated by developers. Contributed capital is amortized based on the depreciation recognized on the related capital assets. Depreciation is closed to the contributed capital account and is reflected as an adjustment to the net income/(loss) on Statement B.

**2. CASH AND EQUIVALENTS**

At December 31, 1998 and 1999, the district has cash and cash equivalents (book balances) as follows:

	1998	<u>1999</u>
Petty Cash	\$ 25	\$ 25
Demand deposits	43,144	42,228
Time and certificates of deposit	48,823	<u>50,335</u>
Total	\$91,992	\$92,588

SEWERAGE DISTRICT NO. 2 OF RAPIDES PARISH  
 RAPIDES PARISH POLICE JURY  
 Alexandria, Louisiana  
 Notes to the Financial Statements  
 As of and for the Years Ended December 31, 1998 and 1999  
 (Continued)

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. Cash and cash equivalents (bank balances) totaling \$91,992 and \$92,588 at December 31, 1998 and 1999, respectfully are fully secured by federal deposit insurance (GASB Category 1).

**3. FIXED ASSETS**

A summary of fixed assets and related depreciation at December 31, 1998 and 1999, follows:

	Cost	Accumulated Depreciation	Net
1998 Sewerage system	\$1,038,229	\$589,792	\$448,437
1999 Sewerage system	1,067,874	613,728	454,146

**4. CONTRIBUTED CAPITAL**

A summary of changes, and the effects of the changes, in contributed capital is presented below:

	<u>1998</u>	<u>1999</u>
Additions	\$ 60,000	\$ -
Deductions		
Depreciation charged		
Against contributions	21,222	22,148
Contributed Capital		
Beginning of Year	388,222	427,000
End of Year	\$427,000	\$404,852

SEWERAGE DISTRICT NO. 2 OF RAPIDES PARISH  
RAPIDES PARISH POLICE JURY  
Alexandria, Louisiana  
Notes to the Financial Statements  
As of and for the Years Ended December 31, 1998 and 1999  
(Continued)

**5. RISK MANAGEMENT**

The district is exposed to various risks related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

The district during the years ended December 31, 1998 and 1999, obtained commercial insurance for the aforementioned risks and settled claims resulting from these risks have not exceeded commercial insurance coverage.

SEWERAGE DISTRICT NO. 2 OF RAPIDES PARISH  
 RAPIDES PARISH POLICE JURY  
 Alexandria, Louisiana  
 SUPPLEMENTAL INFORMATION SCHEDULE  
 For the Years Ended December 31, 1998 and 1999

PER DIEM PAID BOARD MEMBERS

The schedule of per diem paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of Louisiana Legislature.

In accordance with Louisiana Revised Statute 33:3887, each board member is to receive a maximum per diem of \$60 for each board meeting they attend, not to exceed 24 regular and 12 special meetings per year.

**Schedule of Per Diem Paid Board Members**  
**For the Year Ended December 31, 1998 and 1999**

	<u>1998</u>		<u>1999</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
B. Frank Killen	26	\$1,560	26	\$1,560
Voorhies P. Gauthier	24	1,440	24	1,440
John C. Miller, Jr.	24	1,440	24	1,440
Total		\$4,440		\$4,440

**Independent Auditor's Reports Required  
By Government Auditing Standards**

The following independent auditor's reports on internal control and compliance are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

BOARD OF COMMISSIONERS  
SEWERAGE DISTRICT NO. 2 OF RAPIDES PARISH  
RAPIDES PARISH POLICE JURY  
Alexandria, Louisiana

I have audited the financial statements of the Sewerage District No. 2 of Rapides Parish, a component unit of the Rapides Parish Police Jury, as of and for the years ended December 31, 1998 and 1999, and have issued my report thereon dated June 20, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### *Compliance*

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, 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*.

### *Internal Control over Financial Reporting*

In planning and performing my audit, I considered the internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level that risk that misstatements 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


MEMBER

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weakness.

*Prior Audit Findings*

The audit for the year ended December 31, 1997, disclosed no instances of noncompliance that were required to be reported under *Government Auditing Standards* or matters involving the internal control over financial reporting and its operation that were considered to be material weaknesses.

  
Bruce H Stagg CPA

June 20, 2000