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**COMPONENT UNIT FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT**

**WATERWORKS DISTRICT NO. 7 OF WARDS 6 AND 4  
CALCASIEU PARISH, LOUISIANA**

**SEPTEMBER 30, 1999**

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 MAR 22 2000

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McMullen and Mancuso  
Certified Public Accountants, L.L.C.

P.O. Box 202

Lisa S. McMullen, CPA

3516 Maplewood Drive

Telephone (337) 625-5057

Pamela C. Mancuso, CPA

Sulphur, Louisiana 70664-0202

Fax (337) 625-5879

**INDEPENDENT AUDITORS' REPORT**

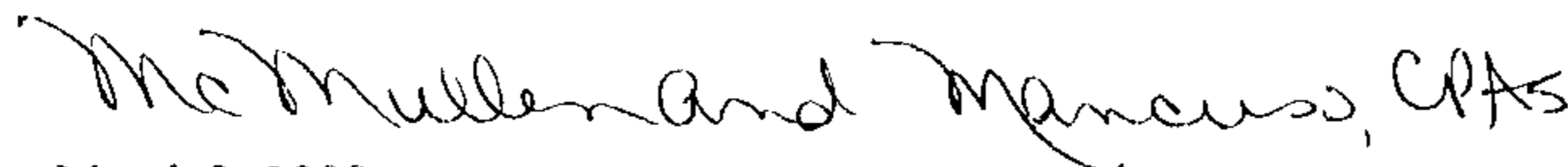
Board of Trustees  
Waterworks District No. 7 of Wards 6 and 4  
Calcasieu Parish, Louisiana

We have audited the accompanying component unit financial statements of the Waterworks District No. 7 of Wards 6 and 4, Calcasieu Parish, Louisiana, a component unit of the Calcasieu Parish Police Jury as of and for the year ended September 30, 1999, as listed in the table of contents. These component unit financial statements are the responsibility of Waterworks District No. 7 of Wards 6 and 4 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 and the standards applicable to financial audits contained in *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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Waterworks District No. 7 of Wards 6 and 4, Calcasieu Parish, Louisiana, a component unit of the Calcasieu Parish Police Jury, as of September 30, 1999 and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

The schedule of operating expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



March 3, 2000

Members

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

**Waterworks District No. 7 of Wards 6 and 4  
Calcasieu Parish, Louisiana, a component unit of  
the Calcasieu Parish Police Jury**

**BALANCE SHEET  
PROPRIETARY FUND TYPE  
September 30, 1999**

**ASSETS**

**CURRENT ASSETS**

Cash	\$	117,661
Trade Accounts Receivable, (net of \$2,688 allowance for uncollectible accounts)		30,200
Accrued Interest Income		240
Prepaid Insurance		8,010
Total Current Assets		156,111

**RESTRICTED ASSETS (Note B)**

Cash		404,114
Certificate of Deposits		7,630
Total Restricted Assets		411,744

**PROPERTY, PLANT, AND EQUIPMENT (Note A)**

Water Plant		3,366,945
Office Furniture and Equipment		12,496
Meters and Equipment		250,338
Less Accumulated Depreciation		(1,157,529)
Land		13,814
Net Property, Plant and Equipment		2,486,064

**OTHER ASSETS**

Prepaid Insurance on Bonds		37,591
Bond Issue Costs, Net of \$21,456 Amortization		46,300
Bond Discount, Net of \$18587 Amortization		41,585
Perpetual Servitude Agreement (Note L)		8,000
Total Other Assets		133,476
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>3,187,395</b>

The accompanying notes are an integral part of these statements.

**Waterworks District No. 7 of Wards 6 and 4  
Calcasieu Parish, Louisiana, a component unit of  
the Calcasieu Parish Police Jury**

BALANCE SHEET (continued)  
PROPRIETARY FUND TYPE  
September 30, 1999

**LIABILITIES AND FUND EQUITY**

**CURRENT LIABILITIES**

Payable from Current Assets:

Accounts Payable	\$ 5,344
Accrued Expenses:	
Compensation	7,743
Payroll Taxes and Retirement	5,479
Sales Tax	879

Payable from Restricted Assets:

Customer Deposits	56,834
Matured Interest Payable	31,983
Current Maturities of Bonds Payable:	
General Obligation Bonds Payable (Note D)	7,000
Revenue Bonds Payable (Note D)	30,000
Total Current Liabilities	145,262

**LONG TERM LIABILITIES (Notes D)**

General Obligation Bonds Payable (net of current maturities)	226,000
Water Revenue Bonds Payable (net of current maturities)	900,000
Total Long Term Liabilities	1,126,000
<b>TOTAL LIABILITIES</b>	<b>1,271,262</b>

**FUND EQUITY**

Contributed Capital (Note C):	
Capital Grants	1,082,000
Less Amortization	(380,130)
Total Contributed Capital	701,870

Retained Earnings:

Unreserved, Undesignated	1,148,433
Reserved for Revenue Bond Retirement	65,830
Total Retained Earnings	1,214,263
<b>TOTAL FUND EQUITY</b>	<b>1,916,133</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 3,187,395</b>

The accompanying notes are an integral part of these statements.

**Waterworks District No. 7 of Wards 6 and 4  
Calcasieu Parish, Louisiana, a component unit of  
the Calcasieu Parish Police Jury**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
RETAINED EARNINGS, PROPRIETARY FUND TYPE  
Year ended September 30, 1999

Operating Revenues:	
Water Revenue	\$ 361,818
Member Fees	9,750
Service Charge Income	1,962
Late Charge Income	12,885
Total Operating Revenue	<u>386,415</u>
Operating Expenses	<u>(335,113)</u>
Operating Income	51,302
Non-Operating Revenues (Expenses):	
Tax Revenue (Note F)	70,321
Interest Income	7,959
Interest Expense	(80,545)
Revenue Sharing	5,143
Miscellaneous Revenues	7,110
Miscellaneous Expenses	(5,119)
Parish Grant (Note M)	48,543
Total Non-Operating Revenues (Expenses)	<u>53,412</u>
Net Income	104,714
Amortization of Contributed Capital (Note C)	<u>27,050</u>
Increase in Retained Earnings	131,764
Retained Earnings at Beginning of Year	<u>1,082,499</u>
Retained Earnings at End of Year	<u><u>\$ 1,214,263</u></u>

The accompanying notes are an integral part of these statements.

**Waterworks District No. 7 of Wards 6 and 4  
Calcasieu Parish, Louisiana, a component unit of  
the Calcasieu Parish Police Jury**

**STATEMENT OF CASH FLOWS  
Year Ended September 30, 1999  
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

Cash Flows From Operating Activities:

Operating Income		\$ 51,302
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Amortization	5,117	
Depreciation	106,837	
Change in Assets and Liabilities:		
Decrease in Accounts Receivable	5,510	
Decrease in Accrued Interest Income	41	
Decrease in Prepaid Expenses	4,644	
Decrease in Grant Receivables	2,846	
Increase in Investment	(373)	
Decrease in Accounts Payable	(32,668)	
Decrease in Accrued Expenses	<u>(2,763)</u>	
Net Cash Provided by Operating Activities		<u>89,191</u> 140,493

Cash Flows From Non-Capital Financing Activities:

Cash Provided from Ad Valorem Taxes	70,321	
Cash Provided from Other Governments	5,143	
Cash Provided from Non-Operating Miscellaneous Income	7,110	
Cash Provided by Customer Deposits	1,513	
Cash Provided by Parish Grant	48,543	
Cash Payments for Non-Operating Miscellaneous Expenses	<u>(5,119)</u>	

Net Cash Provided from Non-Capital Financing Activities		127,511
--	--	---------

Cash Flows from Capital and Related Financing  
Activities:

Principal Paid on Bonds	(32,000)	
Interest Paid on Bonds	(80,545)	
Cash Payments for Asset Purchases	<u>(139,039)</u>	
Net Cash Used for Capital and Related Financing Activities		\$ (251,584)

The accompanying notes are an integral part of these statements.



**Waterworks District No. 7 of Wards 6 and 4  
Calcasieu Parish, Louisiana, a component unit of  
the Calcasieu Parish Police Jury**

STATEMENT OF CASH FLOWS (continued)  
Year Ended September 30, 1999  
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Cash Flows from Investing Activities:

Interest Earned on Investment	\$ <u>7,959</u>	
Net Cash Provided by Investing Activities		<u>7,959</u>
Net Increase in Cash and Cash Equivalents		24,379
Cash and Cash Equivalents Beginning of Year		<u>497,396</u>
Cash and Cash Equivalents End of Year (Note J)		<u>\$ <u>521,775</u></u>

The accompanying notes are an integral part of these statements.



**Waterworks District No. 7 of Wards 6 and 4  
Calcasieu Parish, Louisiana, a component unit of  
the Calcasieu Parish Police Jury**

**NOTES TO FINANCIAL STATEMENTS  
September 30, 1999**

**Note A -- Summary of Significant Accounting Policies**

Waterworks District No. 7 of Wards 6 and 4 was created by the Calcasieu Parish Police Jury, as authorized by Louisiana Revised Statute 33:3811. The Waterworks District is governed by a five-member board of commissioners who are appointed by the police jury and are responsible for providing water service to users within the boundaries of the district.

In conformance with the National Council on Governmental Accounting, Statement 3, Waterworks District No. 7 of Wards 6 and 4 is a component unit of the Calcasieu Parish Police Jury, the governing body of the parish. The accompanying financial statements present information only on the fund maintained by Waterworks District No. 7 of Wards 6 and 4 and do not present information on the Calcasieu Parish Police Jury and the general government services provided by that governmental unit.

**Fund Accounting**

Waterworks District No. 7 of Wards 6 and 4 is organized and operated as an Enterprise Fund whereby a self-balancing set of accounts is maintained that comprise 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 a continuing basis be financed or recovered primarily through user charges and ad valorem taxes.

**Property, Plant, and Equipment**

The accounting and reporting treatment applied to property, plant and equipment and long-term liabilities associated with a fund are determined by its measurement focus. Proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

Depreciation is provided in this enterprise fund in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives range from 5 to 40 years.

Depreciation expense for the year ended September 30, 1999 was \$106,837.

**Waterworks District No. 7 of Wards 6 and 4  
Calcasieu Parish, Louisiana, a component unit of  
the Calcasieu Parish Police Jury**

NOTES TO FINANCIAL STATEMENTS (continued)  
September 30, 1999

**Property, Plant, and Equipment (continued)**

Additions and deletions to property plant, and equipment for the year ended September 30, 1999 were as follows:

	Beginning of Year	Additions	Deletions	End of Year
Water Plant	\$ 3,234,850	\$ 160,749	\$ (28,654)	\$ 3,366,945
Office Furniture and Equipment	10,670	3,164	(1,338)	12,496
Meters and Equipment	246,559	33,631	(29,852)	250,338
Totals	<u>\$ 3,492,079</u>	<u>\$ 197,544</u>	<u>\$ (59,844)</u>	<u>\$ 3,629,779</u>

**Basis of Accounting**

The accrual basis of accounting is used by the Waterworks District with revenues being recognized when earned and expenses being recognized when incurred. Unbilled utility service receivable are recorded at year end.

**Budgets and Budgetary Accounting**

The District adopts a budget annually for operating expenses. The budget is adopted under a basis consistent with GAAP, except that depreciation, certain capital expenses, revenues, nonoperating income and certain nonoperating expense items are not considered. The budget for the District is not presented in these statements.

**Waterworks District No. 7 of Wards 6 and 4  
Calcasieu Parish, Louisiana, a component unit of  
the Calcasieu Parish Police Jury**

NOTES TO FINANCIAL STATEMENTS (continued)  
September 30, 1999

**Note B – Restricted Assets**

Restricted assets were applicable to the following at September 30:

Water Depreciation and Contingency Fund	\$ 77,953
Water Reserve Fund	124,128
Water Revenue Bond and Interest Sinking Fund	124,044
General Obligation Bond and Interest Sinking Fund	77,962
Customer Deposits Fund	7,630
Cash with Fiscal Agent	27
	\$ <u><u>411,744</u></u>

The Revenue Bond Resolution contains certain restrictive covenants which, among other things, require the establishment and maintenance of a "Water Revenue Bond and Interest Sinking Fund" (the "Sinking Fund") to endure the prompt payment of principal and interest installments as they become due. The Resolution requires that a sum equal to one-twelfth of the total amount of principal and interest falling due in the ensuing year be restricted on a monthly basis. The Resolution also required that five percent of the amount to be paid into the "Sinking Fund" for the month be restricted until such time that the accumulated balance is equal to the highest combined principal and interest falling due in any year. An amount of \$575.00 is required to be deposited monthly in to the "Depreciation Fund" to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the system.

In prior years, tax was levied, assessed and imposed on all the taxable property in Waterworks District No. 7 of Wards 6 and 4, Calcasieu Parish, Louisiana, for the purpose of paying the principal and interest on the General Obligation Bonds. Tax revenues received that were dedicated for such purposes are required to be restricted.

Louisiana Revised Statutes require that at least ten percent of the total amount of customer deposits be maintained in a cash reserve fund.

**Note C – Contributed Capital**

Contributed capital at September 30, 1999 consists of grants received in 1984, 1985, and 1986 which were restricted by the grantors to be used for construction of and improvements to the waterworks system. Contributed capital has been reduced in each year by the amount of \$27,050 of amortization recognized on assets constructed through such resources. At September 30, 1999 the unamortized amount of contributed capital was \$701,870.

**Waterworks District No. 7 of Wards 6 and 4  
Calcasieu Parish, Louisiana, a component unit of  
the Calcasieu Parish Police Jury**

NOTES TO FINANCIAL STATEMENTS (continued)  
September 30, 1999

**Note C -- Contributed Capital (continued)**

Grants included in contributed capital at September 30, 1999 are as follows:

Agency	Project Number	Award Amount Received
U. S. Department of Agriculture Farmer's Home Administration	507-10-48	\$ 723,000
State of Louisiana Department of Transportation and Development	507-10-48	200,000
State of Louisiana Department of Transportation and Development	507-10-62	159,000
Total		<u>\$ 1,082,000</u>

**Note D -- Long Term Liabilities**

The following is a summary of bond transactions of the Waterworks District for the year ended September 30, 1999:

	Revenue Bonds	General Obligation Bonds
Outstanding at September 30, 1998	\$ 955,000	\$ 240,000
Issued in Year	---	---
Redeemed in Year	(25,000)	(7,000)
Outstanding at September 30, 1999	<u>\$ 930,000</u>	<u>\$ 233,000</u>

**Waterworks District No. 7 of Wards 6 and 4  
Calcasieu Parish, Louisiana, a component unit of  
the Calcasieu Parish Police Jury**

NOTES TO FINANCIAL STATEMENTS (continued)  
September 30, 1999

**Note D -- Long Term Liabilities (continued)**

Bonds payable consists of the following at September 30, 1999:

Revenue Bonds:

\$1,085,000 Water Revenue Bonds, dated November 1, 1991, due in annual principal installments of \$20,000 - \$85,000 through November 1, 2016, plus interest currently at 6.6% and varying to 7% \$ 930,000

General Obligation Bonds:

\$277,000 Waterworks System Bonds, dated November 1, 1991, due in annual principal installments of \$4,000 - \$22,000 through May 1, 2017, plus interest currently at 6.6% and varying to 7% ( this issue secured by levy and collection of ad valorem taxes) 233,000

Less current maturities

1,163,000  
(37,000)  
\$ 1,126,000

The annual requirements to amortize all debt outstanding as of September 30, 1999 are as follows:

Year Ending September 30,	Revenue Principal	Bonds Interest	Obligation Principal	Bonds Interest
2000	\$ 30,000	\$ 63,750	\$ 7,000	\$ 16,250
2001	30,000	61,770	8,000	15,788
2002	30,000	59,790	8,000	15,260
2003	35,000	57,575	9,000	14,700
2004	35,000	55,125	9,000	14,070
Thereafter	770,000	399,350	192,000	100,380
	<u>\$ 930,000</u>	<u>\$ 697,360</u>	<u>\$ 233,000</u>	<u>\$ 176,448</u>



**Waterworks District No. 7 of Wards 6 and 4  
Calcasieu Parish, Louisiana, a component unit of  
the Calcasieu Parish Police Jury**

NOTES TO FINANCIAL STATEMENTS (continued)  
September 30, 1999

**Note E -- Cash and Investments**

At September 30, 1999 the book balance of the District's deposits was \$ 529,255 and the bank balance was \$531,304.

	Carrying Amount	Bank Balance
Insured (FDIC)		
CD	\$ 7,630	\$ 7,630
DDA	355,942	355,942
Uninsured:		
Collateral held by pledging bank's trust department in District's name	165,683	167,732
	\$ 529,255	\$ 531,304

**Note F -- Ad Valorem Taxes**

For the year ended September 30, 1999 taxes of 9.89 mills were levied in all the taxable property in Waterworks District No. 7 of Wards 6 and 4, Calcasieu Parish, Louisiana, and dedicated for maintenance and operational purposes.

The following is a schedule of the 1998 property tax calendar that is applicable to the District:

1. Levy date - October, 1998
2. Billing date - November, 1998
3. Collection dates -- December, 1998 -- May, 1999
4. Due dated -- On receipt
5. Delinquent date -- December 31, 1998
6. Lien date -- June, 1999

These taxes, less certain uncollectibles, collection costs and adjustments, plus minor amounts of prior year taxes are reported for the fiscal year ended September 30, 1999.

**Waterworks District No. 7 of Wards 6 and 4  
Calcasieu Parish, Louisiana, a component unit of  
the Calcasieu Parish Police Jury**

NOTES TO FINANCIAL STATEMENTS (Continued)  
September 30, 1999

**Note G – Flow of funds; Restrictions on Use – Utilities Revenues**

Under the terms of the bond resolution on outstanding Water Revenue Bonds dated November 1, 1991, all income and revenues of every nature, earned and derived from operation of the waterworks system are pledged and dedicated to the retirement of said bonds, expenses of operating and maintaining the system. Such revenue is to be deposited into a separate and special bank account to be administered in the following order of priority and for the following purposes:

The payment of all reasonable and necessary expenses of administration, operation and maintenance of the system.

The establishment and maintenance of a Water Revenue Bond and Interest Sinking Fund by transferring from the Operating Account each month an amount constituting 1/12 of the next maturing installment including interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments.

The establishment and maintenance of a Water Reserve Fund by transferring from the Operating Account each month an amount at least equal to 5.0% of the amount to be paid into the Sinking fund described above until there shall have been accumulated in the Reserve account an amount equal to the maximum principal and interest requirements in any one maturity year. The money in said account is to be retained solely for the purpose of paying the principal of and interest on bonds payable from the Sinking Fund as to which there would otherwise be default.

The establishment and maintenance of a Water Depreciation and Contingency fund by transferring from the Operating Account the sum of \$575 each month to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the system. Money in this fund may also be used to pay principal or interest on the bond falling due at any time if there is not sufficient money for payment in the other bond funds.

The balance of the excess funds on deposit in the Water Revenue Fund, after the transfer of the required amount into the above noted funds, may be used for the purpose of calling and/or paying bonds or for any other lawful corporate purpose.



**Waterworks District No. 7 of Wards 6 and 4  
Calcasieu Parish, Louisiana, a component unit of  
the Calcasieu Parish Police Jury**

NOTES TO FINANCIAL STATEMENTS (Continued)  
September 30, 1999

**Note II – Retirement System**

Full-time employees are members of the Parochial Employees' Retirement System of Louisiana, a Public Employee Retirement System (PERS), which is the administrator of a cost sharing multiple-employer plan.

Current year payroll was \$112,419 all of which was covered by the Plan.

Any person who is a permanent employee and works at least 28 hours a week and whose compensation is paid wholly or partly by a covered employer is covered by this system.

**Plan Benefits**

**Plan A Fund Benefits:**

Any member is eligible for normal retirement if he has at least 30 years of creditable service regardless of age, 25 years of creditable service and is at least age 55 or 10 years of creditable service and is at least age 60.

The retirement allowance is equal to three percent of the member's final average compensation (defined as the average of the highest consecutive 36 months) multiplied by his years of creditable service; however, any employee who was a member of the supplemental plan only prior to the revision date has the benefit earned for service credited prior to the revision date on the basis of one percent of final compensation plus two dollars per month for each year credited prior to the revision date, and three percent of final compensation for each year of service credited after the revision date. The retirement allowance may not exceed the greater of one hundred percent of a member's final salary (last 12 months) or the final average compensation.

A member is eligible to retire and receive disability benefits if he has at least 5 years of creditable service, is not eligible for normal retirement and suffers disability which has been certified by the State Medical Disability Board. The rate is 3% of the member's final compensation multiplied by his years of creditable service under certain conditions outlined in the statutes.

Upon death of a member with 5 or more years of creditable service, the Plan provides benefits for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 30% to 60% of the member's final compensation.

**Waterworks District No. 7 of Wards 6 and 4  
Calcasieu Parish, Louisiana, a component unit of  
the Calcasieu Parish Police Jury**

NOTES TO FINANCIAL STATEMENTS (Continued)  
September 30, 1999

**Note H – Retirement System (continued)**

**Deferred Retirement Option**

In lieu of terminating employment and accepting a service retirement allowance, any member who has been an active contributing member for one full year after becoming eligible for a normal retirement allowance may elect to participate in the Deferred Retirement Option Plan, and defer the receipt of benefits.

The duration of participation in the plan shall be specified and shall not exceed two years.

Upon the effective date of the commencement of participation in the plan, membership in the system shall terminate. Employer contributions shall continue to be payable by the employer during the person's participation in the plan, but payments of employee contributions shall cease upon the effective date of the person's commencement of participation in the plan.

The monthly retirement benefits that would have been payable, had the person elected to cease employment and receive a service retirement allowance, shall be paid into the Deferred Retirement Option Plan fund, which shall not earn interest.

Upon termination of employment at the end of the specified period of participation, a participant in the plan shall receive, at his/her option, a lump sum payment from the Deferred Retirement Option Plan fund equal to the payments made to that fund on his/her behalf, a true annuity based upon his/her account in that fund, or any other method of payment approved by the Board of Trustees.

**Contributions**

The actuarially required employer contribution for Plan A was determined by adding to the normal cost an amortization payment on the unfunded accrued liability which was based on a 40 year annuity with payments increasing at 4% per year. This payment method conforms to legislation passed during 1988 by the Louisiana Legislature.

**Member Contributions:**

Member Contributions, established by Statute at 9.50% of total compensation for Plan A and at 2.0% of salary in excess of \$1,200 for Plan B, are deducted from the member's salary. Employees contributed \$5,245 in the year ended September 30, 1999.

**Waterworks District No. 7 of Wards 6 and 4  
Calcasieu Parish, Louisiana, a component unit of  
the Calcasieu Parish Police Jury**

**NOTES TO FINANCIAL STATEMENTS (Continued)  
September 30, 1999**

**Note H – Retirement System (continued)**

**Employer Contributions**

Employer contributions are actuarially determined every fiscal year according to statutory process. Written notices of these rates are provided to employers annually. Employer rates are 7.75% for Plan A and 1.0% for Plan B. The District contributed \$8,713 on behalf of its employees for the year ended September 30, 1999.

**Note I – Compensated Absences**

The District does not accrue compensated absences as they do not have a formal policy regarding compensated absences. Terminated employees do not receive compensation for unused time.

**Note J – Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Waterworks District considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

**Note K – Management Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note L – Perpetual Servitude**

In June, 1995, the Waterworks District entered into a perpetual servitude agreement for the right to drill and maintain water wells, construct and maintain water lines, and to perform such other tasks as may be reasonably related to the operation and maintenance of water wells on the property located next to the Waterworks District main office. The total cost of the agreement was \$8,000.

**Note M – Calcasieu Parish Police Jury Grant**

In April, 1999, the Waterworks District was awarded a grant from the Calcasieu Parish Police Jury in the amount of \$48,543. The proceeds were dedicated for the purpose of the construction of the Anthony Ferry Booster Station storage tanks.

**Waterworks District No. 7 of Wards 6 and 4  
Calcasieu Parish, Louisiana, a component unit of  
the Calcasieu Parish Police Jury**

**SCHEDULE OF OPERATING EXPENSES  
PROPRIETARY FUND TYPE**

Year Ended September 30, 1999

Amortization	\$ 5,117
Advertising	242
Board Per Diem	2,750
Bad Debts	25
Bank Charges	1,890
Chemicals	8,440
Depreciation	106,837
Dues and Subscriptions	880
Fiscal Agent Charges	2,850
Fuel	5,230
Insurance	15,035
Office Expenses	4,954
Payroll Taxes and Retirement	10,369
Permits and Licenses	375
Postage	3,340
Professional Services	4,053
Professional Development	450
Rent	366
Repairs and Maintenance	7,675
Salaries	111,573
Supplies	9,476
Telephone	4,368
Travel and Meals	257
Uniforms	879
Utilities	27,682
	<u>\$ 335,113</u>



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Lisa S. McMullen, CPA

Pamela C. Mancuso, CPA

3516 Maplewood Drive

Sulphur, Louisiana 70664-0202

Telephone (337) 625-5054

Fax (337) 625-5849

**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 Trustees  
Waterworks District No. 7  
of Wards 6 and 4  
Calcasieu Parish, Louisiana

We have audited the component unit financial statements of the Waterworks District No. 7 of Wards 6 and 4, Calcasieu Parish, Louisiana, a component unit of the Calcasieu Parish Police Jury as of and for the year ended September 30, 1999, and have issued our report thereon dated March 3, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether component unit financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our 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 our audit, we considered Waterworks District No. 7 of Wards 6 and 4, Calcasieu Parish, Louisiana, a component unit of the Calcasieu Parish Police Jury, internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit financial statements and not provide assurance on the internal control over financial reporting. Our 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 the risk that

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misstatements in amounts that would be material in relation to the component unit 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Waterworks District No.7 of Wards 6 and 4, Calcasieu Parish, a component unit of the Calcasieu Parish Police Jury management, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*McMullen and Manass, CPAs*

March 3, 2000

**Waterworks District No. 7 of Wards 6 and 4  
Calcasieu Parish, Louisiana, a component unit of  
the Calcasieu Parish Police Jury**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

For the Year Ended September 30, 1999

**Findings**

There were no findings in the year.



**Waterworks District No. 7 of Wards 6 and 4  
Calcasieu Parish, Louisiana, a component unit of  
the Calcasieu Parish Police Jury**

**SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

For the Year Ended September 30, 1998

**Findings**

There were no findings in the year.