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CAMERON PARISH WATERWORKS
DISTRICT NO. 7

FINANCIAL STATEMENTS

For the year ended
December 31, 1999

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 6/14/00

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ELLIOTT & ASSOCIATES, INC.

A Professional Accounting Corporation

P. O. Box 1287

Leesville, Louisiana 71496-1287

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W. Micheal Elliott, CPA

UNQUALIFIED OPINION ON GENERAL-PURPOSE FINANCIAL STATEMENTS-GOVERNMENTAL ENTITY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Cameron Parish Waterworks District No. 7

I have audited the accompanying general-purpose financial statements of the Cameron Parish Waterworks District No. 7, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Cameron Parish Waterworks District No. 7's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

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. 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. 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 respects, the financial position of the Cameron Parish Waterworks District No. 7 as of and for the year ended December 31, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated May 18, 2000, on my consideration of the Cameron Parish Waterworks District No. 7's internal control over financial reporting and my tests of its compliance with laws, regulations, contracts and grants.

My audit was performed for the purpose of forming an opinion on the general purpose financial statements of the District taken as a whole. The accompanying schedules, as listed in the table of contents, are presented for purposes of additional analysis and are 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 my opinion, is fairly state, in all material respects, in relation to the basic financial statements taken as a whole.

Elliott & Assoc. "APAC"
Leesville, Louisiana
May 18, 2000

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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
Cameron Parish Waterworks District No. 7

I have audited the financial statements of the Cameron Parish Waterworks District No. 7 as of and for the year ended December 31, 1999, and have issued my report thereon dated May 18, 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 Cameron Parish Waterworks District No. 7's 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 Cameron Parish Waterworks District No. 7's 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 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 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 assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

Elliott + Assoc. "APAC"
Leesville, Louisiana
May 18, 2000

Cameron Parish Waterworks District No. 7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Year Ended December 31, 1999

I have audited the financial statements of Cameron Waterworks District No. 7 as of and for the year ended December 31, 1999, and have issued my report thereon dated May 18, 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. My audit of the financial statements as of December 31, 1999 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

*a. Report on Internal Control and Compliance
Material to the Financial Statements*

Internal Control

Material Weaknesses () Yes (X) No
Reportable Conditions () Yes (X) No

Compliance

Compliance Material to Financial
Statements () Yes (X) No

b. Federal Awards

Internal Control

Material Weaknesses () Yes () No (X) N/A
Reportable Conditions () Yes () No (X) N/A

Type of Opinion On Compliance For Major Programs

Unqualified () Qualified ()
Disclaimer () Adverse ()
N/A (X)

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?

() Yes () No (X) N/A

CAMERON PARISH WATERWORKS DISTRICT NO. 7

BALANCE SHEET

December 31, 1999

ASSETS

Current assets:	
Cash (Note 2)	\$ 28,121
Receivables (Note 3):	
Water service customers	8,534
Ad valorem taxes	30,578
State revenue sharing	<u>744</u>
Total current assets	<u>67,977</u>
Restricted assets:	
Cash (Note 2)	2,382
Ad valorem taxes receivable (Note 3)	<u>33,710</u>
Total restricted assets	<u>36,092</u>
Miscellaneous receivable (Note 4)	<u>5,000</u>
Fixed assets :	
Fixed assets (net of accumulated depreciation)(Note 5)	<u>166,274</u>
Total assets	<u>\$275,343</u>

The accompanying notes are an integral part of this statement.

LIABILITIES AND EQUITY

Current liabilities:	
Accounts payable	\$ 2,680
Deferred revenue	1,855
Ad valorem deductions payable	<u>2,173</u>
Total current liabilities	<u>6,708</u>
Total liabilities	<u>6,708</u>
Equity:	
Contributed capital, net (Note 6)	<u>131,166</u>
Retained earnings	
Restricted-ad valorem millage	36,092
Unreserved-unrestricted	<u>101,377</u>
Total retained earnings	<u>137,469</u>
Total equity	<u>268,635</u>
Total liabilities and equity	<u>\$275,343</u>

CAMERON PARISH WATERWORKS DISTRICT NO. 7

Statement of Revenues, Expenses and
Changes in Retained Earnings

For the year ended December 31, 1999

Operating revenues:	
Charges for sales and services:	
Water sales	<u>\$86,071</u>
Total operating revenues	<u>86,071</u>
Operating expenses:	
Current:	
Salaries and related benefits	44,717
Board per diem	1,140
Plant operations	56,362
Miscellaneous	1,212
Line relocation costs	9,831
Grant expense (Note 4)	2,831
Depreciation (Note 5)	<u>19,775</u>
Total operating expenses	<u>135,868</u>
Operating income (loss)	<u>(49,797)</u>
Nonoperating revenues (expenses):	
Ad valorem tax	69,855
State revenue sharing	1,116
Other income	847
Interest income	1,742
Loss on disposal of assets	<u>(3,605)</u>
Total nonoperating revenues (expenses)	<u>69,955</u>
Net income (loss)	20,158
Add depreciation on assets acquired through contributed capital (Note 6)	<u>6,295</u>
Increase (decrease) in retained earnings	26,453
Retained earnings, January 1	<u>111,016</u>
Retained earnings, December 31	<u>\$137,469</u>

The accompanying notes are an integral part of this statement.

CAMERON PARISH WATERWORKS NO. 7
STATEMENTS OF REVENUES, EXPENSES AND RETAINED EARNINGS
(BUDGETARY BASIS) AND ACTUAL
For the Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Water sales	\$ 88,000	\$ 86,071	\$ (1,929)
Total revenues	<u>88,000</u>	<u>86,071</u>	<u>(1,929)</u>
EXPENSES:			
Current:			
Salaries and related benefits	56,000	44,717	11,283
Plant operations	61,075	56,362	4,713
Miscellaneous	1,000	1,212	(212)
Board per diem	1,400	1,140	260
Line relocation costs	10,000	9,831	169
Grant expense	3,000	2,831	169
Depreciation	<u>16,000</u>	<u>19,775</u>	<u>(3,775)</u>
Total expenses	<u>148,475</u>	<u>135,868</u>	<u>12,607</u>
Operating Income (loss)	<u>(60,475)</u>	<u>(49,797)</u>	<u>10,678</u>
Nonoperating Revenue/ (Expenses):			
Ad valorem tax	70,000	69,855	(145)
State revenue sharing	1,200	1,116	(84)
Other income	---	847	847
Interest income	1,950	1,742	(208)
Loss on disposal of assets	<u>---</u>	<u>(3,605)</u>	<u>(3,605)</u>
Total nonoperating revenues:	<u>73,150</u>	<u>69,955</u>	<u>(3,195)</u>
Net income (loss)	12,675	20,158	7,483
Add contributed capital amortization	<u>6,295</u>	<u>6,295</u>	<u>---</u>
Increase (decrease) in retained earnings	18,970	26,453	7,483
Ret. Earnings Jan. 1	<u>111,016</u>	<u>111,016</u>	<u>---</u>
Ret. Earnings Dec.31	<u>\$129,986</u>	<u>\$137,469</u>	<u>\$ 7,483</u>

The accompanying notes are an integral part of this statement.

CAMERON PARISH WATERWORKS DISTRICT NO. 7

Statement of Cash Flows

For the year ended December 31, 1999

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	\$ (49,797)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	19,775
Changes in assets and liabilities:	
Accounts receivable	(501)
Other current assets	(3,909)
Accounts payable	(52)
Other current liabilities	<u>1,058</u>
Net cash (used) by operating activities	<u>(33,426)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Ad valorem taxes	35,281
Other income	<u>847</u>
Net cash provided from noncapital financing activities	<u>36,128</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Acquisition of property, plant and equipment	<u>(2,989)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>1,742</u>
Increase in cash	1,455
CASH, BEGINNING OF YEAR	<u>29,048</u>
CASH, END OF YEAR	<u><u>\$ 30,503</u></u>

The accompanying notes are an integral part of this statement.

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Notes to the Financial Statements

December 31, 1999

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cameron Parish Police Jury is a political subdivision of the State of Louisiana. Cameron Parish Police Jury is the reporting entity for Cameron Parish as defined by NCGA Statement 3, (Defining the Governmental Reporting Entity).

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governments. In November of 1984, the GASB issued a codification of governmental accounting and financial reporting standards. This codification is recognized as generally accepted accounting principles for state and local governments.

Cameron Parish Waterworks District No. 7 "District" is a component unit of Cameron Parish Police Jury as defined by GASB codification Section 2100. The District was created by the Cameron Parish Police Jury as authorized by Louisiana Revised Statutes 33:3811-21. The District is governed by a board of five commissioners appointed by the Cameron Parish Police Jury, who are responsible for providing water service within the boundaries of the district. In addition to the above the District is required by Louisiana Revised Statutes 24:514 to report annually by March 31 to the Legislative Auditor.

A. FUND ACCOUNTING

Cameron Parish Waterworks District No. 7 is organized and operated on a fund basis as a Proprietary Fund Type-Enterprise Fund. In an enterprise fund the accrual basis of accounting is utilized and revenues are recognized when earned and expenses are recognized when incurred. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and ad valorem taxes.

CAMERON PARISH WATERWORKS District No. 7
Notes to the Financial Statements (Continued)

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

B. BASIS OF ACCOUNTING

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

Proprietary funds follow GAAP prescribed by the Governmental Accounting Standards Board and all Financial Accounting Standards Board's standards issued prior to November 30, 1989. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets associated with the operation of these funds are included on the balance sheet. Fund equity, (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

C. CASH AND CASH EQUIVALENTS

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits with maturities of three months or less.

D. ACCOUNTS RECEIVABLE WRITE-OFF METHOD

The District has adopted a write off policy wherein any account that is deemed uncollectible is written off directly when the account's collection efforts have been deemed unsuccessful.

E. FIXED ASSETS AND LONG-TERM LIABILITIES

The fixed assets and long-term liabilities of the waterworks district are accounted for on the balance sheet of the Enterprise Fund. The fixed assets of the District as shown on the balance sheet are recorded at historical cost. Donated fixed assets are stated at their estimated fair market value on the date donated. Depreciation is computed by the straight line method based on the estimated useful life of the individual assets.

CAMERON PARISH WATERWORKS District No. 7
Notes to the Financial Statements (Continued)

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

F. VACATION AND SICK LEAVE

Employees of the District accrue from 5 to 25 days annual leave each year depending on length of service. Upon resignation or retirement, unused annual leave is forfeited. In addition, employees of the District accrue from 12 to 18 days of sick leave each year depending on length of service. Upon resignation or retirement, unused sick leave is forfeited. The liability for annual and sick leave is accrued by the Cameron Parish Police Jury.

NOTE 2--CASH COLLATERAL

At December 31, 1999, the carrying amount of the District's cash was \$30,503 and the bank balance was \$30,618. The entire bank balance was covered by federal depository insurance.

NOTE 3--RECEIVABLES

Receivables at December 31, 1999 consist of the following:

Ad valorem taxes--unrestricted	\$30,578
Ad valorem taxes restricted	33,710
Water service	8,534
State revenue sharing	<u>744</u>
Net total receivables	<u>\$73,566</u>

The amount included in the ad valorem receivable on the balance sheet is for ad valorem taxes which attach as an enforceable lien on property as of January 1 of each year. Taxes are levied to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The District utilizes the Cameron Parish Tax Collector/Sheriff to bill and collect its property taxes using the assessed values determined by the tax assessor of Cameron Parish.

CAMERON PARISH WATERWORKS District No. 7
Notes to the Financial Statements (Continued)

NOTE 3--RECEIVABLES (Continued)

For the year ended December 31, 1999, taxes of 13.72 mills were levied on property with assessed valuation totaling \$5,013,473 and were dedicated to overall water operations.

Taxes were levied upon a total assessed valuation of \$5,013,473. The total amount levied was \$68,784. Furthermore, collections of delinquent taxes and other adjustments resulted in total collections of \$69,855.

Note 4--MISCELLANEOUS RECEIVABLE

At December 31, 1999, the District was owed \$5,000 in grant cost reimbursement by its engineer. This amount will be paid back to the district when it is final pending grant is approved and funded.

Note 5--CHANGES IN FIXED ASSETS

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

Buildings	15 years
Improvements, other than furniture	45 years
Equipment, furniture and fixtures	3 to 10 years

CAMERON PARISH WATERWORKS District No. 7
Notes to the Financial Statements (Continued)

Note 5-CHANGES IN FIXED ASSETS (Continued)

The following is a summary of changes in fixed assets as of December 31, 1999:

	<u>Building & Improvements</u>	<u>Improvements other than buildings</u>	<u>Furniture, fixtures, & equipment</u>	<u>Total</u>
Balance 12/31/99	\$ 21,177	\$ 446,433	\$ 29,722	\$497,332
Additions	---	---	2,989	2,989
Deletions	---	---	(7,031)	(7,031)
Balance 12/31/99	21,177	446,433	25,680	493,290
Less: Accumulated depreciation	(6,323)	(307,449)	(13,244)	(327,016)
Net fixed assets 12/31/99	<u>\$ 14,854</u>	<u>\$ 138,984</u>	<u>\$ 12,436</u>	<u>\$166,274</u>

NOTE 6--RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft or damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District carries commercial insurance as outlined in the following table. Settled claims did not exceed commercial coverage for any of the past three fiscal years.

	<u>LIMITS OF COVERAGE</u>
Workmen's compensation	\$ 350,000
Auto liability	1,000,000
Commercial general liability	2,000,000
District-owned buildings and equipment	101,200

The District covers all other losses, claim settlements, and judgments from operating resources. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

CAMERON PARISH WATERWORKS District No. 7
Notes to the Financial Statements (Continued)

NOTE 6--RISK MANAGEMENT (Continued)

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

NOTE 7--CONTRIBUTED CAPITAL

Changes during 1999 in the contributed capital account are as follows:

Balance, 12/31/98	\$ 137,461
Depreciation of assets acquired by contributed capital	<u>(6,295)</u>
Balance, 12/31/99	<u>\$ 131,166</u>

NOTE 8--FUTURE EXPANSION/FINANCING PLANS

On July 17, 1999 the District passed a public referendum for a bond issue authorizing the future issuance of \$600,000 in general obligation bonds for the purpose of acquiring additional waterworks systems wells, storage capacity, water hydrants, and water lines or mains, of a larger size to assure good water pressure and a clean plentiful supply of water for persons served by the District. The bonds had not been issued at December 31, 1999.

In addition to the bond issue proceeds, the other financing components for the future water system expansion include a \$901,000 grant from USDA Rural Development and a \$1,132,000 bank loan, both of which are to be consummated in the year 2000. The total construction costs are expected to approximate \$2,633,000.

SUPPLEMENTARY INFORMATION

Schedule 1

CAMERON PARISH WATERWORKS DISTRICT NO. 7

COMPENSATION OF BOARD MEMBERS

For the year ended December 31, 1999

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

As provided by Louisiana Revised Statute 33:4564, the board members received \$20 per diem for attendance at meetings of the board.

	<u>Number Attended</u>	<u>Amount</u>
Willard Savoie	13	\$ 260
Ricky Miller	10	200
Wilson Conner	12	240
Sally Sanders	10	200
Shelton LeBlanc	<u>10</u>	<u>200</u>
Totals	<u>55</u>	<u>\$1,100</u>

See independent auditor's report.

Cameron Parish Waterworks District No. 7
SCHEDULE OF PRIOR YEAR FINDINGS

For the Fiscal Year Ended December 31, 1999

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL
AWARDS**

There were no prior year findings relating to internal control and compliance material to federal awards.

SECTION III MANAGEMENT LETTER

There was no management letter with prior year audit report.

See independent auditor's report.

Cameron Parish Waterworks District No. 7
MANAGEMENT'S CORRECTIVE ACTION PLAN

For the Fiscal Year Ended December 31, 1999

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENT**

N/A

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL
AWARDS**

N/A

SECTION III MANAGEMENT LETTER

N/A

See independent auditor's report.