

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Because the police jury appoints the District's board members and has the ability to impose its will on the District, the District was determined to be a component of the Evangeline 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 services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

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

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

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

|                                   |             |
|-----------------------------------|-------------|
| Distribution and treatment system | 10-50 years |
| Office building                   | 32 years    |
| Office equipment                  | 7-10 years  |

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

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

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

## TE MAMOU WATER DISTRICT

### NOTES TO FINANCIAL STATEMENTS

June 30, 1996 and 1995

#### I. Summary of Significant Accounting Policies

The financial and reporting policies of the Te Mamou Water District ("the District") conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the guidelines set forth in the Louisiana Municipal Budget and Accounting Guide and to the industry audit guide,  *audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

Reporting Entity. As the governing entity for the parish, for reporting purposes, the Evangeline Parish Police Jury is the financial reporting entity for Evangeline Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Evangeline Parish Police Jury for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

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TE MAMOU WATER DISTRICT  
FINANCIAL REPORT

June 30, 1966

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

A. L. SOMMERS  
Certified Public Accountant  
Lafayette, Louisiana

Revised Date: 6-1-68 44-18-336

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**TE MAMOU WATER DISTRICT**

**BALANCE SHEETS**  
June 30, 1996 and 1995

|   | <u>1996</u>    | <u>1995</u>    |
|---|----------------|----------------|
| <b>ASSETS</b>   |                |                |
| <b>CURRENT ASSETS</b>   |                |                |
| Cash on hand and in bank  | 82,393         | 70,028         |
| Certificates of deposit   | 5,000          | 5,000          |
| Water sales receivable  | 24,048         | 20,821         |
| Prepaid insurance   | <u>2,002</u>   | <u>2,998</u>   |
| Total current assets  | <u>114,343</u> | <u>98,847</u>  |
| <b>PLANT AND EQUIPMENT</b>  |                |                |
| At cost net of accumulated depreciation<br>(\$325,016 - 1996; \$302,982 - 1995)<br>(Note 2)     | <u>734,468</u> | <u>756,522</u> |
| Total assets  | <u>848,811</u> | <u>855,369</u> |
| <b>LIABILITIES AND FUND EQUITY</b>  |                |                |
| <b>LIABILITIES:</b>   |                |                |
| <b>CURRENT LIABILITIES</b>  |                |                |
| Accounts payable and accrued expenses   | 9,138          | 1,725          |
| Customer meter deposits   | 24,706         | 23,925         |
| Note payable-current maturity (Note 3)  | <u>-</u>       | <u>28,352</u>  |
| Total current liabilities   | <u>33,844</u>  | <u>53,902</u>  |
| <b>LONG-TERM LIABILITIES</b>  |                |                |
| Note payable (Note 3)   | <u>-</u>       | <u>328</u>     |
| Total liabilities   | <u>33,844</u>  | <u>54,230</u>  |
| <b>FUND EQUITY:</b>   |                |                |
| Contributed capital, net of<br>accumulated amortization<br>(\$152,900 - 1996; \$141,000 - 1995) | 422,482        | 423,983        |
| Retained earnings - unreserved  | <u>392,065</u> | <u>370,940</u> |
| Total fund equity   | <u>814,547</u> | <u>794,923</u> |
| Total liabilities and fund equity   | <u>848,391</u> | <u>849,153</u> |

See Notes to Financial Statements.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

### 2. Summary of Plant and Equipment

|                                    | <u>Cost</u>      | <u>Accumulated<br/>Depreciation</u> | <u>Net</u>     | <u>Depreciation<br/>This Year</u> |
|------------------------------------|------------------|-------------------------------------|----------------|-----------------------------------|
| Distribution and treatment systems | 1,028,568        | 318,644                             | 713,924        | 20,563                            |
| Office building                    | 18,041           | 3,828                               | 14,213         | 881                               |
| Office equipment                   | 12,825           | 18,544                              | 3,351          | 930                               |
|                                    | <u>1,059,434</u> | <u>340,016</u>                      | <u>714,468</u> | <u>22,374</u>                     |

During 1996 and 1995, \$11,900 of depreciation expense related to assets acquired with contributed capital was charged against the contributed capital account.

Additions to property plant and equipment totaled \$0- and \$5,138 in 1996 and 1995 respectively. There were no dispositions of property, plant and equipment in 1996 and 1995.

### 3. Note Payable

The District owed \$ 0- and \$24,786 to Citibank of Ville Platte, Louisiana, as of June 30, 1996 and 1995, respectively. The note is secured by substantially all of the District's plant and equipment, is dated April 24, 1989, bears an interest rate of 7.8%, and is payable in 120 monthly payments of \$2,100.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 4. Retirement System

The District maintains no retirement system.

### 5. Compensated Absences

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

### 6. Board Member Compensation

Board members receive compensation of \$250 per meeting; such compensation totaled \$14,700 and \$13,950 in 1996 and 1995, respectively. In addition, several board members contracted with the District to provide accounting, supervision, maintenance, and water testing services. Payments under those contracts totaled \$23,380 and \$31,913 in 1996 and 1995, respectively.

### 7. Risk Management

The district is exposed to risks of loss in the areas of general and auto liability, property hazards, and workers' compensation. These risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the current fiscal year. Statements have not exceeded insurance coverage during the three year period ended June 30, 1996.

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

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

I have audited the general purpose financial statements of the Te Marou Water District (the District), a component unit of the Evangeline Parish Police Jury, as of and for the year ended June 30, 1998, and have issued my report thereon dated October 31, 1998.

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

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

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

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



October 31, 1998



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

Members of the Board of Directors  
Te Mameou Water District  
718c Platte, Louisiana

I have audited the general purpose financial statements of the Te Mameou Water District (the District), a component unit of the Evangeline Parish Policy Jury, as of and for the year ended June 30, 1995, and have issued my report thereon dated October 31, 1995.

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

The management of the Te Mameou Water District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may, nevertheless, occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the general purpose financial statements of the District, for the year ended June 30, 1995, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

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

#### **Segregation of Duties**

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

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

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

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

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



October 31, 1996

TE MAMDU WATER DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
Years Ended June 30, 1996 and 1995

|  | <u>1996</u>    | <u>1995</u>    |
|--|----------------|----------------|
| <b>OPERATING REVENUES</b>  |                |                |
| Charges for services -   |                |                |
| Water sales  | 146,047        | 136,754        |
| Installations and services charges                                   | 5,760          | 4,379          |
| Miscellaneous  | <u>1,898</u>   | <u>1,820</u>   |
| Total operating revenues   | <u>153,705</u> | <u>142,953</u> |
| <b>OPERATING EXPENSES</b>  |                |                |
| Salaries   | 29,618         | 23,989         |
| Contract labor   | 11,412         | 14,888         |
| Payroll taxes  | 2,037          | 1,915          |
| Directors' fees  | 14,700         | 13,950         |
| Depreciation   | 22,054         | 22,051         |
| Utilities  | 13,472         | 10,997         |
| Insurance  | 4,950          | 4,375          |
| Vehicle expense  | 10,784         | 8,884          |
| Repairs and maintenance  | 52,651         | 52,299         |
| Bad debt   | -              | -              |
| Legal and accounting   | 2,325          | 2,690          |
| Office expense   | 1,845          | 2,548          |
| Miscellaneous  | <u>2,917</u>   | <u>2,546</u>   |
| Total operating expenses   | <u>185,265</u> | <u>171,094</u> |
| Operating income   | 8,440          | 22,059         |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>                             |                |                |
| Interest on investments  | 2,396          | 2,375          |
| Interest on debt   | <u>(812)</u>   | <u>(2,847)</u> |
| Net income (loss)  | 10,025         | 21,487         |
| Add back depreciation on assets<br>provided with contributed capital | 11,500         | 11,500         |
| Retained earnings beginning of year                                  | <u>370,940</u> | <u>353,953</u> |
| Retained earnings end of year  | <u>392,465</u> | <u>378,940</u> |

See Notes to Financial Statements.