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**SOVEREIGN DISTRICT NO. 1  
OF CAMBRIDGE PARKER  
Cameras, Incubators**

**General Purpose Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended December 31, 1998  
With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of this report has been distributed to the Auditor, or receiver, and the court of the appropriate public officials. The report is available for public inspection at the State Housekeeping of the Legislature from 10:00 AM, unless otherwise at the office of the parish clerk of court.

Release Date MAR 3 1 1999

**VERNON R  
COON**  
OFFICIAL PUBLIC ACCOUNTANT

SEWERAGE DISTRICT NO. 1  
OF CAMERON PARISH  
Cameron, Louisiana

General Purpose Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended  
December 31, 1998  
With Supplemental Information Schedules

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SEWERAGE DISTRICT NO. 1  
OF CAMBEN PARISH  
Cameron, Louisiana  
Contents, December 31., 1998

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## Independent Auditor's Report

VERNON R. QUON  
REGISTERED ACCOUNTANT  
PUBLIC ACCOUNTANTS

CITY OF LAFAYETTE  
SEWERAGE DISTRICT NO. 1  
LAFOURCHES

SEWERAGE DISTRICT NO. 1  
OF CAMERON PARISH  
Cameron, Louisiana

I have audited the general purpose financial statements of Sewerage District No. 1 of Cameron Parish, a component unit of the Cameron Parish Police Jury, as of December 31, 1998, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of Sewerage District No. 1'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 Government Auditing Standards, issued by the Comptroller General of the United States. These 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 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 in the first paragraph present fairly, in all material respects, the financial position of Sewerage District No. 1 of Cameron Parish as of December 31, 1998, and the results of operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

VERNON R. QUON, OWNER  
WELLS BRUNNEN,  
LAFAYETTE, LOUISIANA  
PHONE (504) 483-2700  
FAX (504) 483-2700

SEWERAGE DISTRICT NO. 1  
OF CAMERON PARISH  
Cameron, Louisiana  
Independent Auditor's Report  
December 31, 1998

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The 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 general purpose financial statements of Sewerage District No. 1 of Cameron Parish. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, I have also issued reports dated March 22, 1999, on my consideration of Sewerage District No. 1 of Cameron Parish's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.



West Monroe, Louisiana  
March 22, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS  
(OVERVIEW)**

SEWERAGE DISTRICT NO. 1 OF CAMERON PARISH  
Cameron, Louisiana  
PROPRIETARY FUND TYPE - ENTERPRISE FUND

Balance Sheet, December 31, 1998

**ASSETS**

Current assets:	
Cash and cash equivalents	\$247,832
Receivables	351,996
Restricted assets:	
Cash and cash equivalents	181,878
Receivables	36,152
Due from Waterworks District No. 1 of Cameron Parish	154,825
Property, plant and equipment (net of accumulated depreciation)	<u>2,125,865</u>
<b>TOTAL ASSETS</b>	<b><u>\$2,938,146</u></b>

**LIABILITIES AND FUND EQUITY**

**Liabilities:**

Current liabilities:	
Accounts payable	\$96,399
Deferred revenue	2,688
Payable from restricted assets:	
Accounts payable	8,744
Customer deposits	3,362
Accrued interest payable	14,880
Bonds payable	<u>38,000</u>
Total current liabilities	<u>166,473</u>
Long-term liabilities:	
Compensated absences	13,938
Bonds payable (net of current portion)	<u>266,080</u>
Total long-term liabilities	<u>279,918</u>
Total Liabilities	<u>446,391</u>

**Fund Equity:**

Contributed capital (net of amortization)	<u>1,782,585</u>
Retained earnings:	
Reserve for debt retirement	219,698
Unreserved	<u>358,317</u>
Total retained earnings	<u>578,015</u>
Total Fund Equity	<u>2,371,700</u>

<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$2,938,146</u></b>
--	---------------------------

The accompanying notes are an integral part of this statement.

SEWERAGE DISTRICT NO. 1 OF CAMERON PARISH  
Cameron, Louisiana  
PROPRIETARY FUND TYPE - ENTERPRISE FUND

Statement of Revenues, Expenses, and  
Changes in Retained Earnings  
For the Year Ended December 31, 1998

<b>OPERATING REVENUES</b>	
Sewerage fees	<u>\$251,389</u>
<b>OPERATING EXPENSES</b>	
Personal services	71,206
Commissioner's per diem	2,643
Operating services	131,136
Materials and supplies	13,509
Depreciation	<u>61,108</u>
Total operating expenses	<u>280,602</u>
<b>OPERATING LOSS</b>	<u>(29,213)</u>
<b>NONOPERATING REVENUES (Expenses)</b>	
Ad valorem taxes	179,645
State revenue sharing	2,000
Payments in lieu of taxes	240
Interest earnings	16,762
Deductions from ad valorem taxes	<u>(6,694)</u>
Interest on:	
General obligation bonds	(4,800)
Revenue bonds	<u>(2,500)</u>
Total nonoperating revenues (expenses)	<u>197,653</u>
<b>NET INCOME</b>	<u>168,440</u>
Add depreciation on fixed assets acquired with contributed capital	<u>31,200</u>
<b>INCREASE IN RETAINED EARNINGS</b>	<u>137,240</u>
<b>RETAINED EARNINGS AT BEGINNING OF YEAR</b>	<u>158,306</u>
<b>RETAINED EARNINGS AT END OF YEAR</b>	<u>\$295,446</u>

The accompanying notes are an integral part of this statement.



**SEWERAGE DISTRICT NO. 1 OF CAMERON PARISH**  
**Cameron, Louisiana**  
**PROPRIETARY FUND TYPE - INTERFUND FUND**

Statement C

Statement of Cash Flows  
 For the Year Ended December 31, 1998

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$180,448
Cash paid to suppliers and others	<u>(114,688)</u>
Net cash used by operating activities	<u>(64,240)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Ad valorem taxes	172,568
State revenue sharing	1,418
Payments in lieu of taxes	109
Deductions from ad valorem taxes	<u>(3,078)</u>
Net cash provided from noncapital financing activities	<u>170,617</u>

**CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES**

Principal paid on general obligation bonds	(4,000)
Principal paid on revenue bonds	(13,000)
Interest paid on general obligation bonds	(3,180)
Interest paid on revenue bonds	(8,180)
Acquisition of fixed assets	<u>(3,278)</u>
Net cash used by capital financing activities	<u>(31,638)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest earnings	<u>18,780</u>
Net increase in cash and equivalents	<u>(18,99)</u>

**CASH AND EQUIVALENTS AT BEGINNING OF YEAR** 30,000

**CASH AND EQUIVALENTS AT END OF YEAR** \$49,901

**RECONCILIATION OF OPERATING INCOME TO NET**

<b>CASH USED BY OPERATING ACTIVITIES</b>	
Operating loss	<u>(58,271)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	81,488
Changes in assets and liabilities:	
Increase in receivables	(5,991)
Increase in amounts due from Waterworks District No. 1	(61,871)
Increase in accounts payable	4,337
Increase in deferred revenue	1,668
Increase in deposits payable	31
Increase in compensated absences	<u>1,428</u>
Total adjustments	<u>11,863</u>
Net cash used by operating activities	<u>(431,214)</u>

The accompanying notes are an integral part of this statement.

SEWERAGE DISTRICT NO. 1 OF CAMERON PARISH  
Cameron, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended December 31, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sewerage District No. 1 of Cameron Parish was created by the Cameron Parish Police Jury, as authorized by Louisiana Revised Statute 33:2881. The district is governed by the Cameron Parish Sewerage and Water Board for District No. 1, as authorized by Act 818 of 1990. The board is comprised of seven members who are appointed by the police jury. The district is responsible for providing sewer service to users within the boundaries of the district. During 1998, the district had approximately 873 customers with a billing rate of \$27.00 per month.

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Cameron Parish Police Jury is the financial reporting entity for Cameron 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 (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Cameron Parish Police Jury for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity in 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.

SEWERAGE DISTRICT NO. 1  
OF CAMERON PARISH  
Cameron, Louisiana

Notes to the Financial Statements (Continued)

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 date of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints all board members of the district and can impose its will on the district, the district was determined to be a component unit of the Cameron 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.

**B. FUND ACCOUNTING**

Sewerage District No. 1 of Cameron Parish 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 a continuing basis be financed or recovered primarily through user charges.

**C. FIXED ASSETS**

Fixed assets 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 lives of the assets, which is 3 to 10 years for equipment, 25 years for buildings, and 40 years for the sewerage system.

**D. BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and 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

SEWERAGE DISTRICT NO. 3  
OF CAMERON PARISH  
Cameron, Louisiana

Notes to the Financial Statements (Continued)

Fund is reported in the accompanying financial statements on the accrual basis of accounting. Revenues are recognized when they are earned. Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. Ad valorem taxes are generally collected in December of the current year and January and February of the ensuing year. Water service charges are levied as of the twenty-fifth day of each month, and billings are distributed to customers before the last day of each month. Amounts for unbilled services from the twenty-sixth day of the month through the end of December are considered immaterial and are not included in the accompanying financial statements. Expenses are recognized when they are incurred.

**K. CASH AND CASH EQUIVALENTS**

Under state law, the district may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The district may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 1988, the district has cash and cash equivalents (bank balances) totaling \$499,908, as follows:

Demand deposits	\$78,173
Money market accounts	109,356
Time deposits	<u>312,379</u>
Total	<u>\$499,908</u>

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.

Cash and cash equivalents (bank balances) at December 31, 1988, are secured as follows:

Bank balances

\$499,908

SEWAGE DISTRICT NO. 3  
OF CAMERON PARISH  
Cameron, Louisiana  
Notes to the Financial Statements (Continued)

Federal deposit insurance	2232,781
Pledged securities (uncollateralized)	<u>304,009</u>
Total	<u>2536,790</u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than the name of the district, they are considered uncollateralized Category 3 under the provisions of GASB Codification C20.106; however, Louisiana Revised Statute 28:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

For the purposes of the Statement of Cash Flows, cash equivalents includes all highly liquid investments (certificates of deposit and money market accounts) with a maturity date of three months or less when purchased.

#### F. COMPENSATED ABSENCES

Employees may accumulate from 5 to 25 days of vacation leave, depending on their length of service with the district. Vacation leave can be accumulated without limitation. Upon resignation or retirement, unused vacation leave is paid to the employee at the employee's current rate of pay. Employees may accumulate 12 to 18 days of sick leave each year, depending on their length of service. Sick leave may be accumulated without limitation. Any unused sick leave is forfeited by the employee at time of resignation. Upon retirement, unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with the GASB Codification Section 650, is recorded as a long-term liability on the balance sheet of the Enterprise Fund. The cost of leave privileges, computed in accordance with the preceding codification, is recognized as a current year expense of the Enterprise Fund when leave is earned.

#### G. RISK MANAGEMENT

The district is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the district maintains commercial insurance policies covering: automobile

SEWERAGE DISTRICT NO. 1  
 OF CAMERON PARISH  
 Carencro, Louisiana  
 Notes to the Financial Statements (Continued)

liability, surety bond coverage; and property and fixed insurance. In addition to the above policies, the district maintains a general liability policy and an errors and omissions policy. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amount.

2. LEVIED TAXES

The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date
General (maintenance)	6.00	7.22	1998

The difference between authorized and levied millage is the result of reassessments of taxable property required by Article 7, Section 18 of the Louisiana Constitution of 1974.

The following are the principal taxpayers for the parish and their 1988 assessed valuation (amounts expressed in thousands):

	Assessed Valuation	
	1988	Percent of Total
Natural Gas Pipeline Company of America	\$8,278	8.14%
ANK Pipeline Company	7,602	5.16%
Warren NGL, Incorporated	5,885	4.36%
Transcontinental Gas Pipeline	4,000	2.99%
Migrosa Barge Lines, Inc.	3,582	2.94%
Texas Eastern Transmission Company	3,686	2.87%
Tenasco	3,039	2.25%
Zapata Protein USA, Inc.	2,739	2.02%
Transmade Gas Processing USA	2,526	1.80%
Coca Industrial Products	2,403	1.78%
Total	<u>93,492</u>	<u>82.34%</u>

SEWERAGE DISTRICT NO. 1  
 OF CAMERON PARISH  
 Cameron, Louisiana  
 Notes to the Financial Statements (Continued)

3. RECEIVABLES

At December 31, 1998, the district has receivables of \$238,148, as follows:

	<u>Current</u> <u>Assets</u>	<u>Restricted</u> <u>Assets</u>	<u>Total</u>
Sewerage fees			\$46,152
Ad valorem taxes	\$199,988		199,988
State revenue sharing	<u>2,010</u>		<u>2,010</u>
Total	<u>\$201,996</u>	<u>\$46,152</u>	<u>\$238,148</u>

The district has no allowance for bad debts. Receivables for sewer fees are written off when they are deemed uncollectible. When a customer is more than 60 days in arrears, sewerage service is discontinued.

4. FIXED ASSETS

A summary of fixed assets at December 31, 1998, follows:

	<u>Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Total</u>
Land	\$42,000		\$42,000
Buildings and equipment	64,890	(538,878)	23,012
Sewerage system	<u>3,085,252</u>	<u>(1,027,699)</u>	<u>2,057,553</u>
Total	<u>\$3,192,142</u>	<u>(1,566,577)</u>	<u>\$1,625,565</u>

5. PENSION PLAN

Substantially all employees of the sewerage district are members of the Parishwide Employees Retirement System of Louisiana (System), a multiple employer (cost-sharing), defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the district are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 30 years of creditable service, or at or after age 55 with

SEWERAGE DISTRICT NO. 1  
OF CAMERON PARISH  
Cameron, Louisiana

Notes to the Financial Statements (Continued)

at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one percent of final-average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or jointed months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefits accrued to their day of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. This report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14618, Baton Rouge, Louisiana 70898-0619, or by calling (504) 928-1361.

Under Plan A, members are required by state statute to contribute 9.3 percent of their annual covered salary and the district is required to contribute at an actuarially determined rate. The current rate is 7.35 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B (noted proportionately on the salaries of the active members of each plan). The contribution requirements of plan members and the district are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:303, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The district's contributions to the System under Plan A for the years ending December 31, 1998, 1997, and 1996, were \$3,577, \$3,379, and \$3,322, respectively, equal to the required contributions for each year.

#### 4. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 1998:

	<u>Compressed Accounts</u>	<u>Retired Debt</u>	<u>Total</u>
Long-term obligations payable - January 1, 1998	512,515	\$305,000	\$317,515



SEWERAGE DISTRICT NO. 1  
OF CAMERON PARISH  
Cameron, Louisiana

Notes to the Financial Statements (Continued)

Additions	\$1,748		\$1,748
Deductions	<u>(1,200)</u>	<u>(118,000)</u>	<u>(120,200)</u>
Long-term obligations payable - December 31, 1998	15,973	286,000	302,973
Portion classified as current	<u>NONE</u>	<u>(20,000)</u>	<u>(20,000)</u>
Portion Classified as Long-term	<u>\$15,973</u>	<u>\$266,000</u>	<u>\$281,973</u>

The long-term bonded debt outstanding at December 31, 1998, consists of the following individual issues:

A. General obligation bonds - general obligation bonds are secured by the full faith and credit of Sewerage District No. 1 of Cameron Parish and financed through the levy and collection of ad valorem taxes. The 1963 Public Improvement Bonds of \$193,000 were issued to pay a portion of the costs of constructing a sewerage system for Sewerage District No. 1 of Cameron Parish. The remaining principal is due in annual installments of \$6,000 to \$13,000 through January 1, 2009, with interest at 5.00 per cent.

B. Sewerage revenue bonds - sewerage revenue bonds are secured by the pledge of income and revenues derived from fees charged for sewerage services. The 1969 Public Improvement Bonds of \$388,000 were issued to pay a portion of the costs of constructing and acquiring a complete sewerage plant system for Sewerage District No. 1 of Cameron Parish. The remaining principal is due in annual installments of \$12,000 to \$21,000 through January 1, 2009, with interest at 5.00 per cent.

The bonds were purchased by the United States Department of Agriculture Farmers Home Administration, under the Water and Waste Disposal Systems for Rural Communities Loan Program (CFDA No. 80.418).

The annual requirements to amortize all bonds outstanding at December 31, 1998, including interest of \$93,000, are as follows:

Year ended December 31:	General Obligation Bonds	Sewerage Revenue Bonds	Total
1999	\$31,800	\$22,900	\$54,700
2000	31,450	22,850	54,300
2001	31,300	23,150	54,450
2002	31,350	23,400	54,750
2003	31,350	23,600	54,950
2004-2009	<u>70,850</u>	<u>137,050</u>	<u>207,900</u>
Total	<u>\$327,900</u>	<u>\$251,950</u>	<u>\$579,850</u>

SEWERAGE DISTRICT NO. 1  
OF CAMERON PARISH  
Cameron, Louisiana

Notes to the Financial Statements (Continued)

**7. CONTRIBUTED CAPITAL**

The sewerage district received grants of \$1,309,532 from the United States Environmental Protection Agency, \$136,000 from the Farmers Home Administration and \$1,003,598 from the Cameron Parish Police Jury over various years for construction of the sewerage system. The contributed capital is being amortized over the 50-year life of the fixed assets acquired with the contributions. At December 31, 1998, accumulated amortization is \$764,975.

**8. RESERVED RETAINED EARNINGS**

As reflected on Statement A, Sewerage District No. 1 of Cameron Parish has accrued retained earnings of \$225,928 at December 31, 1998. Of that amount, \$189,886 is set aside to meet the reserve requirements of the 1999 Public Improvement Revenue Bonds, as discussed in note 10. The remaining \$136,042 is reserved for the payment of non-current debt principal and interest of the 1962 Public Improvement General Obligation bonds.

**9. LITIGATION AND CLAIMS**

The district is not involved in any litigation at December 31, 1998, nor is it aware of any asserted claims.

**10. FEDERAL PROGRAMS**

As discussed in Note 6, the district issued \$285,000 of revenue bonds in 1969. The bonds were purchased by Farmers Home Administration (CIT#A No. 10-618). The debt agreement for the bonds requires the establishment of the following accounts by the district to meet reserve requirements:

- A. A "Sewerage Bond and Interest Account". The district must transfer into this account, on or before December 15, of each year, an amount equal to the principal and interest to become due on the next principal and interest payment date. The deposits in the fund are to be used solely for the payment of principal and interest payments on the bonds as they become due. The balance in the account at December 31, 1998, is \$22,741.
- B. A "Sewerage Revenue Bond Account". The district must transfer into this account the amount of \$45 per month until the amount in the account equals

SEWERAGE DISTRICT NO. 1  
OF CAMERON PARISH  
Cameron, Louisiana

Notes to the Financial Statements (Continued)

\$12,000. The deposits in the account are to be used solely for the payment of principal and interest in the event sufficient deposits are not available in the Sewerage Bond and Interest Account. The balance in the account at December 31, 1998, is \$12,000.

- C. A "Sewerage Depreciation Account". After required transfers are made to the Sewerage Bond and Interest Account and the Sewerage Revenue Bond Account, the district is required to transfer \$65 per month into this account. The deposits in this account may be used by the district only for making up deficiencies in the Sewerage Bond and Interest Account and as may be necessary to maintain the maximum use of the sewerage system, for unusual or extraordinary maintenance, repairs, replacements, renovations, furnishings and equipment for the system, not paid as part of ordinary operations. The deposits may also be used for the prevention or correction of unusual damages to the system which are not covered by insurance. The balance in the account at December 31, 1998, is \$19,896.
- D. A "Surplus Account". At the end of each year, any surplus from operations for the year shall first be used to make up any deficiencies in the Sewerage Bond Revenue Account. Any remaining deposits in the account may be used to make up deficiencies in the Sewerage Bond and Interest Account and the Sewerage Depreciation Account. The balance in the account at December 31, 1998, is \$19,063.

11. YEAR 2000 ISSUE: (Unaudited)

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999. Sewerage District No. 1 of Cameron Parish has completed an inventory of computer systems that may be affected by the year 2000 issue and that are critical to conducting operations of the district. The district has identified the financial reporting systems as requiring 2000 remediation. All testing and validation of the system has been completed.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the district is or will be Year 2000 ready, that the district's remediation efforts will be successful in whole or part, or that parties with whom the district does business will be year 2000 ready.

## SUPPLEMENTAL INFORMATION SCHEDULES

SEWERAGE DISTRICT NO. 1 OF CAMERON PARISH  
Cameron, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULES  
For the Year Ended December 31, 1998

**PER DIEM PAID COMMISSIONERS**

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

As provided by Louisiana Revised Statutes 33:9819 and 33:4067, Sewerage District No. 1 of Cameron Parish commissioners received \$60 for each meeting attended. Act 818 of 1990 (Louisiana Revised Statute 33:4067) created the Cameron Parish Sewerage and Water Board for District No. 1 as the governing authority of Cameron Parish Sewerage District No. 1 and Cameron Parish Waterworks District No. 1. As reflected on the schedule of per diem paid commissioners, one half of the per diem for each meeting attended is paid out of Sewerage District No. 1 of Cameron Parish.

**SCHEDULE OF INSURANCE COVERAGE**

The schedule of insurance coverage for Sewerage District No. 1 of Cameron Parish is presented in accordance with the annual reporting requirements of Fanner's Home Administration. The schedule includes all insurance coverage carried by the district during the period.

SEWERAGE DISTRICT NO. 3 OF CAMERON PARISH  
Cameron, Louisiana

Schedule B

Schedule of Per Diem Paid Commissioners  
For the year Ended December 31, 1998

	<u>MEETINGS ATTENDED</u>	<u>AMOUNT</u>
Larry Dyson	15	300
Ronnie Johnson	15	300
Jimmy Kelly	12	240
Johnny Landry	15	300
George Lefkoff	15	300
J. C. Maysle	12	240
Ricky Webb	12	240
Total		<u>\$2,400</u>

SEWERAGE DISTRICT NO. 1 OF CAMERON PARISH  
Cameron, Louisiana

Schedule of Insurance Coverage

<u>Insurance Company</u>	<u>Type of Coverage</u>	<u>Period of Coverage</u>	<u>Amount of Coverage</u>
La. Insurance Underwriting	Fire and extended coverage	9/15/98 - 9/15/99	\$42,280
Texas Indemnity	General liability	9/15/98 - 9/15/99	2,000,000
Texas Indemnity	Errors and omissions	9/15/98 - 9/15/99	1,000,000
Western Surety	Public official blanket bond	4/29/98 - 4/29/99	25,000
Commercial Union	Automobile	9/15/98 - 9/15/99	1,000,000

**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.





**Independent Auditor's Report on Compliance  
and Internal Control Over Financial Reporting**

**SEWERAGE DISTRICT NO. 1  
OF CAMERON PARISH  
Cameron, Louisiana**

I have audited the general purpose financial statements of Sewerage District No. 1 of Cameron Parish, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 1998 and have issued my report thereon dated March 22, 1999. 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 Sewerage District No. 1 of Cameron Parish's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial 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 Sewerage District No. 1 of Cameron Parish'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 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 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.

**VERNON R. COON  
REGISTERED ACCOUNTANT  
PUBLIC ACCOUNTING**

**QUALITY OF SERVICE  
CERTIFIED PUBLIC  
ACCOUNTANTS**

**PROFESSION LIMITED BY  
REGULATIONS**

**MEMBER IMA, AICPA  
AND FINANCIAL REPORTING**

**THE PINE CREEK DRIVE,  
SUITE NUMBER,  
LAWRENCEVILLE, GA 30046  
PHONE 770.962.4522  
FAX 770.962.4522  
FOR MORE INFO**

SEWERAGE DISTRICT NO. 1  
OF CAMERON PARISH  
Cameron, Louisiana  
Independent Auditor's Report on Compliance  
And Internal Control Over Financial Reporting, etc.  
December 31, 1998

This report is intended for the information of the board of commissioners of Sewerage District No. 1 of Cameron Parish and management of the district. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana  
March 22, 1999

SEWERAGE DISTRICT NO. 1  
OF CAMERON PARISH  
Cameron, Louisiana

Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 1998

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Sewerage District No. 1 of Cameron Parish.
2. No instances of noncompliance material to the financial statements of Sewerage District No. 1 of Cameron Parish were disclosed during the audit.
3. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

SEWERAGE DISTRICT NO. 1  
OF CAMERON PARISH  
Cameron, Louisiana

Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 1997

There were no audit findings reported in the audit for the year ended December 31, 1997.