

adversely affect the District's ability to record, process, summarize and report financial data consistent with the intentions of management in the financial statements.

**Condition** - There is inadequate segregation of duties in the control structure over cash receipts, disbursements, and accounting for deposits with financial institutions. All functions are performed by one individual.

**Criteria** - Adequate control policies and procedures should include appropriate segregation of responsibilities considered to be incompatible.

**Cause** - The condition is due to economic limitations on the number of personnel employed by the District.

**Effect** - Not determined.

**Recommendation** - Given the limitations under which the District operates, full segregation of duties is not possible.

**Management's response** - Although we concur with the finding, additional action is not immediately feasible.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in accounts 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.

Our 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. We believe the condition noted above to be a material weakness, although due to the limitation mentioned, no action was recommended.

This report is intended for the information of the Board of Supervisors and the Legislative Auditor's Office of the State of Louisiana. This opinion is not intended to limit the distribution of this report, which, upon acceptance by the Board of Supervisors, is a matter of public record.

*Heard, McElroy + Vertal, LLP*

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August 23, 1987

Board of Commissioners  
Caddo Parish Sewerage District No. 2  
Caddo Parish, Louisiana

Report on the Internal Control Structure, Based on an Audit of Financial Statements  
Prepared in Accordance with Government Auditing Standards

We have audited the component unit financial statements of Caddo Parish Sewerage District No. 2 as of and for the year ended June 30, 1987, and have issued our report thereon dated August 23, 1987.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

The management of Caddo Parish Sewerage District No. 2 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 our audit of the component unit financial statements of Caddo Parish Sewerage District No. 2 for the year ended June 30, 1987, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could

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CHARLES W. HEARD, JR., C.P.A.

August 27, 1999

The Board of Supervisors  
Caddo Parish Sewerage District No. 2  
Caddo Parish, Louisiana

## *Compliance Report Based on an Audit of Financial Statements Prepared in Accordance with Government Auditing Standards*

We have audited the component unit financial statements of Caddo Parish Sewerage District No. 2 as of and for the year ended June 30, 1999, and have issued our report thereon dated August 27, 1999.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Caddo Parish Sewerage District No. 2 is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the component unit financial statements are free of material misstatement, we performed tests of Caddo Parish Sewerage District No. 2's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the component unit financial statements was not to provide an opinion on overall compliance with such provisions. As stated in our report, 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.

This report is intended for the information of the Board of Supervisors and the Legislative Auditor's Office of the State of Louisiana. This resolution is not intended to limit the distribution of this report which, upon acceptance by the Board of Supervisors, is a matter of public record.

*Heard, McElroy & Vestal, LLP*

#### OTHER REPORTS

CADDOPARK SEWERAGE DISTRICT NO. 1  
SCHEDULE OF PER DIEM PAID TO BOARD OF SUPERVISORS  
FOR THE YEAR ENDING JUNE 30, 1987

Board Member	<u>Mingos Assest.</u>		<u>Chapman's Sec.</u>		Total
	<u>Expense</u>	<u>Social</u>	<u>Expense</u>	<u>Social</u>	
Thomas Christie	4	1	4	1	200
Raymond E. Dowden	12	2	12	2	770
Tom Duncan	11	2	11	2	710
Claude Woodruff	3	1	3	1	200
Errol Webb	11	1	11	1	685
Terry Swanson	10	1	10	1	525
Total per diem paid					<u>3,200</u>

CADDO PARISH SEWERAGE DISTRICT NO. 2

SCHEDULE OF INSURANCE IN FORCE

JUNE 30, 1997

Certain	
General Liability	<u>500,000</u>
Fire and extended coverage, vandalism and malicious mischief	<u>500,000</u>
Fidelity bond on secretary/bookkeeper	<u>5,000</u>
Computer insurance	<u>3,000</u>

UNAUDITED

#### SUPPLEMENTARY INFORMATION

6. Cash and Certificate of Deposit

All cash and certificates of deposit are entirely insured or collateralized. The certificate of deposit represents an investment of excess funds in a national bank whose principal office is in the State of Louisiana. Its market value approximates cost as June 30, 1997 and 1998.



3. **Property, Plant and Equipment** (Continued)

	June 30, 1997	June 30, 1996
Sewerage collection system	446,838	446,838
Treatment and disposal plant	1,343,689	1,343,689
Equipment	18,878	18,878
	<u>1,811,224</u>	<u>1,811,224</u>
Less accumulated depreciation	(693,458)	(618,348)
	917,766	973,876
Real estate and right-of-way	96,132	96,252
	<u>\$15,017</u>	<u>\$1,070,128</u>

The treatment and disposal plant was upgraded during 1997 at an approximate cost of \$754,000, including capitalized interest of \$88,432.

4. **General Obligation Bonds**

On May 28, 1989, the District sold \$380,000 of general obligation bonds dated May 1, 1989 at par value for the purpose of upgrading the present sewerage facilities. Principal maturities range from \$18,000 to \$48,000 annually, together with interest at rates ranging from 7.65% to 11.85%. Debt service payments, including interest of \$209,834, are as follows for the years ending June 30:

1989	38,628
1990	43,488
1991	61,940
1992	48,400
1993	38,850
Thereafter	<u>209,834</u>
Total debt service remaining, including interest	<u>\$729,138</u>

The bonds are secured by ad valorem taxes to be imposed and collected annually in excess of all other taxes on all of the property subject to taxation within the territorial limits of Caddo Parish Sewerage District No. 2 under the constitution and laws of Louisiana, sufficient in amount to pay the principal and the interest thereon as they severally mature.

The cost incurred in issuing the bonds is being amortized on a straight-line basis over a period of 78 years, the estimated life of these bonds.

The following is a summary of bond transactions of the District for the years ended June 30, 1997 and 1996:

Bonds payable at June 30, 1995	345,000
Bonds retired	<u>(15,000)</u>
Bonds payable at June 30, 1996	330,000
Bonds retired	<u>(15,000)</u>
Bonds payable at June 30, 1997	<u>\$15,000</u>

5. **Accumulated Deficit**

The Enterprise Fund had accumulated deficits of \$88,431 and \$32,515 at June 30, 1997 and 1996, respectively. Management intends to eliminate the existing accumulated deficit through increased revenues from ad valorem taxes.

1. Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents

Cash and cash equivalents include all cash on deposit with maturities of three months or less.

E. Capitalization of Construction Period Interest

The amount of interest cost capitalized is equal to the average amount of accumulated expenditures multiplied by the average interest rate on the general obligation bonds outstanding for the period during which construction occurs.

F. Comparative Data

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes on the District's financial position and operations.

G. Total Columns on Combined Statements

Total columns on the Combined Statements are captioned "Minor Only" to indicate that they are presented only to facilitate financial analysis. Data in those columns do not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. Ad Valorem Taxes

Ad valorem taxes are recorded as received. Such taxes are levied by the District in November of each calendar year and are due by December 31 of that year on the assessed valuation of property located within the District's boundaries. Hence, even though taxes for January 1 through June 30 are measurable as of June 30, they do not meet the "availability" criteria for accrued since they are not due within 60 days of the District's fiscal year-end. Accordingly, such taxes are not recorded until received.

During the year ended June 30, 1997, ad valorem taxes received were based on the December 31, 1996 net taxable value of \$2,818,070. The total millage rate for the calendar year 1996 was 48.23 mills which consisted of 20.25 mills for maintenance and operating and 27.98 mills for paying the principal and interest on general obligation bonds.

During the year ended June 30, 1996, ad valorem taxes received were based on the December 31, 1995 net taxable value of \$2,532,130. The total millage rate for the calendar year 1995 was 48.23 mills which consisted of 22.25 mills for maintenance and operating and 25.98 mills for paying the principal and interest on general obligation bonds.

3. Property, Plant and Equipment

The following is a summary of property, plant and equipment accounts and related accumulated depreciation:

	June 30, 1997	June 30, 1996
Office Furniture and Fixtures	1,915	1,905

## 2. SUMMARY of Significant Accounting Policies (Continued)

### D. Fixed Assets and Long-Term Liabilities

Long-term liabilities reported to be financed from government funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

This account group is not a fund. It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

Because of their spending measurement focus, expenditures recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (decreases) and decreases (increases) in net total assets.

All fixed assets are stated at historical cost. Depreciation of all depreciable fixed assets used by proprietary funds is charged to an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives by type of asset are as follows:

Treatment and disposal plans	30-50 years
Street collection systems	10-20 years
Equipment	3-15 years
Office furniture and fixtures	10 years

### E. 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 refers to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Unapport assessed income is considered "measurable" when in the hands of intermediary collecting governments and is recognized as revenue at that time.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

## CADDO PARISH SEWERAGE DISTRICT NO. 2

### NOTES TO THE FINANCIAL STATEMENTS

(JUNE 30, 1991 AND 1990)

#### 1. Summary of Significant Accounting Policies

The accounting and reporting policies of Caddo Parish Sewerage District No. 2 ("the District") conform to generally accepted accounting principles as applicable to local governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes and to the guides set forth in the Louisiana Governmental Audit Guide, and to the *Facts of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

##### A. Financial Reporting Entity

The District is a component unit of the Parish of Caddo, Louisiana. The financial statements include all funds and the account group which are controlled by or are dependent on the District's Board of Supervisors. Control by or dependence on the District was determined on the basis of taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

##### Fund Accounting

The accounts of the District are organized on the basis of funds and an account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, as separate, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two generic fund types and two broad fund categories as follows:

##### Governmental Funds

**Debt Service Funds-Debt Service Funds** are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

##### Proprietary Funds

**Enterprise Funds-Enterprise Funds** are used to account for operations (a) 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; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**CADDO BASIN SEWERAGE DISTRICT NO. 1**  
**STATEMENTS OF CASH FLOWS-PROPRIETARY FUND TYPE (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 1991 AND 1988**

	<u>1991</u>	<u>1988</u>
Cash flows from operating activities:		
Loss from operations	(98,688)	(68,974)
Adjustments to reconcile loss from operations to net cash (used) by operating activities:		
Depreciation and amortization	94,880	94,975
Changes in assets and liabilities:		
Receivables		
Accounts	1,257	4,758
Prepaid expenses	38	(288)
Accounts payable	(11,388)	(2,900)
Other	-	87
Net cash (used) by operating activities	<u>(51,671)</u>	<u>(4,589)</u>
Cash flows from noncapital financing activities:		
Taxes collected	94,308	92,609
State revenue sharing	<u>3,318</u>	<u>3,889</u>
Net cash provided by noncapital financing activities	<u>97,626</u>	<u>96,498</u>
Cash flows from investing activities:		
Receipts of interest	<u>5,077</u>	<u>3,421</u>
Net increase in cash and cash equivalents	41,025	95,410
Cash and cash equivalents-beginning of year	<u>60,302</u>	<u>32,880</u>
Cash and cash equivalents-end of year	<u>\$101,327</u>	<u>\$128,290</u>

The accompanying notes are an integral part of these financial statements.

CASCO PARISH SEWERAGE DISTRICT NO. 2

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN ACCUMULATED DEFICIT

PROPRIETARY FUND TYPE (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 1997 AND 1996

	1997	1996
<b>Operating revenues:</b>		
Sewerage fees	189,574	194,947
<b>Operating expenses:</b>		
Accounting and auditing fees	4,200	4,300
Amortization of bond issue costs	410	432
Amortization of organizational and incidental costs	137	191
Attorney fees	1,317	805
Board of supervisors' fees	1,360	1,989
Contract labor	79,452	25,584
Depreciation	54,311	94,484
Insurance	1,320	4,117
Laboratory fees	6,089	2,074
Miscellaneous	511	522
Office supplies	548	434
Payroll taxes	429	419
Plant supplies	5,279	4,788
Repairs and maintenance	95,784	28,815
Salaries	6,800	6,800
Sewerage billing fees	19,347	17,933
Treatment plant operation contract	1,968	81
Utilities	16,692	17,544
Total operating expenses	<u>302,182</u>	<u>185,921</u>
<b>Loss from operations</b>	(112,608)	(90,974)
<b>Disoperating revenues:</b>		
Ad valorem taxes - Note 2	34,385	32,609
State revenue sharing	3,348	3,849
Interest	5,017	3,693
Total nonoperating revenues	<u>42,750</u>	<u>40,151</u>
<b>Net loss</b>	(69,858)	(50,823)
<b>Accumulated deficit beginning of year</b>	102,913	151,589
<b>Accumulated deficit end of year</b>	<u>132,771</u>	<u>100,766</u>

The accompanying notes are an integral part of these financial statements.

CADDOPARISH SEWERAGE DISTRICT, NO. 2  
 STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE:  
 GOVERNMENTAL FUND TYPE DEBT SERVICE  
 FOR THE YEARS ENDED JUNE 30, 1992 AND 1990

	1992	1990
<b>Revenues:</b>		
Ad valorem taxes/State 2	64,840	56,818
Interest	<u>1,751</u>	<u>2,837</u>
Total revenues	66,591	59,655
<b>Expenditures:</b>		
Principal	15,000	15,000
Interest and fiscal charges	<u>28,172</u>	<u>27,248</u>
Total expenditures	<u>43,172</u>	<u>42,248</u>
Excess of revenues over expenditures	23,419	17,407
Fund balance-beginning of year	<u>89,724</u>	<u>81,617</u>
Fund balance-end of year	<u>113,143</u>	<u>99,024</u>

The accompanying notes are an integral part of these financial statements.

## 1956

Governmental Fund Type	Proprietary Fund Type	Amount Spent General Long-Term 1956	Total  (Minus Credited)
Date Source	Expense		
-	93,300	-	93,300
29,724	-	-	29,724
48,808	-	-	48,808
-	18,280	-	18,280
-	3,383	-	3,383
-	1,029,328	-	1,029,328
-	5,247	-	5,247
-	592	-	592
-	-	99,124	99,724
-	-	230,170	230,170
99,724	1,158,132	300,080	1,578,056
-	13,268	-	13,268
-	-	338,808	338,808
-	13,268	338,808	342,076
-	1,189,185	-	1,189,185
99,724	-	-	99,724
-	88,516	-	88,516
99,724	1,176,832	-	1,376,356
99,724	1,158,132	300,080	1,578,056



CAJALO PARISH SEWERAGE DISTRICT, NO. 2

CAJALO PARISH, LOUISIANA

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CADDO PARISH SEWERAGE DISTRICT NO. 2  
CADDO PARISH, LOUISIANA  
RINO. NO. 1907 AND 1906

Under provisions of state law, this report is a public document. A copy of the report has been referred to the auditor, or reviewed, orally 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: Sep 24 1997

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Caddo Parish Sewerage District