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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, 1997
With Supplemental Information Schedules

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4-15-98



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, 1997
With Supplemental Information Schedules

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

VERNON R. COON
INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

SOCIETY OF ACCOUNTANTS
CERTIFIED PUBLIC
ACCOUNTANTS

REGISTERED ACCOUNTING
INDEPENDENT
ACCOUNTING, AUDITING
AND 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 December 31, 1997, and for the year then ended, as filed 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. 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 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, 1997, and the results of operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

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SEWERAGE DISTRICT NO. 1
OF CAMERON PARISH
Cameron, Louisiana
Independent Auditor's Report
December 31, 1997

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 13, 1998, on the Sewerage District No. 1 of Cameron Parish's compliance with laws, regulations, contracts, and grants and my consideration of the district's internal control structure.



West Monroe, Louisiana
March 13, 1998

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

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

Balance Sheet, December 31, 1997

ASSETS

Current assets:	
Cash and cash equivalents	\$131,840
Receivables	166,740
Restricted assets:	
Cash and cash equivalents	187,875
Receivables	59,736
Due from Waterworks District No. 1 of Cameron Parish	57,008
Property, plant and equipment (net of accumulated depreciation)	<u>2,195,698</u>
TOTAL ASSETS	<u>\$2,729,094</u>

LIABILITIES AND FUND EQUITY

Liabilities:

Current liabilities:

Accounts payable	\$15,700
Payable from restricted assets:	
Accounts payable	5,238
Customer deposits	1,327
Accrued interest payable	15,750
Bonds payable	<u>79,000</u>
Total current liabilities	<u>\$18,318</u>

Long-term liabilities:

Compensated absences	12,515
Bonds payable (net of current portion)	<u>288,000</u>
Total long-term liabilities	<u>298,515</u>
Total Liabilities	<u>357,033</u>

Fund Equity:

Contributed capital (net of amortization)	<u>1,843,785</u>
Retained earnings:	
Reserved for debt retirement	209,046
Unreserved	<u>379,261</u>
Total retained earnings	<u>588,306</u>
Total Fund Equity	<u>2,432,091</u>

**TOTAL LIABILITIES
AND FUND EQUITY**

\$2,729,094

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 of Revenues, Expenses, and
Changes in Retained Earnings
For the Year Ended December 31, 1997

OPERATING REVENUES	
Sewerage fees	\$192,511
Other	<u>1,264</u>
Total operating revenues	<u>193,775</u>
OPERATING EXPENSES	
Personnel services	70,600
Commissioner's per diem	2,970
Operating services	109,344
Materials and supplies	32,076
Depreciation	<u>64,820</u>
Total operating expenses	<u>280,810</u>
OPERATING LOSS	<u>(87,035)</u>
NONOPERATING REVENUES (Expenses)	
Ad valorem taxes	173,258
State revenue sharing	1,891
Payment in lieu of taxes	554
Interest earnings	11,693
Deductions from ad valorem taxes	<u>(5,829)</u>
Interest on:	
General obligation bonds	(5,000)
Revenue bonds	<u>(10,150)</u>
Total nonoperating revenues (expenses)	<u>166,917</u>
NET INCOME	79,882
Add depreciation on fixed assets acquired with contributed capital	<u>51,200</u>
INCREASE IN RETAINED EARNINGS	131,082
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>427,324</u>
RETAINED EARNINGS AT END OF YEAR	<u>558,406</u>

The accompanying notes are an integral part of this statement.

SEWERAGE DISTRICT NO. 1 OF CAMBRIDGE PARISH
 Canton, Louisiana
PROPRYATARY FUND TYPE - INTEREST FUND

Statement C

Statement of Cash Flows
 For the Year Ended December 31, 1997

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$711,827
Cash paid to suppliers and others	<u>1,000,000</u>
Net cash provided by operating activities	<u>(288,173)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Ad valorem taxes	115,830
State revenue sharing	2,031
Payment in lieu of taxes	834
Deductions from ad valorem taxes	<u>(7,940)</u>
Net cash provided from noncapital financing activities	<u>110,755</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Principal paid on general obligation bonds	65,000
Principal paid on revenue bonds	(22,000)
Interest paid on general obligation bonds	(5,400)
Interest paid on revenue bonds	(10,720)
Interest charges	<u>34,120</u>
Net cash used by capital financing activities	<u>(68,980)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	<u>11,681</u>
Net increase in cash and equivalents	(78,572)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>102,742</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u>24,170</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	<u>(287,252)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	64,938
Changes in assets and liabilities:	
Increase in receivables	(1,504)
Increase in amount due from Waterworks District No. 1	46,456
Increase in accounts payable	(2,284)
Decrease in deferred revenue	(2,680)
Decrease in deposits payable	(833)
Decrease in compensated absences	<u>(18,482)</u>
Fiscal adjustments	<u>(7,520)</u>
Net cash provided by operating activities	<u>109,655</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, 1997

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 33:3881. The district is governed by the Cameron Parish Sewerage and Water Board for District No. 1, as authorized by Act 518 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 1997 the district had approximately 824 customers with a billing rate of \$20.30 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 criterion 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.

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 data 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.

DA. 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. 1
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 received 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-fifth 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.

E. 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, 1997, the district has cash and cash equivalents (bank balances) totaling \$320,915, as follows:

Demand deposits	\$47,020
Money market accounts	123,997
Time deposits	<u>150,898</u>
Total	<u>\$320,915</u>

These deposits are valued at cost, which approximates market. Under state law, these deposits, or the respective 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, 1997, are secured as follows:

Bank balances	<u>\$47,020</u>
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SEWERAGE DISTRICT NO. 1
OF CAMERON PARISH
Cameron, Louisiana
Notes to the Financial Statements (Continued)

Federal deposit insurance	\$216,264
Pledged securities (uncollateralized)	<u>274,482</u>
Total	<u>\$490,747</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 38-1229 imposes a statutory requirement on the custodial bank to advance 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 employer'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 C60, 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.

2. LEVIED TAXES

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

SEWERAGE DISTRICT NO. 1
OF CAMERON PARISH
Cameron, Louisiana

Notes to the Financial Statements (Continued)

	Authorized Millage	Levied Millage	Expiration Date
General (maintenance)	4.00	7.22	1998
Debt service	Variable	.40	2009

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 1997 assessed valuation (amounts expressed in thousands):

	Assessed Valuation	
	1997	Percent of Total
Natural Gas Pipeline Company of America	\$7,692	5.44%
Warren NOEL, Incorporated	7,270	5.14%
ANS Pipeline Company	7,164	5.06%
Transcontinental Gas Pipeline	4,934	3.43%
Amoco Production Company	3,997	2.81%
Texas Eastern Transmission Company	3,689	2.60%
Trico Marine Assets	3,248	2.30%
Cargo Industrial Products	3,128	2.21%
Higman Barge Lines, Inc.	3,106	2.20%
Tenneco	3,072	2.17%
Total	\$46,100	32.58%

3. RECEIVABLES

At December 31, 1997, the district has receivables of \$200,476, as follows:

	Current Assets	Restricted Assets	Total
Sewerage fees		\$26,180	\$26,180
Ad valorem taxes	\$163,826	9,076	172,902
State revenue sharing	1,414		1,414
Total	\$165,240	\$35,256	\$200,476

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

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, 1997, follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Total</u>
Land	\$42,000		\$42,000
Buildings and equipment	63,612	(540,497)	33,115
Sewerage system	3,086,352	(965,732)	2,120,620
Total	<u>\$3,189,964</u>	<u>(\$1,606,229)</u>	<u>\$1,583,735</u>

5. PENSION PLAN

Substantially all employees of the sewerage district are members of the Parishial 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 10 years of creditable service, at or after age 55 with 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 3 per cent 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 joint 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 benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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

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 Parishial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70899-4619, or by calling (504) 928-1364.

Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the district is required to contribute at an actuarially determined rate. The current rate is 7.75 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 based 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 11:103, 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, 1997, 1998, and 1999, were \$3,278, \$3,522, and \$3,297, respectively, equal to the required contributions for each year.

6. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 1997:

	<u>Compensated Members</u>	<u>Bonded Debt</u>	<u>Total</u>
Long-term obligations payable - January 1, 1997	\$30,978	\$323,000	\$353,978
Additions	4,231		4,231
Deductions	<u>(22,694)</u>	<u>(18,000)</u>	<u>(40,694)</u>
Long-term obligations payable - December 31, 1997	12,515	305,000	317,515
Portion classified as current	<u>8,098</u>	<u>(19,000)</u>	<u>(10,902)</u>
Portion Classified as Long-term	<u>\$12,515</u>	<u>\$286,000</u>	<u>\$298,515</u>

The long-term bonded debt outstanding at December 31, 1997, consists of the following individual issues:

SEWERAGE DISTRICT NO. 1
OF CAMERON PARISH

Cameron, Louisiana

Notes to the Financial Statements (Continued)

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 1962 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 \$365,000 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 \$13,000 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 (CPDA No. 69-418).

The annual requirements to amortize all bonds outstanding at December 31, 1997, including interest of \$108,300, are as follows:

Year ended December 31:	General Obligation Bonds	Sewerage Revenue Bonds	Total
1998	\$11,000	\$25,150	\$36,150
1999	11,800	25,500	37,300
2000	11,450	27,850	39,300
2001	11,100	25,150	36,250
2002	11,750	25,400	37,150
2003-2009	\$1,400	159,650	161,050
Total	\$78,450	\$274,700	\$353,150

7. CONTRIBUTED CAPITAL

The sewerage district received grants of \$1,507,532 from the United States Environmental Protection Agency, \$236,000 from the Farmers Home Administration and \$1,013,998 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, 1997, accumulated amortization is \$713,775.

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

8. RESERVED/RETAINED EARNINGS

As reflected on Statement A, Sewerage District No. 1 of Cambron Parish has reserved retained earnings of \$219,046 at December 31, 1997. Of that amount, \$68,084 is set aside to meet the reserve requirements of the 1959 Public Improvement Revenue Bonds, as discussed in note 10. The remaining \$150,962 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, 1997, nor is it aware of any asserted claims.

10. FEDERAL PROGRAMS

As discussed in Note 8, the district issued \$333,000 of revenue bonds in 1959. The bonds were purchased by Farmers Home Administration (CPDA No. 10,418). 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, 1997, is \$24,348.
- B. A "Sewerage Revenue Bond Account". The district must transfer into this account the amount of \$65 per month until the amount in the account equals \$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, 1997, 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

SEWERAGE DISTRICT NO. 1
OF CAMERON PARISH
Cameron, Louisiana

Notes to the Financial Statements (Continued)

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 damage to the system which are not covered by insurance. The balance in the account at December 31, 1997, is \$19,110.

- 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 Reserve 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, 1997, is \$16,496.

II. PRIOR PERIOD ADJUSTMENT

The beginning retained earnings has been adjusted to correct an error in the calculation of the balance due from Waterworks District No. 1 of Cameron Parish at December 31, 1996, as follows:

Retained earnings at December 31, 1996, as previously reported	\$343,518
Adjustment - understatement of receivables	<u>88,036</u>
Retained earnings at December 31, 1996, restated	<u>\$431,554</u>

SUPPLEMENTAL INFORMATION SCHEDULES

SEWERAGE DISTRICT NO. 1 OF CAMERON PARISH
Cameron, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULES
For the Year Ended December 31, 1997

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 33:5819 and 33:4067, Sewerage District No. 1 of Cameron Parish commissioners received \$80 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. 1 OF CAMBON PARISH
Cameron, Louisiana

Schedule 1

Schedule of Per Diem Paid Commissioners
For the year ended December 31, 1997

	<u>MEETINGS ATTENDED</u>	<u>AMOUNT</u>
Jenny Colligan	9	\$270
Bobby Doney	9	270
Larry Tyson	15	450
Ronnie Johnson	15	450
Billy Johnson	6	180
Jenny Kelley	14	420
Johnny Landry	5	150
George LeBeau	8	240
J. C. Murphy	14	420
Ricky Wolfe	4	<u>120</u>
Total		<u>\$2,820</u>

SEWERAGE DISTRICT NO. 1 OF CAMERON PARISH
Cameron, Louisiana

Schedule B

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	9/15/97 - 9/15/98	\$242,180
Titan Indemnity	General liability	9/15/97 - 9/15/00	1,000,000
Titan Indemnity	Errors and omissions	9/15/97 - 9/15/00	1,000,000
Western Surety	Public official blanket bond	4/29/97 - 4/29/98	35,000
Commercial Union	Automobile	9/15/97 - 9/15/98	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 Government Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



**Independent Auditor's Report on Compliance
With Laws, Regulations, Contracts, and Grants**

**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, 1997, and for the year then ended, and have issued my report thereon dated March 11, 1998.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Government Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Sewerage District No. 1 of Cameron Parish is the responsibility of the district's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, I performed tests of the district's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the general purpose 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*.

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SEWERAGE DISTRICT NO. 1
OF CAMBERN PARISH
Cameron, Louisiana
Independent Auditor's Report
on Compliance Etc.
December 31, 1977

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



West Monroe, Louisiana
March 13, 1978



**Independent Auditor's Report
on Internal Control Structure**

**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, 1997, and for the year then ended, and have issued my report thereon dated March 13, 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. 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.

The management of Sewerage District No. 1 of Cameron Parish 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 general purpose 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 Sewerage District No. 1 of Cameron Parish, for the year ended December 31, 1997, 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.

**VERNON R. QUON
CHARTERED ACCOUNTANT, CPA
PUBLIC ACCOUNTANTS**

**OFFICE OF CAMERON
PARISH POLICE JURY
ACCOUNTANTS**

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SEWERAGE DISTRICT NO. 1
OF CAMERON PARISH
Cameron, Louisiana
Independent Auditor's Report
on Internal Control Structure
December 31, 1997

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. 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 and irregularities in amounts that would be material in relation to the general purpose 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 structure and its operation that I consider to be material weaknesses as defined above.

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


West Monroe, Louisiana
March 13, 1998