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**PARISH DISTRICT NO. 2 OF RAPIDES PARISH  
RAPIDES PARISH POLICE JURY  
Alexandria, Louisiana**

**Financial Statements  
With Independent Auditor's Reports  
As of and for the Year Ended December 31, 1997  
With Supplemental Information Schedule**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, 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: AUG 2 6 1998

**Ernst & Young**  
Certified Public Accountants

**SEWERAGE DISTRICT NO. 2 OF RAPIDES PARISH  
RAPIDES PARISH POLICE JURY  
Alexandria, Louisiana**

**Financial Statements  
with Independent Auditor's Reports  
As of and for the Year Ended December 31, 1997  
With Supplemental Information Schedule**

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**INDEPENDENT AUDITOR'S REPORT**

**BOARD OF COMMISSIONERS**  
**SEWERAGE DISTRICT No. 2 OF RAPIDES PARISH**  
**RAPIDES PARISH POLICE JURY**  
Alexandria, Louisiana

I have audited the accompanying financial statements of Sewerage District No. 2 of Rapides Parish, a component unit of the Rapides Parish Police Jury, as of and for the year ended December 31, 1997, as stated in the foregoing table of contents. These financial statements are the responsibility of management of the district. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audits in accordance with generally accepted auditing standards and generally accepted governmental auditing standards contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial statements referred to above present fairly, in all material respects, the financial position of Sewerage District No. 2 of Rapides Parish at December 31, 1997, and the results of operations and cash flows for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated July 13, 1998, on my consideration of the internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, contracts, and grants.

SEWERAGE DISTRICT NO. 2 OF RAPIDES PARISH  
RAPIDES PARISH PUBLIC WORKS  
Alexandria, Louisiana  
Auditor's Report (Continued)

My audit was made for the purpose of forming an opinion on the financial statements. The accompanying supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements of Sewerage District No. 2 of Rapides Parish. Such information has been subjected to the procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Herbin H. Kay*

Herbin H. Kay  
Alexandria, Louisiana  
July 13, 1938

## STATEMENT A

COVERAGE DISTRICT NO. 3 OF NEWPORT PARISH  
 RAPIDS PARISH POLICE JURY  
 MONROE, LOUISIANA  
 ALL FUND TYPES AND ACCOUNT GROUPS

Balance Sheet, December 31, 1997

## ASSETS

|                           |                  |
|---------------------------|------------------|
| Cash and cash equivalents | \$97,331         |
| Accounts receivable       | 8,318            |
| Fixed assets (net)        | 391,808          |
| <b>TOTAL ASSETS</b>       | <b>\$497,457</b> |

## LIABILITIES AND FUND EQUITY

|  |                  |
|--|------------------|
| Liabilities - deferred revenues          | \$3,395          |
| <b>Fund Equity:</b>                      |                  |
| Contributed capital                      | 388,337          |
| Retained earnings                        | 102,442          |
| <b>Total Fund Equity</b>                 | <b>490,689</b>   |
| <b>TOTAL LIABILITIES AND FUND EQUITY</b> | <b>\$497,457</b> |

The accompanying notes are an integral part of this statement.

SEWERAGE DISTRICT NO. 2 OF WAPING PARISH  
 RAPIDS PARISH POLICE JURY  
 All amounts in Louisiana  
 PROPOSED FUND TYPE - ENTERPRISE FUND

Statement of Revenues, Expenses, and Changes in Retained Earnings  
 For the Year Ended December 31, 2007

OPERATING REVENUES

.....  
 Sewerage service and tap fees \$187,000  
 .....

OPERATING EXPENSES

Public works - Sanitation - sewerage collection  
 and disposal:  
 Contract:  
 Personal services - per diem \$ 500  
 Operating services 106,500  
 Material and supplies 500  
 Depreciation 20,110  
 .....

Total operating expenses \$133,610  
 .....

OPERATING INCOME \$53,390  
 .....

NONOPERATING REVENUES

Interest earnings \$1,500  
 .....

NET INCOME \$54,890  
 .....

ADD DEPRECIATION OF FIXED ASSETS

ACCUMULATED WITH CONTRIBUTED CAPITAL \$16,200  
 .....

INCREASE IN RETAINED EARNINGS \$71,090  
 .....

RETAINED EARNINGS AT BEGINNING OF YEAR \$4,100  
 .....

RETAINED EARNINGS AT END OF YEAR \$185,190  
 .....

The accompanying notes are an integral part of this statement.

SEBRING DISTRICT NO. 2 OF BRUNSWICK PARISH  
 BRUNSWICK PARISH POLICE JURY  
 Alexandria, Louisiana  
 POLICE JURY FUND TYPE - OPERATIONAL FUND

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

|   |          |
|---|----------|
| Cash flow from operating activities:  |          |
| Cash from operating revenues  | 1004,833 |
| Cash for operating expenses   | 344,232  |
| Net cash provided (required) by operating activities  | 660,601  |
| Cash flow from investing activities - interest earnings   | 1,000    |
| Net increase (decrease) in cash and equivalents   | 661,601  |
| Cash and equivalents at beginning of year   | 73,000   |
| Cash and equivalents at end of year   | 134,601  |
| Reconciliation of operating income (loss) to net cash provided (required) by operating activities:    |          |
| Operating income (loss)   | 53,492   |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |          |
| Depreciation  | 22,138   |
| Change in assets and liabilities:   |          |
| Increase/ decrease in accounts receivable   | (1,182)  |
| Increase/ decrease in deferred revenues   | (1,200)  |
| Total adjustments   | 19,756   |
| Net cash provided (used) by operating activities  | 93,376   |

The accompanying notes are an integral part of this statement.

**SEWERAGE DISTRICT NO. 2 OF RAPIDES PARISH  
RAPIDES PARISH POLICE JURY  
Alexandria, Louisiana**

Notes to the Financial Statements  
As of and for the Year Ended December 31, 1987

**INTRODUCTION**

Sewerage District No. 2 of Rapides Parish was created by the Rapides Parish Police Jury under the authority of Louisiana Revised Statutes 33:2001. The sewerage district is governed by a three-member board appointed by the police jury. The sewerage district maintains and operates the sewerage system within the boundaries of the district. At December 31, 1987, the district has approximately 807 customers.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. REPORTING ENTITY**

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

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Rapides 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. These criteria include:

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



**SEWERAGE DISTRICT NO. 2 OF RAPIDES PARISH**  
**RAPIDES PARISH POLICE JURY**  
Alexandria, Louisiana  
Notes to the Financial Statements (Continued)

Because the police jury has the ability to impose its will on the district and there exists the potential for the district to provide specific financial benefits to or impose specific financial burdens on the police jury, the district was determined to be a component unit of the Rapides 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 other governmental units that comprise the financial reporting entity.

**B. FUND ACCOUNTING**

The district 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. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

**D. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposit accounts. Cash equivalents include amounts in time deposits. Under state law, the district may deposit funds in demand deposits, interest bearing demand deposits, money market accounts or time deposits with fiscal agent banks organized under the laws of the State of Louisiana and national banks having their principal offices in Louisiana.

**E. FIXED ASSETS AND LONG-TERM LIABILITIES**

Fixed assets and accumulated depreciation of the district are included on the balance sheet of the fund. Depreciation of all exhaustible fixed assets are charged at an expense against operations. Depreciation is computed using the straight-line method over the estimated useful life of the asset of 40 years. Fixed assets purchased by the district are recorded at historical cost and donated fixed assets are valued at the estimated fair market value at the time of donation. The sewerage district has no long-term liabilities.

**TERREBONE DISTRICT NO. 2 OF ANDREWS PARISH  
ANDREWS PARISH POLICE JURY  
Alexandria, Louisiana  
Notes to the Financial Statements (Continued)**

**1. FUND EQUITY - CONTRIBUTED CAPITAL**

Contributed capital represents coverage facilities donated by developers. Contributed capital is amortized based on the depreciation recognized on the related capital assets. Depreciation is closed to the contributed capital account and is reflected as an adjustment to the net income/(loss) on Statement B.

**2. CASH AND EQUIVALENTS**

At December 31, 2007, the district has cash and cash equivalents (bank balances) as follows:

|                                   |                  |
|-----------------------------------|------------------|
| Petty cash                        | \$25             |
| Demand deposits                   | 90,891           |
| Time and certificates of deposits | <u>46,226</u>    |
| Total                             | <u>\$137,142</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. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) totaling \$182,639 at December 31, 2007, are fully secured by federal deposit insurance (GAO# Category 1).

**3. FIXED ASSETS**

A summary of fixed assets and related depreciation at December 31, 2007, follows:

|               | Cost            | Accumulated<br>Depreciation | Net              |
|---------------|-----------------|-----------------------------|------------------|
| Street system | <u>1848,878</u> | <u>2545,858</u>             | <u>\$403,020</u> |

APPOINTMENT DISTRICT NO. 2 OF RAPIDS PARISH  
RAPIDS PARISH POLICE JURY  
Alexandria, Louisiana  
Notes to the Financial Statements (Continued)

**A. CONTRIBUTED CAPITAL**

A summary of changes, and the effects of the changes, in contributed capital follows:

|   |                  |
|---|------------------|
| Contributed capital, December 31, 1996      | <u>\$466,808</u> |
| Accumulated amortization, December 30, 1996 | 948,594          |
| Amortization for 1997                       | <u>31,237</u>    |
| Accumulated amortization, December 30, 1997 | <u>979,831</u>   |
| Net contributed capital, December 31, 1997  | <u>\$386,977</u> |

**B. RISK MANAGEMENT**

The district is exposed to various risks related to theft, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

The district, during the year ended December 30, 1997, obtained commercial insurance for the aforementioned risks and settled claims resulting from these risks have not exceeded commercial insurance coverage.

SEWERAGE DISTRICT NO. 2 OF RAPIDES PARISH  
RAPIDES PARISH POLICE JURY  
Alexandria, Louisiana  
SUPPLEMENTAL INFORMATION SCHEDULE  
For the Year Ended December 31, 1997

PER DIEM PAID BOARD MEMBERS

The schedule of per diem paid to board members is presented in compliance with House Concurrent Resolution No. 68 of the 1978 Session of the Louisiana Legislature.

In accordance with Louisiana Revised Statute 33:0800, each board member is to receive a maximum per diem of \$40 for each board meeting they attend, not to exceed 24 regular and 12 special meetings per year.

## Schedule 1

SEWERAGE DISTRICT NO. 2 OF RAPIDES PARISH  
RAPIDES PARISH POLICE JURY  
Alexandria, LouisianaSchedule of Per Diem Paid Board Members  
For the Year Ended December 31, 1987

|                     | <u>Number</u> | <u>Amount</u> |
|---------------------|---------------|---------------|
| B. Frank Ritten     | 24            | 12,480        |
| Bonnie P. Gauthier  | 24            | 1,440         |
| John C. Miller, Jr. | 24            | 1,440         |
| Total               |               | <u>14,360</u> |

**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.

**HERBIE W. WAY**  
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**BOARD OF COMMISSIONERS  
SEWERAGE DISTRICT NO. 2 OF RAPIDES PARISH  
RAPIDES PARISH POLICE JURY  
Alexandria, Louisiana**

I have audited the financial statements of the Sewerage District No. 2 of Rapides Parish, a component unit of the Rapides Parish Police Jury, as of and for the year ended December 31, 1997, and have issued my report thereon dated July 28, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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.

However, Louisiana law requires the audit report to be issued within six months of the close of the entity's fiscal year, but due to the workload of the firm, I was unable to issue the report within the six-month period.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the 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 misstatement 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.

SEWERAGE DISTRICT NO. 2 OF RAPIDES PARISH  
RAPIDES PARISH POLICE DEPT  
Alexandria, Louisiana  
Compliance and Internal Control Report  
(Continued)

*Prior Audit Findings*

The audit for the year ended December 31, 1958, disclosed no instances of noncompliance that were required to be reported under Government Auditing Standards or matters involving the internal control over financial reporting and its operation that were considered to be material weaknesses.

This report is intended for the information of the Sewerage District No. 2 of Rapides Parish. However, this report is a matter of public record and its distribution is not limited.

*Kerrie M. May*

Kerrie M. May  
Alexandria, Louisiana  
July 13, 1959