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CAMERON PARISH WATERWORKS
DISTRICT NO. 7

FINANCIAL STATEMENTS

For the year ended
December 31, 1997

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 FEB 17 1999

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ELLIOTT & ASSOCIATES, INC.

A Professional Accounting Corporation

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W. Micheal Elliott, CPA

UNQUALIFIED OPINION ON GENERAL-PURPOSE FINANCIAL STATEMENTS-GOVERNMENTAL ENTITY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Cameron Parish Waterworks District No. 7

I have audited the accompanying general-purpose financial statements of the Cameron Parish Waterworks District No. 7, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 1997, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Cameron Parish Waterworks District No. 7'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 the standards applicable to financial audits 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 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 general-purpose 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 above present fairly, in all material respects, the financial position of the Cameron Parish Waterworks District No. 7 as of and for the year ended December 31, 1997, and the results of its operations 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 May 1, 1998, on my consideration of the Cameron Parish Waterworks District No. 7's internal control over financial reporting and my tests of its compliance with laws, regulations, contracts and grants.

My audit was performed for the purpose of forming an opinion on the general purpose financial statements of the District taken as a whole. The accompanying schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly state, in all material respects, in relation to the basic financial statements taken as a whole.

Elliott & Assoc. "APAC"
Leesville, Louisiana
May 1, 1998

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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
Cameron Parish Waterworks District No. 7

I have audited the financial statements of the Cameron Parish Waterworks District No. 7 as of and for the year ended December 31, 1997, and have issued my report thereon dated May 1, 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 Cameron Parish Waterworks District No. 7's 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 those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described as follows:

Finding: This audit report is not being issued within the six months of the close of its December 31, 1997 fiscal year-end. This is a violation of LA R.S. #24:513(A)(5)(a).

Management Response: The CPA performing the examination of accounts had an external quality review performed in December 1997. Based on the results of that review, a specific letter of comment suggested that, due to the firm's size, the firm should consider retaining another qualified CPA firm to review all governmental type reports prior to issuance to improve its quality control features.

The firm adopted the recommendation; however, implementation and coordination of the pre-issuance review has delayed the release of certain reports until after the statutory deadline. Future reports beginning with the next fiscal year will be issued within the statutory time frame.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Cameron Parish Waterworks District No. 7'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 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.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

Elliott & Assoc. "APAC"
Leesville, Louisiana
May 1, 1998

Cameron Parish Waterworks District No. 7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Year Ended December 31, 1997

I have audited the financial statements of Cameron Waterworks District No. 7 as of and for the year ended December 31, 1997, and have issued my report thereon dated May 1, 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. My audit of the financial statements as of December 31, 1997 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

*a. Report on Internal Control and Compliance
Material to the Financial Statements*

Internal Control

Material Weaknesses () Yes (X) No
Reportable Conditions () Yes (X) No

Compliance

Compliance Material to Financial
Statements (X) Yes () No

b. Federal Awards

Internal Control

Material Weaknesses () Yes () No (X) N/A
Reportable Conditions () Yes () No (X) N/A

Type of Opinion On Compliance For Major Programs

Unqualified () Qualified ()
Disclaimer () Adverse ()
N/A (X)

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?

() Yes () No (X) N/A

c. Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
None	None

Dollar threshold used to distinguish between Type A and Type B Programs: \$ N/A

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133?
 Yes No N/A

Section II Financial Statement Findings

1997.1 Late Filing: This audit report is not being issued within the six months of the close of its December 31, 1997 fiscal year-end. This is a violation of LA R.S. #24:513(A)(5)(a), but does not have any effect on the financial statements. All future reports should be issued within the required time frame.

Section III Federal Award Findings and Questioned Costs

N/A

See independent auditor's report.

CAMERON PARISH WATERWORKS DISTRICT NO. 7

BALANCE SHEET

December 31, 1997

ASSETS

Current assets:

Cash (Note 2)	\$ 46,528
Receivables (Note 3):	
Water service customers	9,509
Ad valorem taxes	30,987
Prepaid insurance	<u>1,856</u>
Total current assets	<u>88,880</u>

Fixed assets :

Fixed assets (net of accumulated depreciation)(Note 4)	<u>172,831</u>
--	----------------

Total assets \$261,711

The accompanying notes are an integral part of this statement.

LIABILITIES AND EQUITY

Current liabilities:	
Accounts payable	\$ 2,037
Deferred revenue	2,166
Retirement deductions payable	<u>1,091</u>
Total current liabilities	<u>5,294</u>
Total liabilities	<u>5,294</u>
Equity:	
Contributed capital (Note 7)	143,756
Retained earnings-unreserved	<u>112,661</u>
Total equity	<u>256,417</u>
Total liabilities and equity	<u>\$261,711</u>

CAMERON PARISH WATERWORKS DISTRICT NO. 7

Statement of Revenues, Expenses and
Changes in Retained Earnings

For the year ended December 31, 1997

Operating revenues:	
Charges for sales and services:	
Water sales	<u>\$86,253</u>
Total operating revenues	<u>86,253</u>
Operating expenses:	
Current:	
Salaries and related benefits	50,760
Plant operations	40,334
Miscellaneous	1,062
Depreciation (Note 4)	<u>17,748</u>
Total operating expenses	<u>109,904</u>
Operating income (loss)	<u>(23,651)</u>
Nonoperating revenues (expenses):	
Ad valorem tax	32,007
State revenue sharing	1,089
Interest income	2,540
Gain on sale of truck	<u>787</u>
Total nonoperating revenues (expenses)	<u>36,423</u>
Net income	12,772
Add depreciation on assets acquired through contributed capital (Note 7)	<u>6,295</u>
Increase in retained earnings	19,067
Retained earnings, January 1	<u>93,594</u>
Retained earnings, December 31	<u>\$112,661</u>

The accompanying notes are an integral part of this statement.

CAMERON PARISH WATERWORKS NO. 7
 STATEMENTS OF REVENUES, EXPENSES AND RETAINED EARNINGS
 (BUDGETARY BASIS) AND ACTUAL
 For the Year Ended December 31, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Water sales	\$ 90,000	\$ 86,253	\$ (3,747)
Total revenues	<u>90,000</u>	<u>86,253</u>	<u>(3,747)</u>
EXPENSES:			
Current:			
Salaries and related benefits	51,135	50,760	375
Plant operations	40,500	40,334	166
Miscellaneous	---	1,062	(1,062)
Depreciation	<u>15,700</u>	<u>17,748</u>	<u>(2,048)</u>
Total expenses	<u>107,335</u>	<u>109,904</u>	<u>(2,569)</u>
Operating Income (loss)	<u>(17,335)</u>	<u>(23,651)</u>	<u>(6,316)</u>
Nonoperating Revenue/ (Expenses):			
Ad valorem tax	32,000	32,007	7
State revenue sharing	1,100	1,089	(11)
Interest expense	(230)	---	230
Interest income	2,450	2,540	90
Gain on sale of truck	---	787	787
Deduction for retirement	<u>(195)</u>	<u>---</u>	<u>195</u>
Total nonoperating revenues:	<u>35,125</u>	<u>36,423</u>	<u>1,298</u>
Net income:	17,790	12,772	(5,018)
Add depreciation	<u>6,295</u>	<u>6,295</u>	<u>---</u>
Increase (decrease) in retained earnings	24,085	19,067	(5,018)
Ret. Earnings Jan. 1	<u>93,594</u>	<u>93,594</u>	<u>---</u>
Ret. Earnings Dec.31	<u>\$ 117,679</u>	<u>\$112,661</u>	<u>\$ (5,018)</u>

The accompanying notes are an integral part of this statement.

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Notes to the Financial Statements

December 31, 1997

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cameron Parish Police Jury is a political subdivision of the State of Louisiana. Cameron Parish Police Jury is the reporting entity for Cameron Parish as defined by NCGA Statement 3, (Defining the Governmental Reporting Entity).

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governments. In November of 1984, the GASB issued a codification of governmental accounting and financial reporting standards. This codification is recognized as generally accepted accounting principles for state and local governments.

Cameron Parish Waterworks District No. 7 "District" is a component unit of Cameron Parish Police Jury as defined by GASB codification Section 2100. The District was created by the Cameron Parish Police Jury as authorized by Louisiana Revised Statutes 33:3811-21. The District is governed by a board of five commissioners appointed by the Cameron Parish Police Jury, who are responsible for providing water service within the boundaries of the district. In addition to the above the District is required by Louisiana Revised Statutes 24:514 to report annually by March 31 to the Legislative Auditor.

A. FUND ACCOUNTING

Cameron Parish Waterworks District No. 7 is organized and operated on a fund basis as a Proprietary Fund Type-Enterprise Fund. In an enterprise fund the accrual basis of accounting is utilized and revenues are recognized when earned and expenses are recognized when incurred. Enterprise Funds are used to account for operations 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 and ad valorem taxes.

CAMERON PARISH WATERWORKS District No. 7
Notes to the Financial Statements (Continued)

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

B. BASIS OF ACCOUNTING

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

Proprietary funds follow GAAP prescribed by the Governmental Accounting Standards Board and all Financial Accounting Standards Board's standards issued prior to November 30, 1989. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets associated with the operation of these funds are included on the balance sheet. Fund equity, (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

C. CASH AND CASH EQUIVALENTS

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits with maturities of three months or less.

D. ACCOUNTS RECEIVABLE WRITE-OFF METHOD

The District has adopted a write off policy wherein any account that is deemed uncollectible is written off directly when the account's collection efforts have been deemed unsuccessful.

E. FIXED ASSETS AND LONG-TERM LIABILITIES

The fixed assets and long-term liabilities of the waterworks district are accounted for on the balance sheet of the Enterprise Fund. The fixed assets of the District as shown on the balance sheet are recorded at historical cost. Donated fixed assets are stated at their estimated fair market value on the date donated. Depreciation is computed by the straight line method based on the estimated useful life of the individual assets.

CAMERON PARISH WATERWORKS District No. 7
Notes to the Financial Statements (Continued)

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

F. VACATION AND SICK LEAVE

Employees of the District accrue from 5 to 25 days annual leave each year depending on length of service. Upon resignation or retirement, unused annual leave is forfeited. In addition, employees of the District accrue from 12 to 18 days of sick leave each year depending on length of service. Upon resignation or retirement, unused sick leave is forfeited. The liability for annual and sick leave is accrued by the Cameron Parish Police Jury.

NOTE 2--CASH COLLATERAL

At December 31, 1997, the carrying amount of the District's cash was \$46,528 and the bank balance was \$47,008. The entire bank balance was covered by federal depository insurance.

NOTE 3--RECEIVABLES

Receivables at December 31, 1997 consist of the following:

Ad valorem taxes--unrestricted	\$30,987
Water service	<u>9,509</u>
Net total receivables	<u>\$40,496</u>

The amount included in the ad valorem receivable on the balance sheet is for ad valorem taxes which attach as an enforceable lien on property as of January 1 of each year. Taxes are levied to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The District utilizes the Cameron Parish Tax Collector/Sheriff to bill and collect its property taxes using the assessed values determined by the tax assessor of Cameron Parish.

CAMERON PARISH WATERWORKS District No. 7
Notes to the Financial Statements (Continued)

NOTE 3--RECEIVABLES (Continued)

For the year ended December 31, 1997, taxes of 6.03 mills were levied on property with assessed valuation totaling \$5,627,970 and were dedicated to the General Fund.

Taxes were levied upon a total assessed valuation of \$5,627,970. The total amount levied was \$33,937. Furthermore, collections of delinquent taxes and other adjustments resulted in total collections of \$32,700.

Note 4--CHANGES IN FIXED ASSETS

Fixed assets are recorded at cost less accumulated depreciation. Depreciation is calculated by the straight-line method over the estimated useful life of the various classes of assets.

Buildings	15 years
Improvements, other than furniture	45 years
Equipment, furniture and fixtures	3 to 10 years

The following is a summary of changes in fixed assets as of December 31, 1997:

	<u>Building & Improvements</u>	<u>Improvements other than buildings</u>	<u>Furniture, fixtures, & equipment</u>	<u>Total</u>
Balance 12/31/96	\$ 12,704	\$ 418,689	\$ 11,587	\$442,980
Additions	8,472	---	17,510	25,982
Deletions	---	---	(4,987)	(4,987)
Balance 12/31/97	21,176	418,689	24,110	463,975
Less: Accumulated depreciation	(3,828)	(280,341)	(6,975)	(291,144)
Net fixed assets 12/31/97	<u>\$ 17,348</u>	<u>\$ 138,348</u>	<u>\$ 17,135</u>	<u>\$172,831</u>

CAMERON PARISH WATERWORKS District No. 7
Notes to the Financial Statements (Continued)

NOTE 5--LITIGATION

The District was not involved in any litigation nor did it have asserted claims lodged against it.

NOTE 6--CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions of the Cameron Parish Waterworks District No. 7 for the year ended December 31, 1997:

Bonds payable, 12/31/96	\$ 8,000
Bonds retired	<u>_(8,000)</u>
Bonds payable, 12/31/97	<u>\$ ---</u>

NOTE 7--CONTRIBUTED CAPITAL

Changes during 1997 in the contributed capital account are as follows:

Balance, 12/31/96	\$ 150,051
Depreciation of assets acquired by contributed capital	<u>_(6,295)</u>
Balance, 12/31/97	<u>\$ 143,756</u>

SUPPLEMENTARY INFORMATION

CAMERON PARISH WATERWORKS DISTRICT NO. 7

COMPENSATION OF BOARD MEMBERS

For the year ended December 31, 1997

The Board of Commissioners of the Cameron Waterworks District No. 7 served without compensation for the year ended December 31, 1997.

Cameron Parish Waterworks District No. 7
SCHEDULE OF PRIOR YEAR FINDINGS

For the Fiscal Year Ended December 31, 1997

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

There were no prior year findings relating to internal control and compliance material to the financial statements.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL
AWARDS**

There were no prior year findings relating to internal control and compliance material to federal awards.

SECTION III MANAGEMENT LETTER

There was no management letter with prior year audit report.

See independent auditor's report.

Cameron Parish Waterworks District No. 7
MANAGEMENT'S CORRECTIVE ACTION PLAN

For the Fiscal Year Ended December 31, 1997

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENT**

1997.1 The Board will more closely will closely monitor the
timely completion of the December 31, 1998 audit by
June 30, 1999 and require the auditor to complete it
in a timely fashion.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL
AWARDS**

N/A

SECTION III MANAGEMENT LETTER

N/A

See independent auditor's report.