

FF  
NOV 21

**CADDO PARISH SEWERAGE DISTRICT NO. 2**  
**CADDO PARISH, LOUISIANA**  
**JUNE 30, 2003**

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

Release Date 12-3-03

CADDO PARISH SEWERAGE DISTRICT NO. 2

CADDO PARISH, LOUISIANA

TABLE OF CONTENTS

AUDITED FINANCIAL STATEMENTS

	<u>Page</u>
Independent Auditor's Report	1-4
Required Supplementary Information: Management's Discussion and Analysis	1-6
Audited Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Assets	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet-Governmental Fund (Debt Service)	9
Statement of Revenue, Expenditures, and Changes in Fund Balance-Governmental Fund (Debt Service)	10
Balance Sheet-Proprietary Fund (Enterprise)	11
Statement of Revenue, Expenses and Changes in Fund Net Assets-Proprietary Fund (Enterprise)	12-13
Statement of Cash Flows-Proprietary Fund (Enterprise)	14
Notes to the Financial Statements	15-19

SUPPLEMENTARY INFORMATION

Schedule of Insurance in Force (Unaudited)	20
Schedule of For Fees Paid to Board of Supervisors	21

CADDO PARISH SEWERAGE DISTRICT NO. 1

CADDO PARISH, LOUISIANA

TABLE OF CONTENTS

	Page
<b>OTHER REPORTS</b>	
Report on Compliance and on Internal Control over Financial Reporting, Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	12-23
Schedule of Findings and Questioned Costs	24
Schedule of Prior Year Findings	25
Management's Corrective Action Plan	26

AUDITED FINANCIAL STATEMENTS

August 18, 2003

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

### Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Caddo Parish Sewerage District No. 2, a component unit of the Parish of Caddo, Louisiana as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Caddo Parish Sewerage District No. 2 as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis information on Pages 3 through 6 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated August 18, 2003 on our consideration of the District's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Caddo Parish Sewerage District No. 2 basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Caddo Parish Sewerage District No. 2. Such information, with the exception of the schedule of insurance in Effect as June 30, 2015, on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Howard M. Gray - Vardol, LLP

EXCERPT SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION

AND ANALYSIS

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the financial performance of Caddo Parish Sewerage District No. 2 provides an overview of the District's financial activities for the fiscal years ended June 30, 2003 and 2002. Please read it in conjunction with the District's financial statements, which begin on Page 3.

### FINANCIAL HIGHLIGHTS

The District's net assets decreased by \$54,282 or 0.7%.

The District's total revenues were \$215,487 in 2003 compared to \$213,348 in 2002.

During the year ended June 30, 2003, the District had total expenses, excluding depreciation, of \$198,214.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on Pages 7 and 8) provide information about the activities of the District as a whole. Fund financial statements start on Page 9. For governmental activities, these statements tell how those activities were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The District is a component unit of the Parish of Caddo, Louisiana because the Parish must approve all officials appointed to the District's Board of Supervisors. The accompanying financial statements present information only on the funds maintained by the District.

#### Reporting the Funds Maintained by the District as a Whole

##### The Statement of Net Assets and the Statement of Activities

Our analysis of the funds maintained by the District as a whole begins on Page 7. The Statement of Net Assets and the Statement of Activities report information about the funds maintained by the District as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. The District's net assets – the difference between assets and liabilities – is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities, we record the funds maintained by the District as governmental activities and business-type activities:

**Governmental activities** – expenses related to, and resources provided for, the enjoyment of the District’s general obligation bonds.

**Business-type activities** – revenues earned, resources provided for, and expenses incurred for the provision of sewerage services to the District’s general public.

#### **Reporting the Most Significant Funds Maintained by the District**

Our analysis of the major funds maintained by the District begins on Page 9. The fund financial statements provide detailed information about the most significant funds maintained by the District – not necessarily the District as a whole. The District’s funds use the following accounting approaches.

**Governmental fund** – All of the District’s debt service expenses are reported in a governmental fund, which focuses on how money flows into and out of this fund and the balances left at year-end that are available for spending. This fund is reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District’s debt service operations and the expenses paid from the fund. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain District debt service expenses. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation of the fund financial statements.

**Proprietary fund** – All of the District’s expenses incurred for the provision of sewerage services are reported in a proprietary fund, which focuses on measuring the total costs, including depreciation, of the service, and primarily recovering those costs through user charges or other revenue sources. This fund is reported using the accrual basis of accounting, which measures revenue when earned and expenses when incurred.

#### **THE FUNDS MAINTAINED BY THE DISTRICT AS A WHOLE**

The District’s total net assets changed from a year ago, decreasing from \$1,051,805 to \$999,523. Our analysis below focuses on key elements of the total funds for the 2003 and 2002 fiscal years.

**Table 1**  
**Net Assets**

	<u>Government-Wide Activities</u>	
	<u>2003</u>	<u>2002</u>
Current assets	158,811	141,660
Capital assets	893,918	965,811
Other assets	950	1,721
Total assets	<u>1,053,715</u>	<u>1,115,492</u>
Current liabilities	33,253	34,687
Noncurrent liabilities	—	23,680
Total liabilities	<u>33,253</u>	<u>58,367</u>

	Government-Wide Activities	
	2003	2002
Net assets:		
Investments in capital assets	892,974	962,511
Restricted for debt service	58,165	29,879
Unrestricted	<u>76,616</u>	<u>33,812</u>
Total net assets	<u>998,513</u>	<u>1,051,801</u>

Net assets of the funds maintained by the District decreased by \$54,282 or 5.2%.

**Table 2**  
Change in Net Assets

	Government-Wide Activities	
	2003	2002
Revenues:		
Charges for services	116,783	104,595
Ad valorem taxes	181,808	182,919
Other	<u>4,826</u>	<u>5,426</u>
Total revenues	221,487	213,340
Expenses:		
General governmental	<u>277,368</u>	<u>278,222</u>
(Decrease) in net assets	<u>(55,881)</u>	<u>(65,222)</u>

For the funds maintained by the District, total revenues increased \$10,147, from total revenues in 2002 of \$213,340, to total revenues of \$223,487 in 2003. For the funds maintained by the District, program revenues increased \$11,785 from program revenue in 2002 of \$104,595 to program revenue of \$116,783 in 2003. Both increases resulted mainly from the imposition of late fees on customer billings.

In addition, total expenses decreased slightly by \$780, from \$278,222 in 2002, to \$277,368 in 2003.

#### CAPITAL ASSETS

At the end of 2003, the District had invested \$892,974 in capital assets, from these funds maintained by the District.

**Table 3**  
Capital Assets At Year End

	Government-Wide Activities	
	2003	2002
Office furniture and fixtures	4,299	4,299
Office equipment	19,070	19,070
Building and improvements	47,471	47,471
Sewerage collection system	685,828	681,440
Treatment and disposal plant	<u>1,148,625</u>	<u>1,182,622</u>
	1,807,149	1,901,961

	Government-Wide Activities	
	2004	2003
Less-accumulated depreciation	(1,670,627)	(1,592,382)
	836,723	809,609
Real estate and right-of-way	<u>56,351</u>	<u>56,351</u>
	<u>893,204</u>	<u>963,981</u>

This year's major additions included:

Computer equipment	-	1,584
Sewerage collection systems	5,189	14,850
Building improvements	-	<u>18,011</u>
Total	<u>5,189</u>	<u>34,445</u>

It is anticipated that the District's net assets will hold steady in 2004. The District has added no major new programs or initiatives to be funded in 2004.

#### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the District and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Caddo Parish Sewerage District No. 2 at 4136 Rankin, Shreveport, Louisiana 71107.

CADDO PARISH SEWERAGE DISTRICT NO. 2

STATEMENT OF NET ASSETS

JUNE 30, 2021

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
Cash and cash equivalents	30,183	60,486	90,669
Certificates of deposit	-	25,558	25,558
Accounts receivable	-	18,243	18,243
Prepaid expenses	-	4,411	4,411
Property, plant and equipment (net of accumulated depreciation)	-	892,974	892,974
Bond issue costs	-	730	730
Utility deposits	-	280	280
<b>Total assets</b>	<b><u>30,183</u></b>	<b><u>1,082,671</u></b>	<b><u>1,012,754</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities:</b>			
Accounts payable	-	4,772	4,772
Customer deposits	-	2,480	2,480
Merchant liabilities:			
Due within one year	<u>22,000</u>	-	<u>22,000</u>
<b>Total liabilities</b>	<b>22,000</b>	<b>7,252</b>	<b>29,252</b>
<b>Net assets:</b>			
Invested in capital assets	-	892,974	892,974
Restricted for debt service	30,183	-	30,183
Unrestricted	<u>(22,000)</u>	<u>181,446</u>	<u>159,446</u>
<b>Total net assets</b>	<b><u>5,183</u></b>	<b><u>971,420</u></b>	<b><u>976,603</u></b>
<b>Total liabilities and net assets</b>	<b><u>30,183</u></b>	<b><u>1,082,671</u></b>	<b><u>1,012,754</u></b>

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

CADDO PARISH SEWERAGE DISTRICT NO. 1

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Expenses:</b>			
Governmental activities:			
Interest on long-term debt	3,980	-	3,980
Business-type activities:			
Sewerage services	-	271,669	271,669
Total expenses	3,980	271,669	275,649
<b>Program revenue:</b>			
Charges for services	-	116,793	116,793
<b>Net revenue</b>	(3,980)	(157,866)	(160,846)
<b>General revenue:</b>			
Ad valorem taxes	29,763	71,045	101,808
State revenue sharing	-	3,196	3,196
Interest	161	1,519	1,680
	<u>29,924</u>	<u>75,760</u>	<u>105,684</u>
<b>Change in net assets</b>	26,034	(86,966)	(60,932)
<b>Net assets (deficit) beginning of year</b>	<u>(28,311)</u>	<u>1,674,718</u>	<u>1,646,407</u>
<b>Net assets/end of year</b>	<u>3,183</u>	<u>994,612</u>	<u>997,795</u>

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

CADDO PARISH SEWERAGE DISTRICT NO. 2

BALANCE SHEET-GOVERNMENTAL FUND

JUNE 30, 2013

ASSETS	Debit Service
Cash and cash equivalents-Note 6	<u>30,100</u>
<b>Total assets</b>	<b><u>30,100</u></b>
FUNDEQUITY	
Fund equity:	
Fund balance	<u>30,100</u>
<b>Total fund equity</b>	<b><u>30,100</u></b>
<i>Reconciliation of the Balance Sheet of Governmental Fund to the Net Assets of Governmental Activities Reported in the Statement of Net Assets:</i>	
Fund Balance-governmental fund	30,100
Measurement liabilities, such as bonds payable, are not due and payable within the current period and therefore are not reported in the funds.	<u>(25,000)</u>
<b>Net assets of governmental activities</b>	<b><u>5,100</u></b>

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

CADDO PARISH SEWERAGE DISTRICT NO. 2

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUND

FOR THE YEAR ENDED JUNE 30, 2011

	Debt Service
<b>Revenue:</b>	
Ad valorem taxes-Note 2	29,760
Interest	<u>351</u>
Total revenue	29,824
<b>Expenditures:</b>	
Principal-Note 4	25,000
Interest and fiscal charges	<u>3,908</u>
Total expenditures	<u>28,908</u>
Net change in fund balance	1,024
Fund balance-beginning of year	<u>29,029</u>
Fund balance-end of year	<u>30,101</u>
 Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance of Governmental Fund to the Change in Net Assets of Governmental Activities:	
Net change in fund balance-governmental fund	1,024
The governmental fund reports principal payments on general obligation bonds as expenditures. However, for purposes of governmental activities, such payments are a direct reduction of the debt.	<u>25,000</u>
Change in net assets of governmental activities	<u>36,024</u>

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

**CAJDO PARISH SEWERAGE DISTRICT NO. 2**

**BALANCE SHEET-PROPRIETARY FUND**

**JUNE 30, 2003**

<b>ASSETS</b>	<b>Enterprises</b>
Cash and cash equivalents-Note 6	60,496
Certificates of deposit	25,158
Accounts receivable	15,243
Prepaid expenses	4,411
Property, plant and equipment-Note 3	892,974
Debt issue costs-Note 4	730
Utility deposits	<u>180</u>
<b>Total assets</b>	<b><u>1,002,672</u></b>
 <b>LIABILITIES AND NET ASSETS</b>	
<b>Liabilities:</b>	
Accounts payable	4,732
Customer deposits	<u>3,480</u>
<b>Total liabilities</b>	<b>8,212</b>
 <b>Net assets:</b>	
Contributions from other funds	1,189,383
Accumulated deficit-Note 5	<u>(129,593)</u>
<b>Total net assets</b>	<b><u>959,790</u></b>
 <b>Total liabilities and net assets</b>	<b><u>1,002,672</u></b>

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

**CADDO PARISH SEWERAGE DISTRICT NO. 2**

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS**

**PROPRIETARY FUND**

**FOR THE YEAR ENDED JUNE 30, 2002**

	<i>Amounts</i>
<b>Operating revenues:</b>	
Sewerage connection fees	5,766
Sewerage fees	185,090
Account activation fee	389
Service charge fee	6,893
Other	812
Total operating revenues	199,750
<b>Operating expenses:</b>	
Accounting and auditing fees	6,764
Amortization of bond issue costs	739
Attorney fees	1,881
Board of supervisors' fees	5,590
Contract labor	28,589
Data processing	1,115
Depreciation	78,325
Insurance	6,537
Laboratory fees	2,970
Line rentals	350
Miscellaneous	3,045
Office supplies	1,696
Payroll taxes	1,580
Plant supplies	4,585
Repairs and maintenance	99,788
Salaries	29,124
Security	369
Telephone	2,725
Training	173
Treatment plant operation contract	599
Utilities	12,626
Total operating expenses	273,889
<b>(Loss) from operations</b>	<b>(157,089)</b>

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

**CARDO PARISH SEWERAGE DISTRICT NO. 2**  
**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Estimated</u>
<b>Nonoperating revenues:</b>	
Ad valorem taxes—Note 2	72,045
State revenue sharing	3,186
Interest	<u>8,029</u>
Total nonoperating revenues	<u>83,260</u>
<b>Change in net assets</b>	<b>(58,380)</b>
<b>Net assets (liabilities)—beginning of year</b>	<u>1,144,629</u>
<b>Net assets (liabilities)—end of year—Note 5</b>	<u>1,086,249</u>

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

**CADDO PARISH SEWERAGE DISTRICT NO. 2**  
**STATEMENT OF CASH FLOWS (PROPRIETARY FUND)**  
**FOR THE YEAR ENDING JUNE 30, 2003**

	<b>Amounts</b>
<b>Cash flows from operating activities:</b>	
(Loss) from operations	(157,084)
Adjustments to reconcile (loss) from operations to net cash (used) by operating activities:	
Depreciation and amortization	79,055
Changes in assets and liabilities:	
Accounts receivable	(3,440)
Prepaid expenses and other	100
Accounts payable	(2,815)
Customer deposits	1,580
Net cash (used) by operating activities	<u>(82,612)</u>
<b>Cash flows from noncapital financing activities:</b>	
Taxes collected	72,840
State revenue sharing	1,096
Net cash provided by noncapital financing activities	<u>73,936</u>
<b>Cash flows from investing activities:</b>	
Receipts of interest	1,519
Proceeds from maturity of certificate of deposit	24,881
Purchase of certificate of deposit	(21,510)
Purchase of equipment	(4,388)
Net cash (used) by investing activities	<u>(4,428)</u>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(11,997)</b>
<b>Cash and cash equivalents—beginning of year</b>	<b><u>72,293</u></b>
<b>Cash and cash equivalents—end of year</b>	<b><u>60,296</u></b>

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

## CAJODO PARISH SEWERAGE DISTRICT NO. 2

### NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2003

#### 1. Summary of Significant Accounting Policies

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

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

In June 1998, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain significant changes in the Statement included the following:

The financial statements now include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the District's activities.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements). The District was required to implement the general provisions of the Statement in the year ended June 30, 2002.

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 Parish was determined on the basis of taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

#### B. Basic Financial Statements - Government-Wide Statements

The Sewerage District's basic financial statements include both government-wide (reporting the funds maintained by the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Accordingly, the District's debt service functions are classified as governmental activities. Its sewerage usage and collection functions are classified as business-type activities.

## 1. Summary of Significant Accounting Policies (Continued)

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and liabilities. The District's net assets are reported in three parts - invested in capital assets, restricted net assets, and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of the District's functions. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which must be directly associated with the function. The net costs (by function) are normally covered by general revenues.

This government-wide focus is more on the sustainability of the leverage District as an entity and the change in the District's net assets resulting from the current year's activities.

### C. Basic Financial Statements-Fund Financial Statements

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, or expenses, 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 operating 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/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

### D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement basis applied.

#### 1. Accrual:

All governmental funds in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

## 1. Summary of Significant Accounting Policies (Continued)

Revenues of the District consist principally of ad valorem taxes and fees for services relating to sewerage services. Interest income is recorded when earned. Fees for services are recorded when earned.

### 2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

## E. Fixed Assets and Long-Term Liabilities

Long-term liabilities expected to be financed from government funds are accounted for in the General Long-Term Debt Account Group, net 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, expenditure recognition for governmental fund types is limited to-current amounts expensed 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 (revenues) and decreases (expenses) in net total assets.

All fixed assets are stated at historical cost. Depreciation of all exhaustible fixed assets used by proprietary funds is charged as 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 plant	20-30 years
Sewer collection system	30-50 years
Equipment	5-15 years
Other furniture and fixtures	10 years

## F. Cash and Cash Equivalents

Cash and cash equivalents includes all cash on deposit with maturities when acquired of three months or less.

1. Summary of Significant Accounting Policies (Continued)

G. 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.

H. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from these estimates.

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 accrual 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, 2000, ad valorem taxes received were based on the December 31, 2000 net taxable value of \$3,852,548. The total millage rate for the calendar year 2000 was 27.49 mills which consisted of 13.40 mills for maintenance and operating and 14.09 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:

Office furniture and fixtures	4,299
Office equipment	18,070
Building and improvements	43,477
Sewerage collection system	636,818
Treatment and disposal plant	<u>1,348,612</u>
	1,907,349
Less accumulated depreciation	<u>(11,879,827)</u>
	836,322
Real estate and right-of-way	<u>56,212</u>
	<u>892,534</u>

The treatment and disposal plant was upgraded during 1995 at an approximate cost of \$154,800, including capitalized interest of 358,472.

4. General Obligation Bonds

On May 26, 1989, the District sold \$180,000 of general obligation bonds dated May 1, 1989 at par value for the purpose of upgrading the present sewerage facilities. On May 1, 1999, \$170,000 of bonds with principal maturities due on May 1, 2005 through May 1, 2009 were retired early. The final principal maturity of outstanding bonds amounts to \$25,000, together with interest at the rate of 7.80%. Future required debt service payments, including interest of \$1,990, are as follows as June 30, 2003:

4. General Obligation Bonds (Continued)

2004	<u>30,000</u>
Total debt service remaining, including interest	<u>35,000</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 unamortized cost incurred in issuing the bonds is being amortized on a straight-line basis over a period of one year, the remaining 5.8% of face bonds.

The following is a summary of bond transactions of the District for the year ended June 30, 2003:

Bonds payable at June 30, 2002	30,000
Bonds retired	<u>25,000</u>
Bonds payable at June 30, 2003	<u>5,000</u>

5. Accumulated Deficit

The Enterprise Fund had an accumulated deficit of \$194,965 at June 30, 2003. Management intends to eliminate the existing accumulated deficit through revenue from ad valorem taxes and possibly increased user fees.

6. Cash

Cash amounts on deposit are fully protected by FDIC insurance.

## SUPPLEMENTARY INFORMATION

CADDO PARISH SEWERAGE DISTRICT NO. 2

SCHEDULE OF INSURANCE IN FORCE

JUNE 30, 2020

**Coverage**

General liability	<u>2,000,000</u>
Fire and extended coverage, vandalism and malicious mischief	<u>100,000</u>
Employee theft	<u>20,000</u>
Computer insurance	<u>30,000</u>
Building coverage (4120 Kamin)	<u>50,000</u>

UNAUDITED

**CADDO PARISH SEWERAGE DISTRICT NO. 2**  
**SCHEDULE OF PER DIEM PAID TO BOARD OF SUPERVISORS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

<b>Board Member</b>	<b>Meetings Attended Regular</b>	<b>Meetings Attended Special</b>	<b>Total Per Diem</b>
Kennan Bodland	10	1	620
Thomas Christie	12	2	770
Raymond E. Davidson	12	2	770
Gerald Fossell	12	2	770
Terry Strickman	10	1	620
<b>Total per diem paid</b>			<b><u>3,550</u></b>

#### OTHER REPORTS:

August 18, 2003

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

**Report on Compliance and on Internal Control over Financial Reporting  
Based on an Audit of Financial Statements Performed  
in Accordance with Government Auditing Standards**

We have audited the financial statements of Cade Parish Sewerage District No. 2 as of and for the year ended June 30, 2003, and have issued our report thereon dated August 18, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 District's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Item 81-2.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as Item 81-1.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe Item 03-1 to be a material weakness.

This report is intended solely for the information and use of the Board of Supervisors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

*Hendel, McElroy + Venter, LLP*

**CADDO PARISH SEWERAGE DISTRICT NO. 1**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

**A. Summary of Audit Results**

1. The auditor's report expresses an *unqualified opinion* on the financial statements of Caddo Parish Sewerage District No. 1.
2. One reportable condition, which is a material weakness, relating to the audit of the financial statements, is reported.
3. One instance of non-compliance, relating to the audit of the financial statements, is reported.

**B. Findings - Financial Statement Audit**

**00-1 Segregation of Duties**

There is inadequate segregation of duties in the control structure over cash. One individual is responsible for receiving cash, making deposits, preparing disbursements, recording transactions, and preparing bank reconciliations. Adequate internal control requires appropriate segregation of duties considered to be incompatible; however, the District has informed us that this condition is due to economic limitations on the number of personnel employed by the District. Accordingly, full segregation of duties is not possible.

**00-2 Deposits in Excess of Federal Depository Insurance**

Our audit tests disclosed five instances during the period of February through April 2003 where total amounts on deposit at the District's financial institutions exceeded the \$100,000 limit insured by the FDIC. Such excess amounts ranged from \$33,741 to \$43,212, and are a technical violation of La R.S. 39:1218. In order to more fully protect funds deposits from loss in case of financial institution failure, and to comply with state law, we have recommended to the District that it require the financial institution in which it has cash deposits to pledge quality security for any amounts of deposits which exceed FDIC-insured limits.

CADDO PARISH SEWERAGE DISTRICT NO. 2

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2015

- 02-1     Ethics for public officials – resolved.
- 02-2     Segregation of duties – unresolved due to the limited number of personnel the Sewer District is able to employ.

**CADDO PARISH SEWERAGE DISTRICT NO. 2**  
**MANAGEMENT'S CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED JUNE 30, 2002**

- 81-1 Segregation of Duties**  
Although we agree with this finding, no complete segregation of duties is possible due to the limited number of personnel the Sewer District is able to employ.
- 81-2 Deposits in Excess of Federal Depository Insurance**  
We agree with this finding, and will contact our depository institution to implement a pledge of bank-owned securities to secure any deposits exceeding FDIC-insured limits.