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HIDEAWAY ROAD SEWERAGE DISTRICT #1

*Ouachita Parish Police Jury
Monroe, Louisiana*

AUDIT REPORT

As of and For the Year Ended December 31, 1998

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 JUL 14 1999

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**HIDEAWAY ROAD SEWERAGE DISTRICT #1
OF OUACHITA PARISH**

**Component Unit Financial Statements As of and For the Year Ended
December 31, 1998
*With Supplemental Information Schedules***

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Hideaway Road Subdivision Sewerage District #1
Monroe, Louisiana
May 28, 1999

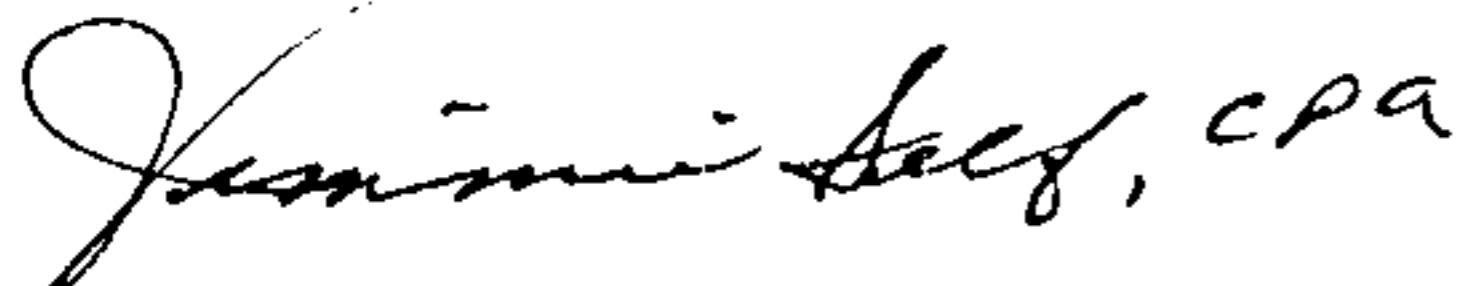
I have audited the accompanying general purpose financial statements of Hideaway Road Subdivision Sewerage District #1, a component unit of The Ouachita Parish Police Jury, as of and for the year ended, December 31, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the District'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. 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 Hideaway Road Subdivision Sewerage District #1 as of December 31, 1998, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The financial information listed as supplemental information schedules in the table of contents is presented for purposes of additional analysis, and is not a required part of the financial statements of Hideaway Road Subdivision Sewerage District #1. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, I have also issued a report dated May 28, 1999, on my consideration of Hideaway Road Subdivision Sewerage District #1's internal control structure and a report dated May 28, 1999, on its compliance with certain provisions of laws, regulations, and grants.

A handwritten signature in cursive script that reads "Jimmie Self, CPA". The signature is written in black ink and is positioned above the printed name.

Jimmie Self, CPA

**HIDEAWAY ROAD SEWERAGE DISTRICT #1
 OUACHITA PARISH POLICE JURY
 MONROE, LOUISIANA 71201
 PROPRIETARY FUND - ENTERPRISE FUND
 BALANCE SHEET DECEMBER 31, 1998**

ASSETS:	<u>1998</u>
CURRENT ASSETS:	
CASH	\$20,488
ACCOUNTS RECEIVABLE	6,765
INTEREST RECEIVABLE	
TOTAL CURRENT ASSETS:	<u>27,253</u>
RESTRICTED ASSETS:	
CASH	20,233
TOTAL RESTRICTED ASSETS:	<u>20,233</u>
PROPERTY, PLANT AND EQUIPMENT:	
PROPERTY, PLANT AND EQUIPMENT	313,690
LESS: ACCUMULATED DEPRECIATION	(43,731)
NET PROPERTY, PLANT AND EQUIPMENT:	<u>269,959</u>
 TOTAL ASSETS:	 <u><u>\$317,445</u></u>
 LIABILITIES AND FUND EQUITY:	
 NO LIABILITIES:	 <u>0</u>
 FUND EQUITY:	
RETAINED EARNINGS	317,445
TOTAL FUND EQUITY:	<u>317,445</u>
 TOTAL LIABILITIES AND FUND EQUITY:	 <u><u>\$317,445</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

ASSETS

HIDEAWAY ROAD SEWERAGE DISTRICT #1
 OUACHITA PARISH POLICE JURY
 MONROE, LOUISIANA
 PROPRIETARY FUND - ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS
 FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>1998</u>
OPERATING REVENUES:	
SERVICE INCOME	\$16,486
TOTAL OPERATING REVENUES:	<u>16,486</u>
OPERATING EXPENSES:	
INSURANCE	200
OFFICE EXPENSE	587
SUPERVISIONS	7,187
ELECTRICAL	1,040
LEGAL/PROFESSIONAL	1,400
DEPRECIATION EXP	6,273
CONSTRUCTION FEES	908
TOTAL OPERATING EXPENSES:	<u>17,596</u>
OPERATING INCOME (LOSS):	(1,110)
NONOPERATING REVENUES (EXPENSES):	
INTEREST INCOME	1,308
TOTAL NONOPERATING REVENUES (EXPENSES):	<u>1,308</u>
NET INCOME (LOSS):	198
RETAINED EARNINGS AT BEGINNING OF YEAR:	<u>317,248</u>
RETAINED EARNINGS AT END OF YEAR:	<u><u>\$317,446</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

v/a Income

HIDEAWAY ROAD SEWERAGE DISTRICT #1
OUACHITA PARISH POLICE JURY
MONROE, LOUISIANA
PROPRIETARY FUND - ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 1998

CASH FLOWS FROM OPERATING ACTIVITIES:

NET INCOME/LOSS FROM OPERATIONS	\$197
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH:	
DEP PRECIATION	6273
CHANGES IN ASSETS AND LIABILITTIES:	
NET INCREASE/DECREASE IN ACCOUNTS RECEIVABLE	<u>(1,003)</u>
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:	5,467
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR:	<u>35,254</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR:	<u><u>40,721</u></u>

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES

NET INCOME (LOSS)	
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
DEPRECIATION	\$6,273

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

s/a cashflow

**HIDEAWAY ROAD SEWERAGE DISTRICT #1
OF OUACHITA PARISH**

**Notes To The Financial Statements
As of and For the Year Ended December 31, 1998**

INTRODUCTION

The Hideaway Road Sewerage District #1, Monroe, Louisiana, (the "District") was created by an ordinance adopted on October 21, 1985, by the Ouachita Parish Police Jury. However, there was no activity in 1985. The District was created to construct a sewer system for the approximately 200 residences in the Hideaway Road area. The District is governed by a Board of four Directors appointed by the Ouachita Parish Police Jury. There is no payroll, since the District is managed by a private contractor. The Board members receive no compensation..

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying component unit financial statements of the Hideaway Road Sewerage District of Ouachita Parish have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Ouachita Parish Police Jury is the financial reporting entity for Ouachita 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 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 Ouachita 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.

HIDEAWAY ROAD SEWERAGE DISTRICT #1 OF OUACHITA PARISH

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 has the authority to perform the above three steps, the district was determined to be a component unit of the Ouachita 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.

C. FUND ACCOUNTING

The Hideaway Road Sewerage District #1 of Ouachita 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.

D. 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 this fund is 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 liabilities are incurred. The Enterprise Fund uses the following practices in recording certain revenues and expenses:

Revenues

Revenues consist of income from users of the sewer line in the district. Billing is done monthly, and the payments are collected and deposited; Interest income is a result of bank accounts bearing interest.

Expenses

Expenses are reported when the liability occurs. Major expenses are:

Supervisory	7,187
Legal & Professional	1,400

HIDEAWAY ROAD SEWERAGE DISTRICT #1 OF OUACHITA PARISH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

E. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and other money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the district may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. The district has no investments.

F. ENCUMBRANCES

The District does not use encumbrance accounting.

G. RESTRICTED ASSETS

Restricted assets are classified on the balance sheet of the fund because their use is limited to payment of bond principle and interest.

H. FIXED ASSETS

Fixed assets of the district are valued at historical cost and are included on the balance sheet of the fund, net of accumulated depreciation. Construction period interest is immaterial and is not capitalized. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of periods from 5 to 40 years.

I. COMPENSATED ABSENCES

The district does not have a formal leave policy.

J. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the enterprise fund.

K. FUND EQUITY

Contributed Capital

Grants, entitlements, or shared revenues received that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is not amortized.

HIDEAWAY ROAD SEWERAGE DISTRICT #1 OF OUACHITA PARISH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Reserves

Reserves represent those portions of fund equity legally segregated for a specific future use.

2. CASH AND CASH EQUIVALENTS

At December 31, 1998, the district has cash and cash equivalents (book balances) totaling \$ 40,722 as follows:

Demand Deposits	20,489
Restricted Assets	20,233
TOTAL	<u>40,722</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits 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. At December 31, 1998, the district has \$40,722 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise 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.

3. RECEIVABLES

The following are the results of a special assessment of 32.00 per front foot levied against property owners:

Total Levied	349,079
Total Received	347,427
Balance at 12-31-98	1,652
Other Accounts Receivable	5,113
TOTAL	<u>6,765</u>

HIDEAWAY ROAD SEWERAGE DISTRICT #1 OF OUACHITA PARISH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. FIXED ASSETS

A summary of fixed assets at December 31, 1997, follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Plant & Equipment 12-31-97	313,689	37,458	276,231
Addn's 1998	0	6,273	0
Plant & Equipment 12-31-98	<u>313,689</u>	<u>43,731</u>	<u>43,731</u>
			<u>269,958</u>

5. LONG - TERM LIABILITIES

None.

6. PENSION PLAN

None.

7. OTHER POST - EMPLOYMENT BENEFITS

None.

8. RELATED PARTY TRANSACTIONS

None.

9. LITIGATION AND CLAIMS

None.

10. SUBSEQUENT EVENTS

None.

11. OTHER SUPPORT

None.

SUPPLEMENTARY INFORMATION

**HIDEAWAY ROAD SEWERAGE DISTRICT #1
OF OUACHITA PARISH**

**Supplemental Information Schedule
As of and for the year then ended December 31, 1998**

COMPENSATION PAID TO BOARD MEMBERS

The following schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

*Schedule of Compensation Paid Board Members as of and for the Year Ended
December 31, 1998*

Don Walker-Chairman 407 Raymond Drive Monroe, LA 71203	343-4886 322-6400	0.00
Nan Woods 107 Raymond Drive Monroe, LA 71203	343-8822	0.00
Bill Brodie 325 Raymond Drive Monroe, LA 71203	343-0334 251-0327	0.00
Ray Osterland 205 Raymond Drive Monroe, LA 71203		0.00
Brent Mothersbaugh 110 Raymond Drive Monroe, LA 71203	345-0847	0.00
C. Jarvis Thomas 413 Raymond Drive Monroe, LA 71203	343-8966	0.00

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INDEPENDENT AUDITOR'S 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
Hideaway Road Subdivision Sewerage District #1
Monroe, Louisiana
May 28, 1999

I have audited the general purpose financial statements of the Hideaway Road Subdivision Sewerage District #1, a component of the Ouachita Parish Police Jury, as of and for the year ended December 31, 1998 and have issued my report thereon dated May 28, 1999. I conducted my audit in accordance with generally accepted auditing 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 Hideaway Road Subdivision Sewerage District #1, Monroe, La.'s, general purpose financial statements are free of material misstatement, I performed test 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Hideaway Road Subdivision Sewerage District #1, Monroe, La.'s, internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose 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 weakness. 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 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 over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the Hideaway Road Subdivision Sewerage District #1's management and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



Jimmie Self, CPA
Monroe, Louisiana
May 28, 1999

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Schedule of Findings and Questioned Costs
For the Year Ended December 31, 1998

I have audited the financial statements of Hidcaway Road Sewerage District #1 as of and for the year ended December 31, 1998, and have issued my report dated May 28, 1999. I conducted my audit in accordance with generally accepted auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. [and the provisions of OMB Circular A-133.] My audit of the financial statements as of December 31, 1998 resulted in an unqualified opinion (qualified, adverse, disclaimer).

Section I Summary of Auditor's Reports

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

Internal Control

Material Weaknesses yes no Reportable Conditions yes no

Compliance

Compliance material to Financial Statements yes no

Schedule of Prior Year Findings for the year ended December 31, 1997.

None.