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CHOCTAW ROAD LANDFILL

(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)

General-Purpose Financial Statements and
Independent Auditor's Reports

Year Ended December 31, 1999

Under provisions of state law, this report is a public document. A copy of this report has been furnished to the entire and the appropriate public officials. This report is available for public inspection in the Rouge office of the legislative auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JUL 19 2000

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT • CERTIFIED GOVERNMENT FINANCIAL MANAGER

CHOCTAW ROAD LANDFILL
(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)

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December 31, 1999

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RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

INDEPENDENT AUDITOR'S REPORT ON THE GENERAL-PURPOSE FINANCIAL STATEMENTS

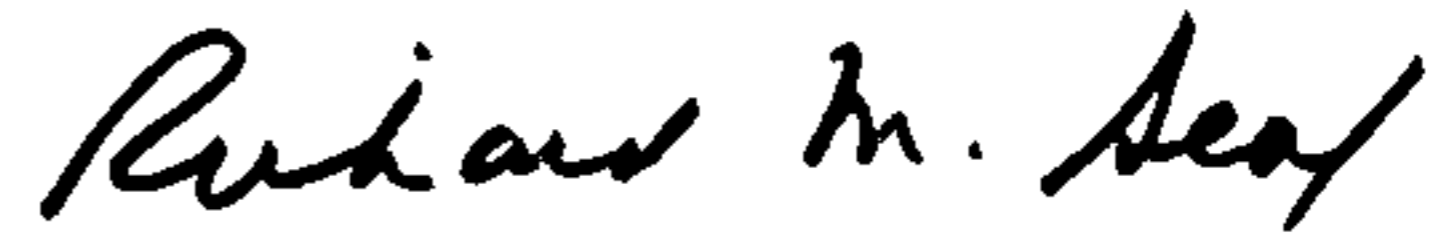
Choctaw Road Landfill
Franklinton, Louisiana

I have audited the accompanying general-purpose financial statements of the Choctaw Road Landfill, a joint venture of the Washington Parish Government and the City of Bogalusa, as of and for the year ended December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Choctaw Road Landfill'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 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 general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Choctaw Road Landfill, a joint venture of the Washington Parish Government and the City of Bogalusa, as of December 31, 1999, 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 my report dated May 19, 2000 on my consideration of the Choctaw Road Landfill's internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, contracts, and grants.

A handwritten signature in black ink that reads "Richard M. Seal". The signature is written in a cursive style with a large initial 'R' and 'S'.

Certified Public Accountant

Bogalusa, Louisiana
May 19, 2000

CHOCTAW ROAD LANDFILL
(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)
GENERAL FUND

Balance Sheet
December 31, 1999

ASSETS

Cash	\$ 3,915
Tipping fees receivable	<u>75,763</u>
Total assets	<u>\$ 79,678</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 41,971
Total liabilities	<u>41,971</u>
Fund Balance:	
Joint venturers' equity (deficit)-	
Washington Parish Government	86,279
City of Bogalusa	<u>(48,572)</u>
Total fund balance	<u>37,707</u>
Total liabilities and fund balance	<u>\$ 79,678</u>

The accompanying notes are an integral part of this statement.

CHOCTAW ROAD LANDFILL
(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)
GENERAL FUND

Statement of Revenues and Expenditures -
Budget (GAAP Basis) and Actual
Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Tipping fees	\$ 231,507	\$ 226,917	\$ (4,590)
Interest	500	128	(372)
Sale of timber	<u>—</u>	<u>40,208</u>	<u>40,208</u>
Total revenues	<u>232,007</u>	<u>267,253</u>	<u>35,246</u>
Expenditures:			
Current-			
Sanitation:			
Landfill operation contract	445,180	447,294	(2,114)
Salaries	35,671	35,671	—
Fringe benefits	3,283	3,297	(14)
Workers' compensation	3,309	3,638	(329)
Hospitalization	4,624	4,801	(177)
Dental insurance	200	198	2
Clay	5,781	5,780	1
Insurance	36,395	32,085	4,310
Maintenance	1,404	1,404	—
Legal	446	447	(1)
Engineering	42,579	42,579	—
Utilities	9,110	9,110	—
Supplies	129	128	1
Permit fee	2,829	2,829	—
Miscellaneous	25,319	26,626	(1,307)
Accounting & auditing	2,740	2,740	—
Capital outlay (Cell #3)	<u>809,183</u>	<u>816,008</u>	<u>(6,825)</u>
Total expenditures	<u>1,428,182</u>	<u>1,434,635</u>	<u>(6,453)</u>
Excess (deficiency) of revenue over expenditures	<u>\$ (1,196,175)</u>	<u>\$ (1,167,382)</u>	<u>\$ 28,793</u>

The accompanying notes are an integral part of this statement.

CHOCTAW ROAD LANDFILL
(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)
GENERAL FUND

Statement of Joint Venturers' Equity
Year Ended December 31, 1999

	<u>Washington Parish Government</u>	<u>City of Bogalusa</u>	<u>Total</u>
Balance, January 1, 1999	\$ —	\$ —	\$ —
Contributions by Joint Venturers	764,528	440,561	1,205,089
Excess (deficiency) of revenues over contributions by Joint Venturers	<u>(678,249)</u>	<u>(489,133)</u>	<u>(1,167,382)</u>
Balance(deficit), December 31, 1999	<u>\$ 86,279</u>	<u>\$ (48,572)</u>	<u>\$ 37,707</u>

The accompanying notes are an integral part of this statement.

CHOCTAW ROAD LANDFILL
(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)

Notes to the General-Purpose Financial Statements
December 31, 1999

INTRODUCTION

During 1985, the Washington Parish Government (the Parish Government) and the City of Bogalusa (the City) entered into a verbal agreement for the construction and operation of the Choctaw Road Landfill (the joint venture). The landfill was opened in July of 1989. The agreed upon percentages for sharing of construction costs, revenues, and operating costs were 58.1% for the Parish Government and 41.9% for the City. The Parish Government maintains the records for the joint venture and controls actual receipts and expenditures.

The landfill operates on a "cell basis", that is, only a portion or "cell" of the landfill is used at a time. Certain materials and equipment used to contain the waste and monitor the environmental effect of landfill operations, such as liners and leachate collection systems, are installed before the cell is ready to receive waste in accordance with federal and state requirements. Final cover is applied to each cell once it is filled to capacity. The first and second cells have been covered, and the third cell was completed in 1999.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Choctaw Road Landfill have been prepared in conformity with generally accepted accounting principles 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

GASB Statement No. 14 established standards for defining and reporting on the financial entity, and established standards for reporting participation in joint ventures. It defined a joint venture as "a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest

CHOCTAW ROAD LANDFILL
(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)
Notes to the General-Purpose Financial Statements (continued)

or (b) an ongoing financial responsibility.” Statement No. 14 also established that such joint ventures are stand-alone reporting entities. Therefore, the Choctaw Road Landfill has applied the provisions of Statement No. 14 as if it were a primary government.

C. FUND ACCOUNTING

A fund is a separate accounting entity with a self-balancing set of accounts. The joint venture has only one fund type (Governmental) and one fund:

General Fund

The general fund accounts for revenues and expenditures from landfill operations and for joint venture investments received from the Parish Government and the City.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The General Fund is accounted for using a flow of current financial resources measurement focus. The accompanying general-purpose financial statements have been prepared on the modified accrual basis of accounting.

Revenues

Intergovernmental revenue and tipping fees are susceptible to accrual, and are recognized as revenue when earned.

Expenditures

Expenditures are recognized when the liability is incurred.

Other Financing Sources

Contributions by participants for operations of the Choctaw Road Landfill are accounted for as other financing sources.

CHOCTAW ROAD LANDFILL
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Notes to the General-Purpose Financial Statements (continued)

E. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

F. BUDGET PRACTICES

The 1999 budget of Choctaw Road Landfill was included in the budget of the Washington Parish Government as a special revenue fund.

Unexpended appropriations lapse at year end.

G. ENCUMBRANCES

The Choctaw Road Landfill uses encumbrances. The issuance of a purchase order or the signing of a contract creates an encumbrance. The encumbrance does not represent an expenditure for the period, only a commitment to expend resources.

H. COMPENSATED ABSENCES

One employee of the Washington Parish Government has been assigned to the Choctaw Road Landfill. The joint venture has no employees, and no liability for compensated absences.

I. FIXED ASSETS

Land cost, construction costs, and other fixed assets are recorded in the general fixed assets account group of each participant's individual financial statements. No depreciation has been provided on general fixed assets.

NOTE 2 - PARTICIPANTS' METHOD OF FUNDING

The Parish Government's share of costs has been funded by a one percent sales tax in Washington Parish, excluding Ward 4. The City's share of costs has been funded by an ad valorem tax on property within the city limits of Bogalusa and the issuance of general obligation bonds. The participants contribute these funds to the joint venture as needed.

CHOCTAW ROAD LANDFILL

(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)

Notes to the General-Purpose Financial Statements (continued)

**NOTE 3 - SOLID WASTE LANDFILL CLOSURE AND
POSTCLOSURE CARE COSTS**

State and federal laws and regulations require the Choctaw Road Landfill to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. A related liability is being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for closure and postclosure costs at December 31, 1999, determined by the landfill's engineer, was \$677,235. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The estimated liability for closure and postclosure care costs of \$677,235 as of December 31, 1999 has been recorded in the general long-term debt of each participant's separate financial statements as follows:

Washington Parish Government	58.1%	\$ 393,474
City of Bogalusa	41.9%	<u>283,761</u>
		<u>\$ 677,235</u>

Neither the Parish Government nor the City is required to set aside funds in escrow to finance future closure and postclosure care costs.

NOTE 4 - LITIGATION AND CLAIMS

There are no pending or threatened litigation concerning the joint venture, nor any unasserted claims or assessments.

NOTE 5 - LANDFILL OPERATION CONTRACT

The Parish Government and the City entered into a contract with Double C Transportation, Inc. to operate the Landfill. The contract began on June 26, 1991 and continues for approximately ten years depending on cell usage. The fee for

CHOCTAW ROAD LANDFILL
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Notes to the General-Purpose Financial Statements (continued)

services rendered by the contractor began at \$27,820 per month with annual adjustments to reflect fluctuations in the Consumers Price Index. Double C Transportation, Inc. changed its name to Landworks, Inc. on January 12, 1993.

NOTE 6 - EXPENDITURES PAID BY PARTICIPANTS

The Choctaw Road Landfill's office is located in the Washington Parish Courthouse. The cost of maintaining and operating the courthouse, as required by Louisiana Revised Statute 33:4713, is paid by the Washington Parish Government. In addition, certain other expenditures paid by the individual participants are not included in the accompanying financial statements.

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

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

Choctaw Road Landfill
Franklinton, Louisiana

I have audited the financial statements of Choctaw Road Landfill, a joint venture of the Washington Parish Government and the City of Bogalusa, as of and for the year ended December 31, 1999, and have issued my report thereon dated May 19, 2000. 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 Choctaw Road Landfill'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 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 Choctaw Road Landfill'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 over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more

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 Choctaw Road Landfill's management and the office of the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Richard M. Seal". The signature is written in a cursive, flowing style.

Certified Public Accountant

Bogalusa, Louisiana
May 19, 2000