

### OUACHITA SEWERAGE DISTRICT NO. 10 (A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY)

# Financial Statements For the Years Ended December 31, 1999 and 1998

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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 report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish cierk of court.

Release Date 4/12/00

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(A Professional Accounting Corporation)

**CERTIFIED PUBLIC ACCOUNTANTS** 

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## **OUACHITA SEWERAGE DISTRICT NO. 10**

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**DECEMBER 31, 1999 and 1998** 

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Board of Commissioners Ouachita Sewerage District No. 10 Sterlington, Louisiana

We have compiled the accompanying balance sheets of **Ouachita Sewerage District No. 10** (a component unit of Ouachita Parish Police Jury) as of and for the years ended December 31, 1999 and 1998, and the related statements of revenues, expenses and changes in accumulated deficit, and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Kuffy. Huffman & Konce

(A Professional Accounting Corporation)

March 16, 2000

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MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

# FINANCIAL STATEMENTS



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# OUACHITA SEWERAGE DISTRICT NO. 10 BALANCE SHEETS

	December 31,			
	1999	1998		
ASSETS				
Current Assets				
Cash	\$ 2,828	\$ 2,000		
Accounts Receivable	1,125	1,295		
Total Current Assets	3,953	3,295		
Restricted Assets - Cash:				
Debt Service Sinking Fund	865	3,673		
Reserve Fund	5,291	5,163		
Depreciation Fund	5,295	5,195		
Total Restricted Assets	11,451	14,031		
Property and Equipment				
Sewerage System	292,284	292,284		
Equipment	7,537	7,537		
Total	299,821	299,821		
Less: Accumulated Depreciation	(254,700)	(239,642)		
Total Property and Equipment	45,121	60,179		
TOTAL ASSETS	\$ <u>60,525</u>	\$ 77,505		

# See accompanying notes and accountants' report.

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		Decer	mber 3	1,
		1999		1998
LIABILITIES AND FUND EQUITY				
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Current Liabilities			
Accounts Payable	\$ 355	\$	81
Payroll Taxes Payable	59		30
Total	 414	-	111
Current Liabilities (Payable From			
Restricted Assets)			
Notes Payable	 1,947	·	1,875
Total Current Liabilities	2,361		1,986

Long-Term Liabilities		
Note Payable	76,100	77,904
Total Liabilities	78,461	79,890
Fund Equity		
Contributed Capital:		
Contributions - Federal Government	193,684	193,684
Less: Amortization - Grants	(154,947)	(145,263)
Total Contributed Capital	38,737	48,421
Accumulated Deficit:		
Reserved For Debt Service Sinking Fund	865	3,590
Reserved for Bond Reserve	5,291	4,780
Reserved For Depreciation	5,295	4,783
Unreserved - Deficit	(68,124)	(63,959)
Total Accumulated Deficit	(56,673)	(50,806)
Total Fund Equity	(17,936)	(2,385)
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>60,525</u> \$	77,505

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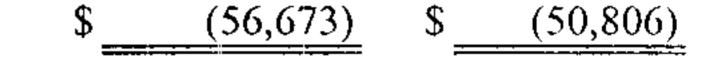
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# OUACHITA SEWERAGE DISTRICT NO. 10 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN ACCUMULATED DEFICIT

#### Year Ended

		December 31,			
	1999			1998	
Operating Revenues					
Sewerage Fees	\$	13,304	\$	13,860	
Total Operating Revenues	<b>G</b> ' <b>L</b> <sup>1</sup>	13,304	·	13,860	
Operating Expenses					
Contract Services		532		533	
Depreciation		15,058		15,058	
Insurance		650		177	
Maintenance and Repairs		4,329		1,588	
Miscellaneous		97		215	
Office Expense		117		5	
Payroll Taxes		209		190	
Professional Fees		750		750	
Salaries and Wages		2,524		2,491	
Utilities		939		733	
Total Operating Expenses		25,205		21,740	
Loss From Operations		(11,901)		(7,880)	
Nonoperating Revenues (Expenses)					
Interest Earned		289		278	
Interest Expense		(3,939)		(3,827)	
Total Nonoperating Revenues (Expenses)		(3,650)		(3,549)	
Net Loss		(15,551)		(11,429)	
Depreciation on Fixed Assets Acquired by Grants		9,684		9,684	
Increase in Accumulated Deficit		(5,867)		(1,745)	
Accumulated Deficit at Beginning of Year		(50,806)		(49,061)	

# ACCUMULATED DEFICIT AT END OF YEAR



# Scc accompanying notes and accountants' report.

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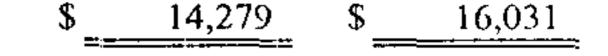
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# OUACHITA SEWERAGE DISTRICT NO. 10 STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	 1999		1998
Cash Flows From Operating Activities:			
Loss From Operations	\$ (11,901)	\$	(7,880)
Adjustments to Reconcile Loss From Operations			
to Net Cash Provided by Operating Activities :			
Depreciation	15,058		15,058
Changes in Assets and Liabilities:			
Accounts Receivable	170		(157)
Accounts Payable	274		(182)
Accrued Expenses	29		(1)
Total Adjustments	 15,531		14,718
Net Cash Provided by Operating Activities	3,630		6,838

Cash Flows From Financing Activities				
Principal Paid on Note		(1,732)		(1,968)
Interest Paid on Note		(3,939)		(3,827)
Net Cash Used by Financing Activities	<b>~</b> ,,	(5,671)		(5,795)
Cash Flows From Investing Activities				
Interest Received	_	289		278
Net Cash Provided (Used) by Investing Activities		289		278
Net Increase in Cash		(1,752)		1,321
Cash at Beginning of Year	<u> </u>	16,031		14,710
CASH AT END OF YEAR	\$ ====	14,279	\$ <u> </u>	16,031
SHOWN ON ACCOMPANYING BALANCE SHEETS AS:				
Current Assets:				
Cash	\$	2,828	\$	2,000
Restricted Assets:				
Debt Service Sinking Fund		865		3,673
Reserve Fund		5,291		5,163
Depreciation Fund		5,295		5,195

# TOTAL CASH AND CASH EQUIVALENTS



# See accompanying notes and accountants' report.

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### "SEE ACCOUNTANTS' REPORT"

#### **Note 1 - Description of Organization**

Ouachita Sewerage District No. 10 (the District) was created by the Ouachita Parish Police Jury (the Police Jury), as authorized by Louisiana Revised Statute 33:3811. The District is governed by a three-member Board of Commissioners who are residents of and own real estate in the District. The Board of Commissioners receive no compensation for their services. The Board is appointed by the Police Jury and is responsible for the dayto-day operations of the District and the setting of rates, fees and charges to users and customers residing within the District. The District provides service to approximately 70 residential customers.

#### Note 2 - Summary of Significant Accounting Policies

### A. Basis of Presentation

The accompanying financial statements of the District 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.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The District is considered to be an Enterprise Fund and 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 are included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. The District has elected not to apply Financial Accounting Standards Board statements and interpretations issued since November 30, 1989, unless they are adopted by the GASB.

**B.** Reporting Entity

In June, 1991 the GASB issued Statement Number 14 "The Financial Reporting"

Entity". This Statement established criteria for determining which component units of government should be considered part of the primary government for financial reporting purposes.

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#### "SEE ACCOUNTANTS' REPORT"

The basic criteria for determining a component unit is accountability. As the Police Jury appoints a voting majority of the board of commissioners of the District, has the ability to impose its will upon the District and the District's financial dependence upon the Police Jury, the District is considered a component unit of the Police Jury, the primary governing body of the parish and the governmental body with oversight responsibility.

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 primary governmental unit or other component units that comprise the primary government reporting entity.

C. Fund Accounting

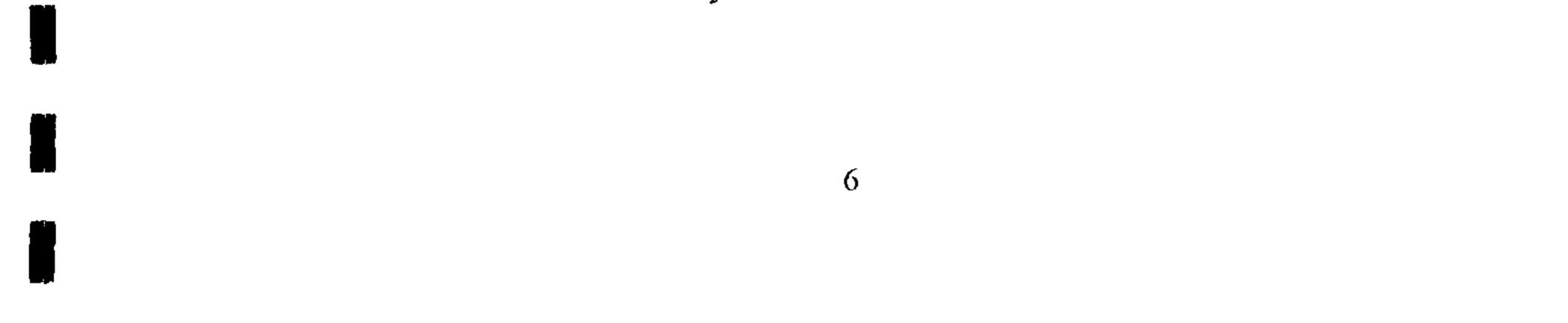
The District is organized and operated on a fund basis whereby a self-balancing set of accounts is maintained that comprises its assets, liabilities, fund equity, revenues and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of 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. Cash and Cash Equivalents

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits with 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.

#### Fixed Assets $E_{\cdot}$

Approximately 47 percent, or \$140,920, of fixed assets are valued at actual historical cost while the remaining 53 percent, or \$158,901, are valued at estimated historical cost. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over estimated useful lives of 10 to 20 years.



### "SEE ACCOUNTANTS' REPORT"

- F. Compensated Absences
  - The District has only two part-time employees. The employees do not earn sick leave or vacation.
- G. 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 amortized based on the depreciation recognized on that portion of the assets acquired from such contributions. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net loss.

#### Note 3 - Significant Concentrations of Credit Risk

Under state law, interest-bearing demand 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. At December 31, 1999, all of the monies on deposit were covered by federal deposit insurance.

The District extends credit to its customers (all of whom are located in Ouachita Parish) on an unsecured basis.

#### Note 4 - Notes Payable

The amounts due to General Electric Credit Corporation at December 31, 1999, and 1998 were \$78,047 and \$79,779 respectively, payable in annual installments of \$5,795 including interest at 5% through the year 2022. Retirement of the debt is made from user fees of the District. The District charges a minimum user fee of \$17.50 per month, based on 70 system users, so that adequate funds are available for retirement of the loan. The proceeds from this loan were used to provide for a portion of the cost of constructing, enlarging, and improving the sewerage system facility of the District. The annual requirements to amortize the loan outstanding at December 31, 1999, which includes interest of \$58,402, are as follows:

#### "SEE ACCOUNTANTS' REPORT"

Year Ending	 Amount
2000	\$ 5,795
2001	5,795
2002	5,795
2003	5,795
2004	5,795
2005 - 2022	 107,475
TOTAL	\$ 136,450

## Note 5 - Contributed Capital

Contributed capital represents the unamortized balance of a grant from the United States Environmental Protection Agency for 1983 renovations to the District's sewerage collection system. The contributed capital is amortized over a period of 20 years based on the depreciation recognized on the renovations funded by this grant.

The unamortized balances at December 31, 1999 and 1998 were \$38,737 and \$48,421 respectively.

#### **Note 6 - Reserved Retained Earnings**

The note payable discussed in Note 4 requires that the following reserve accounts be maintained:

- A. Revenue Reserve Fund A monthly deposit of \$25 into this account until the amount in the fund is equal to the highest annual debt service payment. The moncy in the Revenue Reserve Fund shall be retained solely for the purpose of paying principal and interest on notes that would otherwise be in default.
- B. Depreciation Reserve Fund A monthly deposit of \$25 into this account until the note

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has been fully retired. The money can only be used for repairs and improvements to the system and then only with the approval of the lender.

# "SEE ACCOUNTANTS' REPORT"

C. Sinking Reserve Fund - Monthly deposits of \$483 to meet the annual payment of principal and interest on the note.

## Note 7 - Risk Financing Activity

Through its primary government, the Ouachita Parish Police Jury, the District participates in a self-funded program (the fund) for potential losses under general liability, property and fleet coverage. The fund pays the premiums for reinsurance and pays all deductibles up to \$150,000 per occurrence, except for \$500, which is paid by the District. The premiums, which are modified for experience and other factors, are computed annually. The reinsurance policy picks up all losses over the \$150,000 deductible with an aggregate coverage of \$2,000,000. The fund has approximately \$1,100,000 in assets at December 31, 1999. The District contributed \$238 and \$239 into the fund during the years ended December 31, 1999 and 1998, respectively. The Police Jury also has a self-funded worker's compensation fund, which has approximately \$2,200,000 in assets at December 31, 1999. The District did not have any full-time employees during 1999 and 1998, and therefore did not make any contributions to the fund.

# **OUACHITA SEWERAGE DISTRICT NO. 10** (A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY)

# AFFIDAVIT

Personally came and appeared before the undersigned authority, Marily Dimersion Warily, who, duly sworn, deposes and says that the financial statements herewith given present fairly the financial position of the Ouachita Sewerage District No. 10 as of December 31, 1999, and the results of operations for the year then ended, in accordance with the basis of accounting described within the accompanying financial statements.

In addition, <u>Murilyn Mimor</u>, who, duly sworn, deposes and says that the Ouachita Sewerage District No. 10 received \$50,000 or less in revenues and other sources for the fiscal year ending December 31, 1999, and, accordingly, is not required to have an audit for the previously mentioned fiscal year end.

Marilmoh Signature

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Sworn to and subscribed before me, this  $\frac{22md}{md}$  Day of March, 2000.

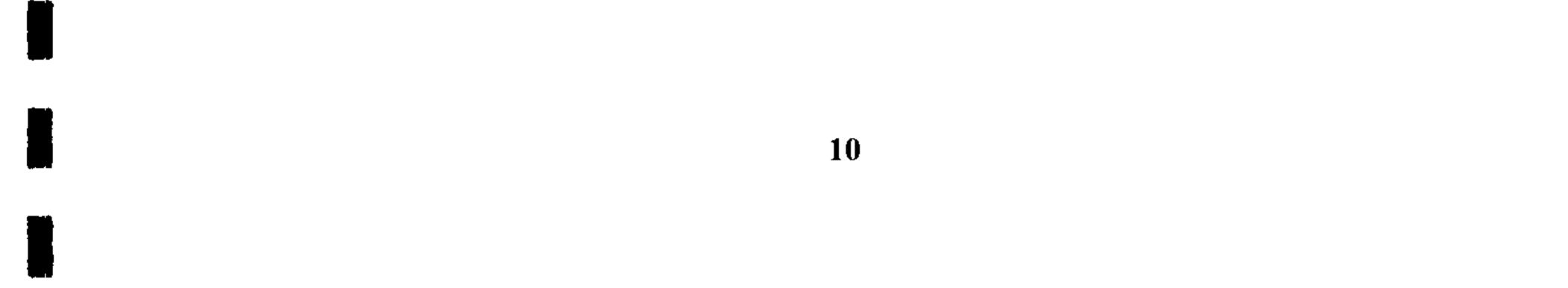
Mary Catherine Wobsen! NOTARY PUBLIC

Officer

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