

**NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY
Rayville, Louisiana**

Component Unit Financial Statements

As of December 31, 2000 and for the Year Then Ended

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Under provisions of state law, this report is a public document. Copies of the report has been submitted to the entity and other appropriate public officials. The reports are 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: 4-14-04

**NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY
Rayville, Louisiana**

**Component Unit Financial Statements
As of and for the Year Ended December 31, 2003
With Supplemental Information Schedule**

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NAREN M. HOLLIS, CPA

To the Richland Parish Police Jury
Northside Utility District No. 2
Rayville, Louisiana

I have compiled the accompanying component unit financial statements of the Northside Utility District No. 2, a component unit of the Richland Parish Police Jury, as of and for the year ended December 31, 2003, which collectively comprise the District's basic financial statements and the accompanying supplementary information contained in Schedule I which is presented only for supplementary analysis purposes, 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. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has not presented the management's discussion and analysis information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

March 25, 2004
Rayville, Louisiana

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STATEMENT A

NORTHSIDE UTILITY DISTRICT NO. 2
 RICHLAND PARISH POLICE JURY
 Rayville, Louisiana

Statement of Net Assets

December 31, 2003

	<u>2003</u>
ASSETS	
Cash and cash equivalents	\$5,600
Receivables (net of allowances for uncollectibles)	7,580
Capital assets (net)	<u>310,715</u>
TOTAL ASSETS	<u>\$123,181</u>
LIABILITIES	
Accounts, salaries, and other payables	\$9,787
Deposits due others	<u>3,726</u>
TOTAL LIABILITIES	<u>\$13,513</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$210,715
Unrestricted	<u>(127)</u>
TOTAL NET ASSETS	<u>\$210,588</u>

See the accountant's report.

The accompanying notes are an integral part of this statement.

**NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY
Rayville, Louisiana**

Statement of Revenues, Expenses and Changes in Net Assets

For the Year Ended December 31, 2005

	<u>2005</u>
Operating Revenues	
User Charges	\$28,734
Penalties	1,876
Total Operating Revenues	<u>30,610</u>
Operating Expenses	
Cost of sales and services	18,225
Contractual Services, Materials and Supplies	16,556
Depreciation	11,364
Other Expenses	887
Total Operating Expenses	<u>46,932</u>
Operating Income	<u>(14,322)</u>
Nonoperating Revenues (Expenses)	
Interest earnings	39
Total Nonoperating Revenues (Expenses)	<u>39</u>
Income Before Contributions and Transfers	<u>(14,283)</u>
Capital Contributions	13,424
Change in Net Assets	<u>(859)</u>
Total Net Assets-Beginning	211,347
Total Net Assets-Ending	<u>\$210,488</u>

See the accountant's report.

The accompanying notes are an integral part of this statement.

STATEMENT C

**NORTHEAST UTILITY DISTRICT NO. 3
RICHLAND PARISH POLICE JURY
Rayville, Louisiana**

Statement of Cash Flows, Proprietary Funds

For the Year Ended December 31, 2003

	2003
Cash Flows From Operating Activities	
Receipts from customers and users	\$71,802
Payments to suppliers	<u>(33,124)</u>
Net Cash Provided by Operating Activities	<u>(222)</u>
Cash Flows From NonCapital Financing Activities	
Net Cash Provided (used) by Noncapital Financing Activities	<u>0</u>
Cash Flows From Capital and Related Financing Activities	
Capital contributions	13,424
Capital assets improvements	<u>(13,424)</u>
Net Cash Provided (used) by Capital and Related Financing Activities	<u>0</u>
Cash Flows From Investing Activities	
Interest and dividends received	<u>32</u>
Net Cash Provided (used) by Investing Activities	<u>32</u>
Net Increase in Cash and Cash Equivalents	(190)
Cash and Cash Equivalents, Beginning of Year	<u>6,031</u>
Cash and Cash Equivalents, End of Year	<u><u>\$5,841</u></u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities	
Operating income	(\$14,122)
Depreciation expense	11,284
(Increase) decrease in accounts receivable	(1,217)
Increase (decrease) in allowance for uncollectible accounts	0
Increase (decrease) in customer deposits	513
Increase (decrease) in accounts payable	<u>2,630</u>
Total Adjustments	<u>13,890</u>
Net Cash Provided by Operating Activities	<u>(222)</u>

See the accountant's report.

The accompanying notes are an integral part of this statement.

NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY
Rayville, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2003

INTRODUCTION

The Richland Parish Police Jury created Northside Utility District No. 2 on December 3, 1991. It was combined from another district with a new area to be provided with water and sewer service. The District is responsible for maintaining and operating a water system and a sewerage collection and disposal system within the boundaries of the District. The District has a contract with the Town of Rayville for water pumping and the sewerage collection and disposal. The District is to be governed by a board of commissioners consisting of five (5) members appointed by the police jury. Each board member is to serve a four (4) year term. The board receives no compensation for their services. Due to there being no separate board, the members of the Richland Parish Police Jury are controlling the District.

GASB Statement No. 14, The Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Northside Utility District No. 2 is considered a component unit of the Richland Parish Police Jury. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's funds are charges to customers related to the sale of water and sewer services. The District also recognizes as operating revenue any late fees charged to customers. Operating expenses for the District's funds include water, sewer

**NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY**

Rayville, Louisiana

Notes to the Financial Statements (Continued)

printing, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, and then unrestricted resources as they are needed.

B. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Northside Utility District's investment policy allow the entity to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

C. Receivables and Payables

All trade receivables are shown net of an allowance for uncollectives. The District uses the allowance method for accounting for bad debt.

The District has \$8,589 in trade receivables with a \$1,000 allowance account as of December 31, 2003.

At December 31, 2003 the District had 88 customers connected for service. Of the total 88 are residential customers and 4 are commercial customers.

D. Restricted Assets

The District has no restricted assets.

E. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Northside Utility District No. 2 maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY
 Rayville, Louisiana
 Notes to the Financial Statements (Continued)

Capital Improvements Sewer System Water System	<u>Estimated Lives</u> 40 years 40 years 40 years
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F. Compensated Absences

The District has no employees as of December 31, 2003.

G. Long-Term Obligations

The District has no long-term obligations as of December 31, 2003.

H. Net Assets

Net Asset classifications are defined as follows:

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt", above.

I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

At December 31, 2003, the District has cash and cash equivalents (book balances) totaling \$5,538 as follows:

NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY
 Rayville, Louisiana
 Notes to the Financial Statements (Continued)

Demand deposits	\$1,082
Interest-bearing demand deposits	<u>4,390</u>
Total	<u>\$5,538</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) 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, 2003 the District has \$5,138 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance.

3. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2003 is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets being depreciated:				
Water System	\$241,908			\$241,908
Sewer System	198,034			198,034
Improvements other than buildings	0	13,424		13,424
Total capital assets being depreciated	<u>439,942</u>	<u>13,424</u>	<u>0</u>	<u>453,366</u>
Less accumulated depreciation for:				
Water System	98,819	4,901		103,720
Sewer System	136,626	8,827		145,453
Improvements other than buildings	0	308		308
Total accumulated depreciation	<u>235,445</u>	<u>13,936</u>	<u>0</u>	<u>249,381</u>
Total capital assets, net	<u>204,497</u>	<u>1,488</u>	<u>0</u>	<u>210,715</u>

4. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$8,767 are as follows:

**NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY**

Rayville, Louisiana

Notes to the Financial Statements (Continued)

Accounts	\$0,480
Other	<u>287</u>
Total	<u>\$0,767</u>

5. BOND CONCERN

The District has operated at a loss for several years. Contributing to the losses has been the District's inability to collect from its overdue customers. Another factor is the District purchases water and sewer pumping from the Town of Rayville which charges regular rates with no discount to the District. Those rates are then passed on to the customers. The District is struggling to pay the regular bills each month without assistance from the Police Jury.

The Richland Parish Police Jury has received a \$50,000 grant for improvements to the water and sewer systems. As of the December 31, \$13,424 had been used with the balance to be used by April 2004. The grant will certainly help in making the necessary repairs and improvements to the system but it will not solve the major problem of collecting from the customers. The Police Jury has also paid to the Town of Rayville \$8,504 for the water and sewer pumping in 2004 because the District has been unable to pay the Town for the past five months.

**NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY
Rayville, Louisiana**

**Schedule of Compensation Paid Board Members
For the Year Ended December 31, 2003**

Board Member	Amount
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The District is presently governed by the Richland Parish Police Jury. The Jurors receive no compensation from the District for their services.

See the accountant's report.
The accompanying notes are an integral part of this statement.