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CHOCTAW ROAD LANDFILL
*(A Joint Venture of the Washington Parish Police Jury
 and the City of Bogalusa)*

*General-Purpose Financial Statements and
 Independent Auditor's Reports*

Year Ended December 31, 1995

Under provisions of state law, this report is a public document. A copy of the report may be submitted to the auditor, 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 2-14-96

Richard M. Earl
LEGISLATIVE AUDITOR

CHOCTAW ROAD LANDFILL
*(A Joint Venture of the Washington Parish Police Jury
and the City of Bogalusa)*

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December 31, 1995

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Richard M. Seal

Chartered Public Accountant

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**INDEPENDENT AUDITORS' REPORT
ON THE GENERAL-PURPOSE FINANCIAL STATEMENTS**

**Chaetaw Road Landfill
Franklinton, Louisiana**

I have audited the accompanying general-purpose financial statements of the Chaetaw Road Landfill, a joint venture of the Washington Parish Police Jury and the City of Bogalusa, as of and for the year ended December 31, 1995. These general-purpose financial statements are the responsibility of the Chaetaw 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 Government Auditing Standards, issued by the Comptroller General of the United States. These 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 Chaetaw Road Landfill, a joint venture of the Washington Parish Police Jury and the City of Bogalusa, as of December 31, 1995, 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 a report dated June 11, 1996 on my consideration of the Choctaw Road Landfill's internal control structure and a report dated June 11, 1996 on its compliance with laws and regulations.



Certified Public Accountant

Bogalusa, Louisiana

June 11, 1996

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

Balance Sheet
December 31, 1996

ASSETS

Cash	\$ 166,323
Due from City of Bogalusa	14,389
Tipping fees receivable	<u>28,228</u>
Total assets	<u>\$ 208,940</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 35,746
Refundable deposit payable	599
Due to Washington Parish Police Jury	<u>173,228</u>
Total liabilities	<u>209,573</u>
Fund Balance:	
Joint venture equity-	
Washington Parish Police Jury	9
City of Bogalusa	<u>6</u>
Total fund balance	<u>15</u>
Total liabilities and fund balance	<u>\$ 209,588</u>

The accompanying notes are an integral part of this statement.

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

Statement of Revenues, Expenditures, and Changes in
 Fund Balance - Budget (GAAP Basis) and Actual
 Year Ended December 31, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Tipping fee	\$ 228,229	\$ 228,204	\$ 4,875
Interest	1,900		(1,900)
Total revenue	<u>\$ 230,129</u>	<u>\$ 228,204</u>	<u>\$ 1,925</u>
Expenditures:			
Current-			
Sanitation:			
Landfill operation contract	\$ 390,925	\$ 390,925	\$ --
Salaries	20,239	20,786	(546)
Retirement	1,662	1,661	1
Medicare	369	394	6
Unemployment	189	98	7
Workers' compensation	3,725	2,565	769
Hospitalization	5,500	5,511	(11)
Conference and convention	600	422	78
Insurance	47,300	28,218	8,485
Maintenance	1,900	1,473	27
Legal	150	247	(97)
Freight and shipping	200	208	(8)
Engineering	11,135	11,799	(664)
Utilities	2,500	2,513	(13)
Supplies	300	171	129
Permit fee	1,800	1,885	(85)
Miscellaneous	13,279	10,633	2,627
Capital outlay	11,485	11,485	\$
Total expenditures	<u>\$ 608,273</u>	<u>\$ 492,465</u>	<u>\$ 115,808</u>

(Continued)

The accompanying notes are an integral part of this statement.

CINCOTAW ROAD LANDFILL
 (A Joint Venture of the Washington Parish Police Jury
 and the City of Bogalusa)
GENERAL FUND

Statement of Revenues, Expenditures, and Changes in
 Fund Balance - Budget (GAAP Basis) and Actual
 Year Ended December 31, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
Excess (deficiency) of revenues over expenditures	\$ (283,044)	\$ (289,361)	\$ 6,317
Other financing sources:			
Contributions by participants -			
Washington Parish Police Jury	104,029	106,490	(2,461)
City of Bogalusa	<u>179,000</u>	<u>172,895</u>	<u>(6,105)</u>
Total other financing sources	<u>283,029</u>	<u>279,385</u>	<u>(3,644)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u> 15</u>	<u> 15</u>	<u> 0</u>
Fund balance, beginning	<u> 15</u>	<u> 15</u>	<u> 0</u>
Fund balance, ending	\$ <u> 15</u>	\$ <u> 15</u>	\$ <u> 0</u>

(Continued)

The accompanying notes are an integral part of this statement.

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

Notes to The General-Purpose Financial Statements
December 31, 1985

INTRODUCTION

During 1985, the Washington Parish Police Jury (the Police Jury) 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 58.7% for the Police Jury and 41.3% for the City. The Police Jury 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 cell has been covered, and the second cell is being used.

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.

CHOCOTAW ROAD LANDFILL

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

Notes to the General-Purpose Financial Statements (continued)

B. REPORTING ENTITY

GASB Statement No. 14 (effective for periods beginning after December 15, 1988) 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, sponsored, or governed by two or more participants in a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest 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 Fund) and one fund:

General Fund

The general fund accounts for revenues and expenditures from landfill operations and for joint venture investments received from the Police Jury 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.

CHOCTAW ROAD LANDFILL

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

Notes to the General-Purpose Financial Statements (continued)

REVENUES

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

EXPENDITURES

Expenditures are recognized under the modified accrual basis, when the liability is incurred.

III. BUDGET PRACTICES

The 1995 budget of Choctaw Road Landfill was included in the budget of the Washington Parish Police Jury as a special revenue fund.

Unexpended appropriations lapse at year end.

F. 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.

G. COMPENSATED ABSENCES

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

H. 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.

CHOCTAW ROAD LANDFILL

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

Notes to the General-Purpose Financial Statements (continued)

NOTE 2 - PARTICIPANTS' METHOD OF FUNDING

The Police Jury's share of costs has been funded by a one percent sales tax in Washington Parish, excluding Ward 4 (Bogalusa). 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.

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 landfill closure and postclosure care costs has a balance of \$209,962 as of December 31, 1995, which is based on 16 per cent usage (filled) of the landfill. It is estimated that an additional \$1,312,267 will be recognized as closure and postclosure care expenditures between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and postclosure care (\$1,312,267) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 1995. 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 \$209,962 as of December 31, 1995 has been recorded in the general long-term debt of each participant's separate financial statements section as follows:

Washington Parish Police Jury	55.1%	\$	121,988
City of Bogalusa	44.9%		<u>87,974</u>
		\$	<u>209,962</u>

CHOCTAW ROAD LANDFILL

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

Notes to the General-Purpose Financial Statements (continued)

Neither the Police Jury nor the City is required to set aside funds in excess 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 Police Jury and the City entered into a contract with Double C Transportation, Inc. to operate the Landfill. The contract began on June 26, 1993 and continues for approximately ten years depending on cell usage. The fee for services rendered by the contractor began at \$27,800 per month with annual adjustments to reflect fluctuations in the Consumer Price Index. Double C Transportation, Inc. changed its name to Landwerks, Inc. on January 11, 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 Police Jury. In addition, certain other expenditures paid by the individual participants are not included in the accompanying financial statements.

NOTE 7 - MISSING TIPPING FEE REVENUE

In February, 1994, employees of the Police Jury discovered numerous receipts, cash and checks in a file cabinet used by one of its employees. Between 1990 and 1994, \$35,000 was received as revenue, but not recorded or deposited. Of this amount, \$9,931 was unaccounted for. The remaining \$25,100 was deposited into the Landfill's accounts, but \$10,400 in checks was returned by the bank as stale-dated, closed account, or non-sufficient funds, which may not be recoverable by the Police Jury. There are on-going efforts to collect checks returned by the bank, and they

CHOCTAW ROAD LANDFILL

*(A Joint Venture of the Washington Parish Police Jury
and the City of Bogalusa)*

Notes to the General Purpose Financial Statements (continued)

will be recorded as revenue as collected. The financial statements include the \$14,700 recovered by the Police Jury.

The Louisiana Legislative Auditor conducted an investigation concerning, among other things, the missing tipping fees revenue. The matter was turned over to the District Attorney's office for investigation. The Grand Jury is expected to render a ruling before June 30, 1996.

Richard M. Seal

Chartered Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL, AS PART OF AN AUDIT OF THE GENERAL-PURPOSE FINANCIAL STATEMENTS

Choctaw Road Landfill Franklin, Louisiana

I have audited the general-purpose financial statements of the Choctaw Road Landfill, a joint venture of the Washington Parish Police Jury and the City of Bogalusa, as of and for the year ended, December 31, 1995 and have issued my report thereon dated June 11, 1996.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Choctaw Road Landfill is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in

accordance with management's authorization and recorded properly to permit the preparation of general-purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the general-purpose financial statements of the Chehaw Road Landfill for the year ended December 31, 1995, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general-purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

L. WRITTEN JOINT VENTURE AGREEMENT

Criteria - Intergovernmental joint venture agreements should be written. Oral agreements are, usually, not comprehensive and sometimes lead to misunderstandings. In a specified Procedures Examination dated December 19, 1991, the Legislative Auditor also recommended a written joint venture agreement.

Condition - There is no formal written agreement between the Police Jury and the City of Bogalusa.

Auditor's Recommendation - I recommend that a comprehensive written agreement be executed.

Prior-year Findings - This weakness was noted in the prior-year audit report, and not corrected.

Management's Response - The Police Jury has signed the Joint Venture Contract, the City has not.

II. COLLECTION OF DELINQUENT TIPPING FEES

Criteria - Procedures should be in place and administered to collect delinquent tipping fees.

Condition - During 1992 and 1993, one user account was allowed to become delinquent by more than 12 months. In 1994, a letter was written by the District Attorney's office to the user asking for \$23,609.97 in delinquent tipping fees. An agreement was reached that the user pay \$1,000 per month on the amount in arrears, plus the current month's billing. The user has not fully complied with the agreement, yet no further collection efforts have been made by the Police Jury.

Auditor's Recommendation - Formal collection policies and procedures should be adopted.

Management's Response - The Police Jury has turned this account over to the District Attorney's office. They had to set up the payment schedule and we are to notify the District Attorney's office that the account is in arrears and to proceed with the necessary collection procedures.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe none of the reportable conditions described above are material weaknesses.

The prior year audit report included a reportable condition involving control of weigh tickets. The issue was addressed by management and corrected.

This report is intended for the information of the Cheate 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.



Certified Public Accountant

Dogana, Louisiana
June 11, 1998

Richard M. Seal

Chief Public Accountant

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INDEPENDENT AUDITORS REPORT ON COMPLIANCE
AS PART OF AN AUDIT OF THE GENERAL-
PURPOSE FINANCIAL STATEMENTS

Chicotaw Road Landfill
Franklin, Louisiana

I have audited the general-purpose financial statements of the Chicotaw Road Landfill, a joint venture of the Washington Parish Police Jury and the City of Bogalusa, as of and for the year ended December 31, 1996, and have issued my report thereon dated June 11, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These 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.

Compliance with laws, regulations, contracts, and grants applicable to the Chicotaw Road Landfill is the responsibility of the Landfill's management. As part of obtaining reasonable assurance about whether the general-purpose financial statements are free of material misstatement, I performed tests of the Chicotaw Road Landfill's compliance with certain provisions of laws, regulations, contracts, and grants. However, my objective was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

This report is intended for the information of the 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.



Certified Public Accountant

Dogalona, Louisiana
June 11, 1998