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# *CHOCTAW ROAD LANDFILL*

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

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

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*Year Ended December 31, 1986*

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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 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 JUL 23 1987

**RICHARD M. SEAL**

CERTIFIED PUBLIC ACCOUNTANT • CERTIFIED GOVERNMENT FINANCIAL MANAGER

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

**TABLE OF CONTENTS**

December 31, 1996

	PAGE
<i>Independent Auditor's Report on the General-Purpose Financial Statements</i>	1-2
<i>Balance Sheet</i>	3
<i>Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual</i>	4-5
<i>Notes to the General-Purpose Financial Statements</i>	6-10
<i>Independent Auditor's Report on Internal Control as Part of an Audit of the General-Purpose Financial Statements</i>	11-14
<i>Independent Auditor's Report on Compliance as Part of an Audit of the General-Purpose Financial Statements</i>	15-16

**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 Police Jury and the City of Bogalusa, as of and for the year ended December 31, 1996. 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 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 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 Choctaw Road Landfill, a joint venture of the Washington Parish Police Jury and the City of Bogalusa, as of December 31, 1996, 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 May 20, 1997 on my consideration of the Choctaw Food Landfill's internal control structure and a report dated May 20, 1997 on its compliance with laws and regulations.

*Rudaw M. Seal*

Certified Public Accountant

Bogalusa, Louisiana  
May 20, 1997

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	\$ 3,636
Due from City of Bogalusa	121,545
Tipping fees receivable	<u>12,374</u>
Total assets	<u>\$ 137,555</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 49,811
Due to Police Jury	<u>88,728</u>
Total liabilities	138,539
Fund Balance:	
Joint venture equity:	
Washington Parish Police Jury	\$
City of Bogalusa	<u>12</u>
Total fund balance	<u>12</u>
Total liabilities and fund balance	<u>\$ 137,555</u>

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, 1990

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Tipping fees	\$ 178,912	\$ 167,325	\$ (11,587)
Interest	<u>519</u>	<u>521</u>	<u>2</u>
<b>Total revenues</b>	<u>178,831</u>	<u>167,846</u>	<u>(11,985)</u>
<b>Expenditures:</b>			
<b>Current-</b>			
<b>Sanitation:</b>			
Landfill operation contract	395,431	410,311	(14,880)
Salaries	24,892	24,067	825
Retirement	1,761	1,749	12
Medicare	369	343	26
Unemployment	67	38	29
Workers' compensation	3,285	3,295	10
Hospitalization	2,785	2,446	339
Conferences and convention	421	237	184
Insurance	28,293	28,549	256
Maintenance	1,472	3,353	(1,881)
Legal	653	535	118
Freight and shipping	260	152	108
Engineering	18,371	18,567	(196)
Utilities	2,890	2,937	(47)
Supplies	170	31	139
Permit fee	3,800	3,797	3
Miscellaneous	12,810	11,711	1,099

(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)  
**GENERAL FUND**

**Statement of Revenues, Expenditures, and Changes in  
 Fund Balance - Budget (GAAP Basis) and Actual  
 Year Ended December 31, 1999**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Expenditures (cont'd):</b>			
Salaries	\$ 1,550	\$ 1,526	\$ 24
Accounting & auditing	3,950	3,950	—
Capital outlay	<u>178,221</u>	<u>178,488</u>	<u>267</u>
Total expenditures	<u>687,283</u>	<u>693,964</u>	<u>6,681</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(511,432)</b>	<b>(535,222)</b>	<b>(23,790)</b>
<b>Other financing sources:</b>			
Contribution by participants-			
Washington Parish			
Police Jury	397,515	310,740	86,775
City of Bogalusa	<u>212,922</u>	<u>224,478</u>	<u>11,556</u>
Total other financing sources	<u>610,437</u>	<u>535,218</u>	<u>75,219</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures</b>	<b>99,005</b>	<b>0</b>	<b>99,005</b>
<b>Fund balance, beginning</b>	<b>15</b>	<b>15</b>	<b>—</b>
<b>Fund balance, ending</b>	<b>\$ 114,010</b>	<b>\$ 115</b>	<b>\$ 113,895</b>

(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, 1986

**INTRODUCTION**

During 1983, 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 1983. The agreed upon percentages for sharing of construction costs, revenues, and operating costs were 58.1% for the Police Jury and 41.9% 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.



## CHICKTAW 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 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 or (b) an ongoing financial responsibility." Statement No. 14 also established that such joint ventures are stand-alone reporting entities. Therefore, the Chicktaw 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 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.

## **CHICTAW 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.

### **Other Financing Sources**

Contributions by participants for operations of the Chictaw Road Landfill are accounted for as other financing sources. These other financing sources are susceptible to accrual and are recognized as contributions as needed.

## **E. BUDGET PRACTICES**

The 1990 budget of Chictaw 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 Chictaw 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 Chictaw Road Landfill. The joint venture has no employees, and no liability for compensated absences.

## 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)

### II. 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 1 - 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. 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 2 - 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 10 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 \$242,846 as of December 31, 1996, which is based on 16 per cent usage (fill) of the landfill. It is estimated that an additional \$1,280,794 will be recognized on 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 (\$1,524,040) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were required as of December 31, 1996. 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.

#### CHOCATAW ROAD LANDFILL

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

Notes to the General-Purpose Financial Statements (continued)

The estimated liability for closure and postclosure care costs of \$242,846 as of December 31, 1996 has been recorded in the general long-term debt of each participant's separate financial statements as follows:

Washington Parish Police Jury	68.3%	\$ 141,076
City of Bogalusa	41.7%	<u>102,171</u>
		<u>\$ 242,846</u>

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 20, 1991 and continues for approximately ten years depending on cell usage. The fee for services rendered by the contractor began at \$27,620 per month with annual adjustments to reflect fluctuations in the Consumer Price Index. Double C Transportation, Inc. changed its name to Landworks, Inc. on January 12, 1993.

#### NOTE 6 - EXPENDITURES PAID BY PARTICIPANTS

The Chocataw 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 22:4713, 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.

**INDEPENDENT AUDITORS REPORT ON INTERNAL CONTROL AS  
PART OF AN AUDIT OF THE GENERAL PURPOSE  
FINANCIAL STATEMENTS**

**Chester Road Landfill  
Franklinton, Louisiana**

I have audited the general-purpose financial statements of the Chester 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, 1998, and have issued my report thereon dated May 20, 1997.

I conducted my audit in accordance with generally accepted auditing standards and 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.

The management of the Chester 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 Cheshire Road Landfill for the year ended December 31, 1996, 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 relating to my situation 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.

#### **I. WRITTEN JOINT VENTURE AGREEMENT**

**Criteria** - Intergovernmental joint venture agreements should be written. Oral agreements are, usually, not comprehensive and sometime lead to misunderstandings. In a Specified Procedures Examination dated December 19, 1993, 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 prior-years' audit reports, and not corrected.

*Management's Response* - On January 27, 1997, the Police Jury voted unanimously to authorize the President to sign the Joint Venture contract. Since that time there have been changes made in the contract by both the Police Jury and the City, and at this date there are still some changes that the City is wanting to make in the contract. The contract has not been executed by either parties.

## II. COLLECTION OF DELINQUENT TIPPING FEES

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

*Condition* - On June 24, 1996 the Police Jury adopted written "Collection Procedures for Collection of Tipping Fees at the Chactaw Landfill". However these policies were not enforced, and there were no active follow-up procedures to collect delinquent accounts. Four customers were over six months in arrears. In fact, one customer had not paid in two years and was still allowed to charge tipping fees at the landfill.

*Auditor's Recommendation* - The collection procedures adopted by the Police Jury should be enforced.

*Prior-year Findings* - The prior-year audit report suggested that the Police Jury adopt and administer collection procedures. Procedures were adopted, but not administered.

*Management's Response* - Collection procedures for delinquent accounts at the landfill were adopted by the Police Jury on June 24, 1996. In reference to the delinquent accounts, the account with the largest balance has been put out of the landfill until the balance is cleared up. Another of the delinquent accounts has paid half of its balance. We will continue to work on collecting these balances.

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.

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

Bogalusa, Louisiana  
May 28, 1997



# RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT • CERTIFIED GOVERNMENT FINANCIAL MANAGER

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AS PART OF AN AUDIT OF THE GENERAL- PURPOSE FINANCIAL STATEMENTS

Choctaw Road Landfill  
Franklinton, 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, 1996, and have issued my report thereon dated May 20, 1997.

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 Choctaw 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 Choctaw 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 Cactus 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

Bogalusa, Louisiana  
May 28, 1997