

GUADALUPE SEWERAGE DISTRICT NO. 10
NOTICE TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

"SEE ACCOUNTANT'S REPORT"

- B. Depreciation Reserve Fund - A monthly deposit of \$25 into this account until the note 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 trustee.
- 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 Guadalupe Parish Police Jury, the District participates in a self-funded program (the fund) for potential losses under general liability, property and fleet coverage and worker's compensation. The fund pays the premiums for reinsurance and pays all deductibles up to \$100,000 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 \$3,100,000 in assets at December 31, 1996. The District contributed \$274 into the fund during the year ended December 31, 1996.

**QUACHITA SEWERAGE DISTRICT NO. 18
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995**

"SEE ACCOUNTANTS' REPORT"

sewerage system facility of the District. The annual requirements to amortize the loan outstanding at December 31, 1995, which includes interest of \$67,354, are as follows:

Year Ending	<u>Amount</u>
1997	\$ 785
1998	\$ 786
1999	\$ 790
2000	\$ 790
2001	\$ 790
2002 - 2021	<u>121,628</u>
TOTAL	<u>\$ 130,678</u>

Note 5 - Contributed Capital

Contributed capital represents the unamortized balance of a grant from the United States Environmental Protection Agency for 1985 renovations to the District's sewerage collection system. The contributed capital is amortized over a period of 28 years based on the depreciation recognized on the renovations funded by this grant.

The unamortized balances at December 31, 1996, and 1995 were \$67,790 and \$77,474 respectively.

Note 6 - Reserved Retained Earnings

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

- A. **Revenue Reserve Fund** - A monthly deposit of \$28 into this account until the amount in the fund is equal to the highest annual debt service payment. The money 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.

OUACHITA SEWERAGE DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

"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, endowments 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 charged 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, 1996, 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, 1996, and 1995 were \$83,246 and \$84,858 respectively, payable in annual installments of \$5,795 including interest at 7% through the year 2021. Retirement of the debt is made from user fees of the District. The District charges a minimum user fee of \$7.10 per month, based on 78 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

**BOCAIRTA SEWERAGE DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995**

"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.

E. Fixed Assets

Approximately 47 percent of fixed assets are valued at actual historical cost while the remaining 53 percent are valued at estimated historical cost. Depreciation of all exhaustible fixed assets are charged as an expense against operations. Depreciation is computed using the straight-line method over estimated useful lives of 10 to 28 years.

QUACHITA SEWERAGE DISTRICT NO. 10
STATEMENTS OF CASH FLOWS

	Year Ended	
	December 31,	
	<u>1996</u>	<u>1995</u>
Cash Flows From Operating Activities		
Less From Operations	\$ (5,643)	\$ (6,784)
Adjustments to Reconcile Less From Operations to Net Cash Provided by Operating Activities		
Depreciation	35,088	15,817
(Increase) / Decrease in Accounts Receivable	(88)	49
Increase / (Decrease) in Accounts Payable	140	(203)
Increase in Accrued Expenses	4	28
Total Adjustments	<u>35,144</u>	<u>15,491</u>
Net Cash Provided by Operating Activities	\$ 2,901	\$ 8,007
Cash Flows From Capital and Related Financing Activities		
Acquisition of Fixed Assets	(796)	(431)
Principal Paid on Bonds	(1,557)	(1,478)
Interest Paid on Note	(4,183)	(5,211)
Net Cash Used by Capital and Related Financing Activities	<u>(6,536)</u>	<u>(7,120)</u>
Cash Flows From Investing Activities		
Interest Received	214	225
Net Cash Provided by Investing Activities	<u>214</u>	<u>225</u>
Net Increase in Cash and Cash Equivalents	\$ 669	\$ 106
Cash and Cash Equivalents at Beginning of Year	<u>13,675</u>	<u>13,146</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 14,344</u>	<u>\$ 13,252</u>

VERIFY ON ACCOMPANYING BALANCE SHEETS AND

Current Assets		
Cash	\$ 1,584	\$ 4,346
Restricted Assets		
Debt Service Sinking Fund	3,592	897
Reserve Fund	4,663	4,389
Depreciation Fund	<u>4,606</u>	<u>9,483</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 14,344</u>	<u>\$ 13,252</u>

See accompanying notes and accountants' report.

LIFFEY, HUFFMAN & MONROE
Certified Public Accountants
P.O. BOX 4745 1000 NORTH 10TH STREET
MONROE, LOUISIANA 71221-4745

TELEPHONE (225) 835-6400
FAX (225) 322-8888

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, 1996 and 1995, 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.

Liffey, Huffman & Monroe

March 26, 1997

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

**Financial Statements
For the Years Ended December 31, 1996 and 1995**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the architect, or recipient, every 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 4-9-97

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

AFFIDAVIT

Personally came and appeared before the undersigned authority, C. J. Welch, 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, 1996, 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, C. J. Welch, 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, 1996, and, accordingly, is not required to have an audit for the previously mentioned fiscal year end.

C. J. Welch
Signature

Sworn to and subscribed before me, this Thirty-First Day of March, 1997.

Catherine S. Sater
NOTARY PUBLIC

Office _____

Address _____

Telephone No. _____

December 31,

	<u>1996</u>	<u>1995</u>
LIABILITIES AND FUND EQUITY		
Current Liabilities		
Accounts Payable	\$ 193	\$ 50
Payroll Taxes Payable	32	28
Total	<u>225</u>	<u>78</u>
Current Liabilities (Payable from Restricted Assets)		
Notes Payable	1,638	1,552
Total Current Liabilities	<u>1,863</u>	<u>1,630</u>
Long-Term Liabilities		
Notes Payable	81,676	80,306
Total Liabilities	<u>83,764</u>	<u>81,934</u>
Fund Equity		
Contributed Capital		
Contributions - Federal Government	193,684	193,684
Loss Amortization - Grants	<u>(125,894)</u>	<u>(116,310)</u>
Total Contributed Capital	67,790	77,374
Accumulated Deficit		
Reserved For Debt Service Sinking Fund	3,582	587
Reserved for Bond Reserve	4,663	4,399
Reserved For Depreciation	4,666	4,400
Unreserved - Deficit	<u>(58,489)</u>	<u>(72,031)</u>
Total Accumulated Deficit	<u>(45,618)</u>	<u>(42,645)</u>
Total Fund Equity	<u>22,172</u>	<u>34,729</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>105,732</u>	\$ <u>116,721</u>

OMAHA, SEWERAGE DISTRICT NO. 10

DECEMBER 31, 1990 AND 1989

TABLE OF CONTENTS

	<u>Page</u>
Accountants' Report	1
Balance Sheets	2
Statements of Revenues, Expenses, and Changes in Accumulated Deficit	3
Statements of Cash Flows	4
Notes to Financial Statements	5
Affidavit	10

OUACHITA SEWERAGE DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

"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 day-to-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 78 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.

B. Reporting Entity

In June, 1981 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.