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Board of Commissioners
Sterlington Sewerage District No. 1
Sterlington, Louisiana

We have compiled the accompanying balance sheets of Sterlington Sewerage District No. 1 (a component unit of the 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 retained earnings, 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.



March 25, 1997

STERLINGTON SEWERAGE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

"SEE ACCOUNTANTS' COMPILATION REPORT"

charged as an expense against operations. Depreciation is computed using the straight-line method over estimated useful lives of 18 to 40 years.

F. Compensated Absences

The District has only two part-time employees. The employees do not earn sick leave or vacation.

G. Fixed 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 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, all 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, and 1995, all of the monies on deposit were covered by federal deposit insurance.

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

Note 4 - Contributed Capital

Contributed capital represents the unamortized balance of a \$78,191 grant from the United States Environmental Protection Agency for 1980 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.

STERLINGTON MEMORIAL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

"SEE ACCOUNTANTS' COMPILATION REPORT"

funded by this grant. The unamortized balances at December 31, 1996 and 1995, were \$25,457 and \$27,367 respectively.

Note 5 - 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 and worker's compensation. 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 \$3,200,000 in assets at December 31, 1996. The District contributed \$400 into the fund during the year ended December 31, 1996.

STERLINGTON SEWERAGE DISTRICT NO. 1
(A COMPONENT UNIT OF OMAHAITA PARISH POLICE JURY)

AFFIDAVIT

Personally came and appeared before the undersigned authority, R. J. Welch, who, duly sworn, deposes and says that the financial statements herewith given present fairly the financial position of the Sterlington Sewerage District No. 1 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, R. J. Welch, who, duly sworn, deposes and says that the Sterlington Sewerage District No. 1 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.

R. J. Welch
Signature

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

Catherine L. Stuenkel
NOTARY PUBLIC

Office _____

Address _____

Telephone No. _____

STERLINGTON SEWERAGE DISTRICT NO. 1

DECEMBER 31, 1996 AND 1995

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STERLINGTON SEWERAGE DISTRICT NO. 1
BALANCE SHEETS
DECEMBER 31, 1996 AND 1995

	1996	1995
ASSETS		
Current Assets		
Cash	\$ 7,846	\$ 3,435
Accounts Receivable - Other Fees	4,246	1,367
Total Current Assets	12,092	4,802
Property and Equipment		
Sewerage System	251,028	251,028
Equipment	35,172	31,383
Total	286,200	282,411
Less: Accumulated Depreciation	(216,486)	(225,344)
Net Depreciable Assets	69,714	77,067
Land	34,325	34,325
Total Property and Equipment	91,979	111,299
TOTAL ASSETS	\$ 104,071	\$ 116,121
LIABILITIES AND FUND EQUITY		
Current Liabilities		
Accounts Payable	\$ 1,234	\$ 261
Payroll Taxes Payable	73	176
Total Current Liabilities	1,307	437
Fund Equity		
Contributed Capital:		
Contributions - Federal Government	76,191	76,191
Less: Amortization - Grants	(54,734)	(50,624)
Total Contributed Capital	21,457	25,567
Retained Earnings:		
Unrestricted	76,897	76,117
Total Fund Equity	98,354	101,684
TOTAL LIABILITIES AND FUND EQUITY	\$ 104,071	\$ 116,121

See accompanying notes and accountants' report.

STERLINGTON SEWERAGE DISTRICT NO. 1
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

	1996	1995
Operating Revenues		
Sewerage Fees	\$ 32,392	\$ 36,768
Total Operating Revenues	32,392	36,768
Operating Expenses		
Contract Services	2,487	2,484
Depreciation	19,002	18,039
Insurance	900	453
Maintenance and Repairs	9,330	9,868
Miscellaneous	613	1,327
Office Expense	193	50
Payroll Taxes	454	424
Professional Fees	2,196	1,538
Salaries and Wages	5,590	5,559
Utilities	2,664	3,302
Total Operating Expenses	35,811	36,047
Loss From Operations	(3,029)	(9,279)
Nonoperating Revenues		
Interest Earned	108	334
Net Loss	(2,921)	(8,945)
Depreciation on Fixed Assets Acquired by Grants	3,810	3,810
Increase (Decrease) in Retained Earnings	989	(5,135)
Retained Earnings at Beginning of Year	38,117	33,282
RETAINED EARNINGS AT END OF YEAR	\$ 39,106	\$ 28,147

See accompanying notes and accountants' report.

STERLINGTON SEWERAGE DISTRICT NO. 1
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
Cash Flows From Operating Activities		
Loss From Operations	\$ (3,029)	\$ (19,375)
Adjustments to Reconcile Loss From Operations to		
Net Cash Provided (Used) by Operating Activities		
Depreciation	11,200	10,559
Decrease in Accounts Receivable	(2,859)	(4)
Increase (Decrease) in Accounts Payable	975	(1,404)
Increase (Decrease) in Accrued Expenses	<u>(125)</u>	<u>92</u>
Total Adjustments	<u>8,191</u>	<u>9,653</u>
Net Cash Provided (Used) By Operating Activities	6,084	(9,622)
Cash Flows From Capital and Related Financing Activities		
Acquisition of Fixed Assets	<u>(1,792)</u>	<u>(2,581)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(1,792)</u>	<u>(2,581)</u>
Cash Flows From Investing Activities		
Interest Received	<u>108</u>	<u>334</u>
Net Cash Provided by Investing Activities	<u>108</u>	<u>334</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,410	(11,869)
Cash and Cash Equivalents at Beginning of Year	<u>1,429</u>	<u>13,334</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>1,849</u>	\$ <u>1,465</u>

See accompanying notes and accountants' report.

**STERLINGTON SEWERAGE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995**

"SEE ACCOUNTANTS' COMPILATION REPORT"

Note 1 - Description of Organization

Sterlington Sewerage District No. 1 (the District) was created by the Ouachita Parish Police Jury (the Police Jury), as authorized by Louisiana Revised Statute 33:2811. 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 400 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 an Enterprise Fund and as such 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. Enterprise Funds use 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, 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.

STERLINGTON SEWERAGE DISTRICT NO. 1
NOTICE TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

"SEE ACCOUNTANTS' COMPILATION 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, or \$144,958, of fixed assets are valued at actual historical cost while the remaining 53 percent, or \$163,475, are valued at estimated historical cost. Depreciation of all exhaustible fixed assets is

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LEGISLATIVE AUDITOR

STERLINGTON SEWERAGE DISTRICT NO. 1
(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 auditor, or reviewed, only and other appropriate public officials. This 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