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NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1

Orleans Parish Police Jury
Monroe, Louisiana

AUDIT REPORT

As of and For the Year Ended December 31, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, 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.

JUN 24 1998

Release Date _____

James Self, CPA

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NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1

Component Unit Financial Statements As of and For the Year Ended

December 31, 1997

With Supplemental Information Schedules

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
North Monroe Subdivision Sewerage District #1
Monroe, Louisiana
May 28, 1998

I have audited the accompanying general purpose financial statements of North Monroe Subdivision Sewerage District #1, a component unit of The Ouachita Parish Police Jury, as of and for the year ended December 31, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the District'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. 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 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 North Monroe Subdivision Sewerage District #1 as of December 31, 1997, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The financial information listed as supplemental information schedules in the table of contents is presented for purposes of additional analysis, and is not a required part of the financial statements of North Monroe Subdivision Sewerage District #1. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, I have also issued a report dated May 28, 1998, on my consideration of North Monroe Subdivision Sewerage District #1's internal control structure and a report dated May 28, 1998, on its compliance with certain provisions of laws, regulations, and grants.



JIMMIE SELF, CPA

**NORTH MOBILE SEWERAGE COMMISSION DISTRICT #1
 QUACHITA PARKS POLICE JURY
 Mobile, Louisiana**

ENTERPRISE FUND

Balance Sheet, December 31, 1997

	<u>1997</u>
ASSETS	
Current assets	
Cash (Note 2)	\$7,234.43
Accounts Receivable	11,538.18
Total Current Assets	<u>\$18,772.61</u>
Restricted Assets	
Cash	49,603.64
Total Restricted Assets	<u>49,603.64</u>
Property, Plant and Equipment	
Property, Plant and Equipment	284,799.49
Less: Accumulated Depreciation	<u>(64,939.88)</u>
Net property, plant, and equipment	<u>219,859.61</u>
TOTAL ASSETS	<u>748,235.34</u>
LIABILITIES AND FUNDS EQUITY	
Liabilities	
Current Liabilities Payable from Current Assets	
Accounts Payable	(1,399.00)
Total Current Liabilities Payable from Current Assets	<u>(1,399.00)</u>
Revenue Bonds Payable	
Total Current Liabilities Payable from Restricted Assets	<u>(24,799.44)</u>
Long-Term Liabilities	
Bonds Payable (Note 2)	(25,000.00)
Total Long-Term Liabilities	<u>(25,000.00)</u>
Total Liabilities	<u>(51,198.44)</u>
Fund Equity	
Retained Earnings: Reserved for Bond Payment	(26,000.00)
Retained Earnings: Unreserved	<u>(19,791.44)</u>
Retained Earnings: Total Fund Equity	<u>(45,791.44)</u>
TOTAL LIABILITIES AND FUNDS EQUITY	<u>748,235.34</u>

The accompanying notes are an integral part of this statement.

see followup

NORTH MISSISSIPPI SEWERAGE & WASTEWATER DISTRICT #1
 OMAHA CITY PARKER POLICE JURY
 Meridian, Louisiana

PROPRIETARY FUNDS - ENTERPRISE FUNDS
 Statement of Revenues, Expenses and
 Changes in Retained Earnings
 For The Year Ended December 31, 1997

	<u>1997</u>
OPERATING REVENUES:	
SERVICE INCOME	960,007
OTHER INCOME	<u>1,911</u>
TOTAL OPERATING REVENUES:	961,918
OPERATING EXPENSES:	
BILLING EXPENSE	1,033
CHEMICALS	708
DEPRECIATION	9,689
INSURANCE	163
LABORATORY EXPENSE	1,850
LEGAL/PROFESSIONAL	1,900
OFFICE EXPENSE	460
REPAIRS/MAINTENANCE	820
SUPERVISORY/ACCOUNTING	14,688
UTILITIES	3,212
BOND REG FEES	<u>251</u>
TOTAL OPERATING EXPENSES:	34,914
OPERATING INCOME (LOSS):	927,004
NONOPERATING REVENUES (EXPENSES):	
INTEREST INCOME	1,000
INTEREST EXPENSE	<u>(2,000)</u>
TOTAL NONOPERATING REVENUES (EXPENSES):	(1,000)
NET INCOME (LOSS):	926,004
RETAINED EARNINGS AT BEGINNING OF YEAR:	<u>217,287</u>
RETAINED EARNINGS AT END OF YEAR:	<u>713,004</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

STATEMENT D

NORTH MONROE SEWERAGE DISTRICT #1
 MONROE, LOUISIANA
 PROJECTARY FUND - ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 1997

CASH FLOWS FROM OPERATING ACTIVITIES:

NET INCOME FROM OPERATIONS	22,911
ADJUSTMENTS TO RECEIVABLE NET INCOME TO NET CASH	
DEPRECIATION	9,689
CHANGES IN ASSETS AND LIABILITIES:	
INCREASE/DECREASE IN ACCOUNTS RECEIVABLE	(2,842)
INCREASE/DECREASE IN ACCOUNTS PAYABLE	(732)
TOTAL ADJUSTMENTS	<u>7,117</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

CAPITAL EXPENDITURES	<u>(2,879)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,879)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

PAYMENT OF LONG-TERM DEBT	<u>(15,000)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(15,000)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>1,800</u>

NET INCREASE IN CASH & CASH EQUIVALENTS 17,249

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR: 79,982

CASH AND CASH EQUIVALENTS AT END OF YEAR: 97,231

INTEREST PAID: \$660.00

*THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

CS-00007

NORTH MOORE SUBDIVISION SEWERAGE DISTRICT #1

Notes To The Financial Statements

As of and For the Year Ended December 31, 1987

INTRODUCTION

The North Moore Subdivision Sewerage District #1 was organized under provisions of Louisiana revised Statute (LSA-RS) by the Ouachita Parish Police Jury in 1968 to provide a sewerage system for approximately 800 people. The District is operated by a board of five commissioners, appointed by the Ouachita Parish Police Jury.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying component unit financial statements of the North Moore Subdivision Sewerage District of Ouachita Parish 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.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Ouachita Parish Police Jury is the financial reporting entity for Ouachita Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Ouachita Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.

1. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury has the authority to perform the above three steps, the district was determined to be a component unit of the Chalita Parish Police Jury, the financial reporting entity. 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 governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The North Monroe Subdivision Sewerage District #1 of Chalita Parish is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) 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.

B. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund 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 is included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as the direct liabilities are incurred. The Enterprise Fund uses the following practices in recording certain revenues and expenses:

Revenues

Revenues consist of income from users of the sewer line in the district. Billing is done monthly, and the payments are collected and deposited. Interest income is a result of bank accounts bearing interest.

Expenses

Expenses are reported when the liability occurs. Major expenses are:

Supervisory	14,680
Legal and Professional	1,922
Utilities	3,211

E. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and other money market accounts. Cash equivalents include amounts in time deposits and those in accounts with original 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 (bank-organized) under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the district may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. The district has no investments.

F. RESTRICTED ASSETS

Certain proceeds of the enterprise fund resources are set aside for specific payments and are classified on the balance sheet as restricted assets because their use is limited by applicable requirements.

Briefly, the funds and provisions relating thereto are as follows:

1. **Bond Redemption Fund:** Restriction for annual payment of principal and interest.

G. FIXED ASSETS

Fixed assets of the district are valued at historical cost and are included on the balance sheet of the fund, net of accumulated depreciation. Construction period interest is immaterial and is not capitalized. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of periods from 5 to 40 years.

H. COMPENSATED ABSENCES

The district does not have a formal leave policy.

I. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the enterprise fund.

J. FUND EQUITY

Contributed Capital

Grants, entitlements, or shared revenues received that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is not amortized.

Reserves

Reserves represent those portions of fund equity legally segregated for a specific future use.

2. CASH AND CASH EQUIVALENTS

At December 31, 1997, the district has cash and cash equivalents (bank balances) totaling \$88,502 as follows:

Demand Deposits	<u>\$8,502</u>
TOTAL	<u>\$88,502</u>

These deposits are stated at cost, which approximates market. Under state law, these 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. 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, 1997, the district has \$88,518 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 38:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

3. RECEIVABLES

The following is a summary of receivables at December 31, 1997:

Class of Receivable	Current Assets	Total
Accounts Receivable	<u>11,528</u>	<u>11,528</u>

Management has determined that the amounts of the receivables that are uncollectible are immaterial; therefore, no provision for uncollectible receivables has been included in these financial statements.

**NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
OF ORLACHITA PARISH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. FIXED ASSETS

A summary of fixed assets at December 31, 1990, follows:

	Cost	Accumulated Depreciation	Net
Property, Plant & Land	0.00	0.00	0.00
Equipment	281,222	64,929	221,470
TOTAL	<u>281,222</u>	<u>64,929</u>	<u>221,470</u>

5. PENSION PLAN

The district has no pension plan and no salaries.

6. LONG-TERM LIABILITIES

The following is a summary of long-term transactions during the year:

Long-term liability payable at 12-31-89	85,000
Deductions	<u>15,000</u>
Total liability	40,000
Less current portion	<u>15,000</u>
Long-term liability payable at 12-31-90	<u>25,000</u>

Certificate of Indebtedness, dated February 01, 1989, interest rate .08, original amount of loan \$140,000 payable in annual installments of various amounts, including interest, due the first day of February.

The annual requirements to amortize all long-term debt outstanding as of December 31, 1990, are as follows:

	Principal	Interest
1990	20,000	1,600
1991	20,000	800
TOTAL	<u>40,000</u>	<u>2,400</u>

7. OTHER POST-EMPLOYMENT BENEFITS

None.

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
OF ORACHTA PARISH
NOTES TO THE FINANCIAL STATEMENTS--(CONTINUED)

8. RELATED PARTY TRANSACTIONS

None.

9. LITIGATION AND CLAIMS

None.

10. SUBSEQUENT EVENTS

None.

11. OTHER SUPPORT

None.

SUPPLEMENTARY INFORMATION

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
Monroe, Louisiana

Supplemental Information Schedule
As of and for the year then ended December 31, 1997

COMPENSATION PAID TO BOARD MEMBERS

The following schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 34 of the 1979 Session of the Louisiana Legislature.

*Schedule of Compensation Paid Board Members as of and for the Year Ended
December 31, 1997*

Clifford Wilbanks 217 Bastrop Drive Monroe, La. 71203	\$ 0.00
Halls Nelson 225 Bastrop Drive Monroe, La. 71209	0.00
Alan Houston 204 Woodbriar Drive Monroe, La. 71203	0.00
George Dent 307 Ray Drive Monroe, La. 71203	0.00
Herbert Manley-Chairman 227 Bastrop Drive Monroe, La. 71203	0.00
	<hr/>
	\$ 0.00

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
North Monroe Subdivision Sewerage District #1
Monroe, Louisiana
May 28, 1998

I have audited the general purpose financial statements of the North Monroe Subdivision Sewerage District #1, a component unit of the Ouachita Parish Police Jury, as of and for the year ended December 31, 1997 and have issued my report thereon dated May 28, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether North Monroe Subdivision Sewerage District #1, Monroe, La.'s, general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered North Monroe Subdivision Sewerage District #1, Monroe, La.'s, internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the North Monroe Subdivision Sewerage District #1's management and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



Ronnie Sell, CPA
Monroe, Louisiana
Mar. 28, 1998