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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, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or assumed, 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 Jan 24 1998

RICHARD M. SEAL

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

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**INDEPENDENT AUDITOR'S REPORT ON THE
GENERAL-PURPOSE FINANCIAL STATEMENTS**

**Choctaw Road Landfill
Franklin, 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, 1997, as listed in the table of contents. 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 the standards applicable to financial audits contained in *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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 Choctaw Road Landfill, a joint venture of the Washington Parish Police Jury and the City of Bogalusa, as of December 31, 1997, 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 my report dated May 13, 1998 on my consideration of the Uthmaniyah Road Landfill's internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, contracts, and grants.



Certified Public Accountant

Hughesville, Louisiana
May 13, 1998

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

Balance Sheet
December 31, 1997

ASSETS

Cash	\$ 3,780
Due from City of Bogalusa	17,164
Tipping fees receivable	21,798
Due from Police Jury	<u>879</u>
Total assets	\$ 43,540

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 43,528
Total liabilities	43,528
Fund Balance:	
Joint venture equity:	
Washington Parish Police Jury	0
City of Bogalusa	<u>0</u>
Total fund balance	<u>0</u>
Total liabilities and fund balance	\$ 43,540

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, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Tipping fees	\$ 199,078	\$ 188,848	\$ (11,110)
Interest	119	23	(46)
Total revenues	<u>200,097</u>	<u>188,941</u>	<u>(11,198)</u>
Expenditures:			
Current:			
 Sanitation:			
Landfill operation contract	445,180	427,569	17,611
Salaries	25,000	24,772	228
Retirement	1,990	1,920	70
Medicare	300	300	---
Unemployment	100	54	46
Workers' compensation	3,100	3,250	(150)
Hospitalization	3,000	2,560	440
Dental insurance	300	264	36
Conferences and convention	250	176	74
Travel	300	206	92
Insurance	34,205	31,779	2,426
Maintenance	5,072	3,783	1,289
Legal	2,150	1,883	267
Freight and shipping	300	---	300
Engineering	11,001	8,789	2,212
Utilities	4,255	4,581	174

(Continued)

The accompanying notes are an integral part of this statement.

CROCTAW 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, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (cont'd):			
Supplies	\$ 779	\$ 799	\$ 20
Permit fee	2,500	2,500	00
Miscellaneous	33,500	32,967	(533)
Contract labor	2,500	2,500	--
Accounting & auditing	3,500	3,500	00
Capital outlay	1,300	1,188	(112)
Total expenditures	<u>47,079</u>	<u>46,564</u>	<u>515</u>
Excess (deficiency) of revenues over expenditures	<u>(376,543)</u>	<u>(395,597)</u>	<u>19,054</u>
Other financing sources:			
Contribution by participants- Washington Parish			
Police Jury	229,000	213,177	(15,823)
City of Bogalusa	<u>166,505</u>	<u>153,780</u>	<u>(12,725)</u>
Total other financing sources	<u>395,505</u>	<u>366,957</u>	<u>(28,548)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	15,062	--	(15,062)
Fund balance, beginning	<u>3,918</u>	<u>15</u>	<u>(3,903)</u>
Fund balance, ending	<u>\$ 17,980</u>	<u>\$ 15</u>	<u>\$ (17,965)</u>

(Continued)

The accompanying notes are an integral part of this statement.

CHOCOTAW 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, 1997

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 Chocotaw Road Landfill (the joint venture). The landfill was opened in July of 1988. 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 leachate 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 Chocotaw 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.

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

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)

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. 34 also established that such joint ventures are stand-alone reporting entities. Therefore, the Choctaw Road Landfill has applied the provisions of Statement No. 34 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.

Revenues

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

Expenditures

Expenditures are recognized when the liability is incurred.

CHECTAW ROAD LANDFILL
(A Joint Venture of the Washington Parish Police Jury
and the City of Bogalusa)
Name to the General-Purpose Financial Statements (continued)

Other Financing Sources

Contributions by participants for operations of the Chectaw Road Landfill are accounted for as other financing sources.

R. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

V. BUDGET PRACTICES

The 1997 budget of Chectaw Road Landfill was included in the budget of the Washington Parish Police Jury as a special revenue fund.

Unexpended appropriations lapse at year end.

G. ENCUMBRANCES

The Chectaw 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.

H. COMPENSATED ABSENCES

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

I. 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. 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 \$336,243 as of December 31, 1997, which is based on 85.6 per cent usage (filled) of the landfill. It is estimated that an additional \$1,089,325 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 (\$2,025,570) 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, 1997. 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 \$336,243 as of December 31, 1997 has been recorded in the general long-term debt of each participant's separate financial statements as follows:

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)

Washington Parish Police Jury	58.1%	\$ 100,358
City of Bogalusa	41.9%	<u>140,887</u>
		\$ 241,245

Neither the Police Jury nor the City is required to set aside funds in escrow 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 28, 1991 and continues for approximately ten years depending on cell usage. The fee for services rendered by the contractor began at \$27,500 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 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.

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT • CERTIFIED GOVERNMENT FINANCIAL MANAGER

INDEPENDENT AUDITORS REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Choctaw Road Landfill
Franklin, Louisiana

I have audited the financial statements of 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, 1997, and have issued my report thereon dated May 13, 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 Choctaw Road Landfills 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 Cloutier Road Landfill's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the 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 accounts that would be material in relation to the 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 Cloutier 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 13, 1998

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

**Summary Schedule of Prior Audit Findings
 For the Year Ended December 31, 1997**

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Findings	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken
97-1	1993	There is no formal written agreement between the Police Jury and the City of Bogalusa.	Yes	On June 22, 1998, a three-year written agreement was signed by both parties.
97-2	1993	On June 24, 1996 the Police Jury adopted written "Collection Procedures for Collection of Tipping Fees at the Choctaw Road 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.	Yes	

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

Corrective Action Plan for Current Year Audit Findings
For the Year Ended December 31, 1997

Ref. No.	Description of Findings	Corrective Action Planned	Name(s) of Contact Person(s)	Anticipated Completion Date
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No current year findings.