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**EASTERN FOREST SEWERAGE
DISTRICT NO. 14
Maurice, Louisiana**

**General Purpose Financial Statements
With Accountant's Compilation 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 State House of the Legislative Auditor, where appropriate, at the office of the parish clerk of court.

MAR 25 1998

Release Date _____

EASTERN FOREST SEWERAGE DISTRICT NO. 14
Monroe, Louisiana

General Purpose Financial Statements
With Accountant's Compilation Report
As of and for the Year Ended
December 31, 1987

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EASTERN FOREST SEWERAGE DISTRICT NO. 14
Monroe, Louisiana
ANNUAL SWORN FINANCIAL STATEMENTS
AND CERTIFICATION OF REVENUES \$80,000 OR LESS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1997

A F F I D A V I T

Personally came and appeared before the undersigned authority, A. J. Walker, who, duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Eastern Forest Sewerage District No. 14, as of December 31, 1997, and the results of operations for the year then ended, in accordance with basis of accounting described within the accompanying financial statements.

In addition, A. J. Walker, who, duly sworn, deposes and says that the Eastern Forest Sewerage District No. 14 received \$80,000 or less in revenues and other sources for the fiscal year ending December 31, 1997, and, accordingly, is not required to have an audit for the previously mentioned fiscal year-end.


Eastern Forest Sewerage District No. 14

Sworn to and subscribed before me, this 12th day of March, 1998.

Low Marshall Daulton
NOTARY PUBLIC

Agency: Eastern Forest Sewerage
District No. 14
Address: 505 Connie Lynn Dr.
Monroe, Louisiana 71203
Telephone: (504) 587-3300

TRANSMITTAL LETTER

ANNUAL FINANCIAL STATEMENTS

Office of the Legislative Auditor
Attention: Ms. Dorothy Milner
Post Office Box 94297
Baton Rouge, La 70804-9397

Dear Ms. Milner:

In accordance with Louisiana Revised Statute 24:504, enclosed are the annual financial statements for the Eastern Forest Sewerage District No.14, as of and for the year ended December 31, 1997. The financial statements include all funds and accounts under the control and oversight responsibility of the Eastern Forest Sewerage District No. 14. The accompanying financial statements have been prepared in accordance with generally accepted accounting principles.

Sincerely,

Eastern Forest Sewerage
District No. 14

Enclosure

M. Carlton Dumas
CERTIFIED PUBLIC ACCOUNTANT

358 DONALDSON ROAD • CALHOUN, LOUISIANA 71228 • TELEPHONE 318/644-5726

Accountant's Compilation Report

BOARD OF SUPERVISORS
EASTERN FOREST SEWERAGE DISTRICT NO. 14
Monroe, Louisiana

I have compiled the general purpose financial statements, as listed in the table of contents, of the Eastern Forest Sewerage District No. 14 as of December 31, 1997, and for the year then ended, in accordance with standards established by *Statements or Disclosures 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. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.



Calhoun, Louisiana
February 23, 1998

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

EASTERN FOREST SEWERAGE DISTRICT NO. 14
 Monroe, Louisiana
 ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet, December 31, 1997

	GOVERNMENTAL FUND TYPE - DEBT SERVICE FUND	PROPRIETARY FUND TYPE - ENTERPRISE FUND	ACCOUNT GROUP - GENERAL LONG- TERM DEBT	TOTAL (SUBTOTALS) (000)
ASSETS AND OTHER DEBITS				
Cash	\$1,515	\$25,857		\$26,482
Accounts receivable - sewer fees		1,369		1,369
Due from Enterprise Fund	564			564
Special assessments receivable:				
Current	1,563			1,563
Non-current	16,600			16,600
Property, plant and equipment (net of accumulated depreciation)		188,567		188,567
Amount available in debt service fund			\$4,652	4,652
Amount to be provided for retirement of special assessment debt			4,932	4,932
	<u>\$21,252</u>	<u>\$213,683</u>	<u>\$9,584</u>	<u>\$244,519</u>
TOTAL ASSETS AND OTHER DEBITS				
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable		\$4,026		\$4,026
Due to Debt Service Fund		564		564
Deferred revenue	\$16,600			16,600
Special assessment debt with governmental commitment			\$9,584	9,584
Total Liabilities	<u>16,600</u>	<u>4,590</u>	<u>9,584</u>	<u>30,774</u>
Fund Equity:				
Contributed capital (net of accumulated depreciation on fixed assets financed by special assessments)		188,678		188,678

(Continued)

EASTERN FOREST SEWERAGE DISTRICT NO. 14
 Monroe, Louisiana
 ALL FUND TYPES AND ACCOUNT GROUPS
 Combined Balance Sheet, December 31, 1997

	GOVERNMENTAL FUND TYPE - DEBT SERVICE FUND	PROPRIETARY FUND TYPE - ENTERPRISE FUND	ACCOUNT GROUP - GENERAL FUND DEBT	TOTAL (MEMORANDUM ONLY)
Fund Equity (Cont.)				
Retained earnings - unreserved - undesignated		\$22,425		\$22,425
Fund balance - reserved for debt service	\$4,652			4,652
Total Fund Equity	<u>4,652</u>	<u>\$22,425</u>	<u>NONE</u>	<u>27,077</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$21,252</u>	<u>\$115,693</u>	<u>\$2,584</u>	<u>\$244,529</u>

(Continued)

See accountant's compilation report and accompanying notes.

EASTERN FOREST SEWERAGE DISTRICT NO. 14
Monroe, Louisiana
GOVERNMENTAL FUND TYPE -
DEBT SERVICE FUND

Statement B

Combined Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended December 31, 1997

REVENUES	
Special assessments	\$7,739
Use of money and property - interest earnings	85
Total revenues	<u>7,824</u>
EXPENDITURES	
Debt service:	
Principal	6,333
Interest and bank charges	<u>1,533</u>
Total expenditures	<u>7,871</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(47)
OTHER FINANCING SOURCES	
Operating transfer in	<u>900</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	854
FUND BALANCES AT BEGINNING OF YEAR	<u>3,706</u>
FUND BALANCES AT END OF YEAR	<u>\$4,662</u>

See accountant's compilation report and accompanying notes.

EASTERN FOREST SEWERAGE DISTRICT NO. 14
Monroe, Louisiana
PROPRIETARY FUND TYPE - ENTERPRISE FUND

Statement C

Statement of Revenues, Expenses, and
Changes in Retained Earnings
For the Year Ended December 31, 1987

OPERATING REVENUE	
Sewer fees	513,786
Other operating revenues	1,362
Total revenues	<u>515,148</u>
OPERATING EXPENSES	
Chemicals	1,113
Fees	1,016
Management expense	4,758
Postage	284
Professional fees	488
Publications	348
Repairs and maintenance	14,111
Utilities	1,807
Miscellaneous	68
Depreciation	6,234
Total operating expenses	<u>31,813</u>
OPERATING INCOME (Loss)	<u>(14,635)</u>
NON-OPERATING REVENUE	
Interest earned on deposits	418
Property assessments	8,129
Insurance proceeds	8,332
Total non-operating revenue	<u>16,879</u>
OTHER FINANCING SOURCES	
Operating transfer out	<u>(900)</u>
NET INCOME	1,332
Add depreciation on fixed assets financed by special assessments	<u>6,078</u>
INCREASE IN RETAINED EARNINGS	7,410
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>15,815</u>
RETAINED EARNINGS AT END OF YEAR	<u>23,225</u>

See accountant's compilation report and accompanying notes.

EASTERN FOREST SEWERAGE DISTRICT NO. 14
Monroe, Louisiana
PROPRIETARY FUND TYPE - ENTERPRISE FUND

Statement D

Statement of Cash Flows
For the Year Ended December 31, 1997

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Income (Loss)	(314,653)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	8,234
Increase in accounts receivable	(182)
Increase in accounts payable	346
Total adjustments	<u>8,478</u>
Net cash provided by operating activities	<u>(306,177)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating transfer out	(909)
Property assessments	8,125
Insurance proceeds	<u>8,392</u>
Net cash provided by noncapital financing activities	<u>15,577</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	<u>410</u>
NET INCREASE IN CASH	7,810
CASH AT BEGINNING OF YEAR	<u>16,147</u>
CASH AT END OF YEAR	<u>\$23,957</u>

See accountant's compilation report and accompanying notes.

EASTERN FOREST SEWERAGE DISTRICT NO. 14
Monroe, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Eastern Forest Sewerage District No. 14 was created by the Ouachita Parish Police Jury, as authorized by Louisiana Revised Statute 33:3811 on May 8, 1988. The district is governed by a five member board, appointed by the police jury, who serve without benefit of compensation. The district is responsible for maintaining and operating a sewerage collection and disposal system within the boundaries of the district. The district serves approximately 64 customers and has no employees.

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of Eastern Forest Sewerage District No. 14 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 established 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 the 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 (GASB) 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 criteria 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

See accountant's compilation report.

EASTERN FOREST SEWERAGE DISTRICT NO. 14

Monroe, Louisiana

Notes to the financial statements (Continued)

- 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.
 3. 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 appoints the governing body of the district and has the ability to impose its will on the district, the district was determined to be a component unit of the Ouachita 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 district uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures or expenses. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term debt) that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate fund types. The fund classifications and

See accountant's compilation report.

a description of each existing fund type follows:

Governmental Funds

Governmental funds are used to account for all or most of the district's general activities, including the collection and disbursement of legally restricted monies and the servicing of general long-term debt. Governmental funds of the district include:

Debt Service Fund

The debt service fund accounts for the collection of special assessments levied against property owners within the district and the retirement of certificates of indebtedness, the proceeds of which were used for construction of the sewer system.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is an income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

Enterprise Fund

The enterprise fund is used to account for operations of the district, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services to customers in the district on a continuing basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current

See accountant's compilation report.

EASTERN FOREST SEWERAGE DISTRICT NO. 14

Monroe, Louisiana

Notes to the financial statements (Continued)

financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for reporting all governmental fund types. The district uses the following practices in recognizing and reporting revenues and expenditures of the debt service governmental fund:

Revenues

Special assessments and accrued interest are generally recognized in the year they are due and payable by property owners in the district. Assessments and interest which are paid early by property owners are recognized as revenue in the year received. Special assessments which are not currently due are recognized as a non-current receivable on the balance sheet of the fund and are equally off-set by a deferred revenue liability to indicate that while they will be received in the future, they are not available to pay expenditures of the current period.

Interest on demand deposits is recognized monthly when it has been earned and credited to the fund's account.

Substantially all other revenues are recognized when received by the district.

Based on the above criteria, special assessments and accrued interest have been treated as susceptible to annual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized when due.

Other Financing Sources (Uses)

Transfers between funds which are not expected to be repaid are

See accountant's compilation report.

EASTERN FOREST SEWERAGE DISTRICT NO. 14
Monroe, Louisiana
Notes to the financial statements (Continued)

accounted for as operating transfers in and out and are recorded when the underlying events occur.

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 liabilities associated with the operation of this fund are included on the balance sheet. The Enterprise Fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Sewer fees and other operating revenues are recognized in the period the service is provided to the customer. Operating expenses are recognized when incurred.

E. FIXED ASSETS

Fixed assets of the district are included on the balance sheet of the Enterprise Fund and are recorded at actual cost net of accumulated depreciation. 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 the assets, which is 15 years for financing and 40 years for collection and treatment facilities.

F. LONG-TERM DEBT

Long-term debt (certificates of indebtedness) is recorded in the long-term debt account group. The certificates of indebtedness (sewerage certificates) are secured by a special assessment levy against property owners in the district. In accordance with the debt instrument, the certificates are secured and payable solely from the special assessments. The district agreed and committed itself in the debt instrument, to properly collect the special assessments, as provided by law, and retire the certificates.

G. VACATION, SICK LEAVE, AND PENSION PLAN

The district has no regular employees requiring the adoption of vacation and sick leave policies or participation in a pension plan.

EASTERN FOREST SEWERAGE DISTRICT NO. 14

Monroe, Louisiana

Notes to the financial statements (Continued)

**II. TOTAL COLUMNS ON
COMBINED STATEMENTS**

Total columns on the combined statements are captioned Memorandum. Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

1. CASH

Cash includes amounts on hand and in interest-bearing demand deposits. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with banks organized under the laws of the State of Louisiana and the laws of any other state in the union, or the laws of the United States. At December 31, 1997, the district has cash on hand and in demand deposits (bank balances) totaling \$26,482.

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. Cash (bank balances) at December 31, 1997, are \$24,943, and are fully secured from risk by federal deposit insurance.

2. FIXED ASSETS

A summary of fixed assets at December 31, 1997, follows:

	Cost	Accumulated Depreciation	Net
Land	\$5,870	NONE	\$5,800
Fencing	9,780	(83,791)	5,892
Collection and treatment facilities	210,962	(24,657)	176,505
Total	<u>\$226,612</u>	<u>(24,657)</u>	<u>\$188,367</u>

See accountant's compilation report.

EASTERN FOREST SEWERAGE DISTRICT NO. 14

Monroe, Louisiana

Notes to the financial statements (Continued)

4. LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended December 31, 1997:

Sewerage certificates payable at January 1, 1997	\$15,919
Reductions	<u>(6,335)</u>
Sewerage certificates payable at December 31, 1997	<u>\$9,584</u>

The certificates of indebtedness agreement provides that certificates maturing on or after November 1, 1992, may be called and redeemed prior to maturity at face value plus a four per cent call premium. During the year ended December 31, 1997, the district used special assessments which were paid before their due date to exercise its call option on the certificates of indebtedness. For the year ended December 31, 1997, the district called \$1,635 of the certificates and paid call premiums of \$65.

5. CONTRIBUTED CAPITAL

On November 1, 1990, Eastern Forest Sewerage District No. 14 issued sewerage certificates in the amount of \$198,825 to finance a portion of the construction of a sewerage system in the district. In addition to the proceeds from the certificates of indebtedness, the district also used prepaid assessments, interest earnings on the proceeds and connection charges for sewerage customers not included in the assessment district to finance construction of the sewerage system. The total cost of the sewerage system financed by special assessments at December 31, 1997 is \$224,270. The cost of the sewerage system is included as contributed capital on the balance sheet of the enterprise fund and is reduced each year by the amount of depreciation expense recognized on the cost of the sewerage system financed by special assessments. At December 31, 1997, accumulated depreciation on these assets is \$37,592.

6. LITIGATION AND CLAIMS

The district is not involved in any litigation at December 31, 1997, nor is it aware of any asserted claims. The district maintains insurance coverage to reduce the risk of loss due to property damage or liability claims.

7. MANAGEMENT AGREEMENT

On June 18, 1991, the district entered into an agreement with Utility Data Service Corporation (UDSC) for operation and management of the sewerage system. The agreement provides a fee structure

See accountant's compilation report.

EASTERN FOREST SEWERAGE DISTRICT NO. 14

Monroe, Louisiana

Notes to the financial statements (Continued)

for various activities performed by UDS in the operation of the district's sewerage system. The agreement is for five years. For the year ended December 31, 1997, the district paid UDS \$4,759 for the management and operation of the system. Additionally, the village paid to UDS, \$14,011 for the year ended December 31, 1997 for repairs and maintenance to the system.

See accountant's compilation report.