

RECEIVED  
LEGISLATIVE AUDITOR  
99 JUN 23 AM 10:31

OFFICIAL  
FILE COPY

**DO NOT SEND OUT**

(Xerox necessary  
copies from this  
copy and PLACE  
BACK In FILE)

## NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1

*Ouachita Parish Police Jury  
Monroe, Louisiana*

### AUDIT REPORT

As of and For the Year Ended December 31, 1998

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.

Release Date JUL 4 1999

**Jimmie Self, CPA**  
*A Professional Accounting Corporation*  
2908 Cameron Street, Suite C  
Monroe, Louisiana 71201  
Phone (318) 323-4656 Fax (318) 388-0724

**NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1**

**Component Unit Financial Statements As of and For the Year Ended  
December 31, 1998**

*With Supplemental Information Schedules*

**TABLE OF CONTENTS**

**PAGE**

**INDEPENDENT AUDITOR'S REPORT**

**1**

**Component Unit Financial Statements:**

Proprietary Fund - Enterprise Fund:

Balance Sheet ( All Fund Types and Account Groups)

3

Statement of Revenues, Expenses and Changes in Retained Earnings

4

Statement of Cash Flows

5

Notes to the Financial Statements

6 - 11

**Supplemental Information Schedule**

Schedule of Compensation Paid Board Members

12

**Independent Auditors Reports:**

Independent Auditor's Report on Compliance And On  
Internal Control Over Financial Reporting On  
An Audit Of Financial Statements Performed In  
Accordance With *Government Auditing Standards*

13 - 14

Schedule of Findings and Questioned Costs

15

**JIMMIE SELF, CPA**  
*A PROFESSIONAL ACCOUNTING CORPORATION*  
2908 Cameron Street, Suite C  
Monroe, Louisiana 71201  
Phone (318) 323-4656 Fax (318) 388-0724

---

**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
North Monroe Subdivision Sewerage District #1  
Monroe, Louisiana  
May 26, 1999

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, 1998, 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. Those 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, 1998, 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 26, 1999, on my consideration of North Monroe Subdivision Sewerage District #1's internal control structure and a report dated May 26, 1999, on its compliance with certain provisions of laws, regulations, and grants.

*Jimmie Self, CPA*  
JIMMIE SELF, CPA

**NORTH MONROE SEWERAGE SUBDIVISION DISTRICT #1  
 OUACHITA PARISH POLICE JURY  
 Monroec, Louisiana**

**ENTERPRISE FUND**

**Balance Sheet, December 31, 1998**

	<u>1998</u>
<b>ASSETS</b>	
<b>Current assets:</b>	
Cash (Note 2)	18,578
Accounts Receivable	<u>12,579</u>
<b>Total Current Assets</b>	<b>31,157</b>
<b>Restricted Assets:</b>	
Cash	<u>29,212</u>
<b>Total Restricted Assets</b>	<b>60,369</b>
<b>Property, Plant and Equipment:</b>	
Property, Plant and Equipment	444,301
Less: Accumulated Depreciation	<u>(78,057)</u>
Net property, plant, and equipment	<u>366,244</u>
<b>TOTAL ASSETS:</b>	<b><u><u>426,613</u></u></b>
<b>LIABILITIES AND FUND EQUITY</b>	
<b>Liabilities:</b>	
<b>Current Liabilities Payable from Current Assets:</b>	
Accrued Interest Payable	<u>1,200</u>
<b>Total Current Liabilities Payable from Current Assets</b>	<b>1,200</b>
Revenue Bonds Payable	<u>20,000</u>
<b>Total Current Liabilities Payable from Restricted Assets:</b>	<b>21,200</b>
<b>Total Liabilities:</b>	<b><u>21,200</u></b>
<b>Fund Equity:</b>	
Retained Earnings: Reserved for Bond Payment	52,279
Retained Earnings: Unreserved	<u>353,134</u>
Retained Earnings: Total Fund Equity	<u>405,413</u>
<b>TOTAL LIABILITIES AND FUND EQUITY:</b>	<b><u><u>426,613</u></u></b>

The accompanying notes are an integral part of this statement.

**NORTH MONROE SEWERAGE SUBDIVISION DISTRICT #1  
 OUACHITA PARISH POLICE JURY  
 Monroe, Louisiana**

**PROPRIETARY FUND - ENTERPRISE FUND  
 Statement of Revenues, Expenses and  
 Changes in Retained Earnings  
 For The Year Ended December 31, 1998**

	<u>1998</u>
<b>OPERATING REVENUES:</b>	
<b>SERVICE INCOME</b>	<b>70,451.00</b>
<b>OTHER INCOME</b>	<b>0.00</b>
<b>TOTAL OPERATING REVENUES:</b>	<b><u>70,451.00</u></b>
<b>OPERATING EXPENSES:</b>	
<b>BILLING EXPENSE</b>	<b>989.45</b>
<b>CHEMICALS</b>	<b>993.90</b>
<b>DEPRECIATION</b>	<b>13,128.38</b>
<b>INSURANCE</b>	<b>362.00</b>
<b>LABORATORY EXPENSE</b>	<b>1,198.00</b>
<b>LEGAL/PROFESSIONAL</b>	<b>1,400.00</b>
<b>OFFICE EXPENSE</b>	<b>1,309.76</b>
<b>REPAIRS/MAINTENANCE</b>	<b>1,186.00</b>
<b>SUPERVISORY/ACCOUNTING</b>	<b>17,168.17</b>
<b>UTILITIES</b>	<b>2,774.60</b>
<b>BOND REG FEES</b>	<b>352.00</b>
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>40,862.26</u></b>
<b>OPERATING INCOME (LOSS):</b>	<b>29,588.74</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
<b>INTEREST INCOME</b>	<b>1,766.45</b>
<b>INTEREST EXPENSE</b>	<b>(2,000.40)</b>
<b>TOTAL NONOPERATING REVENUES (EXPENSES):</b>	<b><u>(233.95)</u></b>
<b>NET INCOME (LOSS):</b>	<b>29,354.79</b>
<b>RETAINED EARNINGS AT BEGINNING OF YEAR:</b>	<b><u>376,058.00</u></b>
<b>RETAINED EARNINGS AT END OF YEAR:</b>	<b><u><u>405,412.79</u></u></b>

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

STATEMENT D

NORTH MONROE SEWERAGE SUBDIVISION DISTRICT #1  
MONROE, LOUISIANA  
PROPRIETARY FUND - ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 1998

**CASH FLOWS FROM OPERATING ACTIVITIES:**

NET INCOME FROM OPERATIONS	29,355
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH DEPRECIATION	13,128
CHANGES IN ASSETS AND LIABILITIES:	
INCREASE/DECREASE IN ACCOUNTS RECEIVABLE	(4,892)
INCREASE/DECREASE IN ACCOUNTS PAYABLE	(400)
TOTAL ADJUSTMENTS	<u>37,191</u>

**CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:**

CAPITAL EXPENDITURES	(57,902)
PAYMENT OF LONG-TERM DEBT	(20,000)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:	<u>(77,902)</u>

NET INCREASE OR DECREASE IN CASH & CASH EQUIVALENT (40,711)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR: 88,501

CASH AND CASH EQUIVALENTS AT END OF YEAR: 47,790

INTEREST PAID 2,000  
DEPRECIATION 13,128

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

Cashflow98

# **NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1**

## **Notes To The Financial Statements As of and For the Year Ended December 31, 1998**

### **INTRODUCTION**

The North Monroe 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.

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. BASIS OF PRESENTATION**

The accompanying component unit financial statements of the North Monroe 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.



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

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 has the authority to perform the above three steps, 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 North Monroe Subdivision Sewerage District #1 of Ouachita 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.

**D. 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 at the time 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	17,168
Legal and Professional	1,400
Utilities	2,775

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

**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 investments 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 banks 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.

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

**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, 1998, the district has cash and cash equivalents (book balances) totaling \$47,790 as follows:

Demand Deposits	18,578
Restricted Cash	<u>29,212</u>
<b>TOTAL</b>	<b><u>47,790</u></b>

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, 1998, the district has \$47,790 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 39:1229 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, 1998:

Class of Receivable	Current Assets	Total
<u>Accounts Receivable</u>	<u>12,579</u>	<u>12,579</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 OUACHITA PARISH  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. FIXED ASSETS**

A summary of fixed assets at December 31, 1998, follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Property, Plant & Equipment	444,301	78,057	366,244
<b>TOTAL</b>	<u>444,301</u>	<u>78,057</u>	<u>366,244</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 12-31-97	40,000
Deductions	<u>20,000</u>
Total liability	20,000
Less current portion	<u>20,000</u>
Long-term liability payable at 12-31-98	<u>0</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, 1998, are as follows:

	<u>Principal</u>	<u>Interest</u>
1999	20,000	1,200
<b>TOTAL</b>	<u>20,000</u>	<u>1,200</u>

**7. OTHER POST - EMPLOYMENT BENEFITS**

None.

**NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1  
OF OUACHITA 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, 1998**

**COMPENSATION PAID TO BOARD MEMBERS**

The following schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

*Schedule of Compensation Paid Board Members as of and for the Year Ended  
December 31, 1998*

Clifford Wilbanks 217 Bastrop Drive Monroe, La. 71203	\$ 0.00
Leon Sivils, Sec-Tres 210 Pickett Lane Monroe, LA. 71201	0.00
Lynn Tubb Monroe, LA. 71201	0.00
George Dent 307 Ray Drive Monroe, La. 71203	0.00
Herbert Manley-Chairman 227 Bastrop Drive Monroe, La. 71203	0.00
	<u>\$ 0.00</u>

**JIMMIE SELF, CPA**  
**A PROFESSIONAL ACCOUNTING CORPORATION**  
2908 Cameron Street, Suite C  
Monroe, Louisiana 71201  
Phone (318) 323-4656 Fax (318) 388-0724

---

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 26, 1999

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, 1998 and have issued my report thereon dated May 26, 1999. 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 provision 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*.

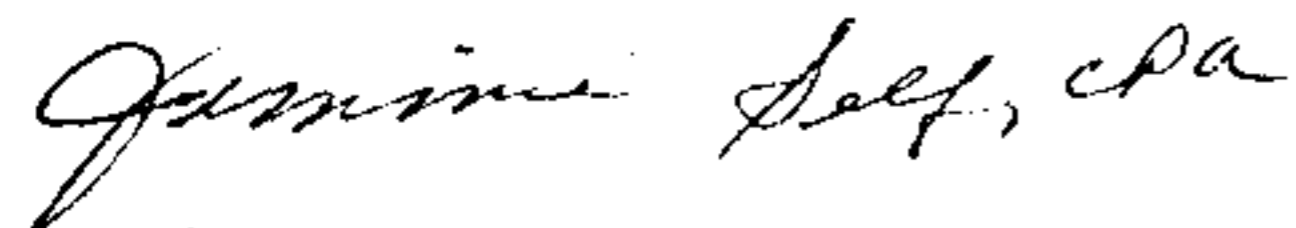
Internal Control Over Financial Reporting

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.



Jimmie Self, CPA  
Monroe, Louisiana  
May 26, 1999

JIMMIE SELF, CPA  
A Professional Accounting Corporation  
2908 Cameron Street, Suite C  
Monroe, Louisiana 71201  
Phone (318) 323-4656 Fax (318) 388-0724

---

Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 1998.

I have audited the financial statements of North Monroe Subdivision Sewerage District as of and for the year ended December 31, 1998, and have issued my report dated May 26, 1999. I conducted my audit in accordance with generally accepted auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. [and the provisions of OMB Circular A 133.] My audit of the financial statements as of December 31, 1998 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses \_\_ yes X no Reportable Conditions \_\_yes \_\_ no

Compliance

Compliance material to Financial Statements \_\_yes X no