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CHOCTAW ROAD LANDFILL

(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)

General-Purpose Financial Statements and
Independent Auditor's Reports

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 7-21-99

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT • CERTIFIED GOVERNMENT FINANCIAL MANAGER

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

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RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

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

Choctaw Road Landfill
Franklinton, Louisiana

I have audited the accompanying general-purpose financial statements of the Choctaw Road Landfill, a joint venture of the Washington Parish Government and the City of Bogalusa, 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 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. Those 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 Government and the City of Bogalusa, as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

The Year 2000 Disclosure information on page 14 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and do not express an opinion on it. In addition, I do not provide assurance that Choctaw Road Landfill is or will become year 2000 compliant, that Choctaw Road Landfill's year 2000 remediation efforts will be successful in whole or in part, or that parties with which Choctaw Road Landfill does business are or will become year 2000 compliant.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 22, 1999 on my consideration of the Choctaw 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

Bogalusa, Louisiana
June 22, 1999

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

Balance Sheet
December 31, 1998

ASSETS

Cash	\$ 3,787
Due from City of Bogalusa	39,966
Tipping fees receivable	<u>58,473</u>
Total assets	<u>\$ 102,226</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 56,815
Due to Washington Parish Government	<u>45,396</u>
Total liabilities	102,211
Fund Balance:	
Joint venture equity-	
Washington Parish Government	9
City of Bogalusa	<u>6</u>
Total fund balance	<u>15</u>
Total liabilities and fund balance	<u>\$ 102,226</u>

The accompanying notes are an integral part of this statement.

CHOCTAW ROAD LANDFILL
(A Joint Venture of the Washington Parish Government
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, 1998

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Tipping fees	\$ 192,368	\$ 189,382	\$ (2,986)
Interest	119	76	(43)
Total revenues	<u>192,487</u>	<u>189,458</u>	<u>(3,029)</u>
Expenditures:			
Current-			
Sanitation:			
Landfill operation contract	431,180	431,429	(249)
Salaries	26,868	26,868	—
Retirement	2,082	2,082	—
Medicare	381	381	—
Unemployment	22	22	—
Workers' compensation	3,418	3,702	(284)
Hospitalization	3,000	2,716	284
Dental insurance	264	264	—
Conference and convention	120	120	—
Travel	104	104	—
Insurance	25,895	25,947	(52)
Maintenance	2,072	1,983	89
Legal	467	467	—
Construction	5,000	10,123	(5,123)
Engineering	41,051	47,737	(6,686)
Utilities	7,855	7,207	648

(Continued)

The accompanying notes are an integral part of this statement.

CHOCTAW ROAD LANDFILL
(A Joint Venture of the Washington Parish Government
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, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures (cont'd):			
Supplies	\$ 150	\$ 128	\$ 22
Permit fee	2,655	2,654	1
Miscellaneous	15,000	16,224	(1,224)
Contract labor	1000	890	110
Accounting & auditing	5,050	5,050	—
Capital outlay	<u>10,334</u>	<u>10,334</u>	<u>—</u>
Total expenditures	<u>583,968</u>	<u>596,432</u>	<u>(12,464)</u>
Excess (deficiency) of revenue over expenditures	(391,481)	(406,974)	(15,493)
Other financing sources:			
Contribution by participants-			
Washington Parish Government	227,549	236,388	8,839
City of Bogalusa	<u>163,972</u>	<u>170,586</u>	<u>6,614</u>
Total other financing sources	<u>391,521</u>	<u>406,974</u>	<u>15,453</u>
Excess (deficiency) of revenues and other financing sources over expenditures	40	---	(40)
Fund balance, beginning	<u>17,980</u>	<u>15</u>	<u>(17,965)</u>
Fund balance, ending	<u>\$ 18,020</u>	<u>\$ 15</u>	<u>\$ (18,005)</u>

(Concluded)

The accompanying notes are an integral part of this statement.

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

Notes to the General-Purpose Financial Statements
December 31, 1998

INTRODUCTION

During 1985, the Washington Parish Government (the Parish Government) and the City of Bogalusa (the City) entered into a verbal agreement for the construction and operation of the Choctaw Road Landfill (the joint venture). The landfill was opened in July of 1989. The agreed upon percentages for sharing of construction costs, revenues, and operating costs were 58.1% for the Parish Government and 41.9% for the City. The Parish Government 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 liners 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 Choctaw 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 is owned, operated, or

CHOCTAW ROAD LANDFILL
(A Joint Venture of the Washington Parish Government
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Notes to the General-Purpose Financial Statements (continued)

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. 14 also established that such joint ventures are stand-alone reporting entities. Therefore, the Choctaw Road Landfill has applied the provisions of Statement No. 14 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 Parish Government 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.

CHOCTAW ROAD LANDFILL
(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)
Notes to the General-Purpose Financial Statements (continued)

Other Financing Sources

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

E. 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.

F. BUDGET PRACTICES

The 1998 budget of Choctaw Road Landfill was included in the budget of the Washington Parish Government as a special revenue fund.

Unexpended appropriations lapse at year end.

G. ENCUMBRANCES

The Choctaw 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 Government has been assigned to the Choctaw 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 Government
 and the City of Bogalusa)
 Notes to the General-Purpose Financial Statements (continued)

NOTE 2 - PARTICIPANTS' METHOD OF FUNDING

The Parish Government'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 closure and postclosure costs at December 31, 1998, determined by the landfill's engineer, was \$403,622. 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 \$403,622 as of December 31, 1998 has been recorded in the general long-term debt of each participant's separate financial statements as follows:

Washington Parish Government	58.1%	\$ 234,504
City of Bogalusa	41.9%	<u>169,118</u>
		<u>\$ 403,622</u>

Neither the Parish Government nor the City is required to set aside funds in escrow to finance future closure and postclosure care costs.

CHOCTAW ROAD LANDFILL
(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)
Notes to the General-Purpose Financial Statements (continued)

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 Parish Government and the City entered into a contract with Double C Transportation, Inc. to operate the Landfill. The contract began on June 26, 1991 and continues for approximately ten years depending on cell usage. The fee for services rendered by the contractor began at \$27,820 per month with annual adjustments to reflect fluctuations in the Consumers 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 Government. 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 AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Choctaw Road Landfill
Franklinton, Louisiana

I have audited the financial statements of Choctaw Road Landfill, a joint venture of the Washington Parish Government and the City of Bogalusa, as of and for the year ended December 31, 1998, and have issued my report thereon dated June 22, 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

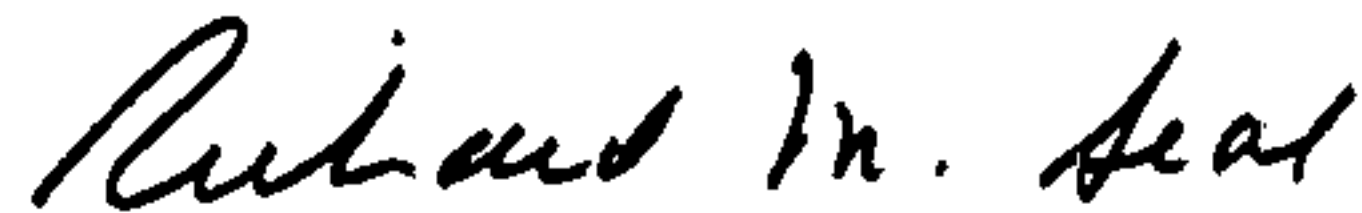
As part of obtaining reasonable assurance about whether Choctaw Road Landfill's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect 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 Choctaw 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 amounts 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 Choctaw 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
June 22, 1999

SUPPLEMENTAL INFORMATION

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

Year 2000 Disclosure
For the Year Ended December 31, 1998

Management has stated that "there is no microchip technology at the landfill site, and the computers that do billings at Washington Parish Government will be Y2K compliant before the end of the year. No unbudgeted costs or reduction in the level of services provided is expected."