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NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY
Rayville, Louisiana

Component Unit Financial Statements
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 APR 07 1999

Karen M. Hollis, CPA
611 Madeline Street
PO Box 397
Rayville, Louisiana 71269
(318) 728-6588

NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY
Rayville, Louisiana

Component Unit Financial Statements
As of and for the Year Ended December 31, 1998
With Supplemental Information Schedules

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TRANSMITTAL LETTER
ANNUAL FINANCIAL STATEMENTS

March 22, 1999

Office of Legislative Auditor
Attention: Ms. JoAnne Sanders
1600 North Third
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Ms. Sanders:

In accordance with Louisiana Revised Statute 24:514, enclosed are the annual financial statements for the Northside Utility District No. 2 as of and for the fiscal year ended December 31, 1998. The report includes all funds under the control and oversight of the district. The accompanying financial statements have been prepared in accordance with generally accepted accounting principles.

Sincerely,

Officer

Enclosure

NORTHSIDE UTILITY DISTRICT NO. 2
Rayville, Louisiana

ANNUAL SWORN FINANCIAL STATEMENTS AND
CERTIFICATION OF REVENUES \$50,000 OR LESS

The annual sworn financial statements are required by Louisiana Revised Statute 24:514 to be filed with the Legislative Auditor within 90 days after the close of the fiscal year. The certification of revenues \$50,000 or less, if applicable, is required by Louisiana Revised Statute 24:513(l)(l)(c)(i).

=====

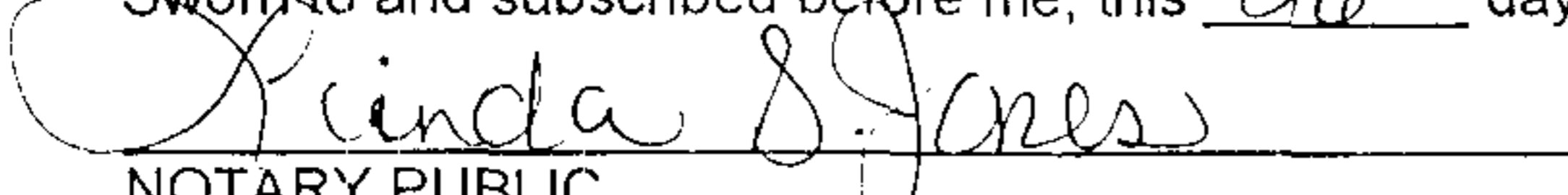
AFFIDAVIT

Personally came and appeared before the undersigned authority, J. W. McGlothlin, Director, who, duly sworn, deposes and says that the financial statements herewith given present fairly the financial position of the Northside Utility District No. 2 as of December 31, 1998, and the results of operations for the year then ended, in accordance with the basis of accounting described within the accompanying financial statements.

In addition, J. W. McGlothlin, Director, who, duly sworn, deposes and says that the Northside Utility District No. 2 received \$50,000 or less in revenues and other sources for the fiscal year ending December 31, 1998 and, accordingly, is not required to have an audit for the previously mentioned fiscal year-end.


Signature

Sworn to and subscribed before me, this 26 day of March, 1999.


NOTARY PUBLIC

Officer _____
Address _____

Phone _____



KAREN M. HOLLIS

CERTIFIED PUBLIC ACCOUNTANT

P.O. Box 397
611 Madeline Street
Rayville, LA 71269
Phone: (318) 728-6588

Accountant's Report

BOARD OF COMMISSIONERS
NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY
Rayville, Louisiana

I have compiled the accompanying combined financial statements of Northside Utility District No. 2, a component unit of Richland Parish Police Jury, as of and for the year ended December 31, 1998, as listed in the table of contents, in accordance with Statements on Standards 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.

Rayville, Louisiana
March 22, 1999

NORTHSIDE UTILITY DISTRICT NO. 2
 RICHLAND PARISH POLICE JURY
 Rayville, Louisiana
 PROPRIETARY FUND - ENTERPRISE FUND
 (All Fund Types and Account Groups)

Balance Sheet, December 31, 1998

ASSETS

Current assets:

Cash and cash equivalents	\$25,048
Receivables (net)	7,060
Total current assets	32,108

Property, plant, and equipment:

Sewer System	241,065
Water System	196,034
Less accumulated depreciation	(184,832)
Net property, plant, and equipment	252,267

TOTAL ASSETS

\$284,375

LIABILITIES AND FUND EQUITY

Liabilities:

Current liabilities:

Accounts payable	\$1,464
Sales taxes payable	311
Customer deposits	2,965
Due to management	14,600
Total current liabilities (payable from current assets)	19,340

Fund Equity:

Contributed capital	437,099
Retained earnings:	
Unreserved	(172,064)
Total Fund Equity	265,035

TOTAL LIABILITIES AND FUND EQUITY

\$284,375

See the accountant's report.

The accompanying notes are an integral part of this statement.

NORTHSIDE UTILITY DISTRICT NO. 2
 RICHLAND PARISH POLICE JURY
 Rayville, Louisiana
 PROPRIETARY FUND - ENTERPRISE FUND

Statement of Revenues, Expenses, and
 Changes in Retained Earnings
 For the Year Ended December 31, 1998

OPERATING REVENUES	
Sewer fees	\$9,801
Water fees	23,788
Penalties	1,186
Total operating revenues	<u>34,775</u>
OPERATING EXPENSES	
Accounting & bookkeeping	3,250
Bad debts	2,662
Depreciation	10,928
Management	7,200
Meter reading	1,165
Repairs & maintenance	2,058
Supplies	304
Utilities	634
Water	10,049
Sewer pumping	5,575
Total operating expenses	<u>43,825</u>
OPERATING INCOME (Loss)	(9,050)
NONOPERATING REVENUES (Expenses)	
Interest earned on deposits	616
Total nonoperating revenues (expenses)	<u>616</u>
NET INCOME (Loss)	(8,434)
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>(163,630)</u>
RETAINED EARNINGS AT END OF YEAR	<u><u>(172,064)</u></u>

See accountant's report.

The accompanying notes are an integral part of this statement.

NORTHSIDE UTILITY DISTRICT NO. 2
 RICHLAND PARISH POLICE JURY
 Rayville, Louisiana
 PROPRIETARY FUND - ENTERPRISE FUND

Statement of Cash Flows
 For the Year Ended December 31, 1998

CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating income (loss)	<u>(\$9,050)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	10,928
Decrease (increase) in accounts receivable	(2,278)
(Decrease) increase in accounts payable	<u>6,118</u>
Total adjustments	<u>14,768</u>
Net cash provided (used) by operating activities	<u>5,718</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest earned	<u>616</u>
Net cash provided (used) by investing activities.	<u>616</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,334
CASH AND CASH EQUIVALENTS - BEGINNING	<u>18,714</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$25,048</u></u>

See the accountant's report.

The accompanying notes are an integral part of this statement.

NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY
Rayville, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 1998

INTRODUCTION

Northside Utility District No. 2 was created by the Richland Parish Police Jury on December 3, 1981. It was combined from another district with a new area to be provided with water and sewer service. The district is responsible for maintaining and operating a water system and a sewerage collection and disposal system within the boundaries of the district. The district has a contract with the Town of Rayville for water pumping and the sewerage collection and disposal. The district is to be governed by a board of commissioners consisting of five (5) members appointed by the police jury. Each board member is to serve a four (4) year term. The board receives no compensation for their services and as of the date of this report, the last board appointed by the Police Jury has never met. The initial board hired a director to oversee operations of the district and the director hires labor when necessary.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Northside Utility District No. 2 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

The district is a component unit of the Richland Parish Police Jury, the financial reporting entity. The police jury is financially accountable for the district because it appoints a voting majority of the board and has the ability to impose its will on them.

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

NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY
Rayville, Louisiana
Notes to the Financial Statements (Continued)

The Northside Utility District No. 2 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 are recorded each month when customers are billed. Interest earned on time deposits is recorded at the end of each quarter when credited by the bank.

Other revenues of the district are recorded when received.

Expenses

Expenses are recognized at the time the liability is incurred.

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. 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, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

F. FIXED ASSETS

Fixed assets of the district are included on the balance sheet of the fund. Interest costs incurred during construction are capitalized. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Fixed assets reported on the balance sheet are net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated

NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY
Rayville, Louisiana
Notes to the Financial Statements (Continued)

useful lives of 40 years for water and sewer systems.

G. COMPENSATED ABSENCES

The district does not have any full time employees; therefore it does not have a formal vacation or sick leave policy.

H. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the Enterprise Fund. The district has no long-term liabilities at December 31, 1998.

I. 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 based on the depreciation recognized on that portion of the assets acquired from such contributions.

Reserves

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

2. FUND DEFICITS

At December 31, 1998, the unreserved retained earnings deficit totals \$170,600. The director of the district is in the process of turning the system over to the Police Jury. The board that has been appointed has never met and leaves everything up to the director, who at this time has not been paid on a consistent basis. The director suggests an increase in fees but without a board cannot get approval for the increase.

3. CASH AND CASH EQUIVALENTS

At December 31, 1998, the district has cash and cash equivalents (book balances) totaling \$25,048 as follows:

Demand deposits	\$6,292
Interest bearing demand deposits	<u>18,756</u>
Total	<u><u>\$25,048</u></u>

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. 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

NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY
Rayville, Louisiana
Notes to the Financial Statements (Continued)

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 \$25,723 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance.

4. RECEIVABLES

The following is a summary of receivables at December 31, 1998:

Water and sewer	\$9,060
Less estimated uncollectibles	<u>(2,000)</u>
Net accounts recievable	<u>\$7,060</u>

The district uses the allowance method of writing off uncollectible accounts.

5. FIXED ASSETS

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

Water system	\$241,065
Sewer system	196,034
Less accumulated depreciation	<u>(184,832)</u>
Net property, plant and equipment	<u>\$252,267</u>

6. PENSION PLAN

The district has no full time employees and therefore, provides no benefits.

7. LITIGATION AND CLAIMS

At December 31, 1998, the district is not involved in any litigation nor is it aware of any unasserted claims.

8. GOING CONCERN

The district has operated at a loss for several years. The cash flow is hindered by the district's inability to collect on overdue accounts and the fact that the water and sewer fees charged are not enough to cover costs of the district. The district is facing major repairs to its lines and does not have the money to start the repairs. The director of the district has also not received his salary for several months in order to keep enough cash to continue operating. At this time the district is applying for a grant to help with the costs of repairs. The director is turning the district over to the Richland Parish Police Jury in 1999.

**NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY
Rayville, Louisiana**

**SUPPLEMENTAL INFORMATION SCHEDULES
For the Year Ended December 31, 1998**

COMPENSATION PAID BOARD MEMBERS

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

NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY
Rayville, Louisiana

Schedule of Compensation Paid Board Members
For the Year Ended December 31, 1998

<u>NAME</u>	<u>AMOUNT</u>
Ronnie Gordon	\$0
Frank Jones	0
Eli Williams	0
Robert Hayes	0
James Tabb	0
	<hr/>
Total	<u><u>\$0</u></u>

See the accountant's report.

The accompanying notes are an integral part of this statement.