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**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, 1998
With Supplemental Information Schedules**

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 12/10/98

EASTERN FOREST SEWERAGE DISTRICT NO. 14
Monroe, Louisiana
ANNUAL SWORN FINANCIAL STATEMENTS
AND CERTIFICATION OF REVENUES \$50,000 OR LESS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1998

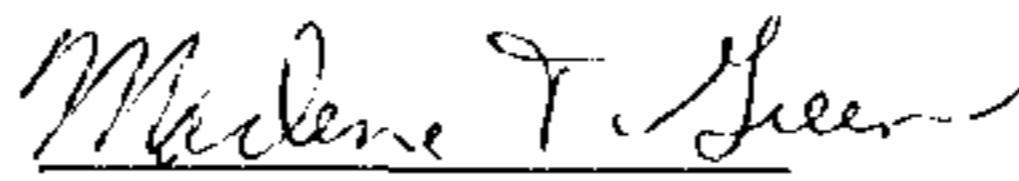
A F F I D A V I T

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, 1998, 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 \$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.


Eastern Forest Sewerage District No. 14

Sworn to and subscribed before me, this 17 day of February, 1999.


NOTARY PUBLIC
Martene T. Green

Agency: Eastern Forest Sewerage
District No. 14
Address: 508 Connie Lynn Dr.
Monroe, Louisiana 71203
Telephone: (318) 387-3300

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, 1998
With Supplemental Information Schedules

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M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • 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, 1998, and for the year then ended, in accordance with standards established by *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.

Carleen Dumas

Calhoun, Louisiana
February 9, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

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

Combined Balance Sheet, December 31, 1998

	GOVERNMENTAL FUND TYPE - DEBT SERVICE FUND	PROPRIETARY FUND TYPE - ENTERPRISE FUND	ACCOUNT GROUP - GENERAL LONG- TERM DEBT	TOTAL (MEMORANDUM ONLY)
ASSETS AND OTHER DEBITS				
Cash	\$5,085	\$22,095		\$27,180
Accounts receivable - sewer fees		2,056		2,056
Due from Enterprise Fund	564			564
Special assessments receivable:				
Current	1,563			1,563
Non-current	9,842			9,842
Property, plant and equipment (net of accumulated depreciation)		182,133		182,133
Amount available in debt service fund			\$4,467	4,467
TOTAL ASSETS AND OTHER DEBITS	\$17,054	\$206,284	\$4,467	\$227,805
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable		\$3,230		\$3,230
Due to Debt Service Fund		564		564
Deferred revenue	\$9,842			9,842
Special assessment debt with governmental commitment			\$4,467	4,467
Total Liabilities	<u>9,842</u>	<u>3,794</u>	<u>4,467</u>	<u>18,103</u>
Fund Equity:				
Contributed capital (net of accumulated depreciation on fixed assets financed by special assessments)		180,600		180,600

(Continued)

EASTERN FOREST SEWERAGE DISTRICT NO. 14
 Monroe, Louisiana
 ALL FUND TYPES AND ACCOUNT GROUPS
 Combined Balance Sheet, December 31, 1998

	GOVERNMENTAL FUND TYPE - DEBT SERVICE FUND	PROPRIETARY FUND TYPE - ENTERPRISE FUND	ACCOUNT GROUP - GENERAL LONG- TERM DEBT	TOTAL (MEMORANDUM ONLY)
Fund Equity (Contd.):				
Retained earnings - unreserved - undesignated		\$21,890		\$21,890
Fund balance:				
Reserved for debt service	\$4,467			4,467
Unreserved - undesignated	2,745			2,745
Total Fund Balance	7,212	NONE	NONE	7,212
Total Fund Equity	7,212	202,490	NONE	209,702
TOTAL LIABILITIES AND FUND EQUITY	\$17,054	\$206,284	\$4,467	\$227,805

(Concluded)

See accountant's compilation report and accompanying notes.

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

Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 For the Year Ended December 31, 1998

REVENUES	
Special assessments	\$8,526
Use of money and property - interest earnings	125
Total revenues	<u>8,651</u>
EXPENDITURES	
Debt service:	
Principal	5,117
Interest and bank charges	974
Total expenditures	<u>6,091</u>
EXCESS OF REVENUES OVER EXPENDITURES	2,560
FUND BALANCE AT BEGINNING OF YEAR	<u>4,652</u>
FUND BALANCE AT END OF YEAR	<u><u>\$7,212</u></u>

See accountant's compilation report and accompanying notes.

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

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

OPERATING REVENUE	
Sewer fees	\$17,274
Other operating revenues	1,062
Total revenues	<u>18,336</u>
OPERATING EXPENSES	
Chemicals	780
Fees	3,124
Management expense	4,675
Postage	240
Professional fees	438
Repairs and maintenance	6,589
Utilities	2,607
Miscellaneous	730
Depreciation	6,234
Total operating expenses	<u>25,417</u>
OPERATING INCOME (Loss)	(7,081)
NON-OPERATING REVENUE	
Interest earned on deposits	<u>468</u>
NET INCOME (Loss)	(6,613)
Add depreciation on fixed assets financed by special assessments	<u>6,078</u>
DECREASE IN RETAINED EARNINGS	(535)
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>22,425</u>
RETAINED EARNINGS AT END OF YEAR	<u><u>\$21,890</u></u>

See accountant's compilation report and accompanying notes.

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

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

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Income (Loss)	<u>(\$7,081)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by Operating Activities:	
Depreciation	6,234
Increase in accounts receivable	(687)
Decrease in accounts payable	<u>(796)</u>
Total adjustments	<u>4,751</u>
Net cash used by operating activities	<u>(2,330)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	<u>468</u>
NET DECREASE IN CASH	<u>(1,862)</u>
CASH AT BEGINNING OF YEAR	<u>23,957</u>
CASH AT END OF YEAR	<u><u>\$22,095</u></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, 1998

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, 1989. 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 62 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.

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

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 on 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 accrual.

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.

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

See accountant's compilation report.

EASTERN FOREST SEWERAGE DISTRICT NO. 14

Monroe, Louisiana

Notes to the financial statements (Continued)

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 fencing 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.

H. 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

See accountant's compilation report.

EASTERN FOREST SEWERAGE DISTRICT NO. 14

Monroe, Louisiana

Notes to the financial statements (Continued)

generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. 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, 1998, the district has cash on hand and in demand deposits (book balances) totaling \$27,180.

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, 1998, are \$25,515, and are fully secured from risk by federal deposit insurance.

3. FIXED ASSETS

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

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land	\$5,870	NONE	\$5,870
Fencing	9,783	(\$4,443)	5,340
Collection and treatment facilities	210,962	(40,039)	170,923
Total	<u>\$226,615</u>	<u>(\$44,482)</u>	<u>\$182,133</u>

4. LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended December 31, 1998:

See accountant's compilation report.

EASTERN FOREST SEWERAGE DISTRICT NO. 14

Monroe, Louisiana

Notes to the financial statements (Continued)

Sewerage certificates payable at January 1, 1998	\$9,584
Reductions	<u>(5,117)</u>
Sewerage certificates payable at December 31, 1998	<u>\$4,467</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, 1998, 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, 1998, the district called \$962 of the certificates and paid call premiums of \$38.

5. CONTRIBUTED CAPITAL

On November 1, 1990, Eastern Forest Sewerage District No. 14 issued sewerage certificates in the amount of \$196,813 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, 1998 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, 1998, accumulated depreciation on these assets is \$43,670.

6. LITIGATION AND CLAIMS

The district is not involved in any litigation at December 31, 1998, nor is it aware of any unasserted 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 (UDS) for operation and management of the sewerage system. The agreement provides a fee structure for various activities performed by UDS in the operation of the district's sewerage system. For the year ended December 31, 1998, the district paid UDS \$4,675, for the management and operation of the system. Additionally, the district paid \$6,589 to UDS for repairs and maintenance to the system.

See accountant's compilation report.

EASTERN FOREST SEWERAGE DISTRICT NO. 14

Monroe, Louisiana

Notes to the financial statements (Continued)

8. YEAR 2000 ISSUE

The Year 2000 Issue is the result of shortcomings in many electronic data-processing systems and other equipment that may adversely affect the district's operations in the year 1999 and beyond. As discussed in Note 7 above, the district has contracted with UDS for operation and maintenance of the sewerage system. As of December 31, 1998, UDS has conducted a review of its computer systems to identify the systems that could be affected by the Year 2000 Issue and has begun implementing a Year 2000 compliance plan. UDS expects its Year 2000 compliance plan to be completed on a timely basis. However, there is no assurance that the systems of other governmental agencies or companies on which the district relies will be timely converted or that any such failure to convert by a governmental agency or other company would not have an adverse effect on the district's operations.

See accountant's compilation report.

SUPPLEMENTAL INFORMATION SCHEDULES

See accountant's compilation report.

EASTERN FOREST SEWERAGE DISTRICT NO. 14
Monroe, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended December 31, 1998

PRIOR YEAR FINDINGS

The follow-up and corrective action taken on all prior year findings is presented in the summary schedule of prior year findings (Schedule 1).

CURRENT YEAR FINDINGS

The corrective action plan for current year findings is presented in Schedule 2.

See accountant's compilation report.

EASTERN FOREST SEWERAGE DISTRICT NO. 14
Monroe, Louisiana

Summary Schedule of Prior Year Findings
For the Year Ended December 31, 1998

<u>Reference Number</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>
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There were no prior year findings.

See accountant's compilation report.

EASTERN FOREST SEWERAGE DISTRICT NO. 14
Monroe, Louisiana

Corrective Action Plan
For Current Year Findings
For the Year Ended December 31, 1998

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
-----------------------------	-------------------------------	--	---------------------------------------	--

There are no current year findings.

See accountant's compilation report.