

LIVINGSTON PARISH SEWERAGE DISTRICT NO. 2

Notes to the Financial Statements, Continued

December 31, 1995 and 1996

user charges; or (b) where the governing body has decided that periodic determinations of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

B. FIXED ASSETS AND LONG-TERM LIABILITIES

All fixed assets are valued at historical costs. It is the policy of the sewerage district to capitalize interest costs incurred during the period of construction. No interest was capitalized during 1995 or 1996.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. All infrastructure assets are accounted for and depreciated.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary funds balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives for plant and facilities is forty years.

C. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses 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.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

D. CASH

Cash includes demand deposits and interest bearing demand deposits which are fully secured through the pledge of bank-owned securities or federal deposit insurance. For purposes of the statement of cash flows, the sewerage district considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

LIVINGSTON PARISH SEWERAGE DISTRICT NO. 2
Notes to the Financial Statements, Continued
December 31, 1995 and 1996

3. CHANGES IN GENERAL FIXED ASSETS

The following is a summary of changes in fixed assets.

	<u>BALANCE</u> <u>12/31/94</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>12/31/95</u>
Land	\$ <u>56,794</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>56,794</u>
Plant and facilities	\$ 4,963,311	\$ 7,000	\$ -0-	\$4,970,311
Accumulated depreciation	<u>(1,137,017)</u>	<u>(136,165)</u>	<u>-0-</u>	<u>(1,273,182)</u>
Plant and facilities (net)	<u>\$ 3,826,294</u>	<u>\$ (129,165)</u>	<u>\$ -0-</u>	<u>\$3,697,129</u>
		<u>BALANCE</u>		<u>BALANCE</u>
	<u>12/31/95</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>12/31/96</u>
Land	\$ <u>56,794</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>56,794</u>
Plant and facilities	\$4,970,311	\$ 19,542	\$ -0-	\$4,989,853
Accumulated depreciation	<u>(1,273,182)</u>	<u>(136,497)</u>	<u>-0-</u>	<u>(1,409,679)</u>
Plant and facilities (net)	<u>\$3,697,129</u>	<u>\$ (116,955)</u>	<u>\$ -0-</u>	<u>\$3,580,174</u>

4. CHANGES IN LONG-TERM DEBT

The following is a summary of loan transactions of the sewerage district for the years ending December 31, 1995 and 1996:

	<u>LOAN R-1</u>	<u>LOAN R-2</u>	<u>TOTAL</u>
Loans payable at December 31, 1994	\$ 952,938	\$ 362,458	\$1,315,396
New debt issued	-0-	-0-	-0-
Principal retired	<u>(14,430)</u>	<u>(2,559)</u>	<u>(16,989)</u>
Loans payable at December 31, 1995	<u>\$ 938,508</u>	<u>\$ 359,899</u>	<u>\$1,298,407</u>

LIVINGSTON PARISH SEWERAGE DISTRICT NO. 2
Denham Springs, Louisiana
Notes to the Financial Statements
For the Years Ended December 31, 1995 and 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sewerage District No. 2, Denham Springs, Louisiana, was created by the Livingston Parish Police Jury on October 26, 1974, pursuant to the provisions of R.S. 33:3811, et. seq., of the Louisiana Revised Statutes of 1950.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In November of 1984, the GASB issued a codification of governmental accounting and financial reporting standards. This codification is recognized as generally accepted accounting principles for state and local government.

GASB Codification Section 2100 established criteria for determining the governmental reporting entity and component units which should be included within the reporting entity. The reporting entity for Livingston Parish includes the component unit with oversight responsibility, and other governmental entities within the parish for which the police jury has oversight responsibility. Oversight responsibility is determined on the basis of the following criteria:

1. Financial interdependency
2. Selection of governing authority
3. Designation of management
4. Ability to significantly influence operations
5. Accountability for fiscal matters
6. Scope of public service
7. Special financing relationship

Based on the previous criteria, the police jury has determined that Sewerage District No. 2 is part of the reporting entity based on criteria 2, 4, and 6.

The accounting policies of Sewerage District No. 2 conform to generally accepted accounting principles. The following is a summary of the significant policies.

A. FUND ACCOUNTING - PROPRIETARY FUND TYPE

The Sewerage District No. 2 is an enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through

Appropriations lapse at year end.

2. RESERVE REQUIREMENTS

The district is required to maintain the following reserves by the Farmer's Home Administration as a condition of the loans made to the sewerage district.

A. RESERVE BOND SINKING FUND

Each month the district must transfer into the revenue bond sinking fund, a sum equal to one-twelfth of the interest falling due on the next interest payment date and, in addition, a sum equal to one-twelfth of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required as the same respectively become due. Said fiscal agent bank shall make available from the revenue bond sinking fund to the paying agent for all installments on the bond payable from said fund, at least ten days in advance of the date on which each payment of principal or interest falls due, funds fully sufficient to pay promptly the principal and interest so falling due on such date.

B. SEWERAGE SYSTEM REVENUE BOND RESERVE FUND

Each month the district must transfer into the reserve fund, a sum equal to five per cent of the sum required to be transferred in each month into the revenue bond sinking fund as required in the reserve bond sinking fund, the payments to continue until such time as there has been accumulated therein a sum equal to the highest combined principal and interest requirement in any succeeding fiscal year on the outstanding principal of the bonds. The money in the reserve fund is to be retained solely for the purpose of paying the principal of and the interest on bonds payable from the revenue bond sinking fund as to which there would otherwise be default.

C. DEPRECIATION AND CONTINGENCY FUND

Each month the district must transfer into the depreciation and contingency fund the sum of \$413.00. All moneys in the depreciation and contingency fund may be drawn on and used by the district for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, replacements and extensions; and the costs of improvements to the sewerage system which will either enhance its revenue producing capacity or provide a higher degree of service.

Restricted assets have been set aside in the current period as required by the Farmer's Home Administration in order to service the bond payable.

LIVINGSTON PARISH SEWERAGE DISTRICT NO. 2
Denham Springs, Louisiana

STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS
For the Years Ended December 31, 1995 and 1996

	<u>1995</u>	<u>1996</u>
<u>OPERATING REVENUES</u>		
Sewer fees	\$ 277,105	\$ 312,110
Sewer District No. 1 maintenance	26,205	37,494
Permits/user fees	<u>38,340</u>	<u>64,959</u>
 Total operating revenues	 341,650	 414,563
<u>OPERATING EXPENSES</u>		
Salaries	94,282	99,389
Payroll taxes	7,944	9,558
Interest	82,308	81,052
Depreciation	136,165	136,497
Systems maintenance	66,811	49,596
Professional fees	17,214	65,381
Insurance	33,778	32,170
Per diem	1,740	2,280
Bad debt expense	-0-	488
Utilities	32,036	35,877
Supplies	4,218	5,438
Telephone	6,857	7,051
Miscellaneous	<u>7,214</u>	<u>6,720</u>
 Total operating expenses	 <u>490,567</u>	 <u>531,497</u>
<u>NET OPERATING INCOME (LOSS)</u>	<u>(148,917)</u>	<u>(116,934)</u>
<u>OTHER REVENUES AND EXPENSES</u>		
Interest	12,010	15,470
Law suit repayments	40,000	500,000
Law suit expenses	<u>(40,000)</u>	<u>-0-</u>
 Total other revenues and expenses	 <u>12,010</u>	 <u>515,470</u>
<u>NET INCOME (LOSS)</u>	<u>(136,907)</u>	<u>398,536</u>
<u>RETAINED EARNINGS AT BEGINNING OF YEAR</u>	<u>2,832,588</u>	<u>2,695,681</u>
<u>RETAINED EARNINGS AT END OF YEAR</u>	<u>\$2,695,681</u>	<u>\$3,094,217</u>

See accompanying notes to the financial statements.

LIVINGSTON PARISH SEWERAGE DISTRICT NO. 2

Notes to the Financial Statements, Continued

December 31, 1995 and 1996

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. At December 31, 1995 and 1996, the district has cash and cash equivalents (book balances) totaling \$280,171 and \$787,601 respectively as follows:

	<u>December 31,</u>	
	<u>1995</u>	<u>1996</u>
Demand deposits	\$280,171	\$338,305
Time deposits	<u>-0-</u>	<u>449,296</u>
Total	<u>\$280,171</u>	<u>\$787,601</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 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. Deposits (bank balances) at December 31, 1995 and 1996, are secured as follows:

	<u>December 31,</u>	
	<u>1995</u>	<u>1996</u>
Bank balances	<u>\$280,171</u>	<u>\$790,134</u>
Federal deposit insurance	\$100,000	\$200,000
Pledged securities	<u>500,000</u>	<u>590,134</u>
Total insurance and securities	<u>600,000</u>	<u>790,134</u>
Unsecured deposits at December 31	<u>\$ -0-</u>	<u>\$ -0-</u>

Deposits are collateralized with securities held by the pledging financial institution's trust department or agent in the district's name.

E. BUDGET POLICY

Each year the district adopts an annual operating cash basis budget. Periodic comparisons of budget to actual data are made. The budget is amended as required by the circumstances. Encumbrance accounting is not utilized.

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LIVINGSTON PARISH
SEWERAGE DISTRICT NO. 2
DENHAM SPRINGS, LOUISIANA
ANNUAL FINANCIAL REPORT
DECEMBER 31, 1995 AND 1996

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 16 1997

LEROY J. CHUSTZ

CERTIFIED PUBLIC ACCOUNTANT, APAC

POST OFFICE BOX 158 DENHAM SPRINGS, LOUISIANA 70727-0158 (504) 665-3102 FAX (504) 667-3553

INDEPENDENT AUDITOR'S REPORT

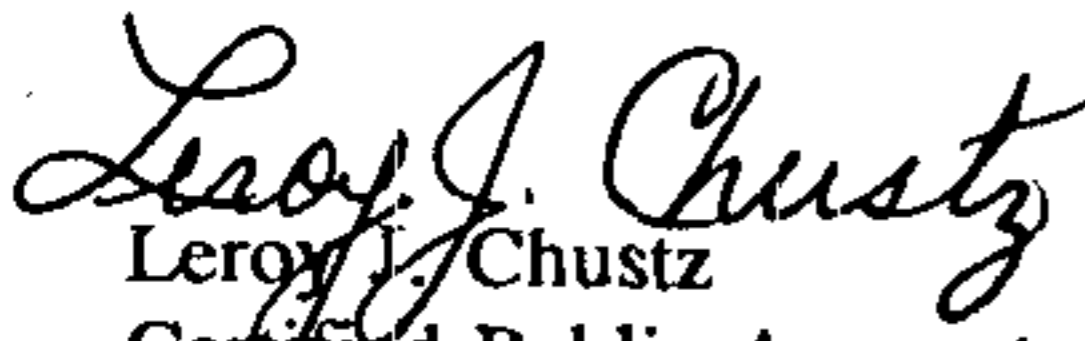
Board of Commissioners
Livingston Parish Sewerage District No. 2
Denham Springs, Louisiana

I have audited the accompanying general purpose financial statements of Livingston Parish Sewerage District No. 2, Denham Springs, Louisiana, component unit of Livingston Parish Police Jury, as of and for the years ended December 31, 1995 and 1996, as listed in the Table of Contents. These general purpose financial statements are the responsibility of Livingston Parish Sewerage District No. 2's management. My responsibility is to express an opinion on these general purpose financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Legislative Auditor. 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 general purpose financial statement presentation. I believe that my audits provide 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 Livingston Parish Sewerage District No. 2 as of December 31, 1995 and 1996, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated March 14, 1997 on our consideration of Livingston Parish Sewerage District No. 2's internal control structure and a report dated March 14, 1997 on its compliance with laws and regulations.


Leroy J. Chustz
Certified Public Accountant, APAC
March 14, 1997

LIVINGSTON PARISH SEWERAGE DISTRICT NO. 2
Denham Springs, Louisiana

BALANCE SHEETS
December 31, 1995 and 1996

LIABILITIES AND FUND EQUITY

	<u>1995</u>	<u>1996</u>
CURRENT LIABILITIES		
Accounts payable	\$ 8,617	\$ 4,309
Lease payable - current portion	<u>6,279</u>	<u>5,013</u>
Total current liabilities	14,896	9,322
CURRENT LIABILITIES (Payable from restricted assets)		
Accrued interest payable	68,891	68,443
Loan payable - 1984 series - current portion	<u>17,987</u>	<u>18,992</u>
Total current liabilities (Payable from restricted assets)	86,878	87,435
LONG-TERM LIABILITIES		
Lease payable	5,013	-0-
Loan payable - 1984 series	<u>1,280,420</u>	<u>1,261,239</u>
Total long-term liabilities	<u>1,285,433</u>	<u>1,261,239</u>
Total liabilities	<u>1,387,207</u>	<u>1,357,996</u>
FUND EQUITY		
Contributed capital	3,875,117	3,875,117
Retained earnings	<u>(1,179,436)</u>	<u>(780,900)</u>
Total fund equity	<u>2,695,681</u>	<u>3,094,217</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$4,082,888</u>	<u>\$4,452,213</u>

See accompanying notes to the financial statements.

LIVINGSTON PARISH SEWERAGE DISTRICT NO. 2
Denham Springs, Louisiana 70726

Annual Financial Statements with Independent Auditor's Report
For the Years Ended December 31, 1995 and 1996

C O N T E N T S

	<u>STATEMENT</u>	<u>PAGE</u>
Independent Auditor's Report		3

GENERAL PURPOSE FINANCIAL STATEMENTS

Balance Sheets	A	4-5
Statements of Revenues, Expenses, and Changes in Retained Earnings	B	6
Statements of Cash Flows	C	7
Notes to the Financial Statements		8-16
Independent Auditor's Report on Compliance Based on an Audit of General Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		17
Independent Auditor's Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		18-19

LIVINGSTON PARISH SEWERAGE DISTRICT NO. 2
Denham Springs, Louisiana

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 1995 and 1996
Increase (Decrease) in Cash and Cash Equivalents

	<u>1995</u>	<u>1996</u>
Cash flows from operating activities:		
Operating income (loss)	\$(148,917)	\$(116,934)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	136,165	136,497
(Increase) decrease in accounts receivable	(1,540)	(5,475)
(Increase) decrease in prepaid insurance	(330)	(390)
Increase (decrease) in accounts payable	6,062	(4,308)
Increase (decrease) in accrued liabilities	<u>(822)</u>	<u>(449)</u>
Net cash provided (used) by operating activities	<u>(9,382)</u>	<u>8,941</u>
Cash flows from investing activities:		
Cash payments for acquisition of property	<u>(7,000)</u>	<u>(19,542)</u>
Net cash provided (used) by investing activities	<u>(7,000)</u>	<u>(19,542)</u>
Cash flows from capital financing activities:		
Principal payments	(22,834)	(24,454)
Interest income	12,010	15,470
Settlement from law suit	<u>-0-</u>	<u>500,000</u>
Net cash provided (used) by capital financing activities	<u>(10,824)</u>	<u>491,016</u>
Net increase (decrease) in cash and equivalents	(27,206)	480,415
Cash and cash equivalents, beginning of year	<u>334,392</u>	<u>307,186</u>
Cash and cash equivalents, end of year	<u>\$307,186</u>	<u>\$787,601</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	\$ 83,121	\$ 81,500
Income taxes	\$ -0-	\$ -0-

See accompanying notes to the financial statements.

operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Commissioners of Livingston Parish Sewerage District No. 2, Livingston Parish Police Jury, and the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.



Leroy J. Christz
Certified Public Accountant, APAC
March 14, 1997

LEROY J. CHUSTZ

CERTIFIED PUBLIC ACCOUNTANT, APAC

POST OFFICE BOX 158 DENHAM SPRINGS, LOUISIANA 70727-0158 (504) 665-3102 FAX (504) 667-3553

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Livingston Parish Sewerage District No. 2
Denham Springs, Louisiana

I have audited the general purpose financial statements of Livingston Parish Sewerage District No. 2, Denham Springs, Louisiana, component unit of Livingston Parish Police Jury, as of and for the year ended December 31, 1996, and have issued my report thereon dated March 14, 1997.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States and the U.S. Department of Agriculture Farmers Home Administration *Audit Program*. 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.

The management of Livingston Parish Sewerage District No. 2, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the general purpose financial statements of Livingston Parish Sewerage District No. 2, for the year ended December 31, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or

LEROY J. CHUSTZ

CERTIFIED PUBLIC ACCOUNTANT, APAC

POST OFFICE BOX 158 DENHAM SPRINGS, LOUISIANA 70727-0158 (504) 665-3102 FAX (504) 667-3553

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners
Livingston Parish Sewerage District No. 2
Denham Springs, Louisiana


I have audited the general purpose financial statements of Livingston Parish Sewerage District No. 2, Denham Springs, Louisiana, component unit of Livingston Parish Police Jury, as of and for the year ended December 31, 1996, and have issued my report thereon dated March 14, 1997.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States; *Louisiana Governmental Audit Guide*, issued by the Louisiana Legislative Auditor; and the U.S. Department of Agriculture Farmers Home Administration *Audit Program*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Livingston Parish Sewerage District No. 2, is the responsibility of Livingston Parish Sewerage District No. 2's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. 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*.

This report is intended for the information of the Board of Commissioners of Livingston Parish Sewerage District No. 2, Livingston Parish Police Jury, and the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.


Leroy J. Chustz
Certified Public Accountant, APAC
March 14, 1997

LIVINGSTON PARISH SEWERAGE DISTRICT NO. 2
Notes to the Financial Statements, Continued
December 31, 1995 and 1996

1996

<u>BOARD MEMBER</u>	<u>MEETINGS ATTENDED</u>	<u>PER DIEM</u>
Kenneth Bingham 8850 Old Winchester Road Denham Springs, Louisiana 70726	8	\$480
Thomas Walton 1051 Maywood Drive Denham Springs, Louisiana 70726	15	\$900
Kyle Parker 30923 Old River Road Denham Springs, Louisiana 70726	15	\$900

Livingston Parish Police Jury took over operations during 1990. Per diem was not paid to board members nor police jurors during 1991. During 1992 the Livingston Parish Police Jury appointed board members to manage the operations of Livingston Parish Sewerage District No. 2.

7. INCOME TAXES

Sewerage District No. 2 is exempt from all federal and state income taxes.

8. LITIGATION

The sewerage district has filed suit against the bonding company, Millers Mutual Fire Insurance Company of Texas. The suit asserts a claim for repairs to that portion of Sewerage District No. 2's sewer system which was constructed by Eltek, Inc.. The expected outcome, according to legal counsel, is that the bonding company will be held responsible for repairs to the system. To date, \$540,000 has been paid to the Sewer District.

9. RETIREMENT PLAN

Sewerage District No. 2 does not belong to a retirement system; however, the district contributes to the social security system as required by law.

LIVINGSTON PARISH SEWERAGE DISTRICT NO. 2
 Notes to the Financial Statements, Continued
 December 31, 1995 and 1996

Principal payments of \$6,279 were made during the year 1996. The lease-purchase agreement contains a non-appropriation funding clause whereby, in the event no funds or insufficient funds are appropriated by the District, the lease shall terminate without penalty or expense to the District.

5. CONTRIBUTED CAPITAL

Contributed capital is comprised of funding from a grant from the Environmental Protection Agency (EPA) in the amount of \$3,480,342 and a grant provided by the State of Louisiana in the amount of \$394,775.

6. PER DIEM PAID TO BOARD MEMBERS

Board members are appointed by the Livingston Parish Police Jury and serve at the pleasure of the police jury. There are no set terms of office. Board members are paid \$60 per diem for each meeting they attend.

1995

<u>BOARD MEMBER</u>	<u>MEETINGS ATTENDED</u>	<u>PER DIEM</u>
Kenneth Bingham 8850 Old Winchester Road Denham Springs, Louisiana 70726	2	\$180
Thomas Walton 1051 Maywood Drive Denham Springs, Louisiana 70726	13	\$780
Kyle Parker 30923 Old River Road Denham Springs, Louisiana 70726	13	\$780

LIVINGSTON PARISH SEWERAGE DISTRICT NO. 2

Notes to the Financial Statements, Continued

December 31, 1995 and 1996

<u>YEAR ENDED</u>	<u>LOAN R-1</u>		<u>LOAN R-2</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	
1997	\$ 15,916	\$ 46,161	\$ 3,077	\$ 33,915	\$ 99,069
1998	16,711	45,366	3,369	33,623	99,069
1999	17,547	44,530	3,689	33,302	99,069
2000	18,424	43,653	4,039	32,953	99,069
2001	19,346	42,731	4,423	32,569	99,069
2002 through maturity	<u>835,284</u>	<u>586,203</u>	<u>338,406</u>	<u>490,694</u>	<u>2,250,587</u>
TOTAL	<u>\$923,228</u>	<u>\$808,644</u>	<u>\$357,003</u>	<u>657,056</u>	<u>\$2,745,932</u>

<u>YEAR ENDED</u>	<u>LOAN R-1</u>		<u>LOAN R-2</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	
1996	\$ 15,165	\$ 46,912	\$ 2,821	\$ 34,171	\$ 99,069
1997	15,924	46,153	3,089	33,903	99,069
1998	16,720	45,357	3,383	33,609	99,069
1999	17,556	44,521	3,704	33,288	99,069
2000	18,434	43,643	4,056	32,936	99,069
2001 through maturity	<u>851,709</u>	<u>628,257</u>	<u>342,846</u>	<u>521,555</u>	<u>2,344,367</u>
TOTAL	<u>\$935,508</u>	<u>\$854,843</u>	<u>\$359,899</u>	<u>\$689,462</u>	<u>\$2,839,712</u>

C. EQUIPMENT LEASE

During 1993, the Sewerage District No. 2 entered into a lease purchase agreement for the purchase of an Extendahoe, which provides for annual principal and interest payments as follows:

<u>YEAR ENDED</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
1997	<u>\$5,013.17</u>	<u>\$ 151.11</u>	<u>\$5,164.28</u>

LIVINGSTON PARISH SEWERAGE DISTRICT NO. 2
Notes to the Financial Statements, Continued
December 31, 1995 and 1996

	<u>LOAN R-1</u>	<u>LOAN R-2</u>	<u>TOTAL</u>
Loans payable at December 31, 1995	\$938,508	\$359,898	\$1,298,406
New debt issued	-0-	-0-	-0-
Principal retired	<u>(15,280)</u>	<u>(2,895)</u>	<u>(18,175)</u>
Loans payable at December 31, 1996	<u>\$923,228</u>	<u>\$357,003</u>	<u>\$1,280,231</u>

Long-term debt consists of two loans made by the sewerage district and held by the Farmers Home Administration. Loan R-1 in the amount of \$1,047,000 bears interest of five per cent per annum. Loan R-2 in the amount of \$377,000 bears interest at the rate of nine and five-tenths per cent.

Repayment is to made as follows:

A. \$1,047,000 SEWERAGE SYSTEM LOAN NUMBER R-1

Interest only on the first two annual payments starting on February 28, 1985.

Payments of \$62,077 annually thereafter on each February 28th until principal and interest are fully paid, except the final payment of the entire indebtedness, if not sooner paid, shall be due and payable on the last annual payment date which is forty years from the date of the bond.

B. \$377,000 SEWERAGE SYSTEM LOAN NUMBER R-2

Interest only on the first two annual payments starting on February 28, 1985.

Payments of \$36,992 annually thereafter on each February 28th until principal and interest are fully paid, except that the final payment of the entire indebtedness, if not sooner paid, shall be due and payable on the last annual payment date which is forty years from the date of the bond.

The annual requirements to amortize all long-term debt outstanding at December 31, 1995, including interest of \$1,545,063 and at December 31, 1996, including interest of \$1,465,700 are as follows:

LIVINGSTON PARISH SEWERAGE DISTRICT NO. 2
Denham Springs, Louisiana

BALANCE SHEETS
December 31, 1995 and 1996

ASSETS

	<u>1995</u>	<u>1996</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 109,013	\$ 579,519
Receivables	10,604	16,079
Prepaid insurance	<u>9,912</u>	<u>10,302</u>
Total current assets	129,529	605,900
RESTRICTED ASSETS		
Revenue bond sinking fund	99,078	99,078
Revenue bond reserve fund	49,535	54,516
Depreciation and contingency fund	<u>49,560</u>	<u>54,488</u>
Total restricted assets	198,173	208,082
PROPERTY, PLANT, AND EQUIPMENT, AT COST		
Land	56,794	56,794
Plant and facilities (net)	<u>3,697,129</u>	<u>3,580,174</u>
Total property, plant, and equipment	3,753,923	3,636,968
OTHER ASSETS		
Utility deposits	<u>1,263</u>	<u>1,263</u>
TOTAL ASSETS	<u>\$4,082,888</u>	<u>\$4,452,213</u>

See accompanying notes to the financial statements.