

**JEFFERSON DAVIS PARISH SANITARY
LANDFILL COMMISSION
JENNINGS, LOUISIANA**

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 8-11-04

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

ANNUAL FINANCIAL STATEMENTS
DECEMBER 31, 2003

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INDEPENDENT AUDITORS' REPORT

To The Jefferson Davis Parish Sanitary Landfill Commission
Jennings, Louisiana

I have audited the accompanying general purpose financial statements of the Jefferson Davis Parish Sanitary Landfill Commission as of and for the year ended December 31, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the Jefferson Davis Parish Sanitary Landfill Commission'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 auditing standards generally accepted in the United States of America. 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 audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Jefferson Davis Parish Sanitary Landfill Commission as of December 31, 2003, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 26, 2004 on our consideration of the Jefferson Davis Parish Sanitary Landfill Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Edward L. Krielow
Certified Public Accountant

Jennings, Louisiana
June 26, 2004

GENERAL PURPOSE FINANCIAL STATEMENTS

**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF DECEMBER 31, 2003**

	<u>GOVERNMENTAL FUND TYPE</u>	<u>ACCOUNT GROUP</u>	<u>2003</u>	<u>2002</u>
	<u>GENERAL FUND</u>	<u>GENERAL FIXED ASSETS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
<u>ASSETS</u>				
Cash & cash equivalents	\$ 1,607,923	\$ -	\$ 1,607,923	\$ 2,274,918
Investments	2,024,876	-	2,024,876	1,366,269
Receivables:				
Royalties	61,599	-	61,599	59,980
Accrued interest	14,872	-	14,872	26,564
Landfill operator	10,636	-	10,636	40,774
Other	1,387	-	1,387	-
Land, equipment and landfill facility	-	3,833,962	3,833,962	3,829,993
TOTAL ASSETS	\$ 3,721,293	\$ 3,833,962	\$ 7,555,255	\$ 7,598,497
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ 22,242	\$ -	\$ 22,242	\$ 24,881
Accrued liabilities:				
Accrued payroll	8,886	-	8,886	6,766
Retirement benefits payable	10,379	-	10,379	9,328
Payroll taxes and withholdings	4,080	-	4,080	3,630
Total Liabilities	\$ 45,587	\$ -	\$ 45,587	\$ 44,605
Fund Balance:				
Investment in general fixed assets		\$ 3,833,962	\$ 3,833,962	\$ 3,829,993
Unreserved:				
Designated for postclosure contingencies	2,930,773		2,930,773	2,853,758
Undesignated	744,933		744,933	870,141
Total Fund Balance	\$ 3,675,706	\$ 3,833,962	\$ 7,509,668	\$ 7,553,892
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,721,293	\$ 3,833,962	\$ 7,555,255	\$ 7,598,497

The Accompanying Notes Are An Integral Part Of This Statement

**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
	<u>GOVERNMENTAL</u>	<u>GOVERNMENTAL</u>
	<u>FUND TYPE</u>	<u>FUND TYPE</u>
	<u>GENERAL</u>	<u>GENERAL</u>
	<u>FUND</u>	<u>FUND</u>
<u>REVENUES</u>		
Use of money and property:		
Contract Payments	\$ 674,340	\$ 647,496
Interest income	77,016	140,937
Miscellaneous revenue:		
Other revenues	<u>77,976</u>	<u>65,534</u>
Total Revenues	<u>\$ 829,332</u>	<u>\$ 853,967</u>
<u>EXPENDITURES</u>		
Landfill operations:		
Personal services	\$ 142,545	\$ 129,345
Operating services	127,785	119,849
Recycling program	16,059	17,888
Excess waste fees	71,057	43,336
Materials and supplies	366	884
Travel and other charges	3,534	2,746
Capital outlay	<u>712</u>	<u>7,500</u>
Total landfill operation	<u>\$ 362,058</u>	<u>\$ 321,548</u>
Economic development:		
Personal services	\$ 149,969	\$ 104,895
Operating services	52,605	31,641
Travel and other charges	19,636	12,057
Disbursements to member governments	40,000	40,000
Capital outlay	<u>3,257</u>	<u>37,185</u>
Total economic development	<u>\$ 265,467</u>	<u>\$ 225,778</u>
Intergovernmental		
Distributions to member governments	<u>\$ 250,000</u>	<u>\$ 250,000</u>
Total Expenditures	<u>\$ 877,525</u>	<u>\$ 797,326</u>
Excess (deficiency) of revenues over expenditures	\$ (48,193)	\$ 56,641
Fund balance, beginning of year	<u>3,723,899</u>	<u>3,667,258</u>
Fund balance, end of year	<u>\$ 3,675,706</u>	<u>\$ 3,723,899</u>

The Accompanying Notes Are An Integral Part Of This Statement

**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Use of money and property:			
Contract Payments	\$ 600,000	\$ 674,340	\$ 74,340
Interest income	105,000	77,016	(27,984)
Miscellaneous revenue:			
Expenditure reimbursements-other	60,000	63,086	3,086
Other revenues	5,600	14,890	9,290
Total Revenues	\$ 770,600	\$ 829,332	\$ 58,732
EXPENDITURES			
Landfill operations:			
Personal services	\$ 146,567	\$ 142,545	\$ 4,022
Operating services	134,550	127,785	6,765
Recycling program	18,000	16,059	1,941
Excess waste fees	71,057	71,057	-
Materials and supplies	1,500	366	1,134
Travel and other charges	4,000	3,534	466
Capital outlay	50,000	712	49,288
Total landfill operation	\$ 425,674	\$ 362,058	\$ 63,616
Economic development:			
Personal services	\$ 153,200	\$ 149,969	\$ 3,231
Operating services	56,150	52,605	3,545
Travel and other charges	16,650	19,636	(2,986)
Distribution to member governments	40,000	40,000	-
Capital outlay	2,000	3,257	(1,257)
Total economic development	\$ 268,000	\$ 265,467	\$ 2,533
Intergovernmental:			
Distribution to member governments	\$ 250,000	\$ 250,000	\$ -
Total intergovernmental	\$ 250,000	\$ 250,000	\$ -
Total Expenditures	\$ 943,674	\$ 877,525	\$ 66,149
Excess (deficiency) of revenues over expenditures	\$ (173,074)	\$ (48,193)	\$ 124,881
Fund balance, beginning of year	3,723,899	3,723,899	-
Fund balance, end of year	\$ 3,550,825	\$ 3,675,706	\$ 124,881

The Accompanying Notes Are An Integral Part Of This Statement

**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

INTRODUCTION

The Jefferson Davis Parish Sanitary Landfill Commission was chartered February 17, 1984. The Commission was created by the joint action of the following political subdivisions: the City of Jennings, the Town of Welsh, the Town of Lake Arthur, and the Jefferson Davis Parish Police Jury. These governing bodies joined efforts for the purpose of establishing a long term plan for disposal of solid wastes in Jefferson Davis Parish. According to the charter, the operations of the Commission are not to be financed by user charges but by direct assessment of the member governing bodies. Each member governing body is assessed directly in the proportion of the number of households within each member unit to the total number of households within all member units. These proportions were determined by the figures obtained from the 1980 U. S. Census. Based upon the information available from the 1980 U. S. Census, the following percentages for each member governing body were determined:

<u>LOCALITY</u>	<u>NUMBER OF HOUSEHOLDS</u>	<u>PERCENTAGES</u>
Jennings	4,161	.421196
Welsh	1,167	.118129
Lake Arthur	1,212	.122684
Parish (excluding Jennings, Welsh, Lake Arthur & Elton)	<u>3,339</u>	<u>.337991</u>
Totals	<u>9,879</u>	<u>1.000000</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accounting and reporting policies of the Jefferson Davis Parish Sanitary Landfill Commission conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*, published by the American Institute of Certified Public Accountants. My examination was also made in accordance with the provisions of *Government Auditing Standards*, promulgated by the United States Comptroller General, as they pertain to financial and compliance audits.

B. REPORTING ENTITY

The financial statements of the Commission consist only of the funds and account groups of the Commission. The Commission has no financial accountability for any other governmental entity since no other entities are considered to be component units of the Commission. GASB Statement No. 14 established criteria for determining which component units should be considered part of the Jefferson Davis Parish Sanitary Landfill Commission 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:

**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Commission to impose its will on the organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Commission.
2. Organizations for which the Commission does not appoint a voting majority but are fiscally dependent on the Commission.
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.

Based on the previous criteria, the Commission has determined that it has no component units.

C. FUND ACCOUNTING

The Commission 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 relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Commission are of only one category: governmental. In turn, the category has only one fund type. The fund classification and a description of the existing fund type follow:

Governmental Funds

Governmental funds are used to account for all or most of the Commission's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

General Fund

The General Fund is the general operating fund of the Commission and accounts for all financial resources, except those required to be accounted for in other funds.

**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
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**NOTES TO THE FINANCIAL STATEMENTS
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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 financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Revenues are recognized in the accounting period in which they become available and measurable. Revenues received within 60 days of year-end are considered available.

Expenditures

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

E. BUDGETARY PRACTICES

The Commission utilized the following budgetary practices:

For the year ended December 31, 2003, the Commission adopted a budget on December 18, 2002 at a public hearing for the general fund on a basis consistent with generally accepted accounting principles (GAAP). Amendments to the budget were made on October 15 and December 17, 2003. Periodic budget comparisons were made during the year and amendments were made when deemed necessary. All budgetary appropriations lapse at the end of each fiscal year. Formal encumbrance accounting is not utilized by the Commission.

F. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with maturities of 90 days or less. Under state law the Commission 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 principal offices in Louisiana. Investments may include instruments or obligations issued by the United States Government or its agencies, or any other federally issued investment.

**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

G. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the General Fixed Assets Account Group. Public domain or infrastructures are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated historical cost if historical cost is not available. Of the fixed assets, those with estimated costs are: Land - \$325,000.

The account group mentioned above is not a "fund." It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

H. COMPENSATED ABSENCES

The Commission adopted a personnel policy during 1994. The policy states that all full-time employees shall be allowed vacation time, provided they have been employed full-time for a period of a least six months. Vacation time allowed varies from five to twenty days per year depending on length of service. Under similar circumstances part-time employees will also be allowed vacation time but on a ratio of part-time hours scheduled and working to a normal forty hour work week. Vacation time may not be carried over to the following year.

Full-time employees shall be entitled to utilize one sick day for each month of active full-time employment up to a maximum sixty days. Regular part-time employees shall be entitled to utilize sick days at the same rate as full-time employees with a maximum accumulation of thirty days. This benefit for regular part-time employees applies only to absences lasting more than one week with the first week being an unpaid waiting period.

I. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

J. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions: injuries to employees; and natural disasters. The Commission manages these losses through the purchase of commercial insurance.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

2. CASH AND CASH EQUIVALENTS

At December 31, 2003, the Commission has cash and cash equivalents totaling \$1,607,923. Cash equivalents include time deposits and those investments with original maturities of 90 days or less. These amounts are as follows:

Interest bearing demand deposits	<u>\$ 1,607,923</u>
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These deposits are stated at cost or amortized 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 (GASB Category 3) in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at December 31, 2003, are secured as follows:

Bank balance	<u>\$ 1,613,041</u>
Insured (FDIC)	\$ 100,000
Uninsured, uncollateralized:	
Pledged securities held by pledging Bank's Agent in Bank's name	<u>1,513,041</u>
Total	<u>\$ 1,613,041</u>

Even though the pledged securities are considered uninsured-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 Commission that the fiscal agent has failed to pay deposited funds upon demand.

3. INVESTMENTS

At December 31, 2003, the District has investments totaling \$2,024,876. The carrying amount approximates the fair value. These investments consist of U.S. Treasury Notes that are registered in the name of the Jeff Davis Parish Landfill and are held at Whitney Bank of New Orleans as custodian and certificates of deposit with Jeff Davis Bank & Trust Co. In applying the credit risk of GASB Codification Section 150.164, these securities are considered Category 2 as they are held by the counterparty's trust department or agent in the government's name.

**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

4. RECEIVABLES

Receivables consist of royalties due at year-end and reimbursable expenses paid by the Commission. These receivables are due from BFI and are normally collected within 30 to 60 days. Due to past collection history and short duration of outstanding amounts, no allowance for doubtful accounts has been established.

5. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance At</u> <u>12-31-02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance At</u> <u>12-31-03</u>
Land	\$ 1,242,370	\$ -0-	\$ -0-	\$ 1,242,370
Improvements	2,000,987	712	-0-	2,001,699
Buildings	422,628	-0-	-0-	422,628
Furniture & fixtures	4,405	-0-	-0-	4,405
Equipment	84,969	-0-	-0-	84,969
Landscaping	7,796	-0-	-0-	7,796
Marketing office-vehicles	30,602	-0-	-0-	30,602
Marketing office-office equipment	36,236	3,257	-0-	39,493
Total	<u>\$ 3,829,993</u>	<u>\$ 3,969</u>	<u>\$ -0-</u>	<u>\$ 3,833,962</u>

6. COMPENSATION PAID TO BOARD MEMBERS

The Commission paid no compensation to board members for the year ended December 31, 2003.

7. LITIGATION

The Commission is not involved in any litigation as of the date of this report.

8. SIGNIFICANT CONTRACT PROVISIONS

On July 26, 1989, the Commission contracted with Browning Ferris Industries, Inc. (BFI) for the daily operations of waste disposal at the landfill site. The more significant outstanding provisions of that contract are as follows:

- A. BFI shall be responsible for all law violations that are caused by BFI's performance of its tasks at the landfill.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
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NOTES TO THE FINANCIAL STATEMENTS
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- B. Unless this contract is earlier terminated, BFI is responsible for closure in accordance with the permit and for appropriate seeding of the sanitary landfill for erosion control. BFI's post-closure care, maintenance and monitoring responsibility shall be 3 years, or as required by law, following closure. Afterwards, the Commission is responsible for all post-closure care.
- C. BFI shall take all necessary precautions to prevent receipt of and deposit into the landfill regulated "hazardous waste", wet sludges, and oilfield wastes.
- D. BFI will maintain all liability insurance as set forth in the contract.

9. PENSION PLAN

A. Parochial Employees Retirement System of Louisiana (PERS)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with Separate assets and benefit provisions. All participating employees of the police jury are members of plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to one percent of final average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees Retirement System of Louisiana, P. O. Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Funding Policy. Under plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the Commission is required to contribute at a statutory rate based on actuarially determined computations. The rate for 2000 is 7.75% of covered payroll. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible (except for Orleans and East Baton Rouge parishes) by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Commission are established and may be amended by state statute. As provided

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**NOTES TO THE FINANCIAL STATEMENTS
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by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Commission's contribution to the System under Plan A for the year ending December 31, 2003, 2002, and 2001 were \$17,423, \$13,800, and \$12,496, respectively, equal to the required contributions for each year.

10. RELATED PARTY TRANSACTIONS

The Commission voted to distribute \$250,000 to the four local government bodies that participate in the Landfill Commission and funded its construction and early operations. The distributions were made in the same proportions as the original investments by the governments (see Note 1). In addition, the Commission distributed an additional \$40,000 (\$10,000 each) to the members for economic development. There are no amounts due to the member governments at December 31, 2003.

11. CONTINGENCIES

The Landfill Commission as owner of a sanitary landfill is subject to Environmental Protection Agency (EPA) regulations that require monitoring the landfill site for 30 years following closure of the site in addition to other closure requirements. These regulations also mandate that landfill owners provide financial assurances that they will have the resources available to satisfy the postclosure standards. These guarantees can be third-party trusts, surety bonds, letters of credit, insurance, or state sponsored plans. According to the Commission's contract with the site operator, "...the contractor shall be responsible for closure in accordance with the permit...". Additionally, "...the contractor's post-closure care, maintenance and monitoring responsibility shall be three (3) years, or as required by law,...". In the event the operator is for whatever reason unwilling or unable to fulfill this requirement, the responsibility for closure and post closure monitoring will revert back to the Commission.

Additionally, because of the industry the Commission participates in, certain potential liabilities are always present. These include, but are not limited to, environmental cleanup costs and EPA penalties for violation of its regulations. The EPA is empowered by law (through the Superfund legislation) to seek recovery from anyone who ever owned or operated a particular contaminated site, or anyone who ever generated or transported hazardous materials to a site (these parties are commonly referred to as potentially responsible parties, or PRPs). Potentially, the liability can extend to subsequent owners or to the parent company of a PRP. While there are no asserted or unasserted potential costs or penalties at the date of this report that the Commission is aware of, the potential is present.

12. DESIGNATED FUND BALANCE

The Commission has established a policy of annually designating three percent (3%) of the beginning designated fund balance, or the total interest earned on investments, whichever is lesser, for potential post-closure contingencies.

**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

13. SUBSEQUENT EVENTS

On January 21, 2003, the Commission distributed \$88,000 to the respective governmental bodies in accordance with the terms of the Commission Charter. The Commission also distributed an additional \$40,000 (\$10,000 each) to the members for economic development.

14. NEW REPORTING STANDARD

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This Statement establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it will require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in all prior years will be affected. The Commission is required to implement this standard for the fiscal year ending December 31, 2004. The Commission has not yet determined the full impact that adoption of GASB Statement 34 will have on the financial statements.

OTHER REPORTS

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Jefferson Davis Parish Sanitary Landfill Commission
Jennings, Louisiana

I have audited the financial statements of the Jefferson Davis Parish Sanitary Landfill Commission as of and for the year ended December 31, 2003, and have issued my report thereon dated June 28, 2004. 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 the Jefferson Davis Parish Sanitary Landfill Commission'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 two instances of non-compliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Corrective Action Plan for Current Year Audit Findings as items 03-1 and 03-2.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Jefferson Davis Parish Sanitary 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 solely for the information and use of management, Jefferson Davis Parish Sanitary Landfill Commission and Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Edward L. Krielow
Certified Public Accountants

Jennings, Louisiana
June 26, 2004

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
 JENNINGS, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
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No prior audit findings.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Ref.No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
03-1	A review of expense reports for the Director of Economic Development disclosed personal expenditures and credit card cash advances that are prohibited by Article 7, Section 14 of the Louisiana Constitution. There were 11 instances of personal expenses totaling \$1,001.42 of which \$482.43 have been reimbursed and 3 instances of credit card cash advances totaling \$702.00. On the cash advance fees there were \$61.52 of finance and cash advance fees incurred. Supporting receipts for the cash advances were provided subsequent to the advances. Two of the monthly statements were paid late resulting in \$58 of late payment fees.	The Commission will institute a formal written travel and entertainment policy. The Commission will collect from the Director of Economic Development all un-reimbursed personal expenses and finance charges incurred on his behalf with the credit card company. The Commission will also advise the Director of his responsibility to adhere to laws and regulations concerning the proper use of public funds. The Commission will advise their contract accounting service to refrain from paying any personal expenses and/or cash advances. The accounting service will also be advised to monitor expenditures to insure the timely payment of invoices.	Norman Cain Ernie Broussard Barbara Quirk	August 31, 2004
03-2	Also in the review of expense reports for the Director of Economic Development it was noted that \$475.29 of sales tax was paid on hotel rooms and merchandise purchases. Political subdivisions of the State of Louisiana are exempt from all forms of sales tax (La. R.S. 47:301(8)(c)). In addition, there were 20 instances totaling \$392.82 of expenditures without adequate supporting documentation. The Louisiana Audit Guide (La. R.S. 24:513) requires that every transaction be traceable to supporting documentation.	The Commission will advise its employees of the prohibition of paying sales tax on products and services and further provide them with exemption certificates for vendors. The Commission will inform their contract accounting service to refrain from paying any statement and/or invoice that does not contain complete and accurate supporting documentation and/or contains sales tax charges. In addition, the contract accounting service will provide all statements and invoices to the Commission's treasurer for his review at least 3 business days prior to Commission meetings where payments will be approved.	Norman Cain Ernie Broussard Barbara Quirk	August 31, 2004
03-3	A review of the receivable from BFI disclosed a reimbursable invoice from Sellers & Associates for \$2,135.00 that has been outstanding since January 31, 2003. Further examination disclosed that the Commission failed to invoice BFI for this invoice. Discussions with management disclosed that there are no procedures in place to reconcile this account on a regular basis.	The Commission will advise its contract accounting service to reconcile and monitor the receivable from BFI on a monthly basis. The manager of the landfill will also be responsible for monitoring this account and assuring timely collection of all amounts owed to the Commission.	Daniel Hylton Barbara Quirk	August 31, 2004