

OFFICIAL
FILE COPY
DO NOT SEND OUT
(Xerox unnecessary
copies from this
copy and PLACE
BACK in FILE)

OUACHITA SEWERAGE DISTRICT NO. 10
(A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY)

Financial Statements
For the Years Ended December 31, 1999 and 1998

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 4/12/00

 Luffey
Huffman
& Monroe
(A Professional Accounting Corporation)
CERTIFIED PUBLIC ACCOUNTANTS

OUACHITA SEWERAGE DISTRICT NO. 10

DECEMBER 31, 1999 and 1998

TABLE OF CONTENTS

	<u>Page</u>
Accountants' Report -----	1
Balance Sheets -----	2
Statements of Revenues, Expenses, and Changes in Accumulated Deficit -----	3
Statements of Cash Flows -----	4
Notes to Financial Statements -----	5
Affidavit -----	10



Luffey
Huffman
& Monroe

(A Professional Accounting Corporation)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA
Francis I. Huffman, CPA
L. Fred Monroe, CPA
Esther Atteberry, CPA
Carolyn A. Clarke, CPA

**Board of Commissioners
Ouachita Sewerage District No. 10
Sterlington, Louisiana**

We have compiled the accompanying balance sheets of **Ouachita Sewerage District No. 10** (a component unit of Ouachita Parish Police Jury) as of and for the years ended December 31, 1999 and 1998, and the related statements of revenues, expenses and changes in accumulated deficit, and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

(A Professional Accounting Corporation)

March 16, 2000

FINANCIAL STATEMENTS

**OUACHITA SEWERAGE DISTRICT NO. 10
BALANCE SHEETS**

	December 31,	
	1999	1998
ASSETS		
Current Assets		
Cash	\$ 2,828	\$ 2,000
Accounts Receivable	1,125	1,295
Total Current Assets	3,953	3,295
Restricted Assets - Cash:		
Debt Service Sinking Fund	865	3,673
Reserve Fund	5,291	5,163
Depreciation Fund	5,295	5,195
Total Restricted Assets	11,451	14,031
Property and Equipment		
Sewerage System	292,284	292,284
Equipment	7,537	7,537
Total	299,821	299,821
Less: Accumulated Depreciation	(254,700)	(239,642)
Total Property and Equipment	45,121	60,179
TOTAL ASSETS	\$ 60,525	\$ 77,505

See accompanying notes and accountants' report.

	December 31,	
	<u>1999</u>	<u>1998</u>
LIABILITIES AND FUND EQUITY		
Current Liabilities		
Accounts Payable	\$ 355	\$ 81
Payroll Taxes Payable	59	30
Total	<u>414</u>	<u>111</u>
Current Liabilities (Payable From Restricted Assets)		
Notes Payable	<u>1,947</u>	<u>1,875</u>
Total Current Liabilities	2,361	1,986
Long-Term Liabilities		
Note Payable	<u>76,100</u>	<u>77,904</u>
Total Liabilities	78,461	79,890
Fund Equity		
Contributed Capital:		
Contributions - Federal Government	193,684	193,684
Less: Amortization - Grants	<u>(154,947)</u>	<u>(145,263)</u>
Total Contributed Capital	38,737	48,421
Accumulated Deficit:		
Reserved For Debt Service Sinking Fund	865	3,590
Reserved for Bond Reserve	5,291	4,780
Reserved For Depreciation	5,295	4,783
Unreserved - Deficit	<u>(68,124)</u>	<u>(63,959)</u>
Total Accumulated Deficit	<u>(56,673)</u>	<u>(50,806)</u>
Total Fund Equity	<u>(17,936)</u>	<u>(2,385)</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 60,525</u>	<u>\$ 77,505</u>

**OUACHITA SEWERAGE DISTRICT NO. 10
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN ACCUMULATED DEFICIT**

	Year Ended December 31,	
	1999	1998
Operating Revenues		
Sewerage Fees	\$ 13,304	\$ 13,860
Total Operating Revenues	13,304	13,860
Operating Expenses		
Contract Services	532	533
Depreciation	15,058	15,058
Insurance	650	177
Maintenance and Repairs	4,329	1,588
Miscellaneous	97	215
Office Expense	117	5
Payroll Taxes	209	190
Professional Fees	750	750
Salaries and Wages	2,524	2,491
Utilities	939	733
Total Operating Expenses	25,205	21,740
Loss From Operations	(11,901)	(7,880)
Nonoperating Revenues (Expenses)		
Interest Earned	289	278
Interest Expense	(3,939)	(3,827)
Total Nonoperating Revenues (Expenses)	(3,650)	(3,549)
Net Loss	(15,551)	(11,429)
Depreciation on Fixed Assets Acquired by Grants	9,684	9,684
Increase in Accumulated Deficit	(5,867)	(1,745)
Accumulated Deficit at Beginning of Year	(50,806)	(49,061)
ACCUMULATED DEFICIT AT END OF YEAR	\$ (56,673)	\$ (50,806)

See accompanying notes and accountants' report.

**OUACHITA SEWERAGE DISTRICT NO. 10
STATEMENTS OF CASH FLOWS**

	Year Ended December 31,	
	1999	1998
Cash Flows From Operating Activities:		
Loss From Operations	\$ (11,901)	\$ (7,880)
Adjustments to Reconcile Loss From Operations to Net Cash Provided by Operating Activities :		
Depreciation	15,058	15,058
Changes in Assets and Liabilities:		
Accounts Receivable	170	(157)
Accounts Payable	274	(182)
Accrued Expenses	29	(1)
Total Adjustments	15,531	14,718
Net Cash Provided by Operating Activities	3,630	6,838
Cash Flows From Financing Activities		
Principal Paid on Note	(1,732)	(1,968)
Interest Paid on Note	(3,939)	(3,827)
Net Cash Used by Financing Activities	(5,671)	(5,795)
Cash Flows From Investing Activities		
Interest Received	289	278
Net Cash Provided (Used) by Investing Activities	289	278
Net Increase in Cash	(1,752)	1,321
Cash at Beginning of Year	16,031	14,710
CASH AT END OF YEAR	\$ 14,279	\$ 16,031

SHOWN ON ACCOMPANYING BALANCE SHEETS AS:

Current Assets:		
Cash	\$ 2,828	\$ 2,000
Restricted Assets:		
Debt Service Sinking Fund	865	3,673
Reserve Fund	5,291	5,163
Depreciation Fund	5,295	5,195
TOTAL CASH AND CASH EQUIVALENTS	\$ 14,279	\$ 16,031

See accompanying notes and accountants' report.

**OUACHITA SEWERAGE DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 and 1998**

"SEE ACCOUNTANTS' REPORT"

Note 1 - Description of Organization

Ouachita Sewerage District No. 10 (the District) was created by the Ouachita Parish Police Jury (the Police Jury), as authorized by Louisiana Revised Statute 33:3811. The District is governed by a three-member Board of Commissioners who are residents of and own real estate in the District. The Board of Commissioners receive no compensation for their services. The Board is appointed by the Police Jury and is responsible for the day-to-day operations of the District and the setting of rates, fees and charges to users and customers residing within the District. The District provides service to approximately 70 residential customers.

Note 2 - Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The District is considered to be an Enterprise Fund and is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. The District has elected not to apply Financial Accounting Standards Board statements and interpretations issued since November 30, 1989, unless they are adopted by the GASB.

B. Reporting Entity

In June, 1991 the GASB issued Statement Number 14 "The Financial Reporting Entity". This Statement established criteria for determining which component units of government should be considered part of the primary government for financial reporting purposes.

**OUACHITA SEWERAGE DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 and 1998**

"SEE ACCOUNTANTS' REPORT"

The basic criteria for determining a component unit is accountability. As the Police Jury appoints a voting majority of the board of commissioners of the District, has the ability to impose its will upon the District and the District's financial dependence upon the Police Jury, the District is considered a component unit of the Police Jury, the primary governing body of the parish and the governmental body with oversight responsibility.

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 primary governmental unit or other component units that comprise the primary government reporting entity.

C. Fund Accounting

The District is organized and operated on a fund basis whereby a self-balancing set of accounts is maintained that comprises its assets, liabilities, fund equity, revenues and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

D. Cash and Cash Equivalents

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits with maturities of 90 days or less. 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.

E. Fixed Assets

Approximately 47 percent, or \$140,920, of fixed assets are valued at actual historical cost while the remaining 53 percent, or \$158,901, are valued at estimated historical cost. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over estimated useful lives of 10 to 20 years.

OUACHITA SEWERAGE DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 and 1998

"SEE ACCOUNTANTS' REPORT"

F. Compensated Absences

The District has only two part-time employees. The employees do not earn sick leave or vacation.

G. Fund Equity

Contributed Capital

Grants, entitlements or shared revenues received that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired from such contributions. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net loss.

Note 3 - Significant Concentrations of Credit Risk

Under state law, interest-bearing demand deposits 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. At December 31, 1999, all of the monies on deposit were covered by federal deposit insurance.

The District extends credit to its customers (all of whom are located in Ouachita Parish) on an unsecured basis.

Note 4 - Notes Payable

The amounts due to General Electric Credit Corporation at December 31, 1999, and 1998 were \$78,047 and \$79,779 respectively, payable in annual installments of \$5,795 including interest at 5% through the year 2022. Retirement of the debt is made from user fees of the District. The District charges a minimum user fee of \$17.50 per month, based on 70 system users, so that adequate funds are available for retirement of the loan. The proceeds from this loan were used to provide for a portion of the cost of constructing, enlarging, and improving the sewerage system facility of the District. The annual requirements to amortize the loan outstanding at December 31, 1999, which includes interest of \$58,402, are as follows:

**OUACHITA SEWERAGE DISTRICT NO. 10
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 1999 and 1998**

"SEE ACCOUNTANTS' REPORT"

<u>Year Ending</u>	<u>Amount</u>
2000	\$ 5,795
2001	5,795
2002	5,795
2003	5,795
2004	5,795
2005 – 2022	107,475
TOTAL	\$ 136,450

Note 5 - Contributed Capital

Contributed capital represents the unamortized balance of a grant from the United States Environmental Protection Agency for 1983 renovations to the District's sewerage collection system. The contributed capital is amortized over a period of 20 years based on the depreciation recognized on the renovations funded by this grant.

The unamortized balances at December 31, 1999 and 1998 were \$38,737 and \$48,421 respectively.

Note 6 - Reserved Retained Earnings

The note payable discussed in Note 4 requires that the following reserve accounts be maintained:

- A. Revenue Reserve Fund - A monthly deposit of \$25 into this account until the amount in the fund is equal to the highest annual debt service payment. The money in the Revenue Reserve Fund shall be retained solely for the purpose of paying principal and interest on notes that would otherwise be in default.
- B. Depreciation Reserve Fund - A monthly deposit of \$25 into this account until the note has been fully retired. The money can only be used for repairs and improvements to the system and then only with the approval of the lender.

**OUACHITA SEWERAGE DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 and 1998**

"SEE ACCOUNTANTS' REPORT"

- C. *Sinking Reserve Fund - Monthly deposits of \$483 to meet the annual payment of principal and interest on the note.*

Note 7 - Risk Financing Activity

Through its primary government, the Ouachita Parish Police Jury, the District participates in a self-funded program (the fund) for potential losses under general liability, property and fleet coverage. The fund pays the premiums for reinsurance and pays all deductibles up to \$150,000 per occurrence, except for \$500, which is paid by the District. The premiums, which are modified for experience and other factors, are computed annually. The reinsurance policy picks up all losses over the \$150,000 deductible with an aggregate coverage of \$2,000,000. The fund has approximately \$1,100,000 in assets at December 31, 1999. The District contributed \$238 and \$239 into the fund during the years ended December 31, 1999 and 1998, respectively. The Police Jury also has a self-funded worker's compensation fund, which has approximately \$2,200,000 in assets at December 31, 1999. The District did not have any full-time employees during 1999 and 1998, and therefore did not make any contributions to the fund.

**OUACHITA SEWERAGE DISTRICT NO. 10
(A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY)**

AFFIDAVIT

Personally came and appeared before the undersigned authority, Marilyn Dilmore, who, duly sworn, deposes and says that the financial statements herewith given present fairly the financial position of the Ouachita Sewerage District No. 10 as of December 31, 1999, and the results of operations for the year then ended, in accordance with the basis of accounting described within the accompanying financial statements.

In addition, Marilyn Dilmore, who, duly sworn, deposes and says that the Ouachita Sewerage District No. 10 received \$50,000 or less in revenues and other sources for the fiscal year ending December 31, 1999, and, accordingly, is not required to have an audit for the previously mentioned fiscal year end.

Marilyn Dilmore
Signature

Sworn to and subscribed before me, this 22nd Day of March, 2000.

Mary Catherine Hobson
NOTARY PUBLIC

Officer Marilyn Dilmore
Address PO Box 642
Sterlington, LA 71280
Telephone No. 318-665-2157