

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

ANNUAL FINANCIAL STATEMENTS

As of December 31, 2005 and for the Year Then Ended

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 8-9-06

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

Annual Financial Statements
As of and for the Year Ended December 31, 2005
With Supplemental Information Schedules

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JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

Annual Financial Statements
As of and for the Year Ended December 31, 2005
With Supplemental Information Schedules

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INDEPENDENT AUDITORS' REPORT

June 22, 2006

To The Jefferson Davis Parish Sanitary Landfill Commission
Jennings, Louisiana

I have audited the accompanying financial statements of the governmental activities of the Jefferson Davis Parish Sanitary Landfill Commission, as of and for the year ended December 31, 2005, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Jefferson Davis Parish Sanitary Landfill Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities of the Jefferson Davis Parish Sanitary Landfill Commission, as of December 31, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison information listed in the accompanying table of contents are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

The Jefferson Davis Parish Sanitary Landfill Commission has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

In accordance with *Government Auditing Standards*, I have also issued a report dated June 22, 2006, on my consideration of the Jefferson Davis Parish Sanitary Landfill Commission's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. 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

BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS

December 31, 2005

	ASSETS	<u>GOVERNMENTAL ACTIVITIES</u>
Cash and cash equivalents		\$ 2,791,599
Investments		525,430
Receivables (net of allowances for uncollectibles)		150,005
Prepaid expenses		3,890
Other assets		7,070
Capital assets (net)		<u>2,655,539</u>
TOTAL ASSETS		<u>\$ 6,133,533</u>
	LIABILITIES	
Accounts, salaries, and other payables		<u>\$ 42,236</u>
	NET ASSETS	
Invested in capital assets, net of related debt		2,655,539
Unrestricted		<u>3,435,758</u>
TOTAL NET ASSETS		<u>\$ 6,091,297</u>

The accompanying notes are an integral part of this statement.

STATEMENT B

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

Statement of Activities

For the Year Ended December 31, 2005

	Program Revenues			Net (Expenses) Revenues and Change in Net Assets
	Charges for Services and Use	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental Activities				
Sanitary landfill	\$ 420,716	\$ 816,749	\$	\$ 396,033
Economic development	257,278	37,341	6,499	(213,438)
Total Governmental Activities	\$ 677,994	\$ 854,090	\$ 6,499	\$ 182,595
General Revenues:				
Investment earnings				\$ 66,821
Distributions to member governments				(674,000)
Total general revenues and distributions				\$ (607,179)
Change in Net Assets				\$ (424,584)
Net assets-beginning (Restated)				6,515,881
Net assets-ending				<u><u>\$ 6,091,297</u></u>

The accompanying notes are an integral part of this statement.

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

Balance Sheet, Governmental Funds

December 31, 2005

	GENERAL FUND
ASSETS	
Cash and cash equivalents	\$ 2,791,599
Investments	525,430
Receivables (net of allowances for uncollectibles)	150,005
Other assets	<u>7,070</u>
TOTAL ASSETS	<u>\$ 3,474,104</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts, salaries, and other payables	<u>\$ 42,236</u>
Fund balances:	
Unreserved:	
Designated for postclosure contingencies	2,930,773
Undesignated	<u>501,095</u>
Total Fund Balance	<u>3,431,868</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,474,104</u>

The accompanying notes are an integral part of this statement.

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

**Reconciliation of The Governmental Funds Balance Sheet
to The Government-Wide Financial Statement of Net Assets**

December 31, 2005

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances, Total Governmental Funds (Statement C)		\$ 3,431,868
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital Assets	\$ 3,860,365	
Less: Accumulated Depreciation	<u>(1,204,826)</u>	2,655,539
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Prepaid insurance		<u>3,890</u>
Net Assets of Governmental Activities (Statement A)		<u>\$ 6,091,297</u>

The accompanying notes are an integral part of this statement.

STATEMENT E

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

**Statement of Revenues, Expenditures and
and Changes in Fund Balances
Governmental Funds**

For the Year Ended December 31, 2005

		GENERAL FUND
REVENUES:		
Contract royalties	\$	749,401
Intergovernmental revenues:		
State grants		
Local tourism costs reimbursement		
DEQ fee reimbursement		64,404
Private sector grants		6,499
Investment earnings		66,821
Other revenues		40,285
Total Revenues	\$	<u>927,410</u>
EXPENDITURES:		
Landfill Operations:		
Personell costs	\$	171,276
Operating costs		128,052
Recycling program		10,229
Excess waste fees		19,506
Materials and supplies		167
Travel and other charges		3,321
Capital expenditures		<u>9,338</u>
Total landfill operations		341,889
Economic Development:		
Personell costs	\$	155,475
Operating costs		84,816
Travel and other charges		7,538
Grant expenditures		2,173
Capital expenditures		<u>1,572</u>
Total economic development		251,574
Total Expenditures		<u>593,463</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	333,947
OTHER FINANCING SOURCES (USES)		
Distributions to member governments		<u>674,000</u>
Net Change in Fund Balance	\$	(340,053)
Fund balances -- beginning		3,771,921
Fund balances -- ending	\$	<u>3,431,868</u>

The accompanying notes are an integral part of this statement.

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

**Reconciliation of The Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities**

For the Year Ended December 31, 2005

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$	(340,053)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation	\$ (99,331)	
Capital expenditures	<u>10,910</u>	(88,421)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Insurance		<u>3,890</u>
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Change in Net Assets of Governmental Activities, Statement B	\$	<u>(424,584)</u>
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The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

INTRODUCTION

The Jefferson Davis Parish Sanitary Landfill Commission (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	9,879	1.000000

In 1989, the Commission entered into a contract with Browning-Ferris, Inc. (BFI) to operate the facility and pay the Commission a royalty for its use. BFI also agreed to pay the normal operating costs, except for those items specifically allocated to the Commission, and assume responsibility for closure of the facility and any post-closure care, maintenance and monitoring. In 1993, the Commission decided to provide for parish-wide economic development and instituted an office of economic development. In 1995, Commission expanded its role in economic development by assisting with costs incurred by the tourist Commission. However, as of December 31, 2004, the Tourist Commission has assumed full responsibility and control of tourism activities and will not rely on the Commission for any further assistance.

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; and are 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.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Jefferson Davis Parish Sanitary Landfill Commission. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate fund financial statements are provided for the governmental funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so it has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

The Jefferson Davis Parish Sanitary Landfill Commission reports the following governmental funds:

The General fund is the entity's primary operating fund. It accounts for all financial resources of the entity, except those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Reporting Entity

The financial statements of the Commission consist only of the funds 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:

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.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

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

E. Budgetary Practices

The Commission utilized the following budgetary practices:

For the year ended December 31, 2005, the Commission adopted a budget on December 15, 2004 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 January 18, 2005, March 16, 2005, April 20, 2005, May 18, 2005, August 17, 2005 and October 19, 2005. 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.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Jefferson Davis Parish Sanitary Landfill Commission maintains as a threshold level of \$1,000 or more for individual items and \$5,000 or more for major repairs and improvements for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	30 years
Buildings and building improvements	30 years
Furniture and fixtures	5 years
Vehicles	5 years
Equipment & landscaping	7 years
Miscellaneous improvements	10 years

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. 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.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Jefferson Davis Parish Sanitary Landfill Commission, which are either unusual in nature or infrequent in occurrence.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

At December 31, 2005, the Commission has cash and cash equivalents totaling \$2,791,599 all of which are with Jeff Davis Bank & Trust Company. Cash equivalents include time deposits and those investments with original maturities of 90 days or less. These amounts are as follows:

Interest bearing demand and time deposits	<u>\$ 2,791,599</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, 2005, are secured as follows:

Bank balance	<u>\$ 3,324,197</u>
Insured (FDIC)	\$ 200,000
Uninsured, uncollateralized:	
Pledged securities held by pledging Bank's Agent in Bank's name	<u>3,526,162</u>
Total	<u>\$ 3,726,162</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.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

3. INVESTMENTS

At December 31, 2005, the Commission had investments totaling \$525,430. The carrying amount approximates the fair value. These investments consist of 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 1 as they are held by the Commission in the Commission's name.

4. RECEIVABLES

The receivables of \$150,005 at December 31, 2005, are as follows:

BFI, Inc. \$ 150,005

These receivables 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. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2005 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 1,242,370	\$ -0-	\$ -0-	\$ 1,242,370
Capital assets being depreciated				
Building	422,628	-0-	-0-	422,628
Improvements other than buildings	2,048,181	5,891	-0-	2,054,072
Machinery and equipment	<u>139,492</u>	<u>5,019</u>	<u>3,215</u>	<u>141,296</u>
Total capital assets being depreciated	<u>\$ 2,610,301</u>	<u>\$ 10,910</u>	<u>\$ 3,215</u>	<u>\$ 2,617,996</u>
Less accumulated depreciations for:				
Buildings	199,536	14,088	-0-	213,624
Improvements other than buildings	804,626	72,019	-0-	876,645
Machinery and equipment	<u>104,549</u>	<u>13,224</u>	<u>3,215</u>	<u>114,558</u>
Total accumulated depreciations	<u>\$ 1,108,711</u>	<u>\$ 99,331</u>	<u>\$ 3,215</u>	<u>\$ 1,204,827</u>
Total capital assets being depreciated, net	<u>\$ 1,501,590</u>	<u>\$ (88,421)</u>	<u>\$ -0-</u>	<u>\$ 1,413,169</u>

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Depreciation expense of \$99,331 for the year ended December 31, 2005, was charged to the following governmental functions:

Sanitary landfill	\$ 90,786
Economic development	8,545

6. ACCOUNTS, SALARIES AND OTHER PAYABLES

The accounts, salaries, and other payables consisted of the following at December 31, 2005:

Accounts	\$ 16,920
Payroll taxes	2,742
Retirement plan	11,928
Salaries	<u>10,646</u>
Totals	<u>\$ 42,236</u>

7. COMPENSATION PAID TO BOARD MEMBERS

The Commission paid no compensation to board members for the year ended December 31, 2005.

8. LITIGATION

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

9. LANDFILL OPERATOR AND SIGNIFICANT CONTRACT PROVISIONS

On July 26, 1989, the Commission entered into an exclusive contract with Browning Ferris Industries, Inc. (BFI) for the daily operations of waste disposal at the landfill site. The Commission will receive a royalty on all waste deposited into landfill for which BFI is compensated. 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.
- 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.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

D. BFI will maintain all liability insurance as set forth in the contract.

10. 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 2005 is 12.75% 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 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, 2005, 2004, and 2003 were \$27,843, \$32,970, and \$17,423, respectively, equal to the required contributions for each year.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

11. RELATED PARTY TRANSACTIONS

The Commission voted to distribute \$634,000 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, 2005.

12. 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.

13. LEASES

The Jefferson Davis Parish Sanitary Landfill Commission has an operating lease as follows:

The Commission leased offices from First Guaranty Bank for use by its economic development office. The original lease was for a one year period beginning January 1, 2004 with a monthly rental of \$375. The lease provided for an option to renew for one additional year at the rate of \$395 per month, which the Commission exercised. At the termination of this lease, the Commission executed a verbal extension for one year beginning on January 1, 2006 under the same terms and conditions as the original lease.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

The minimum annual commitments under noncancellable operating leases are as follows:

	<u>Buildings and Office Facilities</u>
Fiscal year:	
2006	\$ 4,740
2007	-0-
2008	-0-
2009	-0-
2010	-0-
2011-2015	<u>-0-</u>
Total	<u>\$ 4,740</u>

14. 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. However, the Commission changed the policy in 2004 to eliminate annually designating 3% and freezing the designated fund balance at the December 31, 2003 level.

15. SUBSEQUENT EVENTS

On January 18, 2006, the Commission distributed \$225,000 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.

On September 24, 2005, a building was substantially damaged by Hurricane Rita. The Commission submitted a claim to its insurance carrier and was paid \$35,893 in January, 2006, for the damage. According the landfill manager, the insurance proceeds should be sufficient to repair the damages caused by the storm.

On March 28, 2006, the Commission received a project worksheet report from the Federal Emergency Management Agency (FEMA) stating that the Commission would be eligible for a grant of \$40,646 for expenses and additional costs incurred by the landfill as a result of Hurricane Rita. As of June 22, 2006, the Commission has not received any disbursement from this grant.

16. RESTATEMENT OF BEGINNING NET ASSETS

Beginning net assets were increased by \$35,566 for sick leave which was incorrectly accrued as compensated absences as of December 31, 2004.

REQUIRED SUPPLEMENTAL INFORMATION

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

**Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual
General Fund**

For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over(Under)</u>
	<u>Original</u>	<u>Amended</u>		
REVENUES:				
Contract royalties	\$ 600,000	\$ 600,000	\$ 749,401	\$ 149,401
DEQ fee reimbursement	65,000	65,000	64,404	(596)
Private sector grants	-	6,500	6,499	(1)
Investment earnings	45,000	45,000	66,821	21,821
Other revenues	47,000	47,000	40,285	(6,715)
Total Revenues	\$ 757,000	\$ 763,500	\$ 927,410	\$ 163,910
EXPENDITURES:				
Landfill Operations:				
Personell costs	\$ 170,708	\$ 170,708	\$ 171,276	\$ 568
Operating costs	134,550	134,550	128,052	(6,498)
Recycling program	15,000	15,000	10,229	(4,771)
Excess waste fees	50,000	50,000	19,506	(30,494)
Materials and supplies	1,500	1,500	167	(1,333)
Travel and other charges	4,000	4,000	3,321	(679)
Capital expenditures	8,000	14,000	9,338	(4,662)
Total landfill operations	383,758	389,758	341,889	(47,869)
Economic Development:				
Personell costs	\$ 154,220	154,948	155,475	527
Operating costs	97,340	97,340	84,816	(12,524)
Travel and other charges	12,600	12,600	7,538	(5,062)
Grant expenditures	-	6,500	2,173	(4,327)
Capital expenditures	1,000	1,000	1,572	572
LPFA Coop endeavor project	-	500,000	-	(500,000)
Total economic development	265,160	772,388	251,574	(520,814)
Total Expenditures	648,918	1,162,146	593,463	(568,683)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 108,082	\$ (398,646)	\$ 333,947	\$ 732,593
OTHER FINANCING SOURCES (USES)				
Distributions to member governments	174,000	674,000	674,000	-
Net Change in Fund Balance	\$ (65,918)	\$ (1,072,646)	\$ (340,053)	\$ 732,593
Fund balances -- beginning	3,771,921	3,771,921	3,771,921	-
Fund balances -- ending	\$ 3,706,003	\$ 2,699,275	\$ 3,431,868	\$ 732,593

The accompanying notes are an integral part of this statement.

OTHER REPORTS

EDWARD L. KRIELOW

A PROFESSIONAL ACCOUNTING CORPORATION

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JENNINGS, LA 70546

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REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS 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 governmental activities of the Jefferson Davis Parish Sanitary Landfill Commission as of and for the year ended December 31, 2005, which comprise the Jefferson Davis Parish Sanitary Landfill Commission's basic financial statements and have issued my report thereon dated June 22, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Jefferson Davis Parish Sanitary Landfill Commission's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions 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 reportable 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Jefferson Davis Parish Sanitary Landfill Commission's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Commission members, and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statutes 24:513 and 44:6, this report is a matter of public record and its distribution is not limited.

Edward L. Krielow

Certified Public Accountants

Jennings, Louisiana
June 22, 2006