

HIDEAWAY ROAD SEWERAGE DISTRICT #1

*Ouachita Parish Police Jury
Monroe, Louisiana*

**AUDIT REPORT
As of and For the Year Ended December 31, 2002**

BY

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**HIDEAWAY ROAD SEWERAGE DISTRICT #1
OF OUACHITA PARISH**

**Component Unit Financial Statements As of and For the Year Ended
December 31, 2002
*With Supplemental Information Schedules***

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Hideaway Road Sewerage District #1
Monroe, Louisiana
May 30, 2003

I have audited the accompanying general purpose financial statements of Hideaway Road Sewerage District #1, a component unit of The Ouachita Parish Police Jury, as of and for the year ended, December 31, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the District'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 above present fairly, in all material respects, the financial position of the Hideaway Road Sewerage District #1 as of December 31, 2002, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The financial information listed as supplemental information schedules in the table of contents is presented for purposes of additional analysis, and is not a required part of the financial statements of Hideaway Road Sewerage District #1. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, I have also issued my report dated May 30, 2003, on my consideration of Hideaway Road Sewerage District #1's internal control over financial reporting and a report dated May 30, 2003, on its compliance with certain provisions of laws, regulations, 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.

A handwritten signature in cursive script that reads "Jimmie Self, CPA".

Jimmie Self, CPA
May 30, 2003

HIDEAWAY ROAD SEWERAGE DISTRICT #1
OUACHITA PARISH POLICE JURY
MONROE, LOUISIANA
PROPRIETARY FUND - ENTERPRISE FUND
BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2002

ASSETS:	<u>2002</u>
CURRENT ASSETS:	
CASH	\$ 31,837
ACCOUNTS RECEIVABLE	<u>9,041</u>
TOTAL CURRENT ASSETS:	<u>40,878</u>
RESTRICTED ASSETS:	
CASH	<u>21,261</u>
TOTAL RESTRICTED ASSETS:	<u>21,261</u>
PROPERTY, PLANT AND EQUIPMENT:	
PROPERTY, PLANT AND EQUIPMENT	<u>314,801</u>
LESS: ACCUMULATED DEPRECIATION	<u>(68,911)</u>
NET PROPERTY, PLANT AND EQUIPMENT:	<u>245,890</u>
TOTAL ASSETS:	<u><u>308,029</u></u>
 LIABILITIES AND FUND EQUITY:	
 NO LIABILITIES:	 <u>-</u>
 FUND EQUITY:	
RETAINED EARNINGS	<u>308,029</u>
TOTAL FUND EQUITY:	<u>308,029</u>
 TOTAL LIABILITIES AND FUND EQUITY:	 <u>\$ 308,029</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

**HIDEAWAY ROAD SEWERAGE DISTRICT #1
OUACHITA PARISH POLICE JURY
MONROE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND - ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>2002</u>
OPERATING REVENUES:	
SERVICE INCOME	\$ 19,148
TOTAL OPERATING REVENUES:	<u>19,148</u>
OPERATING EXPENSES:	
INSURANCE	235
OFFICE EXPENSE	590
SUPERVISIONS	11,826
ELECTRICAL	868
LEGAL/PROFESSIONAL	1,685
DEPRECIATION EXP	6,295
CHEMICALS	677
LAB FEES	172
REPAIRS/MAINTENANCE	-
TOTAL OPERATING EXPENSES:	<u>22,348</u>
OPERATING INCOME (LOSS):	(3,200)
NONOPERATING REVENUES (EXPENSES):	
INTEREST INCOME	217
TOTAL NONOPERATING REVENUES (EXPENSES):	<u>217</u>
	(2,983)
NET INCOME (LOSS):	(2,983)
RETAINED EARNINGS AT BEGINNING OF YEAR:	<u>311,012</u>
RETAINED EARNINGS AT END OF YEAR:	<u>\$ 308,029</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

**HIDEAWAY ROAD SEWERAGE DISTRICT #1
OUACHITA PARISH POLICE JURY
MONROE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

CASH FLOWS FROM OPERATING ACTIVITIES:	
NET INCOME/LOSS FROM OPERATIONS	\$ (2,983)
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH:	
DEPRECIATION	6,295
CHANGES IN ASSETS AND LIABILITTIES:	
NET INCREASE/DECREASE IN ACCOUNTS RECEIV	<u>(665)</u>
 NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:	 2,647
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR:	 <u>50,451</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR:	<u>\$ 53,098</u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
NET INCOME (LOSS)	
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
DEPRECIATION	<u><u>\$6,295</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

**HIDEAWAY ROAD SEWERAGE DISTRICT #1
OF OUACHITA PARISH**

**Notes To The Financial Statements
As of and For the Year Ended December 31, 2002**

INTRODUCTION

The Hideaway Road Sewerage District #1, Monroe, Louisiana, (the “District”) was created by an ordinance adopted on October 21, 1985, by the Ouachita Parish Police Jury. However, there was no activity in 1985. The District was created to construct a sewer system for the approximately 200 residences in the Hideaway Road area. The District is governed by a Board of four Directors appointed by the Ouachita Parish Police Jury. There is no payroll, since the District is managed by a private contractor. The Board members receive no compensation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying component unit financial statements of the Hideaway Road Sewerage District of Ouachita Parish 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.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Ouachita Parish Police Jury is the financial reporting entity for Ouachita Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Ouachita Parish Police Jury for financial reporting purposes. The basic 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 police jury to impose its will on that organization and/or

jury.

- b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury has the authority to perform the above three steps, the district was determined to be a component unit of the Ouachita Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The Hideaway Road Sewerage District #1 of Ouachita Parish is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) 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. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund is 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 Enterprise Fund uses the following practices in recording certain revenues and expenses:

Revenues

Revenues consist of income from users of the sewer line in the district. Billing is done monthly, and the payments are collected and deposited; Interest income is a result of bank accounts bearing interest.

Expenses

Expenses are reported when the liability occurs. Major expenses are:

Supervisory	11,826
Legal & Professional	1,695

E. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires 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 expenses during the reporting period. Actual results could differ from those estimates.

F. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and other money market accounts. Cash equivalents include amounts in time deposits and those investments with original 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.

Under state law, the district may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. The district has no investments.

G. ENCUMBRANCES

The District does not use encumbrance accounting.

H. RESTRICTED ASSETS

Restricted assets are classified on the balance sheet of the fund because their use is limited to payment of bond principle and interest.

I. FIXED ASSETS

Fixed assets of the district are valued at historical cost and are included on the balance sheet of the fund, net of accumulated depreciation. Construction period interest is immaterial and is not capitalized. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of periods from 5 to 50 years.

J. COMPENSATED ABSENCES

The district does not have a formal leave policy.

K. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the enterprise fund.

L. 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 not amortized.

Reserves

Reserves represent those portions of fund equity legally segregated for a specific future use.

2. CASH AND CASH EQUIVALENTS

At December 31, 2002, the district has cash and cash equivalents (book balances) totaling \$ 53,091 as follows:

Demand Deposits	31,838
Restricted Assets	<u>21,261</u>
TOTAL	<u><u>53,091</u></u>

These deposits are stated at cost, which approximates market. Under state law, these 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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2002, the district has \$53,091 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance.

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

3. RECEIVABLES

The following are the results of a special assessment of 32.00 per front foot levied against property owners:

Total Levied	349,079
Total Received	347,747
Balance at 12-31-2002	<u>1,332</u>
Other Accounts Receivable	<u>7,709</u>
TOTAL	<u><u>9,041</u></u>

4. FIXED ASSETS

A summary of fixed assets at December 31, 2002, follows:

		<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Plant & Equipment	12-31-01	314,801	62,616	252,185
Additions 2002		0	6,295	6,295
Plant & Equipment	12-31-02	<u>314,801</u>	<u>68,911</u>	<u>245,890</u>

5. LONG - TERM LIABILITIES

None.

6. PENSION PLAN

None.

7. OTHER POST - EMPLOYMENT BENEFITS

None.

8. RELATED PARTY TRANSACTIONS

None.

9. LITIGATION AND CLAIMS

In January 2000, Helms Properties made an agreement to pay the District for treatment plant extension due to additional subdivision development. No contract was made and no payment has been made. No accounts receivable amount has ever been established.

10. SUBSEQUENT EVENTS

None.

11. OTHER SUPPORT

None.

SUPPLEMENTAL INFORMATION

SUPPLEMENTAL INFORMATION

**HIDEAWAY ROAD SEWERAGE DISTRICT #1
OF OUACHITA PARISH
Supplemental Information Schedule
As of and for the year then ended December 31, 2002**

COMPENSATION PAID TO BOARD MEMBERS

The following schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

*Schedule of Compensation Paid Board Members as of and for the Year Ended
December 31, 2002*

Nan Woods 107 Raymond Drive Monroe, LA 71203	343-8822	0.00
Bill Brodie 325 Raymond Drive Monroe, LA 71203	343-0334 251-0327	0.00
Brent Mothersbaugh 110 Raymond Drive Monroe, LA 71203	345-0847	0.00
C. Jarvis Thomas 413 Raymond Drive Monroe, LA 71203	343-8966	0.00

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

Board of Commissioners
Hideaway Road Sewerage District #1
Monroe, Louisiana
May 30, 2003

I have audited the (pre-34:) general purpose financial statements of the Hideaway Road Sewerage District #1, a component unit of the Ouachita Parish Police Jury, as of and for the year ended December 31, 2002, and have issued my report thereon dated May 30, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether Hideaway Road Sewerage District #1, Monroe, La.'s, (pre-34:) general purpose 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Hideaway Road Sewerage District #1's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the (pre-34:) general purpose 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

(pre-34:) general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the Hideaway Road Sewerage District #1's management and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Jimmie Self, CPA". The signature is written in black ink and is positioned above the typed name and date.

Jimmie Self, CPA
May 30, 2003

Jimmie Self, CPA
A Professional Accounting Corporation
2908 Cameron Street, Suite C
Monroe, Louisiana 71201
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Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2002

I have audited the financial statements of Hideaway Road Sewerage District #1 as of and for the year ended December 31, 2002, and have issued my report dated May 30, 2003. I conducted my audit in accordance with generally accepted auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. [and the provisions of OMB Circular A-133.] My audit of the financial statements as of December 31, 2002 resulted in an unqualified opinion (qualified, adverse, disclaimer).

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses yes no Reportable Conditions yes no

Compliance

Compliance material to Financial Statements yes no

Schedule of Prior Year Findings for the year ended December 31, 2001.

None.