

**NORTH MONROE SUBDIVISION
SEWERAGE DISTRICT
Monroe, Louisiana**

**Compiled Financial Statements
Year Ended December 31, 2011**

PREPARED BY:

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

North Monroe Subdivision Sewerage District
P. O. Box 7237
Monroe, LA 71211

Dear Board Members,

I have compiled the accompanying Balance Sheet of the business-type activities of the North Monroe Subdivision Sewerage District, a component unit of the Ouachita Parish Police Jury, State of Louisiana, as of and for the year ended December 31, 2011, and the related Statement of Revenues, Expenses, and Changes in Fund Net Assets and the Statement of Cash Flows. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the North Monroe Subdivision Sewerage District is responsible for the preparation and of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management of the North Monroe Subdivision Sewerage District in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has not presented the management's discussion and analysis information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

The Schedule of Compensation Paid Commissioners and the Schedule of Findings and Responses on pages 14 and 15 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have compiled the Schedule of Compensation Paid Commissioners and the Findings and Responses from information that is the representation of management of North Monroe Subdivision Sewerage District, without audit or review. Accordingly, I do not express an opinion or provide any assurance on the supplementary information.

The North Monroe Subdivision Sewerage District did not adopt the provisions of Governmental Accounting Standards Board Statement No. 34 for the year ended December 31, 2011. The effects of this departure from generally accepted accounting principles has not been determined.



JIMMIE SELF, CPA
MONROE, LOUISIANA
June 20, 2012

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

**NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
 OUACHITA PARISH POLICE JURY
 MONROE, LA
 BTA**

STATEMENT A

**BALANCE SHEET
 DECEMBER 31, 2011**

	<u>2011</u>
ASSETS	
CURRENT ASSETS:	
Cash and Cash Equivalents	\$ 7,195
Restricted Cash	18,077
Receivables (Net)	14,857
Total Current Assets	<u>40,129</u>
NONCURRENT Assets:	
Capital Assets	1,053,277
Less: Accumulated Depreciation	(382,163)
Total noncurrent assets	<u>671,114</u>
Total assets	<u>\$ 711,243</u>
LIABILITIES	
Current Liabilities	
Accrued Interest Payable	\$ 7,282
Bonds Payable - Current	13,000
Total current liabilities	<u>20,282</u>
NONCURRENT LIABILITIES	
Revenue Bonds Payable	403,000
Total noncurrent liabilities	<u>403,000</u>
Total liabilities	<u>423,282</u>
NET ASSETS	
Invested in capital assets, net of related debt	248,832
Restricted for:	
Debt service	18,077
Unrestricted	21,052
Total net assets	<u>287,961</u>
Total liabilities and net assets	<u>\$ 711,243</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT.

**NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
 OUACHITA PARISH POLICE JURY
 MONROE, LA
 BTA**

STATEMENT B

**STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>2011</u>
OPERATING REVENUE:	
SERVICE INCOME	\$ 97,096
TOTAL OPERATING REVENUES	<u>97,096</u>
OPERATING EXPENSES:	
Billing Expense	9,638
Depreciation	25,933
Insurance	1,247
Laboratory Fees	1,329
Legal and Professional	1,931
Office Expense	110
Permit Fees	799
Supervisory and accounting	45,152
Utilities	2,463
Bond reg fees	1,100
Total operatng expense	<u>89,702</u>
Total operating income (loss)	<u>7,394</u>
NONOPERATING REVENUES (EXPENSES):	
Interest Expense	<u>(22,257)</u>
Total nonoperating revenues(expenses)	<u>(22,257)</u>
Change in net assets	(14,863)
Total net assets - beginning	302,824
Total net assets -ending	<u>\$ 287,961</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT.

**NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
OUACHITA PARISH POLICE JURY
MONROE, LA
BTA**

STATEMENT C

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Cash flows from operating activities:

Cash received from customers	\$ 97,096
Cash payments to suppliers for goods and services	(67,092)
Cash paid to professionals for services	(45,152)
Net cash provided (used) by operating activities	<u>(15,148)</u>

Cash flows from capital and related financing activities:

Principal paid on bonds	<u>13,000</u>
Net cash provided (used) by capital and related financial activities	<u>13,000</u>

Net increase (decrease) in cash and cash equivalents (2,148)

Cash and cash equivalents at beginning of year 27,420
Cash and cash equivalents at end of year \$ 25,272

Reconciliation of net Operating Income (Loss) to Net Cash:

Operating Income (Loss)	\$ (14,863)
Adjustment to reconcile net income to net cash provided by operating activities:	
Depreciation	25,933
Increase in Accounts Payable	(218)
Bonds paid long-term	(13,000)
Operating Account-interest paid	(13,000)
Net cash provided	<u>\$ (15,148)</u>

CASH INCLUDES:

CHECKING ACCOUNT	\$ 7,196
RESTRICTED FOR BOND FUND	18,076
	<u>\$ 25,272</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT.

**NOTES
TO THE
FINANCIAL STATEMENTS**

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
A Component Unit of the Ouachita Parish Police Jury

Notes to the Financial Statements
As of and for the Year Ended December 31, 2011

INTRODUCTION

The North Monroe Subdivision Sewerage District (BTA) was organized under provisions of Louisiana Revised Statute (LSA-RS) by the Ouachita Parish Police Jury in 1968. The following is a brief description of the operations of North Monroe Subdivision Sewerage District (BTA) and includes the parish in which the BTA is located:

The District is governed by a four-member board of commissioners who are appointed by the Ouachita Parish Police Jury. The board is appointed by the police jury and is compensated for its responsibility of providing sewer service to users within the boundaries of the District. The District serves approximately 400 residential and 50 commercial customers. The District has two employees.

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the North Monroe Subdivision Sewerage District (BTA) present information only as to the transactions of the District as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the North Monroe Subdivision Sewerage District (BTA) are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration of Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
A Component Unit of the Ouachita Parish Police Jury

Notes to the Financial Statements
As of and for the Year Ended December 31, 2011

Revenues consist of income from users of the sewerage system in the District. Billing is done monthly, and the payments are collected and deposited. Interest income is a result of bank accounts bearing interest.

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

RECEIVABLES

The following is a summary of receivables at December 31, 2011:

<u>Class of Receivable</u>	<u>Current Assets</u>	<u>Total</u>
Accounts Receivable	\$14,857	\$14,857

Management has determined that the amounts of the receivables that are uncollectible are immaterial; therefore, no provision for uncollectible receivables has been included in these financial statements.

ACCOUNTS PAYABLE

The following is a summary of payables at December 31, 2011

Accounts Payable	\$ 7,282
Bonds Payable - Current	13,000
	<u>\$ 20,282</u>

NOTE B. BUDGETARY ACCOUNTING

As a Business-Type Activity, the district is not required to prepare a budget.

NOTE C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. For reporting purposes, deposits with financial institutions include demand deposits, time deposits, and certificates of deposit. Under state law the North Monroe Subdivision Sewerage District (BTA) may deposit funds with a fiscal bank selected and designated by the Board. Further, the District may invest in savings accounts, and time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana.

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
A Component Unit of the Ouachita Parish Police Jury

Notes to the Financial Statements
As of and for the Year Ended December 31, 2011

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and registered cash and cash equivalents) and restricted cash and cash equivalents with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts 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 pledged securities are required to be held in the name of the pledging fiscal agent or custodial bank in the form of safekeeping receipts.

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1)uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department agent, but not in the entity's name.

These deposits at December 31, 2011, consisted of the following:

	Cash	Total
Deposits per Statement of Net Assets (Reconciled Bank Balance)	\$ 25,272	\$ 25,272
Deposits per Bank	\$ 25,272	\$ 25,272
Bank Balances exposed to Custodial Risk	0	0

The District is adequately collateralized by the FDIC

Note: The "Deposits per Bank" will not necessarily equal the "Deposits per Balance Sheet", due to outstanding items.

The North Monroe Subdivision Sewerage District (BTA) has no investment accounts.

NOTE D. CAPITAL ASSETS

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
A Component Unit of the Ouachita Parish Police Jury

Notes to the Financial Statements
As of and for the Year Ended December 31, 2011

Capital 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 capital 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 40 years.

A summary of Capital Assets at December 31, 2011, follows:

CAPITAL ASSETS	Cost	Addns	Prior Accum Deprec	Current Deprec	Net
Sewerage System	\$ 1,053,277	0	\$ 356,230	\$ 25,933	\$ 671,114
TOTAL	\$ 1,053,277	0	\$ 356,230	\$ 25,933	\$ 671,114

NOTE E. INVENTORIES

The District does not maintain inventories of any type.

NOTE F. RESTRICTED ASSETS

Certain proceeds of the enterprise fund resources are set aside for specific payments and are classified on the balance sheet as restricted assets because their use is limited by applicable requirements. Restricted assets include the “Bond Fund” which is retained for payment of bond principal and interest. Restricted assets in North Monroe Subdivision Sewerage District (BTA) at 12-31-2011 reflected at \$18,077 are listed in the assets section on Statement A as Restricted Cash.

NOTE G. LEAVE

The District does not have a formal leave policy.

NOTE H. RETIREMENT SYSTEM

The District has no pension plan, except social security benefits resulting from salary withholdings and employer mandated matching payments.

NOTE I. OTHER POST – EMPLOYMENT BENEFITS

None.

NOTE J. LONG-TERM LIABILITIES

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
A Component Unit of the Ouachita Parish Police Jury

Notes to the Financial Statements
As of and for the Year Ended December 31, 2011

The following is a summary of long-term debt transactions of the District for the year ended December 31, 2011

BONDS PAYABLE	Balance 6/30/10	Principal Paid	Balance Due	Due Within One Year
	\$ 416,000	\$ 13,000	\$ 403,000	\$ 13,000

“Sewer Revenue Bonds, Series 1999 of the North Monroe Sewer District #1 of the Parish of Ouachita, State of Louisiana,” \$522,000, dated March 1, 1999, interest rate 5.125%, payable in annual installments of various amounts, including interest, due the first day of March.

The annual requirements to amortize all long-term debt outstanding as of December 31, 2011, are as follows: Note - No principal payment was until 2001.

Year	Principal Amount	Rate	Interest	Total Paid	Balance
					416,000
2012	13,000	5.125%	20,634	33,634	403,000
2013	14,000	5.125%	20,653	34,653	389,000
2014	14,000	5.125%	19,936	33,936	375,000
2015	14,000	5.125%	19,219	33,219	361,000
2016	14,000	5.125%	18,502	32,502	347,000
2017-2021	100,000	5.125%	79,669	179,169	277,000
2022-2026	145,000	5.125%	76,000	221,000	132,000
2027-2029	132,000	5.125%	20,295	152,295	0

NOTE K. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; and injuries to employees. The Ouachita Parish Police Jury is responsible for these liabilities.

NOTE L. RELATED PARTY TRANSACTIONS

None.

NOTE M. LITIGATION AND CLAIMS

None.

NOTE N. SUBSEQUENT EVENTS

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
A Component Unit of the Ouachita Parish Police Jury

Notes to the Financial Statements
As of and for the Year Ended December 31, 2011

Subsequent events were evaluated by management up to and including the issue date of this report, June 20, 2012. There were no subsequent events noted which would affect the financial statements for the year ended December 31, 2011.

NOTE O. OTHER SUPPORT

None

NOTE P. SIMPLIFIED STATEMENT OF ACTIVITIES

North Monroe Subdivision Sewerage District
 A component unit of the
 Ouachita Parish Police Jury
 Monroe, LA
 Simplified Statement of Activities (BTA)
 For the Year Ended December 31, 2011

	Expenses	Charges for Services	Net (Expense) Revenue and Changes in Net Assets
	\$89,702	\$ 97,096	\$ 7,394
General Revenues (Expenses):			
Bond Interest			(22,257)
Change in Net Assets			(14,863)
Net Assets – Beginning			\$ 302,824
Net Assets - Ending			\$ 287,961

SEE STATEMENT B, Page 4.

**SUPPLEMENTARY
INFORMATION SCHEDULES**

**NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
Monroe, Louisiana**

**Supplementary Information Schedule
As of and for the Year Ended December 31, 2011**

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.

Scott Holder – Chairman 205 Bastrop Dr Monroe, LA 71203	\$ 0.00
Michael Green - Commissioner 203 Holly Ridge Dr. Monroe, LA 71203	\$ 0.00
Herbert Manley - Commissioner 227 Bastrop Drive Monroe, LA 71203	\$ 0.00
Anita H. Jones - Commissioner 301 Ray Drive Monroe, LA 71203	\$ 0.00

SCHEDULE OF FINDINGS AND RESPONSES
NORTH MONROE SUBDIVISION SEWERAGE DISTRICT
Monroe, Louisiana

Findings for the Current Year Ended December 31, 2011

FINDING 2011-1

CRITERIA: Duties should be distributed among employees

CONDITION: Inadequate segregation of duties

CONTEXT: The district has only one person for handling the duties of the office personnel. Office duties are a part-time job.

EFFECT OF CONDITION: Internal control is weakened by the limited staff

CAUSE OF CONDITION: The staff consists of only one person.

RECOMMENDATION: Hire more employees and redistribute duties.

CLIENT RESPONSE: This would be impractical and cannot be remedied due to lack of funds.

Findings for the Current Year Ended December 31, 2010

FINDING 2010-1

Condition – There were several coding errors. There were also problems with beginning balances which were incorrect.

Recommendation - The clerk who does the posting should always check the chart of accounts to assure the correct accounts are being utilized.

Management's Corrective Action Plan – Coding errors and inaccurate beginning balances have already been corrected for the current year.

Current Status: The District has continued to work to correct these deficiencies.

FINDING 2010-2

Condition - Very little segregation of duties exists due to a small staff. It is cost prohibitive to hire additional staff members necessary for solving this problem.

Recommendation – Management should instruct the office employees and staff assignments should be made to segregate their duties as much as is possible.

Management's Corrective Action Plan – Management agrees to study the situation and make the changes as they are possible and feasible to improve this situation.

Current Status: As noted in Finding 2011-1 (above), insufficient segregation of duties continues to be a problem for the District.