

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

**Compiled Financial Statements  
Year Ended December 31, 2010**

**PREPARED BY:**

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MONROE, LOUISIANA 71201  
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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 8/17/11

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SEWERAGE DISTRICT**

**Monroe, Louisiana**

**Compiled Financial Statement  
Year Ended December 31, 2010**

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

**Compiled Financial Statements  
Year Ended December 31, 2010**

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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 financial statements 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, 2010, which collectively comprise the Sewerage District's basic financial statements as listed in the table of contents. 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 fair presentation 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.



JIMMIE SELF, CPA  
MONROE, LOUISIANA  
June 21, 2011

**GENERAL PURPOSE FINANCIAL STATEMENTS**

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

**STATEMENT A**

**BALANCE SHEET - ENTERPRISE FUND  
 DECEMBER 31, 2010**

	<u>2010</u>
<b>ASSETS</b>	
<b>Current assets:</b>	
Cash	\$ 7,430
Restricted Cash	19,991
Accounts Receivable	14,856
<b>Total Current Assets</b>	<u>42,277</u>
<b>Capital Assets:</b>	
Property, Plant and Equipment	1,053,277
Less: Accumulated Depreciation	(356,230)
<b>Net Capital Assets</b>	<u>697,047</u>
<b>TOTAL ASSETS</b>	<u>\$ 739,324</u>
<b>LIABILITIES AND FUND EQUITY</b>	
<b>Liabilities:</b>	
<b>Current Liabilities Payable from Current Assets:</b>	
Accrued Interest Payable	\$ 7,500
Bonds Payable - Current	12,000
<b>Total Current Liabilities Payable from Current Assets</b>	<u>19,500</u>
<b>Long Term Liabilities:</b>	
Revenue Bonds Payable	416,000
<b>Total Long Term Liabilities Payable from Restricted Assets</b>	<u>416,000</u>
<b>Total Liabilities</b>	<u>435,500</u>
<b>Fund Equity:</b>	
Retained Earnings - Unreserved	283,833
Retained Earnings - Reserved for Bond Payment	19,991
Retained Earnings - Total Fund Equity	<u>303,824</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 739,324</u>

**SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANT'S COMPILATION REP**

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

**STATEMENT B**

**STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN RETAINED EARNINGS  
 PROPRIETARY FUND - ENTERPRISE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>2010</u>
<b>OPERATING REVENUES:</b>	
SERVICE INCOME	\$ 96,027
<b>TOTAL OPERATING REVENUES:</b>	<u>96,027</u>
<b>OPERATING EXPENSES:</b>	
BILLING EXPENSE	9,675
DEPRECIATION	25,933
INSURANCE	2,128
LABORATORY EXPENSE	1,823
LEGAL & PROFESSIONAL	1,781
OFFICE EXPENSE	271
PERMIT FEES	799
REPAIRS/MAINTENANCE	19,500
SUPERVISORY ACCOUNTING	16,931
UTILITIES	2,308
BOND REG FEES	1,135
<b>TOTAL OPERATING EXPENSES:</b>	<u>82,283</u>
<b>OPERATING INCOME (LOSS):</b>	<u>13,744</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
INTEREST EXPENSE	(23,166)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES):</b>	<u>(23,166)</u>
<b>NET INCOME (LOSS):</b>	(9,422)
<b>RETAINED EARNINGS AT BEGINNING OF YEAR:</b>	313,246
<b>RETAINED EARNINGS AT END OF YEAR:</b>	<u>\$ 303,824</u>

**SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT.**

**NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1  
 OUACHITA PARISH POLICE JURY  
 MONROE, LA  
 STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND - ENTERPRISE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2010**

**STATEMENT C**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

<b>NET INCOME</b>	<b>\$ (9,422)</b>
<b>ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
<b>DEPRECIATION</b>	<u>25,933</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>16,511</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

<b>PAYMENT OF BONDS</b>	<u>(12,000)</u>
<b>NET TOTAL CASH USED BY FINANCING ACTIVITIES</b>	<u>(12,000)</u>

<b>NET INCREASE (DECREASE) IN CASH</b>	<b>4,511</b>
<b>CASH AT BEGINNING OF YEAR</b>	<u>22,910</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><b>\$ 27,421</b></u>

**SUPPLEMENTAL DISCLOSURES**

<b>INTEREST PAID</b>	<b>\$ 23,166</b>
<b>DEPRECIATION</b>	<b>\$ 25,933</b>

**CASH INCLUDES:**

<b>CHECKING ACCOUNT</b>	<b>\$ 7,430</b>
<b>RESTRICTED FOR BOND FUND</b>	<u>19,991</u>
	<u><b>\$ 27,421</b></u>

**SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT.**

**NOTES  
TO THE  
FINANCIAL STATEMENTS**

**NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1**  
**Of Ouachita Parish**  
**Ouachita Parish Police Jury**

**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2010**

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**INTRODUCTION**

The North Monroe Subdivision Sewerage District #1 was organized under provisions of Louisiana Revised Statute (LSA-RS) by the Ouachita Parish Police Jury in 1968 to provide a sewerage system for approximately 800 people. The district is operated by a board of four commissioners, appointed by the Ouachita Parish Police Jury.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying component unit financial statements of the North Monroe Subdivision 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. The criteria include the following:

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
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
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.

**NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1  
Of Ouachita Parish  
Ouachita Parish Police Jury**

**Notes to the Financial Statements  
As of and for the Year Ended December 31, 2010**

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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 North Monroe Subdivision 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 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 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.

**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.

**NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1  
Of Ouachita Parish  
Ouachita Parish Police Jury**

**Notes to the Financial Statements  
As of and for the Year Ended December 31, 2010**

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**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**

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. Briefly, the fund and provisions relating thereto are as follows:

Bond Redemption Fund: Restriction for annual payment of principal and interest.

**I. CAPITAL ASSETS**

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 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 40 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**

**NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1  
Of Ouachita Parish  
Ouachita Parish Police Jury**

**Notes to the Financial Statements  
As of and for the Year Ended December 31, 2010**

**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.

**NOTE 2. CASH AND CASH EQUIVALENTS**

At December 31, 2010, the district has cash and cash equivalents (book balances) as follows:

Demand Deposits	\$ 27,421	
TOTAL	\$ 27,421	

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. The deposits as shown above are secured from risk by \$250,000 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.

**NOTE 3. RECEIVABLES**

The following is a summary of receivables at December 31, 2010:

<u>Class of Receivable</u>	<u>Current Assets</u>	<u>Total</u>
Accounts Receivable	\$ 14,856	\$ 14,856

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

**NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1**  
**Of Ouachita Parish**  
**Ouachita Parish Police Jury**

**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2010**

**NOTE 4. CAPITAL ASSETS**

A summary of fixed assets at December 31, 2010 follows:

<b>FIXED ASSETS</b>	Cost 12/31/09	Accum Deprec	Current Deprec	Net 12/31/10
Property, Plant, & Equipment	1,053,277	330,297	25,933	697,047
<b>TOTAL</b>	<b>1,053,277</b>	<b>330,297</b>	<b>25,933</b>	<b>697,047</b>

**NOTE 5. PENSION PLAN**

The district has no pension plan and no salaries.

**NOTE 6. LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities transactions during the year:

<b>BONDS PAYABLE</b>	
Long-term liability payable at 12/31/2009	\$428,000
Less Principal Paid	12,000
Long-term liability payable at 12/31/2010	<u>\$416,000</u>

“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, 1999, are as follows: Note - No principal payment was until 2001.

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Balance</u>
2011	12,000	5.125%	416,000
2012	13,000	5.125%	403,000
2013	14,000	5.125%	389,000
2014	14,000	5.125%	375,000
2015	14,000	5.125%	361,000
2016-2029	361,000	5.125%	0

**NOTE 7. OTHER POST-EMPLOYMENT BENEFITS**

None

**NOTE 8. RELATED PARTY TRANSACTIONS**

None.

**NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1  
Of Ouachita Parish  
Ouachita Parish Police Jury**

**Notes to the Financial Statements  
As of and for the Year Ended December 31, 2010**

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**NOTE 9. LITIGATION AND CLAIMS**

None.

**NOTE 10. SUBSEQUENT EVENTS**

Subsequent events were evaluated by management up to and including the issue date of this report, June 21, 2011. There were no subsequent events noted which would affect the financial statements for the year ended December 31, 2010.

**NOTE 11. OTHER SUPPORT**

None.

**NOTE 12. MAJOR EXPENSES**

Major expenses are as follows:

Supervisory	\$ 16,931
Legal and Professional	1,781
Utilities	2,308
<b>TOTAL MAJOR EXPENSES</b>	<b><u>\$ 21,020</u></b>

**NOTE 13. RISK MANAGEMENT**

The District is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets. The Ouachita Parish Police Jury is responsible for these liabilities of the District.

**SUPPLEMENTARY  
INFORMATION SCHEDULES**

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

**Supplementary Information Schedule  
As of and for the Year Ended December 31, 2010**

**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

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

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.

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.

Schedule of Prior Year Findings and Responses  
For the Year Ended December 31, 2009

None