

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1

OUACHITA PARISH POLICE JURY

MONROE, LOUISIANA

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2020

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LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
MONROE, LOUISIANA  
DECEMBER 31, 2020

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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
Lakeshore Subdivision Sewerage District #1  
Monroe, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Lakeshore Subdivision Sewerage District # 1, a component unit of the Ouachita Parish Police Jury (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the Table of Contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2020, and the changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 21 to 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation paid to Board of Commissioners, The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer, and the Schedule of Specific Requirements of the Sewer Revenue Bond Issue is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our 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* in considering the District's internal control over financial reporting and compliance.

*Johnson, Perry, Roussel & Cuthbert, LLP*

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS  
Monroe, Louisiana  
October 18, 2021

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Lakeshore Subdivision Sewerage District #1 financial performance presents management's overview of the District's financial activities for the year ended December 31, 2020. Please read it in conjunction with the District's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District operates as an enterprise fund and presents its financial statements using the accrual basis of accounting. As an enterprise fund, the District's basic financial statements include three components: Management's Discussion and Analysis, Basic Financial Statements, and Notes to the Financial Statements.

The Statement of Net Position includes all of the District's assets and liabilities, with the difference between the two reported as net position. Net position is all unrestricted at December 31, 2020. The increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating. The Statement of Net Position provides a basis for evaluating the capital structure of the District, and assessing its liquidity and financial flexibility.

The Statement of Revenues, Expenses, and Changes in Fund Net Position shows how the District's net position changed during the year. All of the current year's revenues and expenses were recorded when the underlying transaction occurs, regardless of the timing of related cash flows. The Statement of Revenues, Expenses, and Changes in Fund Net Position measures the District's performance over the last year, and whether the District recovered its costs through fees and other revenues.

The Statement of Cash Flows provides information regarding the District's cash receipts and cash disbursements during the year. The statement reports cash activity in three categories, cash flows from operations, and cash flow from investing activities. This statement accounts only for transactions that result in cash receipts and cash disbursements.

The Notes to the Financial Statements provide a description of the accounting policies used to prepare the financial statements and

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2020

generally accepted in the United States of America that are not otherwise presented in the financial statements.

FINANCIAL POSITION SUMMARY

The Statement of Net Position depicts the District's financial position as of one point in time, December 31, 2020, and includes all assets and liabilities. Net position represents the residual interest in the District's assets after deducting liabilities. The District's net assets were \$553,762. A condensed summary of The District's net position at December 31, 2020, is as follows:

SUMMARY OF FINANCIAL POSITION - BUSINESS TYPE ACTIVITIES	2020	2019
	<u>                    </u>	<u>                    </u>
Current and Other Assets	325,767	345,776
Capital Assets	<u>1,734,128</u>	<u>1,796,391</u>
Total Assets	<u>2,059,895</u>	<u>2,142,167</u>
Liabilities	<u>1,506,133</u>	<u>1,569,275</u>
Invested in Capital Assets, net of Related Debt	244,128	241,391
Restricted for Capital and other Projects	212,908	202,555
Unrestricted	<u>96,726</u>	<u>128,946</u>
Total Net Position	<u>553,762</u>	<u>572,892</u>

Net assets are composed of the following:

*Net investment in capital assets*- Land, Building, and Equipment, less the related indebtedness outstanding used to acquire those capital assets, represent the largest portion of the District's net position at December 31, 2020. The District uses capital assets to provide services to its customers.

The changes in net position over time may serve as a useful indicator of changes in the District's financial position. A summary of the District's changes in net position at December 31, 2020 is set forth below:

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2020

FINANCIAL POSITION SUMMARY (Continued)

CHANGE IN NET POSITION

Changes in Net Position	<u>2020</u>	<u>2019</u>
Charges for Service	515,502	508,360
Total Operating Expenses	<u>464,909</u>	<u>448,574</u>
Operating Income	50,593	59,786
Non-Operating Revenues/Expenses		
Investment Income	89	107
Interest Expense	( 69,812)	( 84,295)
Total Non-Operating Expenses	<u>( 69,723)</u>	<u>( 84,188)</u>
Change - Increase (Decrease) in Net Position	<u>( 19,130)</u>	<u>( 24,402)</u>

The District's operating revenues and expenses include the sales of sewerage disposal service sold to its customers. The District experienced a net operating loss of \$24,402 for the prior year ended December 31, 2019. This compares to a net loss of \$19,130 for the current year ended December 31, 2020. Total revenues in 2020 increased by \$7,141. Operating expenses increased by \$1,869 due to an increase in supervisory and accounting fees, repairs, electrical expenses, and a decrease in depreciation and interest. The current depreciation charge decreased due to certain assets becoming fully depreciated during the year 2020.

FINANCIAL ANALYSIS OF THE FUNDS

As the District completed the prior year ended December 31, 2019, the enterprise fund reported total assets of \$2,142,167. At the conclusion of the current year ended December 31, 2020, the enterprise fund reported total assets of \$2,059,895 showing restricted assets as required by the Bond of \$212,908.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the close of the prior year ended December 31, 2019, the District showed an investment in Capital Assets of \$3,764,984 and a net value after depreciation of \$ 1,796,391.



LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

As of the close of the current year ended December 31, 2020, the District showed Capital Assets with an investment of \$3,785,619 and a net value after depreciation of \$1,734,128, as illustrated below. Land is not depreciated.

CAPITAL ASSETS - PROPERTY, PLANT & EQUIPMENT

Total Capital Assets Investment - December 31, 2019	3,764,984
Additions - 2020	<u>20,635</u>
Total Capital Assets Investment - December 31, 2020	3,785,619
Less - Accumulated Depreciation	<u>2,051,491</u>
Total Net Capital Assets - December 31, 2020	
Includes Land (\$26,000) which is Not Depreciated	<u>1,734,128</u>

Debt

On July 31, 2015, the District obtained a Sewer Revenue Bond in the amount of \$1,800,000. The first payment due was February 2, 2016. The last payment is due August 1, 2036.

As of January 1, 2020, the beginning of the current year (2020), the District had a balance in the Sewer Bond Issue mentioned above of \$1,555,000. At December 31, 2020, the balance of the debt was \$1,490,000.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The District is a component unit of the Ouachita Parish Police Jury and as such, is ultimately under the supervision of the Police Jury. The Jury has appointed a board of commissioners to oversee the operations of the District. Mr. Jeff McNew serves as the Secretary-Treasurer of the District and may be contacted by mail at Lakeshore Subdivision Sewerage District, P.O. Box 7237, Monroe, LA 71211.

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
AS OF DECEMBER 31, 2020

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 63,923
Accounts Receivable	<u>48,936</u>

<u>TOTAL CURRENT ASSETS</u>	<u>112,859</u>
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NON-CURRENT ASSETS

Restricted Assets	<u>212,908</u>
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<u>TOTAL NON-CURRENT ASSETS</u>	<u>212,908</u>
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CAPITAL ASSETS

Capital Assets, Net	<u>1,734,128</u>
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<u>TOTAL CAPITAL ASSETS</u>	<u>1,734,128</u>
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<u>TOTAL ASSETS</u>	<u>\$ 2,059,895</u>
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LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts Payable	\$ 10,000
Accrued Interest Payable	6,133
Current Portion of Bonds Payable	<u>70,000</u>

<u>TOTAL CURRENT LIABILITIES</u>	<u>86,133</u>
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NON-CURRENT LIABILITIES

Bonds Payable	<u>1,420,000</u>
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<u>TOTAL NON-CURRENT LIABILITIES</u>	<u>1,420,000</u>
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<u>TOTAL LIABILITIES</u>	<u>1,506,133</u>
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NET POSITION

Net Investment in Capital Assets	244,128
Restricted for Capital and Other Projects	212,908
Unrestricted	<u>96,726</u>

<u>TOTAL NET POSITION</u>	<u>553,762</u>
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<u>TOTAL LIABILITIES AND NET POSITION</u>	<u>\$ 2,059,895</u>
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LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

<u>OPERATING REVENUE</u>	
Charges for Services	\$ <u>515,502</u>
 <u>TOTAL OPERATION REVENUE</u>	 <u>515,502</u>
 <u>OPERATING EXPENSES</u>	
Bank Fees	113
Bill Collection Expense	30,000
Contractor Expense	-
Electrical Expense	49,335
Engineering	-
Depreciation Expense	82,898
Insurance Expense	-
Lab Fees	7,507
Legal and Professional	10,895
Office Expense	-
Permits	2,194
Plumbing Supplies and Maintenance	-
Polymer Expense	-
Repairs and Maintenance	45,717
Supervisory and Accounting	<u>236,250</u>
 <u>TOTAL OPERATING EXPENSES</u>	 <u>464,909</u>
 <u>OPERATING INCOME (LOSS)</u>	 <u>50,593</u>
 <u>NON-OPERATING REVENUES (EXPENSES)</u>	
Investment Income	89
Interest Expense	<u>(69,812)</u>
 <u>TOTAL NON-OPERATING REVENUES (EXPENSES)</u>	 <u>(69,723)</u>
 <u>CHANGE IN NET POSITION - INCREASE (DECREASE)</u>	 <u>(19,130)</u>
 <u>TOTAL NET POSITION - BEGINNING</u>	 <u>572,892</u>
 <u>TOTAL NET POSITION - ENDING</u>	 <u>\$ 553,762</u>

See Independent Auditors' Report and accompanying notes.

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.  
 CERTIFIED PUBLIC ACCOUNTANTS

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received from Customers	\$ 511,090
Cash Paid to Suppliers for Goods and Services	<u>(374,750)</u>
Net Cash Provided (Used) by Operating Activities	<u>136,340</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Principal Paid on Revenue Bonds	(65,000)
Interest Paid on Revenue Bonds	<u>(75,215)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(140,215)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Fixed Assets	(20,635)
Interest on Investments	<u>89</u>
Net Cash Provided (Used) by Investing Activities	<u>(20,546)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (24,421)

CASH AND RESTRICTED CASH – BEGINNING 301,252

CASH AND RESTRICTED CASH –ENDING \$ 276,831

RECONCILIATION OF CASH AND RESTRICTED CASH

Cash	\$ 63,923
Restricted Assets	212,908
<u>CASH AND RESTRICTED CASH</u>	<u>\$ 276,831</u>

RECONCILIATION OF OPERATING INCOME TO NET  
CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating Income (Loss)	\$ 50,593
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Depreciation	82,898
(Increase) Decrease in Current Assets:	
Accounts Receivable	(4,412)
Increase (Decrease) in Current Liabilities:	
Accounts Payable	<u>7,261</u>
Net Cash Flow Provided (Used) by Operating Activities	<u>\$ 136,340</u>

See Independent Auditors' Report and accompanying notes.

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

INTRODUCTION

The Lakeshore Subdivision Sewerage District #1, Monroe, Louisiana, (serving approximately 1000 people) was established by the Ouachita Parish Jury in the early 1970's and is a component unit of the Police Jury. The District is operated by a board of three commissioners, who are appointed by the Ouachita Parish Police Jury. The commissioners receive no compensation. The District is managed by an independent contractor, hence no payrolls. The actual footage of the sewerage lines is not known.

REPORTING ENTITY

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting authority for generally accepted accounting principles as applied to governmental entities. GASB Statements establish criteria for determining which component units of governments should be considered part of a primary government for financial reporting purposes.

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

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

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

BASIS OF ACCOUNTING

The District had adopted the provisions of the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Statement 34 establishes standards for external reporting for all state and local governmental entities which includes a statement of net position, a statement of activities, and a statement of cash flows. It also requires the classification of net position into three components- invested in capital position, net of related debt, restricted and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt - This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances on any bonds, mortgages, notes, or other borrowing attributed to the acquisition, construction, or improvement of those assets.

Restricted net position - This component consists of net resources on which constraints have been placed externally by creditors (such as through debt covenants), grantors contributors, laws or regulations of other governments, or laws through constitutional provisions or enabling legislation.

Unrestricted net position - This component consists of net resources that do not meet the definition of "restricted" or "invested" in capital assets, net of related debt."

The District recognizes income on the accrual basis of accounting, whereby revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred.

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

BASIS OF ACCOUNTING (Continued)

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues are charges to customers for service. Customers are billed monthly for services received during the month. The District also recognizes as operating revenues the fees intended to recover the cost of connecting new customers to the system. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expense not meeting this definition are reported as non-operating revenues and expenses.

ACCOUNTS RECEIVABLE

Receivables are primarily composed of amounts due from customers located within the district. The direct write-off method for recognizing bad debts is used. Under this method, the receivable is charged to expense when the account is deemed to be uncollectible. The difference between the use of direct write-off method and the allowance method for accounting for bad debts is not material to the financial statements of the District.

PROPERTY AND EQUIPMENT

Fixed assets of the District are valued at historical cost and are included on the balance sheet of the fund, net of accumulated depreciation. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over estimated useful lives of periods from 5 to 50 years. The District considers assets with an individual cost of \$1,000 or more and an estimated useful life of one year or more as a capital asset. Donated assets, if applicable are stated at fair market value.

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

STATEMENT OF CASH FLOWS

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments [including restricted assets, (where applicable)] with a maturity of three months or less when purchased to be cash equivalents.

COMPENSATED ABSENCES

The District has no employees and therefore does not have a formal leave policy.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles 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 expense during the reporting period. Actual results could differ from those estimates.

CASH AND INVESTMENTS

Under state law, the District may invest funds in demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. If the original maturity of investments exceeds 90 days, they are classified as investments.

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.



LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

CASH AND INVESTMENTS (Continued)

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 or 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. The entity has no known policy for custodial credit risk.

RESTRICTED ASSETS

Certain proceeds of the proprietary fund's 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. These accounts are secured by Sabine Bank. See Note 6, Number 13. The District uses restricted resources to fund appropriations before using unrestricted resources.

LONG-TERM LIABILITIES

Long-term liabilities are recognized within the proprietary fund. Please see Note 6 for details.

NET POSITION

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation reduced by the outstanding balance of any borrowing used for acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use by creditors, grantors, or

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

NET POSITION (Continued)

laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

NOTE 2 - CASH AND CASH EQUIVALENTS:

At December 31, 2020, the District has cash and cash equivalents (book balances) as follows:

Non-Interest Bearing Demand Deposits	21,179
Interest Bearing Demand Deposits	<u>42,744</u>
Total Cash and Cash Equivalents	<u>63,923</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance and/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, 2020, the District has a balance on deposit of \$21,179 (checking) with Bancorp South Bank and savings in the amount of \$42,744 at Bancorp South Bank.

Pledged Securities

Cash and Cash Equivalents	<u>63,923</u>
Totals	<u>63,923</u>
Total Insurance Security Pledge	<u>250,000</u>
Collateralized above Requirement	<u>(186,077)</u>

Accounts are adequately collateralized at December 31, 2020 as shown in the above chart.

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - CASH AND CASH EQUIVALENTS: (Continued)

Pledged Securities (Continued)

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, 2020:

<u>Class of Receivable</u>	<u>Current Assets</u>	<u>Total</u>
Accounts Receivable	<u>48,936</u>	<u>48,936</u>

No allowance for bad debts is used since bad debts are written off by direct write-off.

NOTE 4 - RESTRICTED ASSETS:

Sabine Construction Account	9,489
Sabine Debt Service Reserve Fund	143,590
Sabine Debt Service Fund	<u>59,829</u>
TOTAL	<u>212,908</u>

These assets are restricted as a contingency fund for capital and other projects and debt services. August 1, 2015, the District obtained a revenue bond in the amount of \$1,800,000; the above restricted assets are the required restrictions from that outstanding Bond at December 31, 2020. See Note 6 below.

NOTE 5 - CAPITAL ASSETS:

The following is a summary of capital assets:

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 5 - CAPITAL ASSETS: (Continued)

	<u>1/01/2020</u>	<u>Additions</u>	<u>Transfers/ Retirements</u>	<u>12/31/2020</u>
Non-Depreciable Capital Assets				
Land	26,000	-	-	26,000
Total Non-Depreciable Capital Assets	<u>26,000</u>	<u>-0-</u>	<u>-0-</u>	<u>26,000</u>
Depreciable Capital Assets				
Plant Equipment	1,050,252	-	-	1,050,252
Treatment Plant	<u>2,688,732</u>	<u>20,635</u>	-	<u>2,709,367</u>
Total Depreciable Capital Assets	<u>3,738,984</u>	<u>20,635</u>	<u>-0-</u>	<u>3,759,619</u>
Total Capital Assets	3,764,984	20,635	-0-	3,785,619
Accumulated Depreciation	<u>(1,968,593)</u>	<u>(82,898)</u>	<u>-0-</u>	<u>(2,051,491)</u>
Capital Assets, Net	<u>1,796,391</u>	<u>(62,263)</u>	<u>-0-</u>	<u>1,734,128</u>

For the year ended December 31, 2020, additions totaled \$20,635 and depreciation was \$82,898.

NOTE 6 - LONG-TERM LIABILITIES CONFIRMED 2020:

Sewer Revenue Bond Sinking Fund: The Sabine State Bank and Trust Company is the paying agent for these Bonds.

The revenue bond required restrictions shown in Note 4 are explained below.

1. Title of issue: Sewer Revenue Bonds, Series 2015
2. Original date of issue: 07/31/2015
3. Maturity date of issue: 08/01/2036
4. Annual interest rate: 0.50% - 6.00%
5. Principal amount of original issue: \$1,800,000
6. Principal amount retired during year: \$65,000
7. Principal amount outstanding at December 31, 2020:  
\$1,490,000
8. Interest payment dates: February 1 and August 1
9. Cash held for payment of unrepresented bonds (cash balance at December 31, 2020): None
10. Total interest paid during year: \$75,215
11. Matured bonds unredeemed at December 31, 2020: None
12. Total amount of fiscal agent fees paid by Lakeshore Subdivision Sewerage District #1 during the year:  
N/A
13. Restricted Sabine Bank accounts are secured by Sabine Bank.

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 6 - LONG-TERM LIABILITIES CONFIRMED 2020: (Continued)

	<u>Principal</u>	<u>Interest</u>	<u>Total Paid</u>	<u>Balance</u>
Balance				
12/31/2020				1,490,000
2021	70,000	73,590	143,590	1,420,000
2022	70,000	71,490	141,490	1,350,000
2023	70,000	68,690	138,690	1,280,000
2024	75,000	65,540	140,540	1,205,000
2025-2029	420,000	270,870	690,870	785,000
2030-2034	530,000	163,850	693,850	255,000
2035-2036	255,000	22,850	277,850	-0-
	<u>1,490,000</u>	<u>736,880</u>	<u>2,226,880</u>	<u>-0-</u>

NOTE 7 - RESTRICTIONS ON USE OF UTILITIES REVENUES:

Funds provided by sewer utilities revenue are to be used in the following manner before they are available for other lawful purposes.

1. Operating expense of the District.
2. Maintenance and repair funds.

NOTE 8 - RELATED PARTY TRANSACTIONS:

There were no related party transactions during the year ended December 31, 2020.

NOTE 9 - SUBSEQUENT EVENTS:

Subsequent events were evaluated by management up to and including the issue date of this report, October 18, 2021. There were no additional subsequent events noted which would affect the financial statements for the year ended December 31, 2020.

NOTE 10 - RISK MANAGEMENT:

The District is exposed to various risk of loss related to torts, theft or damage to, and destruction of assets. The Ouachita Parish Police Jury is responsible for these liabilities of the District. The Restricted Assets, \$212,908 at December 31, 2020, are collateralized by Sabine Bank.

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 11 - IMPAIRMENT OF LONG-LIVED ASSETS:

In accordance with the accounting guidance for the impairment or disposal for long-lived assets, the Commission reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized to date.

OTHER INFORMATION

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
SCHEDULE OF COMPENSATION PAID TO BOARD OF COMMISSIONERS  
SUPPLEMENTARY INFORMATION SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2020

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.

O.C. Hancock -0-  
711 Lakeshore Drive  
Monroe, LA 71203  
318-343-4190

Hubert Griffin -0-  
734 Lakeshore Drive  
Monroe, LA 71203  
318-343-1657

Gary Armstrong -0-  
108 Azalea Lane  
Monroe, LA 71203

See Independent Auditors' Report and accompanying notes.



LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
 TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
 FOR THE YEAR ENDED DECEMBER 31, 2020

Agency Head Name: Jeff McNew-Secretary/Treasurer

<u>Purpose</u>	<u>Amount</u>
Salary	-0-
Benefits-insurance	-0-
Benefits-retirement	-0-
Benefits-other (describe)	-0-
Benefits-other (describe)	-0-
Benefits-other (describe)	-0-
Car allowance	-0-
Vehicle provided by government (enter amount reported on W-2)	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration Fees	-0-
Conference travel	-0-
Housing	-0-
Unvouchered expenses (example: travel advances, etc.)	-0-
Special meals	-0-
Other	-0-

No compensation or other benefits were received by Mr. McNew or any of the other board members.

See Independent Auditors' Report and accompanying notes.

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
SCHEDULE OF SPECIFIC REQUIREMENTS OF  
THE SEWER REVENUE BOND ISSUE  
FOR THE YEAR ENDED DECEMBER 31, 2020

- A. Detailed statement of income and expenditures for the year ended December 31, 2020: See page 9 of the 2020 audit.
- B. Balance sheet of the system as of December 31, 2020: See page 8 of the 2020 audit.

See Independent Auditors' Report and accompanying notes.

# JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.

ROWLAND H. PERRY, CPA, APC  
CHARLES L. JOHNSON, JR., CPA  
VIOLET M. ROUSSEL, CPA, APC  
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INDEPENDENT AUDITORS' 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 Board of Commissioners  
Lakeshore Subdivision Sewerage District #1  
West Monroe, Louisiana

We have audited, in accordance with the 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, the financial statements of the business-type activities of the Lakeshore Subdivision Sewerage District #1, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 18, 2021.

## Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant*

deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

*Johnson Perry Roussel & Cuthbert, LLP*

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS  
Monroe, Louisiana  
October 18, 2021

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting and Compliance

- \* Material weakness(es) identified?            \_\_\_ yes    X no
- \* Control deficiency(s) identified that are  
not considered to be material weaknesses?    X yes    \_\_\_ none reported
- Noncompliance material to financial  
statements noted?                                \_\_\_ yes    X no

Finding 2020-001

Criteria:                    Effective internal controls require segregation of duties.

Condition:                 There is no segregation of duties.

Cause:                     District personnel consists of one person.

Effect:                    Internal control is weakened by limited staff.

Recommendation:        Whether or not it would be cost effective to correct a condition is not a factor in reporting requirements under accounting standards generally accepted in the United States of America. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all conditions reported under accounting standards generally accepted in the United States of America. In this case, both management and the auditor do not believe that correcting the condition described above is cost effective or practical and, accordingly, do not believe that any corrective action is necessary.

Client Response:        Management states it is not cost effective to remedy this condition. No additional action is needed.

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

Finding 2020-002

Criteria: Proper internal controls under professional auditing standards require management to prepare the organization's annual financial statements.

Condition: As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the organization's annual financial statements. This condition is intentional by management based upon the organization's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls.

Professional auditing standards require that we report the above condition as a control deficiency. The standard does not provide exceptions to reporting deficiencies that are adequately mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Cause: It is not cost effective for the organization to cure this control deficiency.

Effect: This finding has no material effect on the financial statements.

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS (Continued)

Finding 2020-002 (Continued)

Recommendation: As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying professional auditing standards reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under professional auditing standards. In this case, we do not believe that curing the significant deficiency described above would be cost effective or practical and, accordingly, do not believe any corrective action is necessary.

Client Response: Management agrees with this finding.

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR  
CURRENT YEAR FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2020

Mr. Jeff McNew, Secretary/Treasurer, is the contact person for the corrective action plan.

Internal Control Findings

2020-001

Condition: There is no segregation of duties.

Recommendation: As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying professional standard reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports. In this case, we do not believe that curing the significant deficiency described above would be cost effective or practical and, accordingly, do not believe any corrective action is necessary.

Responses: Management agrees with the auditors' recommendation. No additional action is needed.

2020-002

Condition: As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the organization's annual financial statements. This condition is intentional by management based upon the organization's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls.



LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR  
CURRENT YEAR FINDINGS AND RESPONSES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020

Internal Control Findings (Continued)

2020-002 (Continued)

Condition: Professional auditing standards require that we  
(Continued) report the above condition as a control deficiency.  
The standard does not provide exceptions to reporting  
deficiencies that are adequately mitigated with non-  
audit services rendered by the auditor or  
deficiencies for which the remedy would be cost  
prohibitive or otherwise impractical.

Recommendation: As mentioned above, whether or not it would be cost  
effective to cure a control deficiency is not a  
factor in applying professional auditing standards  
reporting requirements. Because prudent management  
requires that the potential benefit from an internal  
control must exceed its cost, it may not be practical  
to correct all the deficiencies an auditor reports  
under professional auditing standards. In this case,  
we do not believe that curing the significant  
deficiency described above would be cost effective or  
practical and, accordingly, do not believe any  
corrective action is necessary.

Responses: Management agrees with this finding.

Compliance

N/A

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION I - Internal Control

2019-001

Condition: No segregation of duties.

Status: Uncleared.

SECTION II - Compliance

There were no findings or questioned costs for the year ended December 31, 2019.