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**LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1**

**Ouachita Parish Police Jury  
Monroe, Louisiana**

**AUDIT REPORT**

**As of and For the Year Ended December 31, 1999**

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 08-16-00

Jimmie Self, CPA  
A Professional Accounting Corporation  
2908 Cameron Street, Suite C  
Monroe, Louisiana 71201  
Phone (318) 323-4656 Fax (318) 388-0724

**LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1**

**Component Unit Financial Statements As of and For the Year Ended  
December 31, 1999  
*With Supplemental Information Schedules***

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**JIMMIE SELF, CPA**  
*A PROFESSIONAL ACCOUNTING CORPORATION*  
2908 Cameron Street, Suite C  
Monroe, Louisiana 71201  
Phone (318) 323-4656 Fax (318) 388-0724

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**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Lakeshore Subdivision Sewerage District #1  
Monroe, Louisiana  
May 26, 2000

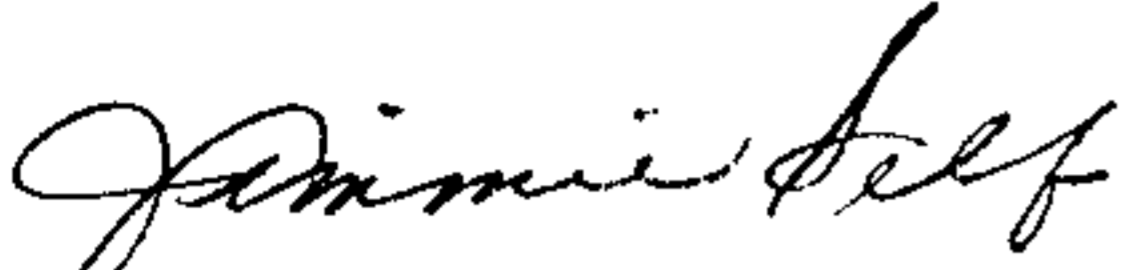
I have audited the accompanying general purpose financial statements of Lakeshore Subdivision Sewerage District #1, a component unit of The Ouachita Parish Police Jury, as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the 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 generally accepted auditing standards. 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 Lakeshore Subdivision Sewerage District #1 as of December 31, 1999, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

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 Lakeshore Subdivision 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 a report dated May 26, 2000, on my consideration of Lakeshore Subdivision Sewerage District #1's internal control structure and a report dated May 26, 2000, on its compliance with certain provisions of laws, regulations, and grants.

  
JIMMIE SELF, CPA

LAKESHORE SEWERAGE SUBDIVISION DISTRICT #1  
 OUACHITA PARISH POLICE JURY  
 Monroe, Louisiana

PROPRIETARY FUND - ENTERPRISE FUND  
 All Fund Types and Account Groups  
 Balance Sheet, December 31, 1999

ASSETS:

Current Assets:

Cash	\$	110,342.81
Accounts Receivable		<u>30,490.86</u>
Total Current Assets		140,833.67

Restricted Assets:

Cash		<u>465,047.31</u>
Total Restricted Assets		465,047.31

Property, Plant and Equipment		1,591,375.93
Accumulated Depreciation		<u>(458,023.00)</u>
Net Property, Plant & Equipment		1,133,352.93

Unamortized Bond Discount:		<u>3,384.80</u>
TOTAL ASSETS:	\$	<u><u>1,742,618.71</u></u>

LIABILITIES AND FUND EQUITY:

LIABILITIES:

Current Liabilities (Payable from Current Assets):		35,000.00
Current Portion of Bonds Payable: (Payable from restricted assets)		<u>11,666.25</u>
Total Current Liabilities		46,666.25

Long-Term Liabilities:		
Due to Louisiana DOTD		68,135.00
Sewer Revenue Bonds Payable		<u>730,000.00</u>
Total Long-Term Liabilities:		798,135.00

TOTAL LIABILITIES:		<u>844,801.25</u>
--------------------	--	-------------------

Fund Equity:

Retained Earnings:		
Reserved for Bond Debt		
Unreserved		<u>897,817.46</u>
TOTAL FUND EQUITY:		<u>897,817.46</u>

TOTAL LIABILITIES AND FUND EQUITY:	\$	<u><u>1,742,618.71</u></u>
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The accompanying notes are an integral part of this statement.

LAKESHORE SEWERAGE SUBDIVISION DISTRICT #1  
 OUACHITA PARISH POLICE JURY  
 Monroe, Louisiana  
 PROPRIETARY FUND - ENTERPRISE FUND

Statement of Revenues, Expenses and  
 Changes in Retained Earnings  
 For the Year Ended December 31, 1999

OPERATING REVENUES:

Charges for Services	\$	244,549.46
Other Income		<u>13,333.19</u>
Total Operating Revenues		257,882.65

OPERATING EXPENSES:

Bad Debt Expense	11,297.67
Chemicals	1,324.38
Depreciation Expense	56,942.00
Electric Expense	13,697.70
Insurance	2,353.00
Lab Fees	1,149.00
Legal & Professional	4,036.18
Office Expense	417.26
Plumbing Supplies & Maintenance	722.26
Repairs and Maintenance	2,510.20
Supervisory & Accounting	86,627.84
Total Operating Expenses	<u>181,077.49</u>

OPERATING INCOME (Loss): 76,805.16

NON-OPERATING REVENUES (Expenses):

Interest Income	9,091.12
Interest Expense	(53,558.88)
Bond Agent Fee	<u>(606.18)</u>
Total Non-Operating Revenues (Expenses)	(45,073.94)

NET INCOME 31,731.22

RETAINED EARNINGS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	891,163.72
PRIOR PERIOD ADJUSTMENT	(25,077.48)
RETAINED EARNINGS, ADJUSTED BEGINNING OF YEAR	<u>866,086.24</u>
RETAINED EARNINGS, END OF YEAR	* <u>897,817.46</u>

The accompanying notes are an integral part of this statement.

s/a Incom99

**LAKESHORE SEWERAGE SUBDIVISION DISTRICT #1  
 PROPRIETARY COMPONENT UNIT  
 OUACHITA PARISH POLICE JURY  
 Monroe, Louisiana**

**STATEMENT OF CASH FLOWS  
 For the Year Ended December 31, 1999**

<b>Cash Flows from Operating Activities</b>		
Net income from operations		\$ 6,654.00
Adjustments to reconcile net income to net cash		
Depreciation		56,942.00
Changes in assets and liabilities:		
Increase/decrease in accounts receivable		36,375.14
Increase/decrease in payables		<u>(336.67)</u>
Net cash flows provided (used) by operating activities		<u>99,634.47</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Payment of Long-term debt		<u>(35,000.00)</u>
Bond Discount		288.00
Acquisition and Construction of Capital Assets		<u>(115,832.00)</u>
Net Cash Provided (Used) By Capital and Related Financing Activities:		<u>(150,544.00)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<u><u>(50,909.53)</u></u>
<b>Cash and Cash Equivalents at Beginning of Year</b>		<u>626,300.00</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<u><u>\$ 575,390.47</u></u>

<b>INTEREST PAID</b>	<b>53,558</b>
<b>DERECIATION</b>	<b>56,942</b>

**The accompanying notes are an integral part of this statement.**

s/a cashflow99



# LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1

## Notes To The Financial Statements As of and For the Year Ended December 31, 1999

### INTRODUCTION

The Lakeshore Subdivision Sewerage District #1, Monroe, Louisiana, (serving approximately 4000 people) was established by the Ouachita Parish Police Jury in the early 1970's. The District is operated by a board of four commissioners which is 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 for the lines is not known.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. BASIS OF PRESENTATION

The accompanying component unit financial statements of the Lakeshore 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. 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
  - 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.

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 Lakeshore 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 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:

Chemicals	1,324
Electricity	13,697
Supervisory/Accounting	86,628

**E. 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.

**F. RESTRICTED ASSETS**

Certain proceeds of the enterprise 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. Restricted assets include the "customer deposits" account, which is used to segregate water meter deposits used to pay any outstanding water bills when customers discontinue service.

**G. 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 40 years.

**H. COMPENSATED ABSENCES**

The district does not have a formal leave policy.

**I. LONG-TERM LIABILITIES**

Long-term liabilities are recognized within the enterprise fund.

**J. 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, 1999, the district has cash and cash equivalents (book balances) totaling \$575,390 as follows:

Demand Deposits	110,343
Money Market Accounts	97,898
Interest-Bearing Income deposits	<u>367,149</u>
 TOTAL	 <u>575,390</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, 1999, the district has \$575,390 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$476,140 of pledged securities held by the custodial bank in the name of Ouachita Independent Bank.

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 is a summary of receivables at December 31, 1999:

<u>Class of Receivable</u>	<u>Current Assets</u>	<u>Total</u>
Accounts Receivable	30,491	30,491

No allowance for bad debts is used since bad debts are offset by utility deposits or written off. However, during 1999, the enterprise fund installed a new billing system. They did not bring forward inactive or past due accounts in the amount of \$33,893.00. This substantially reduced the accounts receivable balance at December 31, 1999. Of this balance, \$11,297.67 was charged to Bad Debit expense; the balance was charged as a prior period adjustment.

**4. RESTRICTED ASSETS**

Contingency Fund	135,829
Reserve Fund	9,443
Bond Redemption Fund	218,587
Bond Reserve Fund	101,188
Total	<u>465,047</u>

**5. FIXED ASSETS**

A summary of fixed assets at December 31, 1999, follows:

Property, Plant & Equipment – December 31, 1998	1,475,544
Additions – 1999	<u>115,832</u>
Total	1,591,376
Less Accumulated Depreciation	<u>458,023</u>
Total	<u>1,133,353</u>

**6. LONG-TERM LIABILITIES**

On April 1, 1992, Sewer Revenue Bonds, Series 1992, were issued to Lakeshore Sewerage Subdivision District #1. The following are descriptions of the bonds:

Sewer Revenue Bonds	765,000.00
Form	Fully Registered
Date	04/01/92
Denomination	5,000.00
Payment to Trust Co. of Louisiana (See Amort. Sched. – Exhibit D)	
Maturity	20 years
Interest Rate	Varies 4 – 7.1%

The following restrictions apply:

**REVENUE BOND SINKING FUND (SINKING FUND) --**

1. Maintain a sufficient amount to pay promptly and fully the principal of and the interest on the bonds as they severally become due and payable by transferring from the Sewer System Fund to the Sinking Fund monthly in advance on or before the 20th day of each month of each year, one sixth (1/6) of the interest on the Bonds falling due on the next Interest Payment Date and One-Twelfth (1/12) of the principal of the Bonds falling due on the next principal payment date, together with such additional proportionate sum as may be required so that sufficient moneys will be available in the Sinking Fund to pay said principal and interest as the same respectively become due.



2. The establishment and maintenance of a "Revenue Bond Reserve Fund" (the Reserve Fund) with the Fiscal Agent Blank by depositing from Bond proceeds upon delivery of the Bonds, a sum equal to the Reserve Fund Requirement, and by making any further deposits as provided in the Bond resolution so that there will be on deposit in the Reserve Fund an amount equal to the Reserve Fund Requirement. The money in the Reserve fund shall be retained solely for the purpose of paying the principal of and interest on bonds payable from the Sinking Fund as to which there would otherwise be default (except such amounts, if any, as may be payable to the United States of America as a rebate of arbitrage pursuant to Section 148(f) of the Code).
  
3. The establishment and maintenance of a "Capital Additions and Contingencies Fund" (the Contingencies Fund" to care for additions and improvements, renewals, replacements and emergency repairs or operational costs necessary to properly operate the System. In addition to caring for extensions, additions, improvements, renewals and replacements or emergency operation and maintenance expenditures necessary to properly operate the System, the money in the Contingencies Fund shall be used to pay the principal of and the interest on the bonds, including any additional *pari passu* bonds issued in the manner provided by the Bond Resolution, for the payment of which there is not sufficient money in the Sinking and or Reserve Fund, but the money in the Contingencies Fund shall never be used for the making of extensions, additions, improvements, renewals and replacements to the System if such use of said money will leave in the Contingencies Fund for making emergency repairs or replacements or paying emergency operational costs less than the sum of Ten Thousand Dollars (\$10,000.00). Upon a finding of the Governing Authority that moneys in the Contingencies Fund are not required for the above-stated purposes, of the fund, such moneys may also be used to retire by purchase or call for redemption Outstanding Bonds or outstanding *pari passu* bonds payable from the Net Sewer Revenues (as defined in the Bond Resolution) at prices not exceeding 105% of the face value thereof plus accrued interest; provided such purchase would not leave remaining in the Contingencies Fund less than the amount of Fifty Thousand Dollars (\$50,000.00). If at any time it shall be necessary to use moneys in the Reserve Fund or the Contingencies Fund for the purpose of paying principal or interest on bonds payable from the Sinking Fund as to which there would otherwise be default, then the moneys so used shall be replaced from the revenues of the system first thereafter received, not required for the purposes described in the Bond Resolution it being the intention that there shall as nearly as possible be at all times in the Reserve Fund and the Contingencies Fund the amounts specified.

The following is a summary of bond transactions of the District for the fiscal year ended December 31, 1999.

Total Long - Term Debt at 12-31-99	765,000
Less Current Portion	35,000
Total Long Term Debt	<u>730,000</u>

The annual requirements to amortize bonds outstanding at December 31, 1999, is as follows:

Due Apr. 1	Amount	Interest Rate	Price or Yield	Due Apr. 1	Amount	Interest Rate	Price or Yield
2000	40,000.00	6.25	100	2007	60,000.00	7.00	7.10
2001	40,000.00	6.40	100	2008	65,000.00	7.00	7.10
2002	45,000.00	6.60	100	2009	70,000.00	7.00	7.10
2003	45,000.00	6.70	6.75%	2010	75,000.00	7.00	7.10
2004	50,000.00	6.80	6.85%	2011	80,000.00	7.00	7.10
2005	55,000.00	7.00	7.10	2012	85,000.00	7.00	7.10
2006	55,000.00	7.00	7.10				

**7. PENSION PLAN**

None

**8. RELATED PARTY TRANSACTIONS**

None

**9. ENCUMBRANCE ACCOUNTING IS NOT USED**

**10. LITIGATION AND CLAIMS**

None

**11. SUBSEQUENT EVENTS**

None

**12. OTHER SUPPORT**

None



**SUPPLEMENTAL INFORMATION**

**LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
Monroe, Louisiana**

**Supplemental Information Schedule  
As of and for the year then ended December 31, 1999**

**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, 1999*

Wylie Moore 620 McCain Monroe, La. 71203	0.00
Ron Carr 722 Guy Ave. Monroe, LA 71203	0.00
O.C. Hancock 711 Lakeshore Drive Monroe, La. 71203	0.00
Leon Sivils 210 Pickett Ln. Monroe, LA. 71203	0.00
Jimmy Machnick 102 Blue Jay Dr. Monroe, LA 71203	0.00

**JIMMIE SELF, CPA**  
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2908 Cameron Street, Suite C  
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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  
Lakeshore Subdivision Sewerage District #1  
Monroe, Louisiana  
May 26, 2000

I have audited the general purpose financial statements of the Lakeshore Subdivision Sewerage District #1, a component unit of the Ouachita Parish Police Jury, as of and for the year ended December 31, 1999 and have issued my report thereon dated May 26, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

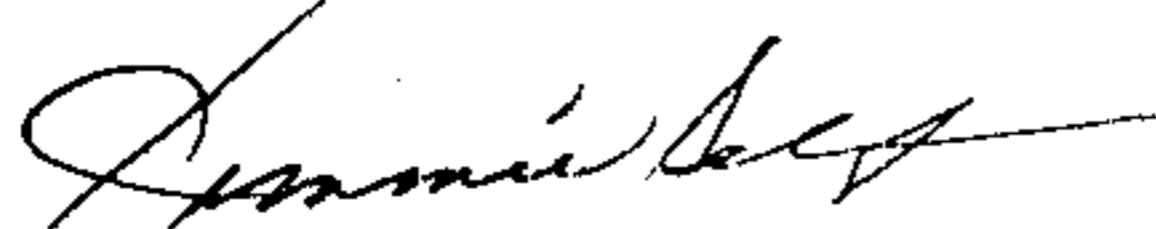
As part of obtaining reasonable assurance about whether Lakeshore Subdivision Sewerage District #1, Monroe, La.'s, general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provision of laws, regulations, contracts and grants, noncompliance 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 Lakeshore Subdivision Sewerage District #1, Monroe, La.'s, internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the 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 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 Lakeshore Subdivision 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.



Jimmie Self, CPA  
Monroe, Louisiana  
May 26, 2000

**JIMMIE SELF, CPA**  
*A PROFESSIONAL ACCOUNTING CORPORATION*  
2908 Cameron Street, Suite C  
Monroe, Louisiana 71201  
Phone (318) 323-4656 Fax (318) 388-0724

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Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 1999

I have audited the financial statements of Lakeshore Subdivision Sewerage District #1 as of and for the year ended December 31, 1999, and have issued my report dated May 26, 2000. 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, 2000 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 X no Reportable Conditions \_\_\_yes \_\_\_no

Compliance

Compliance material to Financial Statements \_\_\_yes X no

Schedule of Prior Year Findings for the year ended December 31, 1999.

None.

*Jimmie Self*  
5.26.2000