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LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1

Duvaline Parish Police Jury
Monroe, Louisiana

AUDIT REPORT
As of and For the Year Ended December 31, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 JUN 24 1998

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LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1

Component Unit Financial Statements As of and For the Year Ended
December 31, 1997
With Supplemental Information Schedule

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Lakeshore Subdivision Sewerage District #1
Monroe, Louisiana
May 28, 1995

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, 1994, 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. These 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 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, 1994, 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 28, 1998, on my consideration of Lakeshore Subdivision Sewerage District #1's internal control structure and a report dated May 28, 1998, on its compliance with certain provisions of laws, regulations, and grants.



JIMMIE SELF, CPA

LACHERBORE SEWERAGE SUBDIVISION DISTRICT #1
 OLACHTA PARISH POLICE JURY
 Monroe, Louisiana

PROPRIETARY FUND - ENTERPRISE FUND
 All Fund Types and Account Groups
 Balance Sheet, December 31, 1997

ASSETS

Current Assets

Cash	\$	126,097.26
Accounts Receivable		<u>70,763.93</u>
Total Current Assets		196,861.19

Restricted Assets

Cash		<u>409,506.88</u>
Total Restricted Assets		409,506.88

Property, Plant and Equipment		1,094,269.47
Accumulated Depreciation		<u>(261,388.88)</u>
Net Property, Plant & Equipment		1,112,880.57

Unamortized Bond Discount

		<u>2,748.58</u>
TOTAL ASSETS	\$	<u>1,796,287.72</u>

LIABILITIES AND FUND EQUITY

LIABILITIES

Current Liabilities (Payable)		
From Current Assets		(12,880.88)
Current Portion of Bonds Payable (Payable	\$	<u>(36,888.88)</u>
From restricted assets		
Total Current Liabilities		(49,769.76)

Long-Term Liabilities

Due in Louisiana 2002		(58,125.88)
Senior Revenue Bonds Payable		<u>(85,888.88)</u>
Total Long-Term Liabilities		(143,014.76)

TOTAL LIABILITIES		<u>(192,784.52)</u>
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Fund Equity

Retained Earnings		
Reserved for Bond Debt		(74,987.88)
Unreserved		<u>(78,221.72)</u>
TOTAL FUND EQUITY		<u>(153,209.60)</u>

TOTAL LIABILITIES AND FUND EQUITY	\$	<u>(1,796,287.72)</u>
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The accompanying notes are an integral part of this statement.

**LAFAYETTE PARISH GOVERNMENT DISTRICT #1
OF SAFETY & PUBLIC POLICE JURY
Baton Rouge, Louisiana
FINANCIAL STATEMENTS - ENTERPRISE FUNDS**

**Statement of Revenues, Expenses and
Changes in Related Assets/Liabilities
For the Year-Ended December 31, 2007**

OPERATING REVENUES:

Charges for Services	\$	344,355.94
Other Revenues		<u>3,465.00</u>
Total Operating Revenues	\$	<u>347,820.94</u>

OPERATING EXPENSES:

Contracts	\$	4,887.30
Depreciation Expense		88,941.00
Electric Expense		86,444.87
Insurance		3,589.00
Labor Fees		3,188.00
Legal & Professional		6,888.65
Office Expense		491.20
Printing/Supplies & Maintenance		83.63
Repairs and Maintenance		4,184.93
Supervisory & Accounting		88,879.00
Advertising		56.87
Total Operating Expenses	\$	<u>152,956.75</u>

OPERATING INCOME (Loss): \$ 194,864.19

NON-OPERATING REVENUES (Expenses):

Interest Income	\$	3,450.43
Interest Expense		<u>(56,271.79)</u>
Rental Agent Fee		<u>(688.00)</u>
Total Non-Operating Revenues (Expenses)	\$	<u>(53,509.36)</u>

NET INCOME: \$ 141,354.83

**RELATED ASSETS/LIABILITIES BY YEAR,
AS PER FINANCIAL STATEMENTS** 741,648.83
RELATED ASSETS/LIABILITIES END OF YEAR 811,333.71

The accompanying notes are an integral part of this statement.

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LAKEHORE SEWERAGE SUBDIVISION (DISTRICT #1)
 ORACHTA PARKER POLICE JURY
 Monroe, Louisiana

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 1997

Cash Flows from Operating Activities	
Net income from operations	\$ 33,371.00
Adjustments to reconcile net income to net cash	
Depreciation	88,961.00
Changes in assets and liabilities:	
Increase/decrease in accounts receivable	(5,029.00)
Increase/decrease in payables	(1,268.00)
Net cash flows provided (used) by operating activities	<u>96,021.00</u>
Cash Flows From Capital and Related Financing Activities	
Payment of Long-term debt	<u>(26,000.00)</u>
Bond Discount	188.00
Acquisition and Construction of Capital Assets	<u>(117,741)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(147,453.00)</u>
Net Increase/Decrease in Cash and Cash Equivalents	<u>(75,128.00)</u>
Cash and Cash Equivalents at Beginning of Year	<u>403,856.00</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>328,728.00</u>
INTEREST PAID	56,271.20

The accompanying notes are an integral part of this statement.

cc: auditor#1

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1

Notes To The Financial Statements As of and For the Year Ended December 31, 1997

INTRODUCTION

The Lakeshore Subdivision Sewerage District #1, Minors, 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 payroll. The actual footage for the lines is not known.

I. 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 status 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 criteria 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 Lakeview 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 as 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 lines in the district. Billing is done monthly, and the payments are collected and deposited. Interest income is a result of bank accounts holding interest.

Expenses

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

Chemicals	4,817
Electricity	18,416
Supervisory (Accounting)	51,871

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 other 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. Those 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, 1997, the district has cash and cash equivalents (book balances) totaling \$258,712 as follows:

Demand Deposits	126,197
Money Market Accounts	92,080
Interest-bearing Income deposits	138,535
TOTAL	<u>\$256,812</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, 1997, the district has \$538,177 in deposits (reflected book balances). These deposits are secured from risk by \$208,050 of federal deposit insurance and \$332,602 of pledged securities held by the custodial bank in the name of Central Bank, and \$488,497 in the name of Douchits 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 call 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, 1997:

Class of Receivable	Current Assets	Total
Accounts Receivable	12,764	12,764

No allowance for bad debts is used since bad debts are offset by utility deposits.

4. RESTRICTED ASSETS

Sewer System Fund	75,488
Contingency Fund	28,183
CD-00B	200,000
Reserve Fund	82,000
Bond Redemption Fund	1,021
Bond Reserve Fund	14,189
Total	<u>471,781</u>

5. FIXED ASSETS

A summary of fixed assets at December 31, 1997, follows:

Property, Plant & Equipment - December 31, 1996	1,316,524
Additions - 1997	<u>127,741</u>
Total	<u>1,444,265</u>
Less Accumulated Depreciation	<u>311,366</u>
Total	<u>1,132,899</u>

6. LONG-TERM LIABILITIES

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

Sewer Revenue Bonds	975,000.00
Form	Fully Registered
Date	04/01/92
Denomination	5,000.00
Payment to Trust Co. of Louisiana (San Antonio School - Exhibit D)	
Maturity	20 years
Interest Rate	Varies 4 - 7.5%

The following restrictions apply:

REVENUE BOND SINKING FUND (SINKING FUND) -

- 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 Bank 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 Addition and Contingencies Fund" (the Contingencies Fund) in care for additions and improvements, renewals, replacements and emergency repairs on 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 money in the Contingencies Fund are not required for the above-stated purposes, if the fund, such money may also be used to retire by purchase at 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 money 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, 1997.

Total Long - Term Debt at 12-31-97	\$35,000
Less Current Portion	<u>50,000</u>
Total Long Term Debt	<u>\$85,000</u>

The annual requirements to amortize bonds outstanding at December 31, 1997, is as follows:

Year	Amount	Interest Rate	Price or Yield	Year	Amount	Interest Rate	Price or Yield
1998	25,000.00	6.00	100	2006	55,000.00	7.00	7.00
1999	25,000.00	6.10	100	2007	60,000.00	7.00	7.00
2000	40,000.00	6.25	100	2008	60,000.00	7.00	7.00
2001	40,000.00	6.40	100	2009	70,000.00	7.00	7.00
2002	45,000.00	6.60	100	2010	75,000.00	7.00	7.00
2003	45,000.00	6.70	6.75%	2011	80,000.00	7.00	7.00
2004	50,000.00	6.80	6.85%	2012	85,000.00	7.00	7.00
2005	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, 1997

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, 1997*

Wyle Moore 620 McCain Monroe, La. 71203	0.00
Bob Imbach 514 McCain Monroe, La. 71203	0.00
D.C. Hancock 711 Lakeshore Drive Monroe, La. 71203	0.00
George McGuffin 604 McCain Drive Monroe, La. 71203	0.00

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

Board of Commissioners
Lakechar Subdivision Sewerage District #1
Monroe, Louisiana
May 28, 1998

I have audited the general purpose financial statements of the Lakechar Subdivision Sewerage District #1, a component unit of the Ouachita Parish Police Jury, as of and for the year ended December 31, 1997 and have issued my report thereon dated May 28, 1998. 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 Lakechar Subdivision Sewerage District #1, Monroe, La.'s, general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Lakechar 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

prepare 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 Lakeview 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.



Jennie Sell, CPA
Monroe, Louisiana
May 28, 1998