

**NORTH MONROE SUBDIVISION
SEWERAGE DISTRICT #1**

*Ouachita Parish Police Jury
Monroe, Louisiana*

**Report on the Audit of the
Component Unit
Basic Financial Statements
As of and For the Year Ended December 31, 2017**

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**NORTH MONROE SUBDIVISION SEWERAGE DISTRICT
Component Unit of the
Ouachita Parish Police Jury**

**Basic Financial Statements
As of and For the Year Ended
December 31, 2017
*With Supplementary Information Schedules***

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
North Monroe Subdivision Sewerage District #1
Monroe, LA

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of North Monroe Subdivision Sewerage District #1, (the District) a component unit of the Ouachita Parish Police Jury, as of and for the year ended, December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's 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.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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 auditor's 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of North Monroe Subdivision Sewerage District #1, as of December 31, 2017, and the respective changes in financial position, and 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 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information is listed in the table of contents under Supplementary Information presented for the purpose of additional analysis and is not a required part of the basic financial statements, including the Schedule of Findings and Responses and Summary Schedule of Findings, and the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer, shown on pages 27 through 29. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, therefore, I express no opinion on it.

Other Reporting Required by Government *Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 22, 2018, on my consideration of the North Monroe Subdivision Sewerage District # 1's internal control over financing reporting and on my tests of 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Monroe Subdivision Sewerage District # 1's internal control over financial reporting and compliance.



Jimmie Self, CPA
Monroe, Louisiana
June 22, 2018

Required Supplementary Information
(Part I)

Management's Discussion and Analysis

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT
Monroe, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

The Management Discussion and Analysis (MD&A), of the North Monroe Subdivision Sewerage provides an introduction to the basic financial statements for the year ended December 31, 2017, with selected comparative information for the years ended December 31, 2016 and December 31, 2017. Management prepared this unaudited MD&A, which should be read in conjunction with the financial statements, the notes, and the required supplementary information.

BASIC FINANCIAL STATEMENTS

The District is a component unit of the Ouachita Parish Police Jury and is being reported as a business-type activity. The District's basic financial statements include the following:

- The statement of net position
- The statement of revenues, expenses, and changes in net position
- The statement of cash flows.

The financial statements are prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). See the Notes to the Financial Statements for a summary of the District's significant account policies.

The Statement of Net Position depicts the District's financial position at December 31, 2017, the end of the District's current fiscal year. Capital assets are capitalized and are depreciated (except land) over their estimated useful lives. Certain funds are reported as restricted based upon constraints placed on their use by contributors, grants, and debt covenants. Net position is displayed in three components: net investment in capital, restricted, and unrestricted.

The Statements of Revenues, Expenses, and Changes in Net Position report total operating revenues, non operating income and expenses, capital contributions, and other changes in net position during the year ending December 31, 2017. All changes in net position are reported as soon as the underlying event giving the changes occurs, regardless of the timing of the cash flows. Revenues are recognized when earned, not received. Expenses are recognized when incurred, not when paid

The Statement of Cash Flows presents information showing how the authority's cash and cash equivalents changed during the fiscal year. The statement classifies cash receipts and cash payments by operating non capital-related financing activities, investing activities, and capital and related financing activities.

FINANCIAL POSITION SUMMARY

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT
Monroe, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

The Statement of Net Position depicts the District's financial position as of one point in time, December 31, 2017, 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 \$772,164.77. The liability for bonds payable was \$511,000. A condensed summary of the District's net position at December 31, 2017, is as follows.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – Management's Discussion and Analysis (this section), the Basic Financial Statements, and Other Supplementary Information. The Basic Financial Statements include enterprise fund financial statements (business-type activities) about the District's overall financial status.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

ENTERPRISE FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Revenue, Expenses, and Changes in Net Position provide information in a way that shows the change in the District's financial condition resulting from the current year's activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and the changes in them. Net Assets, the difference between assets (what the District owns) and liabilities (what the District owes), is a way to measure the financial position of the District. Over time, increases or decreases in the District's net assets are an indicator of whether the District's financial position is improving or deteriorating.

The Statement of Cash Flows provides information on the changes in cash during the year. This statement reports the net cash provided or used by operating activities, capital and related financing activities, and investing activities.

FINANCIAL ANALYSIS

The information in the table below is found in the "Statements of Net Position" located in the section of this report entitled "Basic Financial Statements." The following restatement of those figures is offered to aid the reader of this report in understanding the intent and meaning of the figures contained in the Statement of Net Position.

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT
Monroe, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

<u>NET ASSETS – BUSINESS TYPE ACTIVITIES</u>	<u>2017</u>	<u>2016</u>
<u>Current and Other Assets</u>	116,332	162,406
<u>Capital Assets</u>	655,832	684,309
<u>Total Assets</u>	772,164	846,716
<u>Accounts payable and Accrued Expenses</u>		
<u>Other Liabilities</u>	3,164	7,426
<u>Revenue Bonds Payable</u>	511,000	546,000
<u>Total Liabilities</u>	514,164	553,426
<u>Net Assets</u>		
<u>Invested in Capital Assets, net of Related Debt</u>	144,832	131,228
<u>Restricted for Debt Service</u>	90,690	90,498
<u>Unrestricted</u>	22,478	71,564
<u>Total Net Position</u>	258,000	293,290

The information in the table below is found in the “Statement of Revenues, Expenses, and Changes in Net Position” located in the section of this report entitled “Basic Financial Statements.” The following restatement of these figures is offered to aid the reader of this report in understanding the meaning of those figures.

The Change in Net Position for the prior year ended December 31, 2016 was a decrease of 1,768, due largely to refunding of prior bonds, and issuing a new bond.

The change in net position for the current year ended December 31, 2017, was a decrease of \$35,291.

Summary of Revenues, Expenses, and Changes in Net Position	2017	2016
Operating Revenues		
Service Income	125,529	164,305
Expenses		
Operating Expenses	133,261	103,772
Non-Operating Expenses		
Bond Interest Expense	27,558	25,021
Change in net position	(-35,290)	35,511

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT
Monroe, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

The District experienced a net increase gain of \$35,511 the prior year ended December 31, 2016. This compares to a net decrease of \$35,290 for the current year ended December 31, 2017. Total revenues in 2017 decreased by \$38,775, due largely to decreased customer invoicing problems. Expenses increased by \$32,026 due largely to increase in expenses related to Supervisory and Accounting fees.

FINANCIAL ANALYSIS OF THE FUNDS

As the District completed the prior year ended December 31, 2016, the enterprise fund reported total assets of \$846,716. At the conclusion of the current year ended December 31, 2017, the enterprise fund reported total assets of \$772,164.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the close of the prior year ended December 31, 2016, the District showed an investment in Capital Assets of \$1,203,948 and a net value after depreciation of 519,639, of \$684,309.

At the close of the current year ended December 31, 2017, the District showed Capital Assets with an investment of \$1,203,948, and a net value after depreciation of \$548,116, of \$655,832 as illustrated below.

CAPITAL ASSETS – PROPERTY, PLANT & EQUIPMENT	
Total Capital Assets Investment - December 31, 2016	1,203,948
Additions – 2017	0
Total Capital Assets Investment – December 31, 2016	<u>1,203,948</u>
Less - Accumulated Depreciation	<u>-548,116</u>
Total Net Capital Assets – December 31, 2017	<u><u>655,832</u></u>

Debt

As of December 31, 2012, the beginning of the current year (2013), the District had Sewer Revenue Bonds payable in the amount of \$398,000, which were due in full on September 1, 2013. At this time the entity acquired a new bond in the amount of

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT
Monroe, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

\$648,000, which paid the existing balance of \$398,000, and deposited the balance of \$250,000 (restricted funds) in the Whitney Bank and Trust Fund. The Whitney Bank has established 5 different funds for the administration or the distribution of the remaining funds. Interest, totaling \$34,000 was paid during the year. The Whitney Bank, as the administrator has the funds restricted which are required by the bond agreement to maintain a sufficient amount in the Revenue Bond Sinking Fund to pay promptly and fully the principal and interest on the bonds as they come due and payable. At the end of the previous year (December 31, 2016, the bond debt was \$546,000, and the interest for the year was \$21,244. These bonds will mature 08/01/2029. At the year ending December 31, 2017, the bond debt was \$511,000, and the interest for the year was 20,643.

ECONOMIC FACTORS AFFECTING THE UPCOMING YEAR'S BUSINESS

The beginning of growing of the economy throughout the year of 2017, and the resulting trends of decreasing unemployment in the United States has caused a slowing of the difficulty for many individuals and businesses. It is not possible to predict the long-term effects of these trends and how they will affect this community, including prices of fuel, repairs, materials, and equipment, and other items of expense to the District.

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 Mc New serves as the Secretary-Treasurer of the board of commissioners and may be contacted by mail at North Monroe Subdivision Sewerage District, P. O. Box 7237, Monroe, LA 71211.

Basic Financial Statements

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

STATEMENT A

**STATEMENT OF NET POSITION
 December 31, 2017**

	<u>2017</u>
ASSETS	
CURRENT ASSETS:	
Cash and Cash Equivalents	\$ 10,787
Restricted Cash	90,690
Receivables (Net)	14,855
Total Current Assets	<u>116,332</u>
NONCURRENT Assets:	
Capital Assets	1,203,948
Less: Accumulated Depreciation	(548,116)
Total noncurrent assets	<u>655,832</u>
Total assets	<u><u>\$ 772,164</u></u>
LIABILITIES	
Current Liabilities	
Accounts and Accrued expenses Payable	\$ 3,164
Revenue Bonds Payable-Current Portion	35,000
Total current liabilities	<u>38,164</u>
NONCURRENT LIABILITIES	
Revenue Bonds Payable	476,000
Total noncurrent liabilities	<u>476,000</u>
Total liabilities	<u><u>514,164</u></u>
NET POSITION	
Investment in capital assets, net of related debt	144,832
Restricted for:	
Debt service	90,690
Unrestricted	22,478
Total net Position	<u><u>258,000</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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

STATEMENT B

**STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>
OPERATING REVENUE:	
SERVICE INCOME	\$ 125,529
TOTAL OPERATING REVENUES	<u>125,529</u>
OPERATING EXPENSES:	
Billing Expense	10,602
Depreciation	28,477
Insurance	936
Laboratory Fees	3,055
Legal and Professional	8,207
Office Expense	112
Permit Fees	725
Maintenance and Repairs	4,735
Supervisory and accounting	75,000
Utilities	3,227
Total operating expense	<u>135,076</u>
	(9,547)
NONOPERATING REVENUES (EXPENSES):	
Bond Reg Fee	-5,100
Bond Interest Expense ***	(20,643)
Total nonoperating revenues(expenses)	<u>(25,743)</u>
	(35,290)
Change in net position	(35,290)
Total net position - beginning	<u>293,290</u>
Total net position -ending	<u>\$ 258,000</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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

STATEMENT C

STATEMENT OF CASH FLOWS

**Proprietary Funds
 YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>
Cash flows from operating activities:	
Cash received from customers	\$ 125,529
Cash payments to suppliers for goods and services	(60,603)
Cash paid to professionals for services	(76,000)
Net cash provided (used) by operating activities	<u>(11,074)</u>
 Cash flows from Financing Activities:	
Principal paid on bond debt	(35,000)
Net cash provided (used) by capital and related financial activities	<u>(35,000)</u>
 Net increase (decrease) in cash and cash equivalents	(46,074)
Cash and cash equivalents	
Beginning of year	147,551
Ending of year	<u><u>\$ 101,477</u></u>
 Reconciliation of net Operating Income (Loss) to Net Cash:	
Operating Income (Loss)	\$ (35,291)
Adjustment to reconcile net income to net cash provided by operating activities:	
Depreciation	28,477
Accounts Payable	(4,095)
Accrued Interest Payable	(165)
Bonds Payable Current	-
Net Cash Provided by operating activities	<u><u>\$ (11,074)</u></u>
 CASH INCLUDES:	
CHECKING ACCOUNT	\$ 10,787
RESTRICTED FOR BOND FUND	90,690
Total cash	<u><u>\$ 101,477</u></u>
 Interest Expense	<u><u>\$20,643</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

NOTES

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

Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

INTRODUCTION

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

The District is governed by a four-member board of commissioners who are appointed by the Ouachita Parish Police Jury. The board is appointed by the police jury and is compensated for its responsibility of providing sewer service to users within the boundaries of the District. The District serves approximately 400 residential and 50 commercial customers. The District has no employees.

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

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

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

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

Revenue Recognition

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

Expense Recognition

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

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

Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

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

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

RECEIVABLES

The following is a summary of receivables at December 31, 2017:

<u>Class of Receivable</u>	<u>Current Assets</u>	<u>Total</u>
Accounts Receivable	\$14,855	\$14,855

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

ACCOUNTS PAYABLE

The following is a summary of payables at December 31, 2017	<u>3,164</u>
Total Accounts Payable	<u>3,164</u>

NOTE B. BUDGETARY ACCOUNTING

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

NOTE C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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

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

Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are required to be held in the name of the pledging fiscal agent or custodial bank in the form of safekeeping receipts.

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department agent, but not in the entity's name. The District has no known policy for risks.

These balances at December 31, 2017, consisted of the following:	Cash	Total
Checking Account (Reconciled Bank Balance)	10,787	10,787
Bank Balances exposed to Custodial Risk	10,787	10,787

The District is adequately collateralized by the FDIC.

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

NOTE D, INVESTMENTS; RESTRICTED CASH

Certain proceeds of the enterprise fund resources are set aside for specific payments and are classified on the balance sheet as restricted assets because their use is limited by applicable requirements. Restricted assets include:

Reserve Debt Service	\$56,500 reserved for bond principal and interest
Construction Fund	9,374 reserved for additional construction
Issuance Fund	1,714 400 reserved for costs of issuance of the Bonds
LA Debt Service Fund	<u>23,102</u> to be held and kept by the paying agent.
Total Restricted Assets	<u>\$90,690</u>

North Monroe Subdivision Sewerage District's restricted assets at 12-31-2017 are reflected at \$90,690, and listed in the assets section on Statement A as Restricted Cash.

The Whitney Bank, as the administrator has the funds restricted which are required by the bond agreement to maintain a sufficient amount in the Revenue Bond Sinking Fund to pay promptly and fully the principal and interest on the bonds as they come due and payable. These bonds will mature 08/01/2029.

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

Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

NOTE E. CAPITAL ASSETS

Capital assets of the District are valued at historical cost and are included on the balance sheet of the fund, net of accumulated depreciation. Construction period interest is immaterial and is not capitalized. Depreciation of all exhaustible capital assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of periods from 5 to 40 years.

A summary of Capital Assets at December 31, 2017, follows:

CAPITAL ASSETS	Cost	Additions	Prior Accum Deprec	Current Deprec	Net
Sewerage System	\$ 1,203,948	0	519,639	28,477	655,832
TOTAL	\$ 1,203,948	0	519,639	28,477	655,832

NOTE F. INVENTORIES

The District does not maintain inventories of any type.

NOTE G. LEAVE

The District does not have a formal leave policy.

NOTE H. RETIREMENT SYSTEM

The District has no pension plan, and no employees.

NOTE I. OTHER POST – EMPLOYMENT BENEFITS

None.

NOTE J. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the District for the year ended December 31, 2017

BONDS PAYABLE	Balance	Principal	Balance	Due Within
12/30/17	546,000	35,000	511,000	13 years
12/30/16	546,000	35,000	511,000	13 years

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

Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

Sewer Revenue Bonds, Series 1999 of the North Monroe Sewer District #1 of the Parish of Ouachita, State of Louisiana,” \$522,000, dated March 1, 1999, interest rate 5.125%, payable in annual installments of various amounts, including interest, due the first day of March. At 12/31/2013, the correct balance due was \$398,000. On July 30, 2013, a duly authorized series of bonds of the Issuer designated “Sewer Revenue and Refunding Bonds, Series 2013 of North Monroe Sewer District # 1 of the Parish of Ouachita, State of Louisiana” (herein called the “Bonds”) in the aggregate principal amount of \$648,000 issued under and in full compliance with the Constitution and Statutes of the State of Louisiana and, more particularly, Chapter 14-A of Title 39 of the Louisiana Revised Statutes of 1950, as amended (the “Refunding Act”), and R.S. 39:1430 (R.S.39:1430” and together with the Refunding Act, the “Act”), and under and pursuant to a resolution adopted on July 25, 2013, (the Bond Resolution) were issued for the purpose of refunding the remaining outstanding principal balance of the Issuer’s heretofore issued \$522,000 Sewer Revenue Bonds Series 1999, (ii), the construction and acquisition of improvements, extensions, relocations and/or replacements to the system, (iii) funding a debt service reserve fund, and (iv) paying the cost of issuance in connection with the issuance of the Bonds (collectively referred to as the “Transaction:)).

The Bonds are special and limited obligations of the Issuer payable from and secured as to payment of the principal and redemption price thereof; and interest thereon, in accordance with their terms and the provisions of the Bond Resolution the Net revenues to be derived from the operation of the System.

The Bonds maturing on and after August 1, 2029 may be callable for redemption at the option of the Issuer in full or in part at any time on or after August 1, 2023 at a redemption price equal to 102% of the principal amount of the Bonds to be redeemed plus accrued interest on the Bonds, if any, to the redemption date.

The annual requirements to amortize all long-term debt outstanding as of December 31, 2015, are as follows:

	Principal	Interest	Total Pd	Balance
Beginning Balance 12/31/2015				581,000
2016	35,000	21,244	56,244	546,000
2017	35,000	20,807	55,807	511,000
2018	35,000	20,282	55,282	476,000
2019	36,000	19,495	55,494	440,000
2020	37,000	18,504	55,504	403,000
2021-2025	206,000	73,038	279,038	197,000
2026-2029	197,000	25,258	222,258	0
	648,000	242,113	890,113	

NOTE K. RISK MANAGEMENT

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

Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

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

NOTE L. RELATED PARTY TRANSACTIONS

None

NOTE M. LITIGATION CLAIMS

None.

NOTE N. SUBSEQUENT EVENTS

Subsequent events were evaluated by management up to and including the date of this report, June 22, 2018. There were no subsequent events noted which would affect the financial statements for the year ended December 31, 2017.

NOTE O. OTHER SUPPORT

None

NOTE P. SIMPLIFIED STATEMENT OF ACTIVITIES

North Monroe Subdivision Sewerage District				
A component unit of the				
Ouachita Parish Police Jury				
Monroe, LA				
Simplified Statement of Activities (BTA)				
For the Year Ended December 31, 2016				
	<u>Expenses</u>	<u>Charges for Services</u>		Net (Expense) Revenue and Changes in Net Assets
	135,076	125,529		-9,547
General Revenues (Expenses):				
Bond Interest				--25,743
Change in Net Assets				-35,290
Net Assets - Beginning				293,290
Net Assets - Ending				258,000

There were additional requirements listed on page 17, Section 607 #s A through H. These requirements are all included in the audit.

Also as requested below is a schedule of interest rates in effect.

ISSUE NAME	CUSIP	AUTHORIZED	OUTSTANDING
V. ... SEWER DIST. #1 0. 75 08/01/14 NMS0714 33. 000 33 000		13 (NMONROSEW13)	(1085014)
1. MONRO SEWER DIST. #1 0. 75 08/01/14 NMS0714 33. 000 33 000			
1. MONRO SEWER DIST. #1 0. 75 08/01/15 NMS1015 34. 000 34 000			

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

Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

1	.MONROE	SEWER	DIST.	#1	1.	25	08/01/16	NMS1216	35,	000	35	000
1	.MONROE	SEWER	DIST.	tt	R 1	.5	08/01/17	NMS1517	35,	000	35	000
1	.MONROE	SEWER	DIST.	tt	2!	25	08/01/18	NMS2218	35,	000	35	000
1	.MGNROE	SEWER	DIST.	tt	2.	75	08/01/19	NMS2719	36,	000	36	000
1	.MONROE	SEWER	DIST.	tt	REV	34	08/01/20	NMS3020	37,	000	37	000
1	.MONROE	SEWER	DIST.	tt	3.	25	08/01/21	NMS3221	38,	000	38	000
1	.MONROE	SEWER	DIST.	tt	R 3	.5	08/01/22	NMS3522	40,	000	40	000
1	.MONROE	SEWER	DIST.	#1	3°	75	08/01/23	NMS3723	41,	000	41	000
1	.MONROE	SEWER	DIST.	tt	RE	4%	08/01/24	NMS4024	43,	000	43	000
1	.MONROE	SEWER	DIST.	tt	4.	25	08/01/25	NMS4225	44,	000	44	000
1	.MONROE	SEWER	DIST.	tt	R 4	.5	08/C1/26	NMS4526	46,	000	46	000
1	.MONROE	SEWER	DIST.	#1	4.	75	08/01/27	NMS4727	48,	000	48	000
1	.MCNROE	SEWER	DIST.	tt	REV	5%	08/01/28	NMS5028	50,	000	50	000
1	.MONROE	SEWER	DIST.	tt	5 25%		08/01/29	NMS5229	53,	000	53	000
									648,	000	648	000

ALSO SEE STATEMENT B, Page 12.

Supplementary Information

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

**Supplementary Information Schedule
As of and for the Year Ended December 31, 2017**

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.

Glen A Yacher 108 Ray Drive Monroe, LA 71203	\$ 0.00
Michael Green - Commissioner 203 Holly Ridge Dr. Monroe, LA 71203	\$ 0.00
Herbert Manley - Commissioner 227 Bastrop Drive Monroe, LA 71203	\$ 0.00
Anita H. Jones - Commissioner 301 Ray Drive Monroe, LA 71203	\$ 0.00
Wade Jackson 207 Ray Drive Monroe, LA 71203	\$0.00

Other Independent Auditor's Reports
and
Findings and Recommendations

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

INDEPENDENT AUDITOR'S 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*

Board of Commissioners
North Monroe Subdivision Sewerage District #1
Monroe, Louisiana

I 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 activities of North Monroe Subdivision Sewerage District # 1, (the District) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise North Monroe Subdivision Sewerage District # 1's basic financial statements, and have issued my report thereon dated June 22, 2018.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District'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 District'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.

My 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit, I did not

identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that I consider to be significant deficiencies, as listed in the accompanying schedule of findings and responses as #2017-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as item #2017-1.

North Monroe Subdivision Sewerage District #1's, Response to Finding

The District's response to the finding identified in my audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, I express no opinion on it.

Purpose of this Report

This purpose of this report is solely to describe the scope of my 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Jimmie Self, CPA
Monroe, Louisiana
June 22, 2018

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

Findings for the Current Year Ended December 31, 2017

FINDING 2017-1

CRITERIA: Duties should be distributed among employees

CONDITION: Inadequate segregation of duties

CONTEXT: The district has only one person (a part-time employee for handling the duties of the office.

EFFECT OF CONDITION: Internal control is weakened by the limited staff. Risk is mitigated and internal control is strengthened by the continuing oversight of the board.

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

RECOMMENDATION: Hire more employees and redistribute duties.

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

FINANCIAL IMPACT OF FINDING: Finding is without cause –under the control of the agency and would be cost effective.

Findings for the Prior Year Ended December 31, 2016

Finding 2016-1

CRITERIA: Duties should be distributed among employees

CONDITION: Inadequate segregation of duties

CONTEXT: The district has only one part-time employee . duties
are a part-time job.

EFFECT OF CONDITION: Internal control is weakened by the limited staff. Risk is mitigated and internal control is strengthened by the continuing oversight of the board.

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

RECOMMENDATION: Hire more employees and redistribute duties.

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

FINANCIAL IMPACT OF FINDING: Finding is without cause –under the control of the agency and would be cost effective.

Jimmie Self, CPA
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2908 Cameron Street, Suite C
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Phone (318) 323-4656 Fax (318) 388-0724

SUMMARY SCHEDULE OF FINDINGS

NORTH MONROE SEWERAGE DISTRICT #1

For the Year Ended December 31, 2017

I have audited the financial statements of North Monroe Sewerage District #1 as of and for the year ended December 31, 2017 and have issued my report dated June 22, 2018. 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. My audit of the financial statements as of December 31, 2016 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 no Internal Control Deficiencies yes no

Compliance

Compliance material to Financial Statements yes no

b. Federal Awards: None

c. Identification of major Programs:

None.

North Monroe Sewerage District # 1

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer

12-31-2016 Year Ended

Agency Head Name: Jeff McNew

Purpose	Amount
Salary	0
Benefits-insurance	0
Benefits-retirement	0
Benefits-<list any other here>	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses*	0
Special meals	0
	0

Please Note:

No compensation of any kind is paid to any agency head, chief executive, board member, or anyone else of this entity.