

**LAKESHORE 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, 2016**

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**LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1**  
**Component Unit of the**  
**Ouachita Parish Police Jury**

**Basic Financial Statements**  
**As of and For the Year Ended**  
**December 31, 2016**  
*With Supplementary Information Schedules*

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## Independent Auditor's Report

Board of Directors  
Lakeshore Subdivision Sewerage District #1  
Monroe, LA

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

I have audited the accompanying financial statements of the business-type activities of the Lakeshore Subdivision Sewerage District #1 (the District), a component unit of the Ouachita Parish Police Jury, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Lakeshore Subdivision Sewerage District # 1'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 of 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 the Lakeshore Subdivision Sewerage District # 1, as of December 31, 2016, and the respective changes in financial position and, where applicable cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management' discussion and analysis and budgetary comparison information on pages 5-9 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 any of required supplementary 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 Lakeshore Subdivision Sewerage District # 1's basic financial statements as a whole. The introductory section is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplemental information, including the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Office, is listed in the

table of contents under Supplementary Information on page 28, is information presented for the purpose of additional analysis and is not a required part of the basic financial statements. 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 them.

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 27, 2017, on my consideration of the Lakeshore Subdivision Sewerage District # 1's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering Lakeshore Subdivision Sewerage District # 1's internal control over financial reporting and compliance.



Jimmie Self, CPA  
Monroe, Louisiana  
June 27, 2017

Required Supplementary Information  
(Part I)

Management's Discussion and Analysis

**LAKESHORE SUBDIVISION SEWERAGE DISTRICT No. 1**  
**Monroe, Louisiana**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2016**

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The Management Discussion and Analysis (MD&A), of the Lakeshore Subdivision Sewerage provides an introduction to the basic financial statements for the year ended December 31, 2016 with selected comparative information for the years ended December 31, 2015 and December 31, 2016. 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, 2016, 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, nonoperating income and expenses, capital contributions, and other changes in net position during the year ending December 31, 2016. 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 noncapital-related financing activities, investing activities, and capital and related financing activities.

**LAKESHORE SUBDIVISION SEWERAGE DISTRICT No. 1**  
**Monroe, Louisiana**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2016**

**FINANCIAL POSITION SUMMARY**

The Statement of Net Position depicts the District's financial position as of one point in time, December 31, 2016, 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, 572,608. The liability for bonds payable had been paid in full during the year ended December 31, 2014. The District's net assets were 727,279. A condensed summary of The District's net position at December 31, 2016, is as follows:

<b>SUMMARY OF FINANCIAL POSITION – BUSINESS TYPE ACTIVITIES</b>	2016	2015
Current and Other Assets	1,403,290	1,759,714
Capital Assets	<u>908,318</u>	<u>596,572</u>
Total Assets	<u>2,312,608</u>	<u>2,356,286,</u>
Long-Term Liabilities	<u>1,740,000</u>	<u>1,800,000</u>
Invested in Capital Assets, net of Related Debt	830,682	596,572
Restricted for Capital and other Projects	<u>1,289,149</u>	<u>1,657,670</u>
Unrestricted	<u>1,547,223</u>	<u>-1,697,956</u>
Total Net Position	<u>572,608</u>	<u>556,286</u>

Net assets are composed of the following:

*Net investment in capital assets*-Land, Building, and Equipment, less the related indebtedness outstanding used to acquire those capital assets, represent the largest portion of the District's net position (99.9%) at December 31, 2016. The District uses capital assets to provide services to its customers.

**SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

The changes in net position over time may serve as a useful indicator of changes in the District's financial position. A summary of the District's changes in net position at December 31, 2016 is set forth below:

**LAKESHORE SUBDIVISION SEWERAGE DISTRICT No. 1**  
**Monroe, Louisiana**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2016**

<b>CHANGES IN NET POSITION</b>	2016	2015
Income	<u>464,822</u>	<u>386,254</u>
Operating Expenses	448,057	414,922
<b>Non-Operating Expenses</b>	73,507	-142,330
Total Non Operating Income (Expenses)	<u>-73,507</u>	<u>-142,216</u>
Net income from operations	<u>16,321</u>	<u>-170,993</u>
<b>Change – Increase (Decrease) in Net Position</b>	<u>16,321</u>	<u>-170,993</u>

The District's operating revenues and expenses include the sales of sewerage disposal service sold to its customers. The District experienced a net operating loss of -\$170,993 for the prior year ended December 31, 2015. This compares to a net income of \$16,321 for the current year ended December 31, 2016. Total revenues in 2016 increased by \$78,563, expenses decreased by 68,025 due to a decrease in costs of the new Bond issue, with all costs shown.

**FINANCIAL ANALYSIS OF THE FUNDS**

As the District completed the prior year ended December 31, 2015, the enterprise fund reported total assets of \$2,356,286. At the conclusion of the current year ended December 31, 2016, the enterprise fund reported total assets of \$2,312,608. showing restricted assets as required by the Bond of \$1,289,149.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the close of the prior year ended December 31, 2015, the District showed an investment in Capital Assets of \$596,572 and a net value after depreciation of \$596,572.

As of the close of the current year ended December 31, 2016, the District showed Capital Assets with an investment of \$2,588,298 and a net value after depreciation of \$909,319, as illustrated below. Land is not depreciated.

**LAKESHORE SUBDIVISION SEWERAGE DISTRICT No. 1**  
**Monroe, Louisiana**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2016**

<b>CAPITAL ASSETS – PROPERTY, PLANT &amp; EQUIPMENT</b>	
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Total Capital Assets Investment - December 31, 2015	2,202,046
Additions – 2016	386,252
Total Capital Assets Investment – December 31, 2015	2,588,298
Less - Accumulated Depreciation	1,678,980
<b>Total Net Capital Assets – December 31, 2015</b>	<b>909,319</b>
Includes land (\$26,000) which is not depreciated	

**Debt**

As of December 31, 2015, the beginning of the current year (2015), the District had 0 Sewer Revenue Bonds Payable. On 7-31-2015, the District obtained a Sewer Revenue Bond in the amount of \$1,800,000. The first payment due is February 2, 2016. The last payment is 08/01/2036.

As of December 31, 2015, the beginning of the current year (2016), the District had a balance in the Sewer Bond Issue mentioned above of \$1,800,000; at December 31, 2016, the balance of the debt was \$1,740,000.

**ECONOMIC FACTORS AFFECTING THE UPCOMING YEAR'S BUSINESS**

The continued slowing of the economy throughout the year of 2016, and the resulting trends of increased unemployment in the United States have caused further 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, these factors including prices of fuel, repairs, materials, and equipment, and other items of expense to the District.

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**LAKESHORE SUBDIVISION SEWERAGE DISTRICT No. 1**  
**Monroe, Louisiana**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2016**

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**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

## Basic Financial Statements

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
 OUACHITA PARISH POLICE JURY  
 Monroe, Louisiana  
 STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
 As of December 31, 2016

EXHIBIT A

ASSETS

<b>Current Assets:</b>	
Cash and Cash Equivalents	\$46,420
Accounts Receivable, Net	\$42,234
<b>Noncurrent Assets:</b>	
Restricted Assets	1,289,149
Investments	25,487
Capital Assets, Net( See(Note # 5)	909,318
<b>TOTAL ASSETS</b>	<b>\$2,312,608</b>

LIABILITIES

<b>Current Liabilities:</b>	
Current Portion of Bonds Payable	60,000
<b>Total Current Liabilities</b>	<b>60,000</b>
<b>Noncurrent Liabilities</b>	
Bonds Payable	1,680,000
<b>TOTAL LIABILITIES</b>	<b>1,740,000</b>

NET POSITION

Net Investment in Capital Assets	909,318
Restricted for capital and other projects	1,289,149
Unrestricted	-1,625,859
<b>TOTAL NET POSITION</b>	<b>\$572,608</b>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

EXHIBIT B

STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS  
 For the Year Ended December 31, 2016

	<u>2,016</u>
<b>OPERATING REVENUES:</b>	
Charges for Services	\$ 464,753
<b>Total Operating Revenues</b>	<u>464,753</u>
<b>OPERATING EXPENSES:</b>	
Advertising	
Bank Fees	926
Bill collection expense	15,000
Chemicals	
Electrical Expense	18,088
Engineering	
Depreciation Expense	73,506
Insurance Expense	3,084
Interest Expense	66,888
Lab Fees	4,940
Legal & Professional	13,054
Office Expense	1,612
Permits	1,632
Plumbing Supplies and maintenance	20,141
Repairs and Maintenance	1,572
Supervisory and Accounting	228,057
<b>Total Operating Expenses</b>	<u>448,500.00</u>
<b>OPERATING INCOME :</b>	16,253.00
 <b>NON-OPERATING REVENUES (EXPENSES):</b>	
Investment Income	69
<b>Total NON-OPERATING (EXPENSES) (Maintenance and operating expense-Bond Requireme</b>	<u>69</u>
Change in Net Position	16,322
<b>Total net position-beginning</b>	556,286
<b>Total net position ending</b>	<u>\$ 572,608</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
 OUACHITA PARISH POLICE JURY  
 Monroe, Louisiana  
 STATEMENT OF CASH FLOWS - Proprietary Fund  
 As of December 31, 2016

EXHIBIT C

	<u>Operating Account</u>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 464,752
Cash Paid to Suppliers for Goods and Services	\$ (374,924)
Net Cash Provided(Used) by Operating Activities	<u>89,828</u>
<b>Cash Flows from Non Capital Financing Activities</b>	
Interbank transfers	<u>23,786</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Bond distribution for acquisition of Capital Assets	368,521
Acquisition of Captital Assets	(386,145)
Principal paid on Bonds	(60,000)
Net cash used by capital and related financing activities	<u>(77,624)</u>
<b>Cash Flows from Investing Activities</b>	
Interest on savings account	<u>69</u>
Net cash provided by investing activities	<u>69</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	36,059
Cash and Cash Equivalentst Beginning	10,361
Cash and Cash Equivalents Ending	<u>\$ 46,420</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operatng Activities:</b>	
Operating income (loss)	\$ 16,322
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation	73,506
Net Cash Provided (used) by operating Activities	<u>\$ 89,828</u>

**Disclosure of Accounting Policy:**

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Note: Interfund: From checking to Savings -Net \$23,786.**

Bond distribution for acquisition of Capital was paid directly to the vendors.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

Notes

**LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1**  
**OF OUACHITA PARISH**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2016**

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

**A. INTRODUCTION**

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

**B. REPORTING ENTITY**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting authority for generally accepted accounting principals as applied to governmental entities. GASB Statement Number 14 *the Financial Reporting Entity* establishes criteria for determining which component units of governments should be considered part of a primary government for financial reporting purposes.

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

The accompanying basic financial statements present information only on the funds maintained by the District and do not present information on the Police Jury, the general government services provided by that primary governmental unit or other component units that comprise the primary government reporting entity.

**C. BASIS OF ACCOUNTING**

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

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

**LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1**  
**OF OUACHITA PARISH**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2016**

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

*Unrestricted net assets* – This component consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The District has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued since November 30, 1989 unless they are adopted by GASB.

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

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

#### **D. ACCOUNTS RECEIVABLE**

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

#### **E. PROPERTY AND EQUIPMENT**

Fixed assets of the District are valued at historical cost and are included on the balance sheet of the fund, net of accumulated depreciation. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over estimated useful lives of periods from 5 to 50 years. The District considers assets with an individual cost of \$700 or more and an estimated useful life of one year or more as a capital asset. Donated assets, if applicable are stated at fair market value. Construction interest is immaterial and is not capitalized.

**LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
OF OUACHITA PARISH  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2016**

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**F. STATEMENT OF CASH FLOWS**

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

**G. COMPENSATED ABSENCES**

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

**H. 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.

**I. CASH AND INVESTMENTS**

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

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

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.

**J. 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. These accounts are secured by Sabine Bank. Set Note 6, #13 also.

**K. LONG-TERM LIABILITIES**

**LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1**  
**OF OUACHITA PARISH**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2016**

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

**NOTE 2. CASH AND CASH EQUIVALENTS**

At December 31, 2016, the District has cash and cash equivalents (book balances) as follows:

Cash and Cash Equivalents	\$46,420
Total Cash and Cash Equivalents	\$46,420

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance and/or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2016, the District has a balance on deposit of \$46,420 (checking) with the Ouachita Independent Bank. and CD's in the amount of \$25,486 at Ouachita Independent Bank.

PLEGDED SECURITIES	OIB	TOTAL
Cash and Cash Equivalents	46,420	46,420
Totals	46,420	46,420
Total Insurance Security Pledge	250,000	250,000
Collateralized above requirement	203,580	203,580

Accounts are adequately collateralized at 12/31/2016 as shown in the above chart.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

**NOTE 3. RECEIVABLES**

The following is a summary of receivables at December 31, 2015:

Class of Receivable	Current Assets	Total
Accounts Receivable	\$ 42,234	\$ 42,234

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

**NOTE 4. RESTRICTED ASSETS**

**LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
OF OUACHITA PARISH**

**Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2016**

**RESTRICTED ASSETS**

Sabine Construction Account-	1,145,559
Sabine Debt Service Reserve Fund	143,590
<b>TOTAL</b>	<b>\$1,289,149</b>

These assets are restricted as a contingency fund for capital and other projects. August 1, 2015, the District obtained a revenue bond in the amount of \$1,800,000; the above restricted assets are the required restrictions from that outstanding Bond @ 12/31/2015. See Note 6 below.

**NOTE 5. CAPITAL ASSETS**

A summary of Capital Assets at December 31, 2016, follows:

	Beginning Balance	Addns	Balance after adds	Accum Depr	Balance after Acc Depr	Current Depr	Balance 12-31-16
Land	26,000		26,000		26,000	-	26,000
Plant, Equipment	2,176,046	17,731	2,193,777	1,605,474	588,303	64,293	524,010
Treatment Plant	-	368,521	368,521			9,213	359,308
<b>TOTAL</b>	<b>2,202,046</b>	<b>386,252</b>	<b>2,588,298</b>	<b>1,605,474</b>	<b>982,824</b>	<b>73,506</b>	<b>909,318</b>

Land is not depreciated. Depreciation of \$73,506 was expensed for 2016.

**NOTE 6. LONG - TERM LIABILITIES**

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

The revenue Bond required restrictions shown in Note 4 above is explained below:

1. **Title of issue: Sewer Revenue Bonds, Series 2015**
2. **Original date of issue: 07/31/2015**
3. **Maturity date of issue: 08/01/2036**
4. **Annual interest rate: 0.50% - 6.00%**
5. **Principal amount of original issue: \$1,800,000**
6. **Principal amount retired during year: \$60,000**
7. **Principal amount outstanding at December 31, 2016: \$1,740,000.**
8. **Interest payment dates: February 1 and August 1**
9. **Cash held for payment of unrepresented bonds (cash balance at December 31, 2016):  
None**
10. **Total interest paid during year: \$78,682.96**
11. **Matured bonds unredeemed at December 31, 2016: None**
12. **Total amount of fiscal agent fees paid by Iberville Parish during the year: N/A**
13. **Restricted Sabine Bank accounts are secured by Sabine Bank.**

**LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1**  
**OF OUACHITA PARISH**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2016**

The annual requirements to amortize all long-term debt outstanding as of December 31, 2016, are as follows:

	Principal	Interest	Total Pd	Balance
<b>Beginning Balance 12/31/2016</b>				1,740,000
<b>2017</b>	60,000	78,165	138,165	1,680,000
<b>2018</b>	60,000	77,415	137,415	1,620,000
<b>2019</b>	65,000	76,515	141,514	1,555,000
<b>2020</b>	65,000	75,215	140,215	1,490,000
<b>2021</b>	70,000	73,590	143,590	1,420,000
<b>2022-2026</b>	375,000	324,900	699,900	1,045,000
<b>2027-2031</b>	455,000	232,610	687,610	590,000
<b>2032-2036</b>	590,000	105,780	695,780	0
	<b>1,740,000</b>	<b>1,044,190</b>	<b>2,784,190</b>	<b>0</b>

**NOTE 7. PENSION PLAN**

None.

**NOTE 8. RESTRICTIONS ON USE OF UTILITIES REVENUES**

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

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

**NOTE 9. RELATED PARTY TRANSACTIONS**

None.

**NOTE 10. LITIGATION AND CLAIMS**

None.

**NOTE 11. SUBSEQUENT EVENTS**

Subsequent events were evaluated by management up to and including the issue date of this report, June 27, 2016. There were no subsequent events noted which would affect the financial statements for the year ended December 31, 2016.

**NOTE 12. OTHER SUPPORT**

None.

**NOTE 13. RISK MANAGEMENT**

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

The Restricted Assets (1,289,149), are collateralized by Sabine Bank.

Required Supplementary Information  
(Part II)

# LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1 Monroe, Louisiana

## Supplementary Information Schedule

### SCHEDULE OF COMPENSATION PAID TO BOARD OF COMMISSIONERS As of and for the Year Ended December 31, 2016

The following schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

O. C. Hancock 711 Lakeshore Drive Monroe, LA 71203 318/343-4190	\$0.00	Grady Whitman 404 Beasley Street Monroe, LA 71203 318/345-3209	\$0.00
Jimmy Machnik 102 Blue Jay Drive Monroe, LA 71203 318/345-0525	\$0.00	Hubert Griffin 734 Lakeshore Drive Monroe, LA 71203 318/343-1657	\$0.00
Ronald J. Carr 722 Guy Ave Monroe, LA 71203 Ronald J. Carr	\$0.00 \$0.00	Gary Armstrong 108 Azalea Lane Monroe, LA 71203	\$0.00
T. P. Bethea, Jr 108 Curve Drive Monroe, LA 71201 318/343-0860	\$0.00		

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

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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  
Lakeshore Subdivision Sewerage District #1

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 Lakeshore Subdivision Sewerage District # 1, (the District) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Lakeshore Subdivision Sewerage District # 1's basic financial statements, and have issued my report thereon dated June 27, 2017.

**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 #2016-1.

#### 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 #2016-1.

#### **Lakeshore 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 27, 2017

SUPPLEMENTAL INFORMATION

**LAKESHORE SUBDIVISION SEWERAGE DISTRICT No. 1**

**A Component Unit Of The  
OUACHITA PARISH POLICE JURY  
Monroe, Louisiana**

**SCHEDULE OF FINDINGS AND RESPONSES**

For the Year Ended December 31, 2016

**Finding 2016-1**

CONDITION: No segregation of duties

CRITERIA: Duties should be distributed among employees.

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

EFFECT OF CONDITION: Internal control is weakened by the limited staff.

RECOMMENDATION: Hire more employees and redistribute duties.

CLIENT RESPONSE: Management states this cannot be remedied due to lack of funds.

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

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

For the Year Ended December 31, 2015

**Finding 2015-1**

CONDITION: No segregation of duties

CRITERIA: Duties should be distributed among employees.

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

EFFECT OF CONDITION: Internal control is weakened by the limited staff.

RECOMMENDATION: Hire more employees and redistribute duties.

CLIENT RESPONSE: Management states this cannot be remedied due to lack of funds.

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

**SUMMARY SCHEDULE OF FINDINGS**  
**LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1**  
**For the Year Ended December 31, 2016**

I have audited the financial statements of Lakeshore Subdivision Sewerage District #1 as of and for the year ended December 31, 2016 and have issued my report dated June 27, 2017. 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.

Lakeshore Subdivision  
Monroe, LA  
12-31-2016

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

**Agency Head Name:** Jeff McNew-Secretary/Treasurer

<b>Purpose</b>	<b>Amount</b>
Salary	
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

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

Schedule of Specific requirements of the Sewer Revenue Bond Issue for Lakeshore:

- a. Detailed statement of income and expenditures for year ended 12-31-2016:  
See page 12 of the 2016 audit.
- b. Balance Sheet of the system as of 12-31-2016.  
See page 11 of the 2016 audit.
- c.