

**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, 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/12/09

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**LAKESHORE SUBDIVISION  
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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, 2008**  
*With Supplemental Information Schedules*

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**INDEPENDENT AUDITOR'S REPORT**

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

I have audited the accompanying basic financial statements of the business-type activities of Lakeshore Subdivision Sewerage District #1, a component unit of the Ouachita Parish Police Jury, as of and for the year ended, December 31, 2008, which comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these basic 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 basic 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, 2008, and the changes in financial position and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

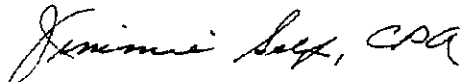
In accordance with Government Auditing Standards, I have also issued my report dated June 25, 2009, on my consideration of the District's internal control over financial reporting and on my tests of compliance with certain provisions of laws, regulations, contracts, grants, agreements and other matters. 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 Government Auditing Standards, and should be read in conjunction with this report in considering the results of my audit.

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The Management's Discussion and Analysis on pages 4-8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements taken as a whole that comprise the District's basic financial statements. The accompanying supplemental information listed in the table of contents under Supplementary Information is 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.



Jimmie Self, CPA  
Monroe, Louisiana  
June 25, 2009

**REQUIRED SUPPLEMENTARY INFORMATION  
(PART I)**

**Management Discussion and Analysis**

**LAKESHORE SUBDIVISION SEWERAGE DISTRICT No. 1**  
**Monroe, Louisiana**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2008**

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As management of the Lakeshore Subdivision Sewerage District we offer readers the Management's Discussion and Analysis (MD&A), a narrative overview and examination of the financial activities for the year ended December 31, 2008. The MD&A is designed to provide an objective and easy to read evaluation of the District's financial activities based on currently known facts, decisions, and conditions. It is also intended to provide readers with a broad overview of the District's finances and an analysis of short-term and long-term activities of the District based on information presented in the financial report and fiscal policies that have been adopted. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the financial activity, identify changes in the District's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify fund issues or concerns.

Our discussion and analysis of the financial performance of the Lakeshore Subdivision Sewerage District No. 1 (the District) provides an overview of the District's financial activities for the fiscal year that ended December 31, 2008. Please read it in conjunction with the financial statements and notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

During the prior year ended December 31, 2007, the District's net assets were reported to be \$941,507. The District's total operating revenues were \$288,164. The District had total operating expenses of \$250,409.

During the current year ended December 31, 2008, the District's net assets were \$949,859. The District's total operating revenues were \$292,347. The District had total operating expenses, including depreciation, of \$270,455.

**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 government – wide 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 (GOVERNMENT – WIDE)**

The Statement of Net Assets and the Statement of Revenue, Expenses, and Changes in Fund Net Assets provide information in a way that shows the change in the District's

**LAKESHORE SUBDIVISION SEWERAGE DISTRICT No. 1**  
**Monroe, Louisiana**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2008**

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 Assets" 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 Assets.

Net Assets. The District's Total Net Assets for the prior year ended December 31, 2007 were in the amount of \$941,506. The District's Total Net Assets for the current year ended December 31, 2008 were in the amount of \$949,859.

<b>NET ASSETS – BUSINESS TYPE ACTIVITIES</b>	<u>2007</u>	<u>2008</u>
Current and Other Assets	515,928	515,754
Capital Assets	874,268	815,516
Unamortized Bond Discount	2,496	2395
<b>Total Assets</b>	<u>1,392,692</u>	<u>1,333,665</u>
Accounts payable and Accrued Expenses	8,050	5,671
Other Liabilities	128,135	133,135
Revenue Bonds Payable	315,000	245,000
<b>Total Liabilities</b>	<u>451,185</u>	<u>383,806</u>
Net Assets		
Invested in Capital Assets, net of Related Debt	499,268	505,517
Restricted for Debt Service	89,239	96,215
Restricted for Repairs	36,394	36,394
Unrestricted	316,606	311,733
<b>Total Net Assets</b>	<u>941,507</u>	<u>949,859</u>



**LAKESHORE SUBDIVISION SEWERAGE DISTRICT No. 1**  
**Monroe, Louisiana**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2008**

The information in the table below is found in the "Statement of Revenues, Expenses, and Changes in Fund Net Assets" 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 Assets for the prior year ended December 31, 2007 was a decrease of \$22,491. The Change in Net Assets for the current year ended December 31, 2008 was an increase of \$8,352.

<b>CHANGES IN NET ASSETS</b>	<u>2007</u>	<u>2008</u>
<b>Operating Revenues</b>		
Charges for Services	\$ 288,164	\$ 292,347
<b>Expenses</b>		
Operating Expenses	250,409	270,455
<b>Non-Operating Expenses</b>		
Interest Income	3,447	8,758
Interest Expense	(28,287)	(21,696)
Bond Agent Fee <b>Total Non-Operating Expenses</b>	<u>(601)</u>	<u>(601)</u>
Total Non Operating Income (Expenses)	<u>\$ (25,441)</u>	<u>\$ (13,539)</u>
<b>Change – Increase (Decrease) in Net Assets</b>	<u>\$ 12,315</u>	<u>\$ 8,353</u>

The District experienced a net income of \$12,315 for the year ended December 31, 2007. This compares to net income of \$8,353 for the year ended December 31, 2008.

**FINANCIAL ANALYSIS OF THE FUNDS**

As the District completed the prior year ended December 31, 2007, the enterprise fund reported total assets of \$1,392,692. At the conclusion of the current year ended December 31, 2008, the enterprise fund reported total assets of \$1,333,665

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of the close of the prior year, December 31, 2007, the District had invested \$1,944,135 in Capital Assets with a net value after depreciation of \$874,268. In comparison, the District showed Capital Assets at the close of the current year ended December 31, 2008 with an investment of \$1,965,135 and a net value after depreciation of \$815,517 as illustrated below:

**LAKESHORE SUBDIVISION SEWERAGE DISTRICT No. 1**  
**Monroe, Louisiana**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2008**

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**CAPITAL ASSETS – PROPERTY, PLANT & EQUIPMENT**

Total Capital Assets Investment - December 31, 2006	1,930,353
Additions – 2008	13,783
Total Capital Assets Investment – December 31, 2008	<u>1,944,135</u>
Less - Accumulated Depreciation	<u>(1,069,867)</u>
<b>Total Net Capital Assets – December 31, 2008</b>	<b><u>874,268</u></b>
Total Capital Assets Investment – December 31, 2007	1,944,135
Additions – 2008	21,892
Total Capital Assets Investment – December 31, 2008	<u>1,965,969</u>
Less – Accumulated Depreciation	<u>(1,150,452)</u>
<b>Total Net Capital Assets – December 31, 2008</b>	<b><u>815,517</u></b>

**Debt**

As of December 31, 2008, the District had Sewer Revenue Bonds payable in the amount of \$375,000. The portion due and payable for the current year was made on April 1, 2008 in the amount of \$60,000. The District is 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 by transferring from the Sewer System Fund to the Sinking Fund monthly in advance on or before the 20<sup>th</sup> day of each month 1/6<sup>th</sup> of the interest on bonds falling due on the next interest payment date and 1/12<sup>th</sup> of the principal of the bonds falling due on the next principal payment date. As of December 31, 2008, the District had Sewer Revenue Bonds payable in the amount of \$310,000. The next payment date shall be April 1, 2009 for the amount of \$65,000 principal and \$23,975 interest, totaling \$88,973.

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

The slowing of the economy in the last quarter of 2008 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, prices of fuel and equipment, and other factors of interest to the District

**LAKESHORE SUBDIVISION SEWERAGE DISTRICT No. 1**  
**Monroe, Louisiana**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2008**

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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. Leon Sivils 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 ASSETS - PROPRIETARY FUNDS  
 DECEMBER 31, 2008

EXHIBIT A

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$	193,303
Accounts Receivable, Net		52,404

**Noncurrent Assets:**

Restricted Assets		115,668
Investments		154,379
Capital Assets, Net (See Note 5)		815,516
Unamortized Bond Discount		2,395
<b>TOTAL ASSETS</b>		<u>1,333,665</u>

**LIABILITIES**

**Current Liabilities:**

Accrued Interest Payable		5,671
Current Portion of Bonds Payable		65,000
<b>Total Current Liabilities</b>		<u>70,671</u>

**Non-current Liabilities:**

Due to Louisiana DOTD		68,135
Sewer Revenue Bonds Payable		245,000
<b>Total Long-Term Liabilities</b>		<u>313,135</u>
<b>TOTAL LIABILITIES</b>		<u>383,806</u>

**NET ASSETS**

Invested in Capital Assets Net of Related Debt		505,517
Restricted for Debt Service		96,215
Restricted for Repairs		36,394
Unreserved		311,733
<b>TOTAL NET ASSETS</b>	\$	<u>949,859</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
OUACHITA PARISH POLICE JURY

EXHIBIT B

Monroe, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS TYPE

For the Year Ended December 31, 2008

OPERATING REVENUES:

Charges for Services	\$ 292,347
Total Operating Revenues	<u>292,347</u>

OPERATING EXPENSES:

Chemicals	-
Depreciation Expense	80,585
Electric Expense	27,180
Insurance	5,939
Lab Fees	3,696
Legal & Professional	5,618
Office Expense	1,301
Repairs and Maintenance	18,971
Supervisory and Accounting	<u>127,165</u>
Total Operating Expenses	<u>270,455</u>

OPERATING INCOME	<u>21,892</u>
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NON-OPERATING REVENUES (Expenses):

Investment Income	8,758
Interest Expense	(21,696)
Bond Agent Fee	<u>(601)</u>
Total Non-Operating Revenues (Expenses)	<u>(13,539)</u>

CHANGE IN NET ASSETS	<u>8,353</u>
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NET ASSETS BEGINNING OF YEAR,	941,506
NET ASSETS END OF YEAR	<u>\$ 949,859</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
 OUACHITA PARISH POLICE JURY  
 Monroe, Louisiana  
 STATEMENT OF CASH FLOWS  
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS  
 Proprietary Fund  
 December 31, 2008

EXHIBIT C

	Operating Account
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers	\$ 292,347
Cash Paid to Suppliers for Goods and Services	(220,570)
Miscellaneous Expenses	8,375
Net Cash Provided by Operating Activities	<u>80,152</u>
<b>Capital Flows from Capital and Related Financing Activities:</b>	
Acquisition of Capital Assets ***	(21,834)
Principal Paid on Bonds	(70,000)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(91,834)</u>
Net increase (decrease) in Cash and Cash Equivalents	(11,685)
Cash and Cash Equivalents at Beginning of Year	204,988
Cash and Cash Equivalents at End of Year *	<u>\$ 193,303</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>	
<b>Provided (Used) by Operatng Activities:</b>	
Operating Income (Loss)	\$ 8,353
Depreciation	80,585
Increase (Decrease) in Accounts Receivable	(11,507)
Increase (Decrease) in Accounts Payable	2,721
Net Cash provided by Operating Activities	<u>\$ 80,152</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**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.

The balance in cash and cash equivalents accounts is as follows:

Checking account #1500	\$ 114,447
Bond sinking fund acct # 8440	67,960
Savings Account	10,896
Total	<u>* \$ 193,303</u>

**\*\*\*Total asset acquisition**

Amt from cash acct # 1500	\$ 21,834
Total	<u>\$ 21,834</u>

**NOTES  
TO THE  
FINANCIAL STATEMENTS**



**LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
OF OUACHITA PARISH**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2008**

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**INTRODUCTION**

The Lakeshore Subdivision Sewerage District #1, Monroe, Louisiana, (serving approximately 4000 people) was established by the Ouachita Parish Police Jury in the early 1970's and is a component unit of the Police Jury. The District is operated by a board of four Commissioners, which is appointed by the Ouachita Parish Police Jury. The Commissioners receive no compensation. The District is managed by an independent contractor, hence no payrolls. The actual footage for the sewerage lines is not known.

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

**A. BASIS OF PRESENTATION**

The accompanying component unit financial statements of the Lakeshore Subdivision Sewerage District of Ouachita Parish have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**B. REPORTING ENTITY**

As the governing authority of the parish, for reporting purposes, the Ouachita Parish Police Jury is the financial reporting entity for Ouachita Parish. The financial reporting entity consists of

- (a) the primary government (police jury),
- (b) organizations for which the primary government is financially accountable, and
- (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Ouachita Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body,
  - a. and 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.

**LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
OF OUACHITA PARISH  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2008**

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Because the police jury has the authority to perform the above three steps, the District was determined to be a component unit of the Ouachita Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**C. FUND ACCOUNTING**

The Lakeshore Subdivision Sewerage District #1 of Ouachita Parish is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

**D. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund statements (government-wide) were accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund is included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. The Enterprise Fund uses the following practices in recording certain revenues and expenses:

**Revenues**

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

**Expenses**

Expenses are reported when the liability occurs.

**E. 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

**LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
OF OUACHITA PARISH  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2008**

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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.

**F. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and other money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

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

**G. 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.

**H. 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 50 years.

**I. COMPENSATED ABSENCES**

The District does not have a formal leave policy.

**J. LONG - TERM LIABILITIES**

Long-term liabilities are recognized within the enterprise fund.

**K. FUND EQUITY**

**Contributed Capital**

**LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
OF OUACHITA PARISH  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2008**

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.

**L. ENCUMBRANCES**

Encumbrance accounting is not used.

**NOTE 2. CASH AND CASH EQUIVALENTS**

At December 31, 2008, the District has cash and cash equivalents (book balances) totaling \$193,303 as follows:

Cash and Cash Equivalents	\$ 193,303
TOTAL	\$ 193,303

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, 2008, the District has \$193,303 on deposit (checking) with the Ouachita Independent Bank and CD's in the amount of \$280,941 (Chase - \$154,379, OIB - \$115,668). The deposits held by the OIB and Chase Banks are insured by FDIC and Security Pledges (Market Value) for a total of \$594,830.

PLEGGED SECURITIES	CHASE	OIB	TOTAL
Cash and Cash Equivalents	-	193,303	193,303
CD's	154,379	115,668	270,047
Totals	154,379	308,971	463,350
FDIC Insurance	250,000	250,000	500,000
Security Pledge (Market Value)	91,420	208,500	299,920
Total Insurance and Security Pledge	341,420	458,500	799,920
Collateralized above requirement	187,041	149,529	336,570

**ALL ACCOUNTS ARE ADEQUATELY COLLATERALIZED.**

The District's policy for custodial credit risk is with their banks when, or if, they become uncollateralized, the bank automatically corrects this problem, and contacts the District.

**LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
OF OUACHITA PARISH  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2008**

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, 2008:

Class of Receivable	Current Assets	Total
Accounts Receivable	\$ 52,404	\$ 52,404

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

**NOTE 4. RESTRICTED ASSETS**

RESTRICTED ASSETS	
Operating Fund Savings	\$ 115,668
Bond Reserve Fund	154,379
TOTAL	\$ 270,047

These assets are restricted to pay bond indebtedness and a contingency fund for repairs. The outstanding bond indebtedness @ 12/31/2008 was \$375,000.

**NOTE 5. CAPITAL ASSETS**

A summary of Capital Assets at December 31, 2008, follows:

	Beginning Basis 12/31/08	Additions	Basis Before Deprec	Prior Accum Deprec	Balance Before Current Deprec	Current Deprec	Net Assets 12/31/08
Land	20,000	-	20,000	-	-	-	20,000
Plant, Equipment	1,924,135	21,834	1,945,969	1,069,868	876,101	80,585	795,516
TOTAL	1,944,135	21,834	1,965,969	1,069,868	896,101	80,585	815,516

Land is not depreciated.

**NOTE 6. MAJOR EXPENSES**

**LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
OF OUACHITA PARISH  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2008**

A summary of the major expenses of the District is as follows:

Electricity	\$ 27,180
Supervisory/Accounting	\$ 127,165
Depreciation	\$ 80,585
Interest	\$ 21,696

**NOTE 7. LONG - TERM LIABILITIES**

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

Sewer Revenue Bonds	765,000
Form	Fully Registered
Date	04/01/92
Denomination	5,000
Payment to Trust Co. of LA	
Maturity	20 Years
Interest Rate	Varies 4 – 7.1%

The following restrictions apply:

**Revenue Bond Sinking Fund**

1. Maintain a sufficient amount to pay promptly and fully the principal of and the interest on the bonds as they severally become due and payable by transferring from the Sewer System Fund to the Sinking Fund monthly in advance on or before the 20<sup>th</sup> day of each month of
2. 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.
3. 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 Additions and Contingencies Fund” (the Contingencies Fund”) to care for additions and improvements, renewals, replacements and emergency repairs or operational costs necessary to properly

**LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
OF OUACHITA PARISH  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2008**

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

The following is a summary of bond transactions of the District for the fiscal year ended December 31, 2008.

Total Long-Term Debt at December 31, 2007	310,000
Less Current Portion – April 1, 2007	-65,000
Total Long-Term Debt at December 31, 2008	245,000
Principal due in 2009	65,000

The annual requirements to amortize bonds outstanding at December 31, 2008, is as follows:

Due April 1	Total Payment	Interest	Principal	Balance
Balance @ 12-31-2008				375,000
2009	88,973	23,975	65,000	310,000
2010	89,250	19,250	70,000	240,000
2011	89,175	14,175	75,000	165,000
2012	87,975	8,750	80,000	85,000
2013	87,975	2,975	85,000	0

**NOTE 8. PENSION PLAN**

None.

**LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1  
OF OUACHITA PARISH  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2008**

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**NOTE 9. 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. Revenue bond service funds.
3. Revenue bond reserve funds.
4. Maintenance and repair funds.

**NOTE 10. RELATED PARTY TRANSACTIONS**

None.

**NOTE 11. LITIGATION AND CLAIMS**

None.

**NOTE 12. SUBSEQUENT EVENTS**

None.

**NOTE 13. OTHER SUPPORT**

None.

**NOTE 14. 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.



**OTHER SUPPLEMENTARY INFORMATION**

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

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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  
Monroe, Louisiana

I have audited the basic financial statements of the Lakeshore Subdivision Sewerage District #1, a component unit of the Ouachita Parish Police Jury, State of Louisiana, as of and for the year ended December 31, 2008, and have issued my report thereon dated June 25, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiencies described in the accompanying Schedule of

Findings and Responses (#2008-1) to be significant deficiencies in the internal control over financial reporting.

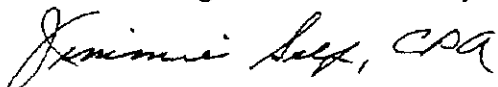
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that none of the significant deficiencies described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the management of the District and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. 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 25, 2009

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

**Supplemental Information Schedule  
As of and for the Year Ended December 31, 2008**

**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.

Wylie Moore 626 McCain Monroe, LA 71203	0.00
Leon Sivils – Secretary Treasurer 210 Pickett Lane Monroe, LA 71203	0.00
T. B. Bethea 108 Curve Drive Monroe, LA 71203	0.00
O. C. Hancock 711 Lakeshore Drive Monroe, LA 71203	0.00
Jimmy Machnik 102 Blue Jay Drive Monroe, LA 71203	0.00
Jeff McNew 200 Balboa Drive Monroe, LA 71203	0.00

**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, 2008**

Summary of Audit Results

- The auditor's report for the year ended December 31, 2008 expressed an unqualified opinion on the basic financial statements of the Lakeshore Subdivision Sewerage District No. 1 of Ouachita Parish, State of Louisiana.
  
- *Finding: 2008-1 Condition - The District has very limited segregation of duties due to the small staff.*
  
- *Response: The District is a small organization. The problem can only be solved by hiring additional personnel. This solution would be cost prohibitive. An immediate solution would not therefore be forthcoming.*

**SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**  
**For the Year Ended December 31, 2007**

Summary of Audit Results

- The auditor's report for the year ended December 31, 2007 expressed an unqualified opinion on the basic financial statements of the Lakeshore Subdivision Sewerage District No. 1 of Ouachita Parish, State of Louisiana.
  
- *Finding: 2007-1 Condition - The District has very limited segregation of duties due to the small staff.*
  
- *Response: The District is a small organization. The problem can only be solved by hiring additional personnel. This solution would be cost prohibitive. An immediate solution would not therefore be forthcoming.*