

10108



AGEE & AGEE, P.C.

Certified Public Accountants
5925 Line Avenue Suite 9
Shreveport, Louisiana 71106
Office (318) 861-3343
Fax (318) 861-3425
www.AGEEandAGEEcpa.com

June 27, 2013

Office of Legislative Auditor
1600 North Third
PO Box 94397
Baton Rouge, LA 70804-9397

To whom it may concern:

The Lakeview Waterworks District Audit Report for the year ended December 31, 2012 was reissued in error. It was not in compliance with Statements on Auditing Standard No. 62 (AU 623). The financial statements are in compliance.

Agee & Agee, PC

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 JUL 31 2013

REISSUE

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana**

**Annual Financial Statements
& Independent Auditor's Report**

As of and for the Year Ended December 31, 2012

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Financial Statements
And Independent Auditor's Reports
As of and for the Year Ended December 31, 2012

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Basic Financial Statements:	
Statement of Net Position.....	4
Statement of Revenues, Expenses & Changes in Net Position.....	5
Statement of Cash Flows.....	6
Notes to the Financial Statements.....	8-17
Supplementary Information:	
Schedule of Commissioner's Compensation.....	19
Other Reports Required By Governmental Auditing Standards and the Louisiana Governmental Audit Guide:	
Report on Internal Control Over Financial Reporting and on Compliance & Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22-23
Audit Findings:	
Schedule of Findings.....	25-28
Summary Schedule of Prior Audit Findings.....	29-30
Management's Corrective Action Plan.....	31

INDEPENDENT AUDITOR'S REPORT



AGEE & AGEE, P.C.

Certified Public Accountants
5925 Line Avenue Suite 9
Shreveport, Louisiana 71108
Office (318) 861-3343
Fax (318) 861-3425
www.AGEEandAGEEcpa.com

May 30, 2013

Independent Auditor's Report

Board of Commissioners
Lakeview Waterworks District of the Parish of Caddo
Shreveport, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of Lakeview Waterworks District, a component unit of the Parish of Caddo, Louisiana as of and for the year ended December 30, 2012, 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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 we 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.



AGEE & AGEE, P.C.

Certified Public Accountants
5925 Lino Avenue Suite 9
Shreveport, Louisiana 71106
Office (318) 861-3343
Fax (318) 861-3425
www.AGEEandAGEEcpa.com

Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business activities of Lakeview Waterworks District, a component unit of the Caddo Parish Commission, as of December 31, 2012, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted management's discussion and analysis that accounting principles & generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 30, 2013, on our consideration of the District's internal control over financial reporting and on our test 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lakeview Waterworks District's internal control over financial reporting and compliance.


Agee & Agee, P.C.

BASIC FINANCIAL STATEMENTS

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Statement of Net Position
For the Year Ended December 31, 2012

<u>ASSETS</u>	
<u>Current Assets:</u>	
Cash & Cash equivalents:	
Cash & demand deposits	\$ 110,965
Receivables	57,994
Prepaid expenses	<u>3,347</u>
Total Current Assets	<u>172,306</u>
<u>Restricted Assets:</u>	
Cash & Cash equivalents:	
Demand Deposits	<u>119,978</u>
<u>Non-Current Assets:</u>	
Investments	56,672
Capital assets (net of accumulated depreciation)	<u>31,348</u>
Total non-current assets	<u>88,020</u>
Total Assets	<u>\$ 380,304</u>
<u>LIABILITIES</u>	
<u>Current Liabilities:</u>	
Account Payable	\$ 20,182
Payroll taxes Payable	<u>756</u>
Total current liabilities	<u>20,938</u>
<u>Payable from restricted assets:</u>	
Customer deposits	<u>119,978</u>
Total Liabilities	<u>140,916</u>
<u>NET POSITION</u>	
Invested in capital assets, net of related debt	31,349
Unrestricted	<u>208,039</u>
Total Net Position	<u>\$ 239,388</u>

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Statement of Revenues, Expenses & Changes in Net Position
For the Year Ended December 31, 2012

<u>Operating Revenues:</u>	
Charges for services:	
Water Sales	\$ 419,816
Other operating revenues	<u>18,891</u>
Total operating revenues	<u>\$ 438,707</u>
<u>Operating Expenses:</u>	
Cost of sales & services:	
Water purchased	\$ 255,342
Repairs & Maintenance	46,675
Operating supplies	11,405
Inspection & testing	4,995
Meter reading	<u>6,834</u>
Total cost of sales & services	<u>325,251</u>
<u>General & Administrative:</u>	
Office salaries & related expenses	24,275
Operator	1,200
Legal & accounting	8,237
Insurance	6,397
Repairs & Maintenance	3,513
Utilities & Telephone	3,272
Postage	1,279
Meeting Per Diem	3,480
Office Supplies & Supplies	5,665
Other	<u>5,745</u>
Total general & administrative	<u>63,063</u>
Depreciation	<u>3,036</u>
Total operating expenses	<u>391,350</u>
Operating Income	<u>\$ 47,357</u>
<u>Non-operating Revenues:</u>	
Interest earnings	<u>1,491</u>
Change in Net Position	48,848
Total Net Position - Beginning	<u>190,539</u>
Total Net Position - Ending	<u>\$ 239,388</u>

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Statement of Cash Flows
For the Year Ended December 31, 2012

Cash Flows from Operating Activities	
Receipts from customers & users	\$ 444,148
Payments to suppliers	(369,007)
Payments to employees	<u>(24,275)</u>
Net Cash Provided by Operating Activities	<u>50,866</u>
Cash Flows from Capital & Relating Financing Activities	
Acquisition of capital assets	<u>-</u>
Net Cash Used by Capital & Relating Financing Activities	<u>-</u>
Cash Flows from Investing Activities	
Proceeds from sale & maturity of investments	-
Purchase of investments	(19)
Interest received	<u>1,491</u>
Net Cash Provided by Investing Activities	<u>1,472</u>
Net Increase in Cash & Cash Equivalents	52,338
Cash & Cash Equivalents, Beginning of Year	<u>178,605</u>
Cash & Cash Equivalents, End of Year	<u>\$ 230,943</u>
Reconciliation of Total Cash & Cash Equivalents:	
Cash & cash equivalents	\$ 110,965
Restricted cash & cash equivalents	<u>119,978</u>
Total cash & cash equivalents	<u>\$ 230,943</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ 47,357
Adjustments to reconcile operating profit to net cash Provided by operating activities:	
Depreciation expense	3,036
Decrease in accounts receivable	5,441
Increase in prepaid expense	(357)
Increase in customer deposits	3,903
Decrease in account payable	(7,904)
Decrease in payroll taxes payable	<u>(610)</u>
Total adjustments	<u>3,509</u>
Net Cash Provided by Operating activities	<u>\$ 50,866</u>

NOTES TO THE FINANCIAL STATEMENTS

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2012

Introduction:

The Lakeview Waterworks District of Caddo Parish, Louisiana (District) was created by the Caddo Parish Commission by ordinance Number 4353 of 2005 on March 17, 2005 as authorized by Louisiana Revised Statute 33:3811. The purpose of the District is to provide water service to the residents of the District. The District is located adjacent to and in proximity of Cross Lake and is domiciled at 3205 Lorraine Street, Shreveport, Louisiana. The affairs of the District are conducted and managed by a board of five (5) commissioners appointed by the Caddo Parish Commission. The commissioners of the District serve five year terms.

The accompanying financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United State of America (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. The District applies all relevant Government Accounting Standards Board (GASB) pronouncements. The District's proprietary fund applies Financial Accounting Standards (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless the pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. GAAP as applicable to governments also conforms to the requirements of Louisiana R.S. 24:517 and the guides set forth in the *Louisiana Municipal Audit and Accounting Guide* and to the industry guide, *Audits of State and Local Government Units*, published by the American Institute of Certified Public Accountants.

1. Summary of Significant Accounting Policies:

The accounting and reporting framework and the more significant accounting policies of the District is described as follows:

- A. **Reporting Entity** – As the governing authority of the parish, for reporting purposes, the Caddo Parish Commission (police jury) is the financial reporting entity for Caddo Parish. The financial reporting entity consists of (a) the primary government (Parish Commission), (b) organizations for which the primary government is financially responsible, and (c) other organizations for which the nature and significance of their

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2012

1. Summary of Significant Accounting Policies (Continued):

relationship with 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 Caddo Parish Commission for financial reporting purposes. The basic criterion for including a potential component unit within a reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability.

These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Caddo Parish Commission 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 Caddo Parish Commission.
2. Organizations for which the Caddo Parish Commission 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.

As provided by Louisiana Revised Statute 33:3811, the Caddo Parish Commission may, by ordinance, create or abolish the District in its entirety or may change or alter its boundaries. The Caddo Parish Commission appoints the commissioners of the District and the commissioners serve at the pleasure of the Caddo Parish Commission. The Lakeview Waterworks District of the Parish of Caddo was therefore determined to be a component unit of the Caddo Parish Commission, the financial reporting entity. The accompanying financial statements present information only on the fund maintained by the District and do not present information on the Caddo Parish Commission, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2012

1. Summary of Significant Accounting Policies (Continued)

- B. Fund Accounting** - The District uses funds to maintain its financial records during the year. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenses. The individual funds account for the resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulation, or other restrictions. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

The funds of the District are classified as proprietary funds. Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows. The following is the District's proprietary fund type:

Enterprise Funds – Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises- where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District's enterprise fund is:

- ***Water Fund*** – Accounts for the provision of water service to the residents of the District. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

- C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation** – Measurement focus is a term used to describe “which” transactions are recorded within the financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2012

1. Summary of Significant Accounting Policies (Continued):

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued):

The basic financial statements of the District are reported using the “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows.

The amounts reflected in the financial statements use the accrual basis of accounting. All assets and liabilities (whether current or noncurrent) associated with District activities are reported. Proprietary funds distinguish operating revenues and expenses from non-operating items.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund equity is classified as net assets.

- D. Cash and Cash Equivalents and Investments – Cash and cash equivalents include cash on hand, amounts in demand deposits, interest bearing demand deposits, time deposits (certificates of deposit), and short term, highly liquid investments with original maturities of three months or less when purchased. Investments with original maturities of three months or less when purchased. Investments are interest-bearing time deposits with original maturity dated in excess of three months when purchased. Investments are stated at cost, which approximates market value.**

The District’s investments comply with Louisiana Revised Statutes (LSA R.S. 33:2955). Under state law, the District may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local Louisiana governments are authorized to invest in Louisiana Asset

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2012

Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana which operates a local government investment pool.

- E. Receivables – Customer’s water charges are the District’s major receivable. The District has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to recognized bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.
- F. Capital Assets - Additions, improvements or other capital outlays that significantly extend the useful life of an asset are capitalized. Capital assets purchased or acquired by the District are reported at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets include property, plant, equipment, and distribution systems. The District maintains a threshold level of \$400 or more for capitalizing assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Land	N/A
Building & Improvements	15-31.5 years
Equipment	5 years
Distribution System	7-15 years

- G. Prepaid Expenses – Payments made to vendors for services that will benefit periods beyond December 31, 2012 are recorded as prepaid expenses.

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2012

- H. **Restricted Assets** – Restricted assets include cash and cash equivalents that are legally restricted as to their use. The restricted assets are related to the customer’s water deposits.
- I. **Estimates** – The preparation of financial statements in conformity with accounting principles 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 amount of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.
- J. **Fund Equity** – Equity (the difference between assets and liabilities) is classified as net assets and is reported in three components:
- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
 - b. Restricted net assets – Consists of net assets with constraints placed on the use by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
 - c. Unrestricted net assets – Consists of all other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.
- K. **Risk Management** – The District is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for the risk of loss including automobile liability, generally liability, property damage, and workers compensation.

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2012

2. Cash and Cash Equivalents and Investments:

Cash and Cash Equivalents:

At December 31, 2012, the District had cash and cash equivalents (book balances) totaling \$110,965 as follows:

Cash on hand	150
Demand deposits	<u>110,815</u>
	<u>110,965</u>

Investments:

At December 31, 2012, the District had investments (book balances) totaling \$56,672 as follows:

Time Deposits	<u>56,672</u>
---------------	---------------

These deposits are stated at cost, which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the District in a holding or custodial bank that is mutually acceptable to both parties.

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 that the fiscal agent has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

The cash equivalents and investments of the District are subject to the following risks:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2012

2. Cash and Cash Equivalents (Continued):

deposits. At year end, the District had collected bank balances of \$110,965 which were fully protected by federal depository insurance.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The District's certificates of deposit have maturities of one year or less which limits exposure to fair value losses arising from rising interest rates.

Credit Risk: Generally, credit risk is the risk that an issuer will not fulfill its obligation to the holder. The District's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the District may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

3. Receivables:

As of December 31, 2012, receivables consist of the following:

Water sales – billed	39,496
Water sales – unbilled	<u>18,498</u>
	<u>57,994</u>

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2012

4. Capital Assets:

Capital assets and depreciation activity as of and for the year ended December 31, 2012 for the District, including a prior period adjustment, is as follows:

	<u>Beg. Of Year</u>	<u>Additions</u>	<u>Prior Period Adjustment</u>	<u>Deletions</u>	<u>End of Year</u>
Capital assets not being depreciated:					
Land	\$ 12,622	\$ -	\$ -	\$ -	\$ 12,622
Total Capital Assets not being depreciated	<u>\$ 12,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,622</u>
Capital assets being depreciated:					
Buildings & Improvements	\$ 37,793	\$ -	\$ -	\$ -	\$ 37,793
Equipment	\$ 1,639	\$ -	\$ -	\$ -	\$ 1,639
Distribution System	\$ 175,811	\$ -	\$ -	\$ -	\$ 175,811
Total Capital assets being depreciated	<u>\$ 215,243</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,243</u>
Total Assets	<u>\$ 227,865</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,865</u>
Less accumulated depreciation for:					
Buildings & Improvements	\$ 37,099	\$ 79	\$ -	\$ -	\$ 37,178
Equipment	\$ 1,639	\$ -	\$ -	\$ -	\$ 1,639
Distribution system	\$ 154,742	\$ 2,957	\$ -	\$ -	\$ 157,699
Total accumulated depreciation	<u>\$ 193,480</u>	<u>\$ 3,036</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,516</u>
Total capital assets - net	<u>\$ 34,385</u>	<u>\$ 3,036</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,349</u>

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2012

5. Contingencies and Concentrations:

Lawsuits

The District is not currently named as defendant in any current or pending litigation.

Concentrations

The District's primary source of water to supply its customers is through a contract with the City of Shreveport, Louisiana, whereby water is provided by the City to the District at the Lucas Treatment Plant through a ten inch water line. The loss of this water source or a significant reduction in the availability of water could have a material adverse effect on the District. The District believes that its relationship with the City of Shreveport is satisfactory.

6. Related Party Transactions:

Procedures, observations, and inquiries did not disclose any material related party transactions for the year ended December 31, 2012.

7. New Accounting Standard

Effective January 1, 2012, the District implemented the following GASB statement: GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This Statement establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position.

8. Subsequent Events:

Subsequent events have been evaluated through May 30, 2013, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Schedule of Commissioner's Compensation
For the Year Ended December 31, 2012

The schedule of compensation paid to the board of commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. The commissioners of the District serve without compensation.

	<u>Attended Meetings</u>	<u>Pay Received</u>
Commissioners:		
Harry Lowery – President	13	360
Lita Smith – Vice President	13	780
Harry Lowery	6	780
Mary K. Tallant - Secretary	13	780
Maxie Smith	13	780

The terms of the District's commissioners are staggered with one commissioner's term ending each year.

**OTHER REPORTS REQUIRED BY
GOVERNMENTAL AUDITING STANDARDS AND
THE LOUISIANA GOVERNMENTAL AUDIT GUIDE**

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements is presented in compliance with requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislature Auditor.



AGEE & AGEE, P.C.

Certified Public Accountants
5925 Lino Avenue Suite 9
Shreveport, Louisiana 71106
Office (318) 861-3343
Fax (318) 861-3425
www.AGEEandAGEEcpa.com

May 30, 2013

Board of Commissioners
Lakeview Waterworks District of the Parish of Caddo
Shreveport, Louisiana

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Lakeview Waterworks District of the Parish of Caddo, as of and for the year ended December 31, 2012, which collectively comprise the basic financial statements, and have issued our report thereon dated May 30, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United State 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 our audit, we considered Lakeview Waterworks District of the Parish of Caddo's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lakeview Waterworks District of the Parish of Caddo's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Lakeview Waterworks District of the Parish of Caddo's internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in



AGEE & AGE, P.C.

Certified Public Accountants
5925 Lino Avenue Suite 9
Shreveport, Louisiana 71106
Office (318) 861-3343
Fax (318) 861-3425
www.AGEEandAGEEcpa.com

internal control over financial reporting that might be deficiencies, significant deficiencies or material weakness. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying "Management's Corrective Action Plan" that we consider to be significant deficiencies in internal control over financial reporting. Findings 12-01, 12-02, and 12-03. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lakeview Waterworks District of the Parish of Caddo's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 our audit, and accordingly, we do not express such an opinion.

Lakeview Waterworks District of the Parish of Caddo's response to the findings identified in our audit is described in the accompanying "Management's Corrective Action Plan." We did not audit Lakeview Waterworks District of the Parish of Caddo's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Board of Commissioners, Caddo Parish Commission, federal award agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Agee & Agee, P.C.

Shreveport, Louisiana
May 30, 2013

AUDIT FINDINGS

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Schedule of Findings
For the Year Ended December 31, 2012

A. Summary of Auditor's Results

Financial Statements:

1. The Auditor's report expresses an unqualified opinion on the basic financial statements.
2. The 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* reports two (2) deficiencies related to internal control over financial reporting which are considered to be material weaknesses.
3. The 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* reports two (2) instances of noncompliance material to the financial statements.
4. Management's Summary Schedule of Prior Findings is included in the financial statements.
5. No Memorandum of Other Comments and Recommendations was issued.
6. Management's Corrective Action Plan is included in the financial statements.

B. Findings Relating to the Financial Statements Which are Required to be Reported Under *Government Auditing Standards*.

FINDINGS RELATED TO COMPLIANCE

None

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Schedule of Findings
For the Year Ended December 31, 2012

FINDINGS RELATED TO INTERNAL CONTROL

Item: 12-1

Criteria or specific requirement:

Effective internal control requires a proper segregation of incompatible duties.

Condition:

The District's water clerk performs substantially all daily accounting duties. These duties include but are not limited to: entering monthly customer usage into the billing software, preparing and mailing monthly customer bills, preparing billing adjustments and non-cash credits, collecting payments for services, recording customer payments into the billing system, preparing and posting customer late payment charges, making bank deposits, preparing disbursement checks, and mailing disbursement checks. There are some compensating controls that provide reviewable reports by the Board and compilation preparing accounting firm.

Questioned costs:

None

Context:

The water clerk is performing incompatible accounting duties without appropriate mitigating procedures being performed.

Effect:

Without a proper segregation of duties, errors or fraud could occur and not be detected, increasing the risk of loss or theft of assets.

Cause:

The District has insufficient employees to adequately segregate incompatible duties.

Recommendation:

The District should hire additional employees, if practical, to assist in the accounting function and separate incompatible duties in order to prevent risk of loss or fraud and safeguard assets. If it is not practicable to hire additional employees, the board of directors should perform accounting functions sufficient to mitigate risk of error or misstatement.

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Schedule of Findings
For the Year Ended December 31, 2012

Item: 12-2

Criteria or specific requirement:

Effective internal control requires adequate documentation of errors with cash deposits.

Condition:

The District's personnel are not providing adequate records for errors made with cash deposits. If personnel overcharged the customer & the customer paid the incorrect amount, the customer should have a check for the difference overpaid.

Questioned costs:

None

Context:

The proper amount of documentation should assist all error and amounts deducted from cash deposits.

Effect:

Revenues and deposits are understated.

Cause:

Inappropriate accounting or error.

Recommendation:

The District should not decrease the water payment deposits by any amount. Personnel should provide proper documentation for all errors with billing & cash deposits.

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Schedule of Findings
For the Year Ended December 31, 2012

Item: 12-3

Criteria or specific requirement:

Effective internal control requires adequate documentation of deposits.

Condition:

The District's personnel did not provide adequate documentation for the month of May's deposits.

Questioned costs:

None

Context:

The proper amount of documentation should assist all amounts deposited.

Effect:

Deposits lack documentation for proof.

Cause:

Inappropriate accounting or error.

Recommendation:

The District should always provide adequate documentation for proof of deposit and appropriate accounting.

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2012

FINDINGS RELATED TO INTERNAL CONTROL

Item: 11-1

Criteria or specific requirement:

Effective internal control requires a proper segregation of incompatible duties.

Condition:

The District's water clerk performs substantially all daily accounting duties. These duties include but are not limited to: entering monthly customer usage into the billing software, preparing and mailing monthly customer bills, preparing billing adjustments and non-cash credits, collecting payments for services, recording customer payments into the billing system, preparing and posting customer late payment charges, making bank deposits, preparing disbursement checks, and mailing disbursement checks. There are some compensating controls that provide reviewable reports by the Board and compilation preparing accounting firm.

Questioned costs:

None

Context:

The water clerk is performing incompatible accounting duties without appropriate mitigating procedures being performed.

Effect:

Without a proper segregation of duties, errors or fraud could occur and not be detected, increasing the risk of loss or theft of assets.

Cause:

The District has insufficient employees to adequately segregate incompatible duties.

Recommendation:

The District should hire additional employees, if practical, to assist in the accounting function and separate incompatible duties in order to prevent risk of loss or fraud and safeguard assets. If it is not practicable to hire additional employees, the board of directors should perform accounting functions sufficient to mitigate risk of error or misstatement.

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2012

Item: 11-2

Criteria or specific requirement:

Effective internal control requires a proper verification of deposits.

Condition:

The District's personnel are not reconciling the physical checks and cash detail to the deposit slips. This is causing reoccurring bank adjustments and bank deposits to be understated.

Questioned costs:

None

Context:

The deposit should match the deposit slip at all times.

Effect:

Revenues and deposits are understated.

Cause:

Inappropriate accounting or error.

Recommendation:

The District should not decrease the water payment deposits by any amount. Personnel should make sure that the deposits match the amount of payments collected.

Status:

Resolved.

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO
3205 Lorraine Street
Shreveport, LA 71107
Telephone (318) 222-4971**

Management Corrective Action Plan

The management of the Waterworks District of the Parish of Caddo, Shreveport, Louisiana, submits the following corrective plan of action in response to the findings included in the Schedule of Findings. The responses are numbered consistently with the numbers assigned in the schedule.

FINDINGS RELATED TO INTERNAL CONTROL

Items: 12-1 & 11-1 – Segregation of Duties.

Due to the small size of the District, hiring additional personnel to solve this problem is not financially feasible. The commissioners will perform certain procedures to mitigate the risk of lack of segregation of incompatible accounting duties.

Item: 12-2 – Proper Documentation.

The District will direct personnel in providing the proper documentation for all deposits & any errors or amounts deducted from cash deposits.