

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

Financial Statements

As of and for the Year Ended December 31, 2011

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 NOV 07 2012



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June 27 2012

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

To whom it may concern

In accordance with Louisiana Revised Statute 24:514 enclosed are the annual financial statements for the Lakeview Waterworks District of the Parish of Caddo as of and for the fiscal year ended December 31 2011. This report includes all funds under the control and oversight of the Lakeview Waterworks District of the Parish of Caddo.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States.

Agee & Agee PC

Enclosure

**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, 2011

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INDEPENDENT AUDITOR'S REPORT



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June 27 2012

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

Independent Auditors' Report

We have audited the component unit financial statements of the Lakeview Waterworks District of the Parish of Caddo (the "District") a component unit of the Caddo Parish Commission as of and for the year ended December 31 2011, as listed in the table of contents. This component unit's financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31 2011, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards* we have also issued a report dated June 27 2012 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 grants. 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 result of our audit.

A handwritten signature in cursive script that reads "Agee and Agee, P.C.".

Agee & Agee P.C.

Shreveport Louisiana

June 27, 2012

BASIC FINANCIAL STATEMENTS

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

Statement of Net Assets
For the Year Ended December 31, 2011

<u>ASSETS</u>	
<u>Current Assets</u>	
Cash & Cash equivalents:	
Cash & demand deposits	\$ 62,530
Receivables	63,435
Prepaid expenses	<u>2,990</u>
Total Current Assets	<u>128,955</u>
<u>Restricted Assets:</u>	
Cash & Cash equivalents	
Demand Deposits	<u>116,075</u>
<u>Non-Current Assets:</u>	
Investments	56,652
Capital assets (net of accumulated depreciation)	<u>34,385</u>
Total non-current assets	<u>91,037</u>
Total Assets	<u>\$ 336,067</u>
<u>LIABILITIES</u>	
<u>Current Liabilities:</u>	
Account Payable	\$ 28,086
Payroll taxes Payable	<u>1,367</u>
Total current liabilities	<u>29,453</u>
<u>Payable from restricted assets</u>	
Customer deposits	<u>116,075</u>
Total Liabilities	<u>145,528</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	34,387
Unrestricted	<u>156,152</u>
Total Net Assets	<u>\$ 190,539</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 Assets
For the Year Ended December 31, 2011

<u>Operating Revenues</u>	
Charges for services:	
Water Sales	\$ 431,589
Other operating revenues	<u>23,021</u>
Total operating revenues	<u>\$ 454,610</u>
<u>Operating Expenses.</u>	
Cost of sales & services	
Water purchased	\$ 318,374
Repairs & Maintenance	51,892
Operating supplies	9,449
Inspection & testing	7,711
Meter reading	<u>7,081</u>
Total cost of sales & services	<u>394,507</u>
<u>General & Administrative:</u>	
Office salaries & related expenses	22,166
Operator	1,200
Legal & accounting	13,987
Insurance	6,674
Repairs & Maintenance	1,765
Utilities & Telephone	3,525
Postage	2,742
Mileage Per Diem	3,720
Office Supplies & Supplies	6,613
Other	<u>1,362</u>
Total general & administrative	<u>63,754</u>
Depreciation	<u>3,036</u>
Total operating expenses	<u>461,297</u>
Operating Income	<u>\$ (6,687)</u>
<u>Non-operating Revenues:</u>	
Interest earnings	<u>3,755</u>
Change in Net Assets	(2,932)
Total Net Assets – Beginning	193,471
Total Net Assets Ending	<u>\$ 190,539</u>

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
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Shreveport, Louisiana

Statement of Cash Flows
For the Year Ended December 31, 2011

Cash Flows from Operating Activities	
Receipts from customers & users	\$ 457,839
Payments to suppliers	(514,827)
Payments to employees	<u>(22,166)</u>
Net Cash Provided by Operating Activities	<u>(79,154)</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	31,458
Purchase of investments	-
Interest received	<u>3,755</u>
Net Cash Provided by Investing Activities	<u>35,213</u>
Net Increase in Cash & Cash Equivalents	(43,941)
Cash & Cash Equivalents, Beginning of Year	<u>222,546</u>
Cash & Cash Equivalents, End of Year	<u>\$ 178,605</u>
Reconciliation of Total Cash & Cash Equivalents:	
Cash & cash equivalents	\$ 62,530
Restricted cash & cash equivalents	<u>116,075</u>
Total cash & cash equivalents	<u>\$ 178,605</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (6,687)
Adjustments to reconcile operating profit to net cash Provided by operating activities:	
Depreciation expense	3,036
Decrease in accounts receivable	3,229
Decrease in prepaid expense	681
Increase in customer deposits	2,049
Decrease in account payable	(81,510)
Increase in payroll taxes payable	<u>48</u>
Total adjustments	<u>(72,467)</u>
Net Cash Provided by Operating activities	<u>\$ (79,154)</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, 2011

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**
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Shreveport, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2011

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**
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Shreveport, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2011

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**
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Shreveport, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2011

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
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Notes to the Financial Statements
For the Year Ended December 31, 2011

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 recognize 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, 2011 are recorded as prepaid expenses.

**LAKEVIEW WATERWORKS DISTRICT
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Notes to the Financial Statements
For the Year Ended December 31, 2011

- 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**
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Shreveport, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2011

2. Cash and Cash Equivalents and Investments:

Cash and Cash Equivalents

At December 31, 2011, the District had cash and cash equivalents (book balances) totaling \$62,530 as follows

Cash on hand	150
Demand deposits	<u>62,380</u>
	<u>62,530</u>

Investments

At December 31, 2011, the District had investments (book balances) totaling \$56,652 as follows:

Time Deposits	<u>56,652</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**
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Notes to the Financial Statements
For the Year Ended December 31, 2011

2. Cash and Cash Equivalents (Continued):

deposits. At year end, the District had collected bank balances of \$119,182 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, 2011, receivables consist of the following.

Water sales – billed	46,325
Water sales – unbilled	<u>17,110</u>
	<u>63,435</u>

**LAKEVIEW WATERWORKS DISTRICT
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Notes to the Financial Statements
For the Year Ended December 31, 2011

4. Capital Assets:

Capital assets and depreciation activity as of and for the year ended December 31, 2011 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	\$ 12,622	\$ -	\$ -	\$ -	\$ 12,622
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	\$ 215,243	\$ -	\$ -	\$ -	\$ 215,243
Total Assets	\$ 227,865	\$ -	\$ -	\$ -	\$ 227,865
Less accumulated depreciation for					
Buildings & Improvements	\$ 37,020	\$ 79	\$ -	\$ -	\$ 37,099
Equipment	\$ 1,639	\$ -	\$ -	\$ -	\$ 1,639
Distribution system	\$ 151,785	\$ 2,957	\$ -	\$ -	\$ 154,742
Total accumulated depreciation	\$ 190,444	\$ 3,036	\$ -	\$ -	\$ 193,480
Total capital assets - net	\$ 37,421	\$ 3,036	\$ -	\$ -	\$ 34,385

**LAKEVIEW WATERWORKS DISTRICT
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Notes to the Financial Statements
For the Year Ended December 31, 2011

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, 2011

7. Subsequent Events:

Subsequent events have been evaluated through June 21, 2012, the date the financial statements were available to be issued

SUPPLEMENTARY INFORMATION

**LAKEVIEW WATERWORKS DISTRICT
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Shreveport, Louisiana

Schedule of Commissioner's Compensation
For the Year Ended December 31, 2011

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:		
Lonzo Stewart – President	7	420
Lita Smith – Secretary	14	840
Harry Lowery	13	780
Mary K Tallant	14	840
Maxie Smith	14	840

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.



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June 27 2012

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, 2011 which collectively comprise the basic financial statements and have issued our report thereon dated June 27 2011. 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 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 11-01, 11-02, and 11-03. 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. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying "Management's Corrective Action Plan" as item 10-02.

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
June 27, 2012

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, 2011

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, 2011

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

Schedule of Findings
For the Year Ended December 31, 2011

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

**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, 2011

FINDINGS RELATED TO COMPLIANCE

Item: 10-1

Resolved

FINDINGS RELATED TO INTERNAL CONTROL

Item: 10-2

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

**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, 2011

Item: 10-2

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

Status:

Not resolved, see similar finding, Item 11-01

Item: 10-3

Condition:

The operating funds were being deposited in restricted deposits funds bank account

Questioned costs:

None

Effect:

The District could make the mistake of understating sales revenue and overstating liabilities.

Cause:

The wrong deposit book was being used which caused the operating funds to be in the restricted funds bank account

Recommendation:

The District should consider reducing the number of bank accounts and establish the meter deposit listing as the basis for liabilities

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: 11-1 & 10-2 – 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: 11-2 – Proper Verification.

The District will direct personnel in performing the proper verification of physical checks and cash detail to the deposit slips.