

**LAKE BRUIN WATERWORKS DISTRICT NO. 1  
St. Joseph, Louisiana**

**Annual Financial Statements  
With Accountant's Compilation Report**

**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 APR 25 2012

LAKE BRUIN WATERWORKS DISTRICT NO. 1  
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Annual Financial Statements  
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**M. CARLEEN DUMAS**  
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**Accountant's Compilation Report**

**BOARD OF COMMISSIONERS**  
**LAKE BRUIN WATERWORKS DISTRICT NO. 1**  
**St. Joseph, Louisiana**

I have compiled the accompanying financial statements of the business-type activities of Lake Bruin Waterworks District No. 1 (the "District") as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America

The management of the District is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management of the District in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has not presented the Management's Discussion and Analysis information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

/s Carleen Dumas  
Calhoun, Louisiana  
March 26, 2012

**Member of the American Institute of Certified Public Accountants**  
**Member of the Society of Louisiana of Certified Public Accountants**

**BASIC FINANCIAL STATEMENTS**

LAKE BRUIN WATERWORKS DISTRICT NO. 1  
St. Joseph, Louisiana

STATEMENT OF NET ASSETS  
December 31, 2011

**ASSETS**

## Current assets:

Cash	\$61,781
Investments	21,631
Accounts receivable	10,971
Total current assets	<u>94,383</u>

## Noncurrent assets:

Restricted cash	108,501
Property, plant and equipment (net of accumulated depreciation)	134,407
Total noncurrent assets	<u>242,908</u>
Total assets	<u>337,291</u>

**LIABILITIES**

## Current liabilities:

Accounts payable	5,714
Accrued interest payable	1,758
Current portion of long-term debt	21,000
Customer deposits	26,199
Total current liabilities	<u>54,671</u>

## Noncurrent liabilities:

Long-term debt - revenue bonds payable	<u>146,000</u>
Total liabilities	<u>200,671</u>

**NET ASSETS**

Invested in capital assets, net of related debt (deficit)	(32,593)
Restricted for debt service	108,501
Unrestricted	60,712
Total net assets	<u>\$136,620</u>

See accompanying notes and accountant's compilation report.

**LAKE BRUIN WATERWORKS DISTRICT NO. 1**  
St. Joseph, Louisiana

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS**  
For the Year Ended December 31, 2011

<b>OPERATING REVENUES</b>	
Water sales	\$133,491
Other fees and charges	2,060
Total revenues	<u>135,551</u>
<b>OPERATING EXPENSES</b>	
Management services	23,927
Supplies	2,780
Office expense	325
Utilities	3,123
Insurance	4,148
Maintenance fees	5,580
Audit expense	516
Postage	1,358
Dues and licenses	1,356
Completion fees	4,580
Depreciation	6,489
Water purchases	43,027
Water sampling	1,080
Other operating expenses	1,076
Total operating expenses	<u>99,365</u>
<b>OPERATING INCOME</b>	<u>36,186</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest income	321
Interest expense	(8,243)
Total non-operating revenues (expenses)	<u>(7,922)</u>
<b>CHANGE IN NET ASSETS</b>	28,264
<b>NET ASSETS - BEGINNING</b>	<u>108,356</u>
<b>NET ASSETS - ENDING</b>	<u><u>\$136,620</u></u>

See accompanying notes and accountant's compilation report.

LAKE BRUIN WATERWORKS DISTRICT NO. 1  
St. Joseph, Louisiana

STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2011

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$135,438
Payments to suppliers	<u>(92,095)</u>
Net cash provided by operating activities	<u>43,343</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal paid on capital debt	(20,000)
Interest paid on capital debt	(8,600)
Increase in restricted cash	<u>(20,708)</u>
Net cash used by capital and related financing activities	<u>(49,308)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	321
Increase in investments	<u>(194)</u>
Net cash provided by investing activities	<u>127</u>
<b>NET DECREASE IN CASH</b>	(5,838)
<b>CASH AT BEGINNING OF YEAR</b>	<u>67,619</u>
<b>CASH AT END OF YEAR</b>	<u>\$61,781</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	<u>\$36,186</u>
Adjustments:	
Depreciation	6,489
Increase in accounts receivable	(113)
Increase in accounts payable	781
Total adjustments	<u>7,157</u>
Net cash provided by operating activities	<u>\$43,343</u>

See accountant's compilation report and accompanying notes.

LAKE BRUIN WATERWORKS DISTRICT NO. 1  
St. Joseph, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended December 31, 2011

**INTRODUCTION**

Lake Bruin Waterworks District No. 1 was created by the Tensas Parish Police Jury as authorized by Louisiana Revised Statute 33:3811 for the purpose of supplying safe drinking water to the population of the district. The district is governed by a five member board appointed by the police jury who serve without benefit of compensation. The district has no employees.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Lake Bruin Waterworks District No. 1 is considered a component unit of the Tensas Parish Police Jury. As a component unit, the accompanying financial statements maybe included within the reporting of the primary government, either blended into those financial statements or separately reported as a discrete component unit.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Statements**

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, provides that special-purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds. For these governments, basic financial statements and required supplemental information (RSI) consist of :

- (1) Management's discussion and analysis (MD&A)
- (2) Statement of net assets
- (3) Statement of revenues, expenses, and changes in net assets
- (4) Statement of cash flows
- (5) Notes to the financial statements
- (6) RSI other than MD&A, if applicable

The Lake Bruin Waterworks District No. 1 is a special-purpose government engaged only in business-type activities.

See accountant's compilation report.



LAKE BRUIN WATERWORKS DISTRICT NO. 1  
Notes to the Financial Statements

**B. Measurement Focus, Basis of Accounting, and  
Financial Statement Presentation**

Enterprise fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. Lake Bruin Waterworks District No. 1 has elected not to follow subsequent private-sector guidance.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenues of Lake Bruin Waterworks District No. 1 are water sales and other miscellaneous fees and charges. Operating expenses for enterprise funds include the costs of the services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**C. Deposits and Investments**

Cash includes amounts in interest-bearing and non-interest bearing demand deposits. State law allows the district to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At December 31, 2011, the district's investments consist of a nonnegotiable certificate of deposit with an original maturity that exceeds 90 days that is reported in the accompanying financial statements at cost.

**D. Receivables**

Receivables for water sales and rental fees are generally shown net of an allowance for uncollectible amounts. These statements contain no provision for uncollectible accounts. The district is of the opinion that such an allowance would be immaterial in relation to the financial statements taken as a whole.

See accountant's compilation report.

**LAKE BRUIN WATERWORKS DISTRICT NO. 1**  
**Notes to the Financial Statements**

**E. Restricted Assets**

Certain resources set aside for the repayment of revenue bonds are classified as restricted assets on the balance sheet because their use is limited by the debt agreement. It is the district's policy to use unrestricted assets first when both unrestricted and restricted assets are available for a specific purpose.

**F. Capital Assets**

Capital assets, which include land, water system and improvements, and equipment are reported in the enterprise fund financial statements. All of the district's capital assets are capitalized at historical cost. The Lake Bruin Waterworks District No. 1 maintains a threshold level of \$250 or more for capitalizing capital assets. The costs 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. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets, if any, is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
Infrastructure - Water system and improvements	25 years
Equipment	10 years

**G. Long-term Obligations**

Long-term debt such as revenue bonds payable are reported as liabilities in the statement of net assets.

**H. 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 certain reported amounts of assets and liabilities, disclosures, and revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

See accountant's compilation report.

**LAKE BRUIN WATERWORKS DISTRICT NO. 1**  
**Notes to the Financial Statements**

**2. DEPOSITS IN FINANCIAL INSTITUTIONS**

At December 31, 2011, the district has cash and investments (book balances) as follows:

Non-interest bearing checking accounts	\$61,781
Interest bearing savings accounts	108,501
Investments - certificates of deposit	<u>21,631</u>
<b>Total</b>	<b><u>\$191,913</u></b>

These deposits are stated at cost, which approximates market. 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. At December 31, 2011, the Lake Bruin Waterworks District No. 1 has \$194,716 in deposits (collected bank balances). These deposits are fully secured from risk by federal deposit insurance.

**3. ACCOUNTS RECEIVABLE**

At December 31, 2011, the district has net receivables of \$10,858 as follows:

Water sales	\$10,881
Rental fees	90
Allowance for uncollectible accounts	<u>NONE</u>
<b>Net receivables</b>	<b><u>\$10,971</u></b>

**4. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2011, is as follows:

	Balance at January 1, 2011	<u>Increases</u>	<u>Decreases</u>	Balance at December 31, 2011
Capital assets not being depreciated:				
Land	<u>\$5,500</u>	<u>NONE</u>	<u>NONE</u>	<u>\$5,500</u>
Capital assets being depreciated:				
Water system and improvements	714,262			714,262
Equipment	<u>28,395</u>			<u>28,395</u>

See accountant's compilation report.

LAKE BRUIN WATERWORKS DISTRICT NO. 1  
Notes to the Financial Statements

	Balance at January 1, 2011	Increases	Decreases	Balance at December 31, 2011
Total capital assets being depreciated	\$742,657	NONE	NONE	\$742,657
Less accumulated depreciation for:				
Water system and improvements	578,866	6,489		585,355
Equipment	28,395			28,395
Total accumulated depreciation	607,261	6,489	NONE	613,750
Total assets being depreciated, net	135,396	(6,489)	NONE	128,907
Total	<u>\$140,896</u>	<u>(\$6,489)</u>	<u>NONE</u>	<u>\$134,407</u>

Depreciation expense of \$6,489 for the year ended December 31, 2011 was reported in the statement of revenues, expenses, and changes in net assets.

**5. LONG-TERM OBLIGATIONS**

The following is a summary of long-term debt (revenue bonds payable) transactions for the year ended December 31, 2011:

Revenue bonds payable at January 1, 2011	\$187,000
Additions	NONE
Reductions	(20,000)
Revenue bonds payable at December 31, 2011	<u>\$167,000</u>

The following is a summary of the current (due in one year or less) and long-term (due in more than one year) portions of long-term obligations as of December 31, 2011:

Current portion	\$21,000
Long-term portion	146,000
Total	<u>\$167,000</u>

All outstanding debt at December 31, 2011, in the amount of \$167,000 are revenue bonds payable with maturities from 2011 until 2018 and interest rate from 0% to 5.0%. Loan principal and interest payable in the next fiscal year are \$21,000 and \$7,800, respectively. The individual bonds are as follows:

See accountant's compilation report.

**LAKE BRUIN WATERWORKS DISTRICT NO. 1**  
**Notes to the Financial Statements**

	<u>\$48,000</u> Bonds	<u>\$37,000</u> Bonds	<u>\$15,000</u> Bonds	<u>\$250,000</u> Bonds
Original issue date	03/20/08	03/20/08	03/20/08	10/27/78
Interest rate	5.00%	5.00%	0.00%	5.00%
Final payment due	03/01/18	03/01/17	03/01/13	10/28/18
Interest to maturity	\$8,450	\$6,025	NONE	\$17,900
Principal outstanding	42,000	31,000	8,000	86,000
Funding source	Water revenue	Water revenue	Water revenue	Water revenue

The loans are due as follows:

<u>Year Ending December 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2012	\$21,000	\$7,800	\$28,800
2013	22,000	6,925	28,925
2014	23,000	5,925	28,925
2015	23,000	4,775	27,775
2016	25,000	3,600	28,600
2017 - 2018	53,000	3,350	56,350
Total	<u>\$167,000</u>	<u>\$32,375</u>	<u>\$199,375</u>

**6. RESTRICTED NET ASSETS**

The bond covenants for the 1978 revenue bonds discussed in note 5 above, requires the district to establish the following reserve accounts:

- A. A "Revenue Note and Interest Sinking Fund". The district must transfer into this fund, each month, one-twelfth of the principal and interest due on the next principal and interest payment dates. The deposits in the fund are to be used solely for the payment of principal and interest payments on the loans as they become due.
- B. A "Revenue Note Reserve Fund". The district must transfer into this fund, each month, an amount equal to 5% of the amount required to be transferred into the Revenue Note and Interest Sinking Fund for payment of principal and interest. The transfers must continue until there has been accumulated in this fund, an amount equal to the highest combined principal and interest requirements for any future year. The maximum amount of \$15,300 that was required to be set aside note has been met. The deposits in the fund are

See accountant's compilation report.

**LAKE BRUIN WATERWORKS DISTRICT NO. 1**  
**Notes to the Financial Statements**

to be used solely for the payment of principal and interest in the event sufficient deposits are not available in the Revenue Note and Interest Sinking Fund.

- C. A "Depreciation and Contingency Fund". The district must transfer \$77 into this fund each month. The deposits in this fund may be used by the district for repairs, replacements and extensions necessary to properly operate the system. The deposits may also be used to pay principal and interest when insufficient amounts are available in either of the above funds.

At December 31, 2011, the district has set aside \$108,501 to meet the reserve requirements. These deposits are reported as restricted cash on the district's statement of net assets.

**7. RISK MANAGEMENT**

The district purchases commercial insurance to reduce the risk of loss resulting from property damage or liability claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

See accountant's compilation report.