

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, 2014

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M. CARLEEN DUMAS
Certified Public Accountant
369 Donaldson Road. Calhoun, Louisiana. Telephone 318/644-5726

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, 2014, 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. During my compilation, I did become aware of a departure from accounting principles generally accepted in the United States of America that is described in the following paragraph.

Management has omitted Management's Discussion and Analysis information 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 financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context.

Member of the American Institute of Certified Public Accountants
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BOARD OF COMMISSIONERS
LAKE BRUIN WATERWORKS DISTRICT NO. 1
St. Joseph, Louisiana

The Schedule of Compensation, Benefits, and Other Payments to Agency Head and Board of Commissioners on page 17, is not a required part of the basic financial statements but is supplementary information required by the Louisiana Governmental Audit Guide. Such information has been compiled by me without audit or review and accordingly, I do not express an opinion or provide any assurance on it.

/s Carleen Dumas
Calhoun, Louisiana
February 24, 2015

BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
December 31, 2014

ASSETS

Current assets:

Cash	\$44,245
Investments	21,918
Accounts receivable	8,505
Total current assets	74,668

Noncurrent assets:

Restricted cash	170,873
Property, plant and equipment (net of accumulated depreciation)	114,940
Total noncurrent assets	285,813
Total assets	360,481

LIABILITIES

Current liabilities:

Accounts payable	6,276
Accrued interest payable	1,349
Current portion of long-term debt	23,000
Customer deposits	26,234
Total current liabilities	56,859

Noncurrent liabilities:

Long-term debt - revenue bonds payable	78,000
Total liabilities	134,859

NET POSITION

Net investment in capital assets	13,940
Restricted for debt service	170,873
Unrestricted	40,809
Total net position	\$225,622

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 POSITION
For the Year Ended December 31, 2014

OPERATING REVENUES	
Water sales	\$140,869
Other fees and charges	4,015
Total revenues	<u>144,884</u>
OPERATING EXPENSES	
Management fee	33,115
Supplies	1,380
Office expense	343
Utilities	2,972
Insurance	4,861
Maintenance fees	15,564
Accounting expense	730
Postage	1,596
Dues and licenses	1,084
Depreciation	6,489
Water purchases	39,607
Water sampling	2,355
Other operating expenses	2,217
Total operating expenses	<u>112,313</u>
OPERATING INCOME	<u>32,571</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	307
Interest expense	(5,742)
Total non-operating revenues (expenses)	<u>(5,435)</u>
CHANGE IN NET POSITION	27,136
NET POSITION - BEGINNING	<u>198,486</u>
NET POSITION - ENDING	<u><u>\$225,622</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, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$147,290
Payments to suppliers	<u>(107,785)</u>
Net cash provided by operating activities	<u>39,505</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on capital debt	(23,000)
Interest paid on capital debt	(5,925)
Increase in restricted cash	<u>(20,821)</u>
Net cash used by capital and related financing activities	<u>(49,746)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	307
Increase in investments	<u>(65)</u>
Net cash provided by investing activities	<u>242</u>
NET DECREASE IN CASH	(9,999)
CASH AT BEGINNING OF YEAR	<u>54,244</u>
CASH AT END OF YEAR	<u><u>\$44,245</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	<u>\$32,571</u>
Adjustments:	
Depreciation	6,489
Decrease in accounts receivable	2,406
Decrease in accounts payable	<u>(1,961)</u>
Total adjustments	<u>6,934</u>
Net cash provided by operating activities	<u><u>\$39,505</u></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, 2014

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*, No. 39, *Determining Whether Certain Organizations Are Component Units - an amendment of GASB Statement No. 14*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of these Statements, 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 position
- (3) Statement of revenues, expenses, and changes in net position
- (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.

**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.

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 limits the district's credit risk by restricting the district's investments to 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, 2014, 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. The district's interest rate risk is limited by the investment of funds for periods not to exceed one year.

D. Receivables

Receivables for water sales 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. Past due amounts are written off when they are considered uncollectible by management.

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

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

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 position.

H. Interest Costs

The following provides disclosure on interest costs for the year ended December 31, 2014:

Total interest cost expensed	\$5,742
Total interest cost capitalized	<u>NONE</u>
Total interest costs incurred	<u><u>\$5,742</u></u>

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 certain reported amounts of assets and liabilities, disclosures, and

See accountant’s compilation report.

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

revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2014, the district has cash and investments (book balances) as follows:

Non-interest bearing checking accounts	\$44,245
Interest bearing savings accounts	170,873
Investments - certificates of deposit	<u>21,918</u>
Total	<u>\$237,036</u>

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, 2014, the Lake Bruin Waterworks District No. 1 has \$237,036 in deposits (collected bank balances). These deposits are fully secured from risk by federal deposit insurance.

3. ACCOUNTS RECEIVABLE

At December 31, 2014, the district has net receivables of \$8,505 as follows:

Water sales	\$8,505
Allowance for uncollectible accounts	<u>NONE</u>
Net receivables	<u>\$8,505</u>

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2014, is as follows:

	Balance at January 1, 2014	Increases	Decreases	Balance at December 31, 2014
	<u>2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>2014</u>
Capital assets not being depreciated:				
Land	\$5,500	NONE	NONE	\$5,500
Capital assets being depreciated:				
Water system and improvements	714,262	NONE	NONE	714,262

See accountant's compilation report.

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

	Balance at January 1, 2014	Increases	Decreases	Balance at December 31, 2014
Equipment	\$28,395	NONE	(\$28,395)	
Total capital assets being depreciated	742,657	NONE	(28,395)	\$714,262
Less accumulated depreciation for:				
Water system and improvements	598,333	\$6,489		604,822
Equipment	28,395		(28,395)	
Total accumulated depreciation	626,728	6,489	(28,395)	604,822
Total assets being depreciated, net	115,929	(6,489)	NONE	109,440
Total	<u>\$121,429</u>	<u>(\$6,489)</u>	<u>NONE</u>	<u>\$114,940</u>

Depreciation expense of \$6,489 for the year ended December 31, 2014 was reported in the statement of revenues, expenses, and changes in net position. Fully depreciated equipment with a total cost of \$28,395 was deleted from the accounting records.

5. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt (revenue bonds payable) transactions for the year ended December 31, 2014:

Revenue bonds payable at January 1, 2014	\$124,000
Additions	NONE
Reductions	(23,000)
Revenue bonds payable at December 31, 2014	<u>\$101,000</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, 2014:

Current portion	\$23,000
Long-term portion	<u>78,000</u>
Total	<u>\$101,000</u>

See accountant's compilation report.

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

All outstanding debt at December 31, 2014, in the amount of \$101,000 are revenue bonds payable with maturities from 2015 until 2018 and interest rate from 0% to 5.0%. Loan principal and interest payable in the next fiscal year are \$23,000 and \$4,775, respectively. The individual bonds are as follows:

	<u>\$48,000</u> <u>Bonds</u>	<u>\$37,000</u> <u>Bonds</u>	<u>\$250,000</u> <u>Bonds</u>
Original issue date	03/20/08	03/20/08	10/27/78
Interest rate	5.00%	5.00%	5.00%
Final payment due	03/01/18	03/01/17	10/28/18
Interest to maturity	\$3,175	\$1,900	\$6,650
Principal outstanding	25,000	24,000	52,000
Funding source	Water revenue	Water revenue	Water revenue

The loans are due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total</u>
2015	\$23,000	\$4,775	\$27,775
2016	25,000	3,600	28,600
2017	26,000	2,325	28,325
2018	<u>27,000</u>	<u>1,025</u>	<u>28,025</u>
Total	<u>\$101,000</u>	<u>\$11,725</u>	<u>\$112,725</u>

6. RESTRICTED CASH

The bond covenants for the 1978 revenue bonds discussed in note 5 above, required 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

See accountant's compilation report.

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

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 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, 2014, the district has set aside \$170,873 to meet the reserve requirements. These deposits are reported as restricted cash on the district's statement of net position.

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.

8. SUBSEQUENT EVENTS

During February 2015, the district paid all remaining principal due on the 2008 revenue bonds. The district also approved a water rate increase that is effective for the February 2015 billing.

Management of the district has evaluated subsequent events through February 24, 2015, the date which the financial statements were available to be issued.

OTHER SUPPLEMENTAL INFORMATION SCHEDULES

See accountant's compilation report.

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

OTHER SUPPLEMENTAL INFORMATION SCHEDULE
As of and For the Year Ended December 31, 2014

**COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD AND
BOARD OF COMMISSIONERS**

The Schedule of Compensation, Benefits and Other Payments to Agency Head and Board of Commissioners is presented in compliance with Act 706 of the 2014 Session and House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. The agency head as well as the board members serve without benefit of compensation.

See accountant's compilation report.

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

SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD
AND BOARD OF COMMISSIONERS
For the Year Ended December 31, 2014

BOARD COMPENSATION

Agency Head - Alphonse Coco - President	NONE
Paula Wilhite	NONE
Irby Gamble	NONE
Mike Rogers	NONE
Donna Ratcliff	<u>NONE</u>
Total	<u><u>NONE</u></u>