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JUN 29 1998

LEGISLATIVE AUDIT UNIT

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

General Purpose Financial Statements  
WB Accountant's Compilation Report  
and Agreed-Upon Procedures Report  
As of and for the Year Ended  
December 31, 1997

98400602  
8232

Receipt Acknowledged  
Legislative Auditor

By *[Signature]*

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

cc Date JUN 29 1998

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

General Purpose Financial Statements  
With Accountant's Compilation Report  
and Agreed-Upon Procedures Report  
As of and for the Year Ended  
December 31, 1997

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*M. Carlson Dumas*  
CERTIFIED PUBLIC ACCOUNTANT

508 Duval Street • Columbia, Louisiana 71225 • Telephone 318/664-5726

**Accountant's Compilation Report**

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

I have compiled the accompanying general purpose financial statements and supplemental information schedules, as listed in the foregoing table of contents, of the Lake Blou Waterworks District No. 1 as of December 31, 1997, and for the year then ended, in accordance with standards established by *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and schedules information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, I have issued a report dated June 9, 1998, on the results of my agreed-upon procedures.



Carlson, Louisiana  
June 9, 1998

**GENERAL PURPOSE FINANCIAL STATEMENTS  
(OVERVIEW)**

LAKE DRUM WATERWORKS DISTRICT NO. 1  
St. Joseph, Louisiana  
PROPRIETARY FUND TYPE - ENTERPRISE FUND

Balance Sheet, December 31, 1997

**ASSETS**

Current assets	
Cash	\$9,090
Investments	38,588
Accounts receivable - water sales	<u>7,060</u>
Total current assets	54,738
Restricted assets - cash	37,654
Property, plant and equipment (net of accumulated depreciation)	<u>391,341</u>
<b>TOTAL ASSETS</b>	<b><u>\$483,733</u></b>

**LIABILITIES AND FUND EQUITY**

Current liabilities (payable from current assets):	
Accounts payable	\$3,513
Sales tax payable	181
Customer deposits	<u>22,876</u>
Total current liabilities (payable from current assets)	26,570
Current liabilities (payable from restricted assets):	
Accrued interest payable	1,175
Notes payable	<u>9,825</u>
Total current liabilities (payable from restricted assets)	11,000
Long-term liabilities - notes payable	<u>219,380</u>
Total liabilities	<u>236,850</u>
Fund Equity:	
Contributed capital (net of accumulated depreciation on fixed assets constructed with federal grant)	<u>153,380</u>
Retained earnings:	
Reserved for notes payable	28,684
Unreserved - undesignated	<u>51,071</u>
Total retained earnings	79,755
Total Fund Equity	<u>230,245</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$483,125</u></b>

See accompanying notes and accountant's compilation report.

**LAKE BRUN WATERWORKS DISTRICT NO. 1**  
**St. Joseph, Louisiana**  
**PROPRIETARY FUND TYPE - ENTERPRISE FUND**

**Statement of Revenues, Expenses, and**  
**Changes in Retained Earnings**  
**For the Year Ended December 31, 1997**

<b>OPERATING REVENUES</b>	
Water sales	\$78,861
Other fees and charges	550
Total operating revenues	<u>79,411</u>
<b>OPERATING EXPENSES</b>	
Utilities	1,176
Bookkeeping services	1,097
Management fee	11,120
Maintenance fees	1,082
Audit	3,195
Office expense	481
Postage	665
Insurance	2,438
Fuels	736
Repairs	742
Depreciation	14,808
Water purchased	22,898
Other operating expenses	199
Total operating expenses	<u>71,108</u>
<b>OPERATING INCOME</b>	<u>8,304</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest earned on deposits	1,387
Interest expense	(11,825)
Total non-operating revenues (expenses)	<u>(10,438)</u>
<b>NET INCOME (LOSS)</b>	(2,134)
Add depreciation on fixed assets constructed with federal grants	4,760
<b>INCREASE IN RETAINED EARNINGS</b>	4,426
<b>RETAINED EARNINGS AT BEGINNING OF YEAR</b>	<u>75,799</u>
<b>RETAINED EARNINGS AT END OF YEAR</b>	<u>\$77,725</u>

See accompanying notes and accountant's compilation report.

**LAKE BRUNN WATERWORKS DISTRICT NO. 1**  
**St. Joseph, Louisiana**  
**PROPRIETARY FUND TYPE - ENTERPRISE FUND**

**Statement C**

**Statement of Cash Flows**  
**For the Year Ended December 31, 1997**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating Income	<u>38,704</u>
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation	14,000
Increase in accounts receivable	(415)
Increase in meter deposits	2,399
Decrease in accounts payable	(7,368)
Decrease in sales tax payable	(58)
Total adjustments	<u>8,953</u>
Net cash provided by operating activities	<u>17,337</u>
<b>CASH FLOWS FROM CAPITAL</b>	
<b>FINANCING ACTIVITIES</b>	
Principal and interest on revenue bonds	<u>(14,854)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earnings on bank deposits	794
Transfer from investment	<u>2,000</u>
Net cash provided by investing activities	<u>2,794</u>
<b>NET INCREASE IN CASH</b>	5,111
<b>CASH AT BEGINNING OF YEAR</b>	<u>41,500</u>
<b>CASH AT END OF YEAR</b>	<u>\$46,704</u>

See accountant's compilation report and accompanying notes.

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

Notes to the Financial Statements  
As of and for the year ended December 31, 1997

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Lake Brun 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 six member board appointed by the police jury who serve without benefit of compensation. The district serves approximately 375 customers and has no employees.

**A. BASIS OF PRESENTATION**

The accompanying general purpose financial statements of Lake Brun Waterworks District No. 1 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for established governmental accounting and financial reporting principles.

**B. REPORTING ENTITY**

As the governing authority of the parish, for reporting purposes, the Tensas Parish Police Jury is the financial reporting entity for Tensas Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

See accountant's compilation report.

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

Notes to the financial statements (Continued)

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the police jury to impose its will on that organization and/or;
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints the governing body of the district and has the ability to impose its will on the district, the district was determined to be a component unit of the Teresau Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**C. FUND ACCOUNTING**

Lake Brun Waterworks District No. 1 is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

**D. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined

See accountant's compilation report.

LAKE CHARLES WATERWORKS (DISTRICT NO. 1)  
St. Joseph, Louisiana  
Notes to the financial statements (Continued)

by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The Enterprise Fund is reported in the accompanying financial statements on the accrual basis of accounting. Revenues, such as water sales and other operating income are recognized when they are earned. Interest on bank deposits is recorded when the interest is credited to the account. All expenses of the district are recognized when they are incurred.

**E. RESTRICTED ASSETS**

Certain resources of the Enterprise Fund set aside for the repayment of revenue bonds are classified as restricted assets on the balance sheet because their use is limited.

**F. CASH**

Cash includes amounts in demand deposits and interest-bearing demand deposits. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with banks organized under the laws of the State of Louisiana and the laws of any other state in the union, or the laws of the United States.

**G. INVESTMENTS**

Investments are limited by Louisiana Revised Statute (R.S.) 13:2855. 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, 1997, the district's investments consist of nonnegotiable certificates of deposits with original maturities that exceed 90 days that are reported in the accompanying financial statements at cost. The bank balances of the deposits are fully secured from risk by federal deposit insurance and the pledge of securities owned by the fiscal agent bank.

**H. FIXED ASSETS**

Fixed assets of the district are included on the balance sheet of the enterprise fund

See accountant's compilation report.

**LAKE BRUN WATERWORKS DISTRICT NO. 1**

**St. Joseph, Louisiana**

**Notes to the financial statements (Continued)**

and are recorded at actual cost. Depreciation of all estimatable fixed assets is charged as an expense against operations. Fixed assets reported on the balance sheet are net of accumulated depreciation. Depreciation is computed using the straight-line method over estimated useful lives of 50 years for the original water systems and extensions and 10 years for equipment added to the system.

**I. LONG-TERM DEBT**

Revenue bonds financed from Enterprise Fund operations are accounted for in the Enterprise Fund.

**J. CONTRIBUTED CAPITAL**

Grants, entitlements, or shared revenues that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired from such contributions. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net income.

**K. CASH**

At December 31, 1987, the district has cash (bank balances) totaling \$46,704, as follows:

Demand deposits	59,050
Interest-bearing demand deposits	37,654
Total	<u>\$46,704</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits for the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. Cash and investments (bank balances) at December 31, 1987, are secured as follows:

Bank balances	<u>\$80,292</u>
Federal deposit insurance	80,292

See accountant's compilation report.

LAKE BRUN WATERWORKS DISTRICT NO. 1

St. Joseph, Louisiana

Notes to the financial statements (Continued)

Pledged securities (noncollateralized)	<u>\$51,359</u>
Total	<u>\$133,647</u>

**3. FIXED ASSETS**

A summary of fixed assets at December 31, 1997, follows:

Land	\$5,500
Water system	\$18,750
	<u>\$24,250</u>
Less accumulated depreciation	(122,219)
Property, plant, and equipment, net	<u>\$2,031</u>

**4. LONG-TERM DEBT**

At December 31, 1997, the district has two outstanding long-term notes. The note dated February 21, 1967, was originally for \$32,000 and the note dated October 27, 1978 was originally for \$250,000. The 1967 note bears interest at 5.75% per annum and the 1978 note bears interest at 5% per annum. The purpose of both notes was to provide financing for the construction of the water system and extensions and improvements to the system. Both notes were purchased by the General Electric Credit Corporation from the United States Department of Agriculture, Farmer's Home Administration in September 1987. During 1993, the bonds were sold to GMAC Commercial Mortgage.

For the February 27, 1967 note, the district is required to make annual payments of \$3,540 through January 1, 2007. Annual payments are due January 1st of each year and are used to pay all accumulated interest to date with any remaining amount used to retire the principal.

The loan agreement for the October 27, 1978 note, requires the payment of principal and interest in thirty-eight annual payments due on October 27th of each year. The annual payments range from \$14,350 to \$15,450 and are required to be made through October 27, 2018.

The following is a summary of revenue bonds payable transactions for the year ended December 31, 1997:

Revenue bonds payable at January 1, 1997	\$218,325
Reductions	<u>(15,000)</u>

See accountant's compilation report.

LAKE BELUE WATERWORKS DISTRICT NO. 1  
St. Joseph, Louisiana  
Notes to the financial statements (Continued)

Revenue bonds payable at December 31, 1997 \$275,375

The annual requirements to amortize all bonds outstanding at December 31, 1997, including interest of \$126,185, are as follows:

Year	
1998	\$21,686
1999	18,669
2000	18,569
2001	18,259
2002	18,959
2003-2007	89,012
2008-2011	73,359
2012-2017	73,900
2018	14,700
Total	<u>\$745,433</u>

5. CONTRIBUTED CAPITAL

The district received a federal grant from the Farmers Home Administration in 1979 totaling \$268,000, for the construction of the water system extension and improvements. The grant was used to fund approximately 48% of the construction costs with the remaining 51% funded with long-term debt. The amount of fixed assets constructed with grant funds is shown as contributed capital on the balance sheet. The contributed capital amount is reduced each year by the amount of depreciation expense recognized on fixed assets constructed with grant funds. At December 31, 1997, accumulated depreciation on these assets was \$83,880.

6. RESERVED RETAINED EARNINGS

The loan agreements with CMAAC Commercial Mortgage for the long-term notes discussed in note 4 above, require the district to establish the following reserve accounts:

- A. A "Reversal Note and Interest Slaking 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

See accountant's compilation report.

## LAKE BRUN WATERWORKS DISTRICT NO. 1

St. Joseph, Louisiana

Notes to the financial statements (Continued)

for the payment of principal and interest payments on the loans as they become due.

- B. A "Reserve 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 due on the October 27, 1978 note. 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 \$1,000 that was required to be set aside for the February 27, 1967 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 in accordance with the loan agreement for the October 27, 1978 note. The maximum amount of \$4,800 that was required to be set aside for the February 27, 1967 note has been met. 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, 1997, the district has set aside \$37,654, to meet the reserve requirements. Of that amount, \$11,000 is offset by accrued interest payable and the current portion of long term debt, with the remaining \$26,654, reported as a reserve of retained earnings on Statement A.

### 7. OPERATING AGREEMENT

Effective November 3, 1995, the district entered into an agreement with G.D. Wornack Treating, Inc. for operation of the water system. During the year ended December 31, 1997, the district paid to G.D. Wornack Treating, Inc., \$4,641, for maintenance of the system and \$21,337, to ICP Management for managing the system.

### 8. LITIGATION AND CLAIMS

At December 31, 1997, the district is not involved in any litigation nor aware of any unasserted claims. The district maintains commercial insurance coverage to reduce the risk of loss resulting from

See accountant's compilation report.

LAKE IBIBI WATERWORKS DISTRICT NO. 1  
St. Joseph, Louisiana  
Notes to the financial statements (Continued)

property damage or liability claims. There were no costs resulting from claims or judgments during the year ended December 31, 1997.

See accountant's compilation report.

**SUPPLEMENTAL INFORMATION SCHEDULES**

See accountant's compilation report.

LAKE BRUN WATERWORKS DISTRICT NO. 1  
St. Joseph, Louisiana  
SUPPLEMENTAL INFORMATION SCHEDULES  
As of and For the Year Ended December 31, 1997

**PRIOR AUDIT FINDINGS**

The follow-up and corrective action taken on all prior audit findings is presented in the summary schedule of prior audit findings (Schedule 1).

**CURRENT YEAR FINDINGS**

The corrective action plan for current year findings is presented in Schedule 2.

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

Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 1997

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Additional Explanation
N/A	1993	Inadequate segregation of accounting duties	No	Not economically feasible to correct
Management Letter	1996	Maintaining and preserving minutes of board meetings	Yes	None

See accountant's compilation report.

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

Corrective Action Plan  
For Current Year Findings  
For the Year Ended December 31, 1997

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
Procedure 9	The district did not publish or post agendas for meetings.	An agenda for each meeting will be published in the official journal at least 24 hours in advance of the meeting.	Glen Wornack, Manager	Next meeting held

See accountant's compilation report.

**Independent Accountant's Report on Applying  
Agreed-Upon Procedures**

The following independent accountant's report on applying agreed upon procedures is presented in compliance with the requirements of the *Louisiana Governmental Audit Guide* and the *Louisiana Division Questionnaire*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

*M. Carlton Dumas*  
CERTIFIED PUBLIC ACCOUNTANT

360 Derbansport Road • Cal Houe, Louisiana 71225 • Telephone: (504)44-3726

**Independent Accountant's Report  
On Applying Agreed-Upon Procedures**

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

I have performed the procedures included in the *Louisiana Government's Audit Guide* and enumerated below, which were agreed to by the management of the Lake Brain Waterworks District No. 1 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's attention about Lake Brain Waterworks District No. 1's compliance with certain laws and regulations during the year ended December 31, 1997, included in the accompanying *Louisiana Attention Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**Public Bid Law**

1. Select all expenditures made during the year for materials and supplies exceeding \$5,000, or public works exceeding \$50,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

A review was made of all disbursements for the year. There were no disbursements for materials and supplies exceeding \$5,000 nor disbursements for public works exceeding \$50,000, made during the year.

**Code of Ethics for Public Officials and Public Employees**

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1491-1524 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Board of Commissioners  
Lake Brant Wauregoska District No. 1  
Independent Accountant's Report on  
Applying Agreed-Upon Procedures  
December 31, 1997

Management provided me with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.  
The district had no employees during the year ended December 31, 1997.
4. Determine whether any of the employees included in the listing obtained from management in procedure number 3 above were also included in the listing obtained from management in procedure number 2 above as immediate family members.  
See procedure #3.

**Budgeting**

5. Obtain a copy of the legally adopted budget and all amendments.  
The district is not legally required to adopt a budget and no budget was adopted.
6. Trace the budget adoption and amendments to the minute book.  
See procedure #5.
7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by 5% or more.  
See procedure #5.

**Accounting and Reporting**

8. Randomly select 6 disbursements made during the period under examination and:
  - (a) trace payments to supporting documentation as to correct amount and payee;  
I examined supporting documentation for each of the six selected disbursements and found that the payment was for the proper amount and made to the correct payee.
  - (b) determine if payments were properly coded to the correct fund and general ledger account;

Board of Commissioners  
Lake Brinn Waterworks District No. 1  
Independent Accountant's Report on  
Applying Agreed-Upon Procedures  
December 31, 1997

The six selected payments were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approval from the proper authorities.

#### Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1-12 (for opening meetings law).

The district did not publish or post the agenda for meetings.

#### Debit

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I inspected copies of all deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

#### Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

The district had no employees during the year ended December 31, 1997.

The prior year audit report, dated June 25, 1997, included a finding related to inadequate segregation of accounting duties. The management letter issued in connection with the prior year audit report included a finding related to maintaining and preserving minutes of board meetings. The accompanying schedule of prior year audit findings provides details on the actions taken by management with regards to these findings.

Board of Commissioners  
Lake Bruin Waterworks District No. 1  
Independent Accountant's Report on  
Applying Agreed-Upon Procedures  
December 31, 1997

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Lake Bruin Waterworks District No. 1 and the Legislative Auditors, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.



Charles R. Lavoie  
Cottman, Louisiana  
Jan 9, 1998

### **Louisiana Attestation Questionnaire**

The accompanying *Louisiana Attestation Questionnaire* has been completed by management and is included in this report as required by the *Louisiana Governmental Audit Guide*.

M. Carleen Dumas  
Certified Public Accountant  
309 Donaldson Rd.  
Caldonia, La 71225

Mrs. Dumas,

In connection with your compilation of our financial statements of the Lake Brain Waterworks District No. 1 as of December 31, 1997 and for the year then ended, and as required by Louisiana Revised Statute 24:212 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on information available to us as of April 20, 1998

#### PUBLIC BID LAW

1. The provisions of the public bid law, LSA-BS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office have been complied with.

Yes  No  N/A

#### CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. No employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone which would constitute a violation of LSA-BS 42:1101-1114.

Yes  No  N/A

3. No member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980 under circumstances which would constitute a violation of LSA-BS 42:1109.

Yes  No  N/A

#### BUDGETING

4. We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 38:1301-14) or the budget requirements of LSA-RS 39:43.

Yes  No  N/A

#### ACCOUNTING AND REPORTING

5. All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes  No  N/A

6. We have filed our annual financial statements in accordance with LSA-RS 24:514, LSA-RS 33:483, and/or LSA-RS 38:92, as applicable.

Yes  No  N/A

7. We have had our financial statements audited or compiled in accordance with LSA-RS 24:503.

Yes  No  N/A

#### MEETINGS

8. We have complied with the provisions of the Opening Meetings Law, LSA-RS 42:1-13.

Yes  No  N/A

#### DEBT

9. We have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1956 Louisiana Constitution, Article VI, Section 33 of the 1904 Louisiana Constitution, and LSA-RS 47:1403.60.

Yes  No  N/A

#### ADVANCES AND BONUSES

10. We have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1956 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-129.

Yes  No  N/A

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any considerations in the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

  
President

4.30.98  
Date