

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

Annual Financial Statements

As of and for the Year Ended
December 31, 2003

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 9.1.04

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

Annual Financial Statements

As of and for the Year Ended December 31, 2003

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M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • 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 basic financial statements and supplemental information schedules, as listed in the foregoing table of contents, of Lake Bruin Waterworks District No. 1 as of December 31, 2003, 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 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 April 5, 2004, on the results of my agreed-upon procedures.

Carleen Dumas

Calhoun, Louisiana
April 5, 2004

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2003

Our discussion and analysis of Lake Bruin Waterworks District No. 1's (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2003. Please read it in conjunction with the District's financial statements that begin on page 7.

BASIC FINANCIAL STATEMENTS

This annual report consists of a series of 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 :

- a. Management's discussion and analysis (MD&A)
- b. Statement of net assets
- c. Statement of revenues, expenses, and changes in net assets
- d. Statement of cash flows
- e. Notes to the financial statements
- f. 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.

Enterprise Fund Financial Statements

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets provide information in a way that shows the change in the District's financial condition resulting from the current year's activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and the changes in them. Net assets - the difference between assets (what the District owns) and liabilities (what the District owes) is a way to measure the financial position of the District. Over time, increases or decreases in the District's net assets are an indicator of whether the District's financial position is improving or deteriorating.

LAKE BRUIN WATERWORKS DISTRICT NO. 1
 St. Joseph, Louisiana
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended December 31, 2003

The Statement of Cash Flows provides information on the changes in cash during the year. This statement reports the net cash provided or used by operating activities, capital and related financing activities, and investing activities.

**COMPARATIVE ANALYSIS OF
 FINANCIAL DATA**

The District's total net assets decreased by \$10,685 during 2003. The decrease in net assets is due to the fact that current operating revenues are not sufficient to cover operating expenses including depreciation of \$21,374. Operating expenses increased \$13,665 due to increases in water purchases, bookkeeping, and management and maintenance expenses. Operating revenues increased \$8,641. The following presents an analysis of net assets and changes in net assets of the District's business-type activities:

	BUSINESS-TYPE ACTIVITIES	
	<u>2003</u>	<u>2002</u>
Assets		
Current assets	\$82,752	\$92,165
Restricted assets	76,587	70,666
Capital assets	<u>99,762</u>	<u>121,136</u>
Total assets	<u>259,101</u>	<u>283,967</u>
Liabilities		
Current liabilities	41,516	45,622
Long-term liabilities	<u>157,658</u>	<u>167,733</u>
Total liabilities	<u>199,174</u>	<u>213,355</u>
Net Assets		
Invested in capital assets, net of related debt	(67,963)	(59,401)
Restricted for debt service	76,587	70,666
Unrestricted	<u>51,303</u>	<u>59,347</u>
Total net assets	<u>59,927</u>	<u>70,612</u>
Operating revenues	108,432	99,791
Operating expenses	111,378	97,713
Non-operating revenues (expenses)	(7,739)	(7,643)
Cumulative effect of change in accounting estimate		(192,309)
Change in net assets	(10,685)	(197,874)
Net assets - beginning	<u>70,612</u>	<u>268,486</u>
Net assets - ending	<u>\$59,927</u>	<u>\$70,612</u>

LAKE BRUIN WATERWORKS DISTRICT NO. 1
St. Joseph, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2003

OVERALL FINANCIAL POSITION

The District's net assets decreased \$10,685. Unrestricted net assets (those assets available to finance the daily operations of the district) were \$51,303 at year end. The amount of net assets restricted for debt service was \$76,587. The amount invested in capital assets, net of related debt was (\$67,963) at year end.

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of the year, the District had capital assets (net of accumulated depreciation) totaling \$99,762. Capital assets include land, the water system and improvements, and equipment costing \$250 or more. There were no fixed asset additions during 2003. Additional information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

At year end the District had \$167,724 in revenue bonds payable. Interest expense on these bonds was \$8,679 for 2003. Additional information about the District's debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS

The District anticipates its revenues and expenses to remain fairly constant for the year ending December 31, 2004.

BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS
December 31, 2003

ASSETS

Current assets:

Cash	\$33,377
Investments	44,482
Accounts receivable - water sales (net)	4,893
Total current assets	<u>82,752</u>

Noncurrent assets:

Restricted cash	76,587
Property, plant and equipment (net of accumulated depreciation)	99,762
Total noncurrent assets	<u>176,349</u>
Total assets	<u>259,101</u>

LIABILITIES

Current liabilities:

Accounts payable	5,194
Sales taxes payable	7
Current portion of long-term debt	10,066
Customer deposits	26,249
Total current liabilities	<u>41,516</u>

Noncurrent liabilities:

Long-term debt - revenue bonds payable	157,658
Total liabilities	<u>199,174</u>

NET ASSETS

Invested in capital assets, net of related debt	(67,963)
Restricted for debt service	76,587
Unrestricted	51,303
Total net assets	<u>\$59,927</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, 2003

OPERATING REVENUES	
Water sales	\$102,992
Other fees and charges	5,440
Total revenues	<u>108,432</u>
OPERATING EXPENSES	
Bookkeeping services	27,417
Advertising	245
Supplies	3,330
Office expense	183
Utilities and telephone	2,891
Insurance	5,796
Maintenance fees	1,895
Audit expense	884
Postage	1,177
Legal fees	409
Due and licenses	1,242
Depreciation	21,374
Water purchases	41,669
Other operating expenses	2,866
Total operating expenses	<u>111,378</u>
OPERATING INCOME (Loss)	<u>(2,946)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	940
Interest expense	<u>(8,679)</u>
Total non-operating revenues (expenses)	<u>(7,739)</u>
CHANGE IN NET ASSETS	(10,685)
NET ASSETS - BEGINNING	<u>70,612</u>
NET ASSETS - ENDING	<u>\$59,927</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, 2003

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$110,404
Payments to suppliers	<u>(90,375)</u>
Net cash provided by operating activities	<u>20,029</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on capital debt	(12,812)
Interest paid on capital debt	(9,374)
Increase in restricted cash	<u>(5,921)</u>
Net cash used by capital and related financing activities	<u>(28,107)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	940
Increase in investments	<u>(529)</u>
Net cash provided by investing activities	<u>411</u>
NET DECREASE IN CASH	(7,667)
CASH AT BEGINNING OF YEAR	<u>41,044</u>
CASH AT END OF YEAR	<u><u>\$33,377</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities	
Operating Income (Loss)	<u>(\$2,946)</u>
Adjustments:	
Depreciation	21,374
Decrease in accounts receivable	2,275
Decrease in accounts payable	(370)
Decrease in taxes payable	<u>(304)</u>
Total adjustments	<u>22,975</u>
Net cash provided by operating activities	<u><u>\$20,029</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, 2003

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 serves approximately 360 customers and 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 may be 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, 2003, 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 are generally shown net of an allowance for uncollectible amounts. These statements contain no provision for uncollectible accounts.

See accountant's compilation report.

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

The district is of the opinion that such an allowance would be immaterial in relation to the financial statements taken as a whole.

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.

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, 2003, the district has cash and investments (book balances) as follows:

Non-interest bearing checking account	\$33,377
Interest bearing savings accounts	76,587
Investments - certificates of deposit	<u>44,482</u>
Total	<u>\$154,446</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. 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 pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2003, the Lake Bruin Waterworks District No. 1 has \$156,524 in deposits (collected bank balances). These deposits are secured from risk by \$135,484 of federal deposit insurance and \$104,231 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, 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 by the district that the fiscal agent bank has failed to pay deposited funds upon demand.

3. ACCOUNTS RECEIVABLE

At December 31, 2003, the district has net receivables of \$4,893 as follows:

Water sales	\$4,893
Allowance for uncollectible accounts	<u>NONE</u>
Net receivables	<u>\$4,893</u>

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2003, is as follows:

See accountant's compilation report.

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

	Balance at January 1, 2003	Increases	Decreases	Balance at December 31, 2003
Capital assets not being depreciated:				
Land	\$5,500	NONE	NONE	\$5,500
Capital assets being depreciated:				
Water system and improvements	\$575,094			\$575,094
Equipment	28,395			28,395
Total capital assets being depreciated	603,489	NONE	NONE	603,489
Less accumulated depreciation for:				
Water system and improvements	461,325	\$20,172		481,497
Equipment	26,528	1,202		27,730
Total accumulated depreciation	487,853	21,374	NONE	509,227
Total assets being depreciated, net	\$115,636	(\$21,374)	NONE	\$94,262

Depreciation expense of \$21,374 for the year ended December 31, 2003 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, 2003:

Revenue bonds payable at January 1, 2003	\$180,536
Additions	NONE
Reductions	(12,812)
Revenue bonds payable at December 31, 2003	\$167,724

See accountant's compilation report.

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

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, 2003:

Current portion	\$10,066
Long-term portion	<u>157,658</u>
Total	<u>\$167,724</u>

All outstanding debt at December 31, 2003, in the amount of \$167,724 are revenue bonds payable with maturities from 2004 until 2018 and interest rates from 3.75% to 5.0%. Loan principal and interest payable in the next fiscal year are \$10,066 and \$8,227, respectively. The individual bonds are as follows:

	<u>\$72,000</u>	<u>\$250,000</u>
	<u>Bonds</u>	<u>Bonds</u>
Original issue date	02/27/67	10/27/78
Interest rate	3.75%	5.00%
Final payment due	1/01/07	10/28/18
Interest to maturity	\$1,439	\$68,700
Principal outstanding	\$12,724	\$155,000
Funding source	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>
2004	\$10,066	\$8,227	\$18,293
2005	11,181	7,762	18,943
2006	11,300	7,243	18,543
2007	11,177	6,957	18,134
2008	9,000	6,200	15,200
2009 - 2013	51,000	23,900	74,900
2014 - 2018	<u>64,000</u>	<u>9,850</u>	<u>73,850</u>
Total	<u>\$167,724</u>	<u>\$70,139</u>	<u>\$237,863</u>

See accountant's compilation report.

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

6. RESTRICTED NET ASSETS

The bond covenants with the United States Department of Agriculture, Farmers Home Administration for the long-term 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 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 \$2,000 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, 2003, the district has set aside \$76,587 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

See accountant's compilation report.

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

coverage in the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

See accountant's compilation report.

SUPPLEMENTAL INFORMATION SCHEDULES

See accountant's compilation report.

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

**SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended December 31, 2003**

STATUS OF PRIOR YEAR FINDINGS

The follow-up and corrective action taken on all prior year findings is presented in Schedule 1.

**CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN**

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

See accountant's compilation report.

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

STATUS OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2003

<u>Reference Number</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Planned Corrective Action</u>
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There were no prior year findings.

See accountant's compilation report.

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

CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2003

<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>
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There are no current year findings.

**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 Attestation Questionnaire*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5726

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

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

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed upon by the management of Lake Bruin Waterworks District No. 1 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Lake Bruin Waterworks District No. 1's compliance with certain laws and regulations during the year ended December 31, 2003 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the 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 \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures for materials and supplies that exceeded \$15,000 nor were there public works expenditures exceeding \$100,000.

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 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

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

**BOARD OF COMMISSIONERS
LAKE BRUIN WATERWORKS DISTRICT NO. 1
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 2003**

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, 2003.

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.

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 failed to meet budgeted revenues by 5 % or more or if actual 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;
 - (b) determine if payments were properly coded to the correct fund and general ledger account;
 - (c) determine whether payments received approval from proper authorities.

An examination of six randomly selected disbursements disclosed the following:

**BOARD OF COMMISSIONERS
LAKE BRUIN WATERWORKS DISTRICT NO. 1
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 2003**

- (a) The six selected disbursements were properly supported as to amount and payee.
- (b) The six selected disbursements were properly coded to the correct fund and general ledger account.
- (c) The six selected disbursements received approval from 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 (the opening meetings law).

The district posted the agenda for meetings at least 24 hours prior to the time of the meeting.

Debt

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 reviewed all bank deposits 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, 2003.

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.

**BOARD OF COMMISSIONERS
LAKE BRUIN WATERWORKS DISTRICT NO. 1
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 2003**

This report is intended solely for the use of management of Lake Bruin Waterworks District No. 1 and the Legislative Auditor, State of Louisiana, and is not intended to be 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.



**Calhoun, Louisiana
April 5, 2004**

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
369 Donaldson Rd.
Calhoun, La 71225

Mrs. Dumas,

In connection with your compilation of our financial statements of the Lake Bruin Waterworks District No. 1 as of December 31, 2003 and for the year then ended, and as required by Louisiana Revised Statute 24:513 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 12-31-03.

PUBLIC BID LAW

1. The provisions of the public bid law, LSA-RS 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. It is true that 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-RS 42:1101-1124.

Yes [] No [] N/A []

3. It is true that 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-RS 42:1119.

Yes [] No [] N/A []

BUDGETING

4. We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) 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 33:463, and/or LSA-RS 39:92, as applicable.

Yes No N/A

7. We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes No N/A

MEETINGS

8. We have complied with the provisions of the Opening Meetings Law, LSA-RS 42:1-12.

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 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 47:1410.60.

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 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

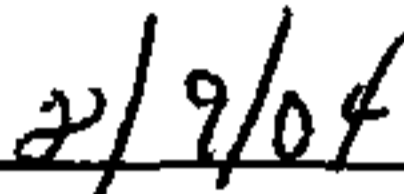
Yes No N/A

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to 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 non-compliance which may occur subsequent to the issuance of your report.



President



Date