

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

Annual Financial Statements

As of and for the Year Ended
December 31, 2017

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

Annual Financial Statements

As of and for the Year Ended December 31, 2014

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Independent Accountant's Review Report

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

I have reviewed 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, 2017, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the District. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

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

BOARD OF COMMISSIONERS
LAKE BRUIN WATERWORKS DISTRICT NO. 1
St. Joseph, Louisiana
Independent Accountant's Review Report
December 31, 2017

Other Matters

Supplementary Information

The accompanying schedule of compensation, benefits, and other payments to agency head and board of commissioners and schedule of prior year findings are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the representation of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the supplementary information and, accordingly, do not express an opinion on such information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have not audited or reviewed such required supplementary information, and, accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on it.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, I have issued a report dated May 2, 2018, on the results of my agreed-upon procedures.

/s Carleen Dumas
Calhoun, Louisiana
May 2, 2018

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

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, 2017. Please read it in conjunction with the District's financial statements that begin on page 8.

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 position
- c. Statement of revenues, expenses, and changes in net position
- 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 Position and the Statement of Revenues, Expenses and Changes in Net Position 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 position* and the changes in net position. Net position - 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 position is 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, 2017

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 position increased by \$71,061 during 2017. Operating revenues increased \$11,904 and operating expenses increased \$24,047 due primarily to increases in the cost of water purchased and management fees. The District also reported \$27,944 in loan principal forgiveness in connection with its loan from the Louisiana Department of Health (LDH) Drinking Water Revolving Loan Fund (DWRLF) to fund improvements to the water system. The following presents an analysis of net position and changes in net position of the District's business-type activities:

	BUSINESS-TYPE ACTIVITIES	
	<u>2017</u>	<u>2016</u>
Assets		
Current assets	\$104,437	\$129,506
Restricted assets	343,738	182,454
Capital assets	<u>237,486</u>	<u>101,962</u>
Total assets	<u>685,661</u>	<u>413,922</u>
Liabilities		
Current liabilities	154,867	51,963
Long-term liabilities	<u>111,774</u>	<u>14,000</u>
Total liabilities	<u>266,641</u>	<u>65,963</u>
Net Position		
Net investment in capital assets	125,712	74,962
Restricted for construction	26,094	
Restricted for debt service	203,529	182,454
Unrestricted	<u>63,685</u>	<u>90,543</u>
Total net position	<u>419,020</u>	<u>347,959</u>
Operating revenues	205,395	193,491
Operating expenses	162,157	138,110
Non-operating revenue (expenses)	(121)	(1,602)
Loan principal forgiveness	<u>27,944</u>	
Change in net position	71,061	53,779
Net position - beginning	<u>347,959</u>	<u>294,180</u>
Net position - ending	<u>\$419,020</u>	<u>\$347,959</u>

LAKE BRUIN WATERWORKS DISTRICT NO. 1
St. Joseph, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

OVERALL FINANCIAL POSITION

The District's change in net position was a \$71,061 increase. Unrestricted net position (those assets available to finance the daily operations of the district) were \$63,685 at year end. Net position restricted for construction was \$26,094 and restricted for debt service was \$203,529. The net investment in capital assets was \$125,712 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 \$237,486. Capital assets include the water system and improvements, land, and construction in progress costing \$250 or more. The District incurred \$142,013 in connection with its 2014 system improvement project. These costs are reported as construction in progress in the accompanying financial statements. Additional information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

During 2017, the District paid the 1978 revenue bonds in full. Interest expense for the year was \$732. The District also entered into a loan agreement with the Louisiana Department of Health (LDH) Drinking Water Revolving Loan Fund (DWRLF) to fund improvements to the water system. The District received \$139,718 in loan proceeds during the year. Additional information about the District's debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS

The District anticipates that operating revenues and expenses are expected to remain fairly constant for 2018. On October 31, 2017, the District entered into a \$899,194 construction contract in connection with its 2014-2017 water system improvement project. During 2018, the District expects to receive and expend approximately \$1,060,282 in loan proceeds from the Louisiana Department of Health (LDH) Drinking Water Revolving Loan Fund (DWRLF) to fund these improvements to the water system.

BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
December 31, 2017

ASSETS

Current assets:

Cash	\$68,407
Investments	22,174
Accounts receivable	<u>13,856</u>
Total current assets	<u>104,437</u>

Noncurrent assets:

Restricted cash	343,738
Property, plant and equipment (net of accumulated depreciation)	<u>237,486</u>
Total noncurrent assets	<u>581,224</u>
Total assets	<u>685,661</u>

LIABILITIES

Current liabilities:

Accounts payable	12,764
Customer deposits	<u>27,988</u>
Total current liabilities	40,752

Liabilities payable from restricted assets - accounts payable

114,115

Noncurrent liabilities:

Long-term debt - loan payable	<u>111,774</u>
Total liabilities	<u>266,641</u>

NET POSITION

Net investment in capital assets	125,712
Restricted for construction	26,094
Restricted for debt service	203,529
Unrestricted	<u>63,685</u>
Total net position	<u><u>\$419,020</u></u>

See accompanying notes and independent accountant's review 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, 2017

OPERATING REVENUES	
Water sales	\$201,915
Meter fees	2,500
Reconnect fees	700
Transfer fees	280
Total operating revenues	205,395
OPERATING EXPENSES	
Management fee	45,985
Supplies	192
Bank fees	1,857
Utilities	2,490
Insurance	5,220
Accounting expense	908
Legal expense	300
Postage and delivery	249
Dues and subscriptions	327
Advertising and promotion	3,032
Repairs and maintenance	10,312
Depreciation	6,489
Water purchases	78,807
Safe drinking water fee	4,665
Other operating expenses	1,324
Total operating expenses	162,157
OPERATING INCOME	43,238
NON-OPERATING REVENUES (EXPENSES)	
Interest income	611
Interest expense	(732)
Total non-operating revenues (expenses)	(121)
LOAN PRINCIPAL FORGIVENESS	27,944
CHANGE IN NET POSITION	71,061
NET POSITION - BEGINNING	347,959
NET POSITION - ENDING	\$419,020

See accompanying notes and independent accountant's review report.

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

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$206,837
Customer meter deposits (net)	455
Payments to suppliers	<u>(152,431)</u>
Net cash provided by operating activities	<u>54,861</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on capital debt	(27,000)
Interest paid on capital debt	(956)
Loan proceeds	139,718
Construction of capital assets	(27,898)
Increase in restricted cash	<u>(161,284)</u>
Net cash used by capital and related financing activities	<u>(77,420)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	611
Increase in investments	<u>(115)</u>
Net cash provided by investing activities	<u>496</u>

NET DECREASE IN CASH

NET DECREASE IN CASH	(22,063)
CASH AT BEGINNING OF YEAR	<u>90,470</u>
CASH AT END OF YEAR	<u><u>\$68,407</u></u>

Reconciliation of Operating Income to Net Cash

Provided by Operating Activities	
Operating Income	<u>\$43,238</u>
Adjustments:	
Depreciation	6,489
Decrease in accounts receivable	3,120
Increase in accounts payable	1,559
Increase in customer meter deposits	<u>455</u>
Total adjustments	<u>11,623</u>
Net cash provided by operating activities	<u><u>\$54,861</u></u>

See accompanying notes and independent accountant's review report.

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

Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

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 independent accountant's review 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, 2017, 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 required to be set aside by the loan agreement for debt service and construction are classified as restricted assets on the balance sheet because their use is

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

limited. 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 construction in progress 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 and construction in progress, are depreciated using the straight-line method over the following useful lives:

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

G. Long-term Obligations

Long-term debt such as loans 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, 2017:

Total interest cost expensed	\$732
Total interest cost capitalized	<u>NONE</u>
Total interest costs incurred	<u><u>\$732</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 independent accountant’s review 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, 2017, the district has cash and investments (book balances) as follows:

Non-interest bearing checking accounts	\$208,616
Interest bearing savings accounts	203,529
Investments - certificates of deposit	<u>22,174</u>
Total	<u>\$434,319</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, 2017, the Lake Bruin Waterworks District No. 1 has \$456,124 in deposits (collected bank balances). These deposits are fully secured from risk by federal deposit insurance.

3. ACCOUNTS RECEIVABLE

At December 31, 2017, the district has net receivables of \$14,072 as follows:

Water sales	\$13,856
Allowance for uncollectible accounts	<u>NONE</u>
Net receivables	<u>\$13,856</u>

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2017, is as follows:

	Balance at January 1, 2017	Increases	Decreases	Balance at December 31, 2017
	<u>2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>2017</u>
Capital assets not being depreciated:				
Land	\$5,500	NONE	NONE	\$5,500
Construction in progress	NONE	\$142,013		142,013
Total capital assets not being depreciated	<u>5,500</u>	<u>142,013</u>	<u>NONE</u>	<u>147,513</u>

See independent accountant's review report.

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

	Balance at January 1, 2017	Increases	Decreases	Balance at December 31, 2017
Capital assets being depreciated:				
Water system and improvements	\$714,262	NONE	NONE	\$714,262
Less accumulated depreciation for:				
Water system and improvements	617,800	\$6,489		624,289
Total assets being depreciated, net	96,462	(6,489)	NONE	89,973
Total	<u>\$101,962</u>	<u>\$135,524</u>	<u>NONE</u>	<u>\$237,486</u>

Depreciation expense of \$6,489 for the year ended December 31, 2017 was reported in the statement of revenues, expenses, and changes in net position.

5. LONG-TERM OBLIGATIONS

On December 1, 2017, Lake Bruin Waterworks District No. 1, entered into a loan agreement with the Louisiana Department of Health (LDH) Drinking Water Revolving Loan Fund (DWRLF) by issuing \$1,200,000 in water revenue bonds to make improvements to its water system. LDH will give 20% principal forgiveness on each principal drawdown (up to a maximum of \$500,000 forgiveness) so the maximum amount of principal repayment will be \$700,000. The bonds shall bear interest at 1.95%, payable semi-annually on March 1 and September 1 of each year, commencing on March 1, 2018. Lake Bruin Waterworks District No. 1, will also pay a .50% administrative fee to LDH on the outstanding principal amount of the bond, payable on each interest payment date. The principal will be repaid in twenty annual installments beginning September 1, 2018. The bonds are secured and payable from a pledge and dedication of water revenues after the payment of the reasonable and necessary operating and maintenance expenses.

The following is a summary of long-term debt transactions for the year ended December 31, 2017:

	1978 Revenue Bonds Payable	2017 LDH DWRLF Loan	Total
Balance at January 1, 2017	\$27,000	NONE	\$27,000
Additions	NONE	139,718	139,718
Reductions	(27,000)		(27,000)

See independent accountant's review report.

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

Principal forgiveness		<u>(\$27,944)</u>	<u>(\$27,944)</u>
Balance at December 31, 2017	<u>NONE</u>	<u>\$111,774</u>	<u>\$111,774</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, 2017:

Current portion	NONE
Long-term portion	<u>111,774</u>
Total	<u>\$111,774</u>

The annual requirements to amortize the DWRLF loan can not be determined at December 31, 2017.

6. RESTRICTED CASH

The loan agreement with Louisiana Department of Health DWRLF requires that the district establish and maintain the following bank accounts:

	Amount Required by Loan Agreement at December 31, 2017	Balance at December 31, 2017
Construction Loan Fund - receiving and disbursing loan proceeds.	\$139,718	\$140,209
Water Revenue Bond Debt Service Fund - payment of semi-annual debt service payments; must transfer 1/12 of each year's debt service into this fund on a monthly basis.	180	26,529
Water Revenue Bond Reserve Fund - to provide funds to pay debt service on 2017 bonds that would otherwise be in default (funding to begin January 20, 2018).	NONE	143,846
Water Revenue Bond Depreciation and Contingencies Fund - to provide an available reserve for extensions, additions, improvements, renewals, and replacements necessary to properly operate the water system.	<u>50,000</u>	<u>33,154</u>
Total	<u>\$189,898</u>	<u>\$343,738</u>

See independent accountant's review report.

7. OPERATION AND MAINTENANCE AGREEMENT

Lake Bruin Waterworks District No. 1, entered into an agreement with JCP Management, to operate and maintain the water system in accordance with the rules, regulations, and by-laws adopted by the Board of Commissioners of the district and in accordance with the annual budget and fee schedule adopted by the water system. The monthly fee for providing basic operation and maintenance services is \$10 per user per month. Other services are billed based on the fee schedule included in the agreement. During the year ended December 31, 2017, the district paid JCP Management a total of \$55,592 for services under the agreement. The amount due JCP Management at December 31, 2017 was \$4,485.

8. 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.

9. CONTINGENCIES

During the year ended December 31, 2017, the district expended \$137,868, in federal loan funds from the Environmental Protection Agency passed through the Louisiana Department of Health. These expenses are subject to audit and adjustment by federal and state agencies; therefore, to the extent that the district has not complied with the rules and regulations governing the loan funds, refunds of any money received may be required. In the opinion of the district's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the loan funds; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

10. COMMITMENTS UNDER CONTRACTS

On October 31, 2017, the district awarded a construction contract in the amount of \$899,194 to Womack and Sons Construction Group, Inc., in connection with its 2014-2017 water system improvement project that is being financed with a loan from the Louisiana Department of Health, Drinking Water Revolving Loan Fund discussed in Note 5 above. The district also had a commitment under an engineering and consultant contract for \$210,200 in connection with its 2014-2017 water system improvement project. As of December 31, 2017, no costs have been incurred under the construction contract and the balance remaining under the engineering/consulting contract was \$96,730.

11. SUBSEQUENT EVENTS

Management of the district has evaluated subsequent events through May 2, 2018, the date which the financial statements were available to be issued.

See independent accountant's review report.

OTHER SUPPLEMENTAL INFORMATION SCHEDULES

See independent accountant's review report.

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

OTHER SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended December 31, 2017

**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 2017 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.

SCHEDULE OF PRIOR YEAR FINDINGS

The follow-up and corrective action taken on all prior year findings is presented in Schedule 2.

See independent accountant's review 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, 2017

BOARD COMPENSATION

Agency Head - Alphonse Coco - President	NONE
Paula Wilhite	NONE
Irby Gamble (January - June)	NONE
David McEachern (July - December)	NONE
Mike Rogers	NONE
Donna Ratcliff	<u>NONE</u>
Total	<u><u>NONE</u></u>

See independent accountant's review report.

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

SCHEDULE OF PRIOR YEAR FINDINGS
 For the Year Ended December 31, 2017

Finding Number	Fiscal Year Finding Initially Occurred	Description of Finding	Status of Finding
2016-1	2016	Disbursement Posted to Incorrect General Ledger Account	Resolved.

See independent accountant's review 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 Attestation Questionnaire*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

M. CARLEEN DUMAS
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369 Donaldson Road. Calhoun, Louisiana. 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 to 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 the District's compliance with certain laws and regulations during the year ended December 31, 2017 included in the accompanying *Louisiana Attestation Questionnaire*. Management of the District is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. 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 \$30,000, or public works exceeding \$152,550, and determine whether such purchases were made in accordance with R.S. 38:2211-2296 (the public bid law) or R.S. 39:1551-39:1775 (the state procurement code), whichever is applicable.

A review was made of all disbursements for the year. There were no disbursements for materials and supplies that exceeded \$30,000 nor any disbursements for public works exceeding \$152,550 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 R.S. 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.

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

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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, 2017.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon Procedure 3 were also included on the listing obtained from management in agreed-upon Procedure 2 as immediate family members.

The District had no employees during the year ended December 31, 2017.

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 agreed-upon 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 agreed-upon 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 proper 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:

- (a) The six selected disbursements were properly supported.

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- (b) The six selected disbursements were properly coded to the correct general ledger account.
- (c) The six selected disbursements received 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 R.S. 42:11 - 42:28 (the opening meetings law).

The public notices for meetings were posted as required by R.S. 42:11 - 42:28.

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 examined all deposits for the period under examination and noted \$139,718 in loan proceeds. The District obtained state bond commission approval before incurring the debt.

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, 2017.

Prior Comments and Recommendations

The prior year report, dated March 14, 2017, included one finding. That finding has been resolved by management. I was not engaged to perform, and did not perform, an audit, 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.

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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 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

/s Carleen Dumas
Calhoun, Louisiana
May 2, 2018

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, CPA
369 Donaldson Road
Calhoun, LA 71225

Mrs. Dumas,

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of December 31, 2017 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes No N/A

Code of Ethics for Public Officials and Public Employees

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 R.S. 42:1101-1124.

Yes No N/A

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 R.S. 42:1119.

Yes No N/A

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes No N/A

Accounting and Reporting

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

Yes No N/A

We have filed our annual financial statements in accordance with R.S. 24:514, and R.S. 33:463 where applicable.

Yes No N/A

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes No N/A

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No N/A

Meetings

We have complied with the provisions of the Opening Meetings Law, provided R.S. 42:11 through 42:28.

Yes No N/A

Debt

It is true that 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 R.S. 39:1410.60 - 1410.65.

Yes No N/A

Advances and Bonuses

It is true that we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes No N/A

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No N/A

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No N/A

We have evaluated our compliance with these laws and regulations prior to making these representations.

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.

Yes [X] No [] N/A []

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes [X] No [] N/A []

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants 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 your report.

Yes [X] No [] N/A []

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes [X] No [] N/A []

/s Alphonse Coco
Name

President
Title

4/16/18
Date