

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

Annual Financial Statements

As of and for the Year Ended
December 31, 2019

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

Annual Financial Statements

As of and for the Year Ended December 31, 2019

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M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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

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"), a component unit of Tensas Parish Police Jury, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. 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 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, and the standards applicable to review engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. 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.

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

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.

Other Matters

Supplementary Information

The accompanying schedule of compensation, benefits, and other payments to agency head and board of commissioners and the schedule of prior year findings are presented for the purpose 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.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.



Calhoun, Louisiana

April 16, 2020

BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
December 31, 2019

ASSETS

Current assets:

Cash	\$220,536
Investments	22,833
Accounts receivable	<u>14,594</u>
Total current assets	<u>257,963</u>

Noncurrent assets:

Restricted cash	106,381
Property, plant and equipment (net of accumulated depreciation)	<u>1,182,612</u>
Total noncurrent assets	<u>1,288,993</u>
Total assets	<u>1,546,956</u>

LIABILITIES

Current liabilities:

Accounts payable	9,958
Customer deposits	<u>15,585</u>
Total current liabilities	25,543

Liabilities payable from restricted assets:

Accrued interest payable	4,964
Current portion of loan payable	36,368

Noncurrent liabilities:

Long-term debt - loan payable	<u>774,154</u>
Total liabilities	<u>841,029</u>

NET POSITION

Net investment in capital assets	408,458
Restricted for debt service	65,049
Unrestricted	<u>232,420</u>
Total net position	<u>\$705,927</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, 2019

OPERATING REVENUES

Water sales	\$200,786
Penalties	\$1,679
Reconnect fees	1,750
Meter installation fees	2,500
Transfer fees	790
Total operating revenues	<u>207,505</u>

OPERATING EXPENSES

Management fee	40,262
Supplies	470
Bank fees	466
Utilities	4,043
Insurance	10,822
Accounting expense	7,850
Postage and delivery	2,121
Office supplies	451
Dues and subscriptions	864
Repairs and maintenance	23,832
Depreciation	6,489
Water purchases	59,954
Safe drinking water fee	4,720
Sales tax	360
Other operating expenses	347
Total operating expenses	<u>163,051</u>

OPERATING INCOME

44,454

NON-OPERATING REVENUES (Expenses)

Interest income	1,286
Interest expense	(20,240)
Loan administrative fees	(5,190)
Total non-operating revenues (expenses)	<u>(24,144)</u>

CHANGE IN NET POSITION

20,310

NET POSITION - BEGINNING

685,617

NET POSITION - ENDING

\$705,927

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, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$208,350
Customer meter deposits (net)	120
Payments to suppliers	<u>(157,870)</u>
Net cash provided by operating activities	<u>50,600</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on capital debt	(36,000)
Interest paid on capital debt	(16,289)
Loan administrative fees paid	(4,177)
Construction of capital assets	(2,588)
Decrease in restricted cash	<u>146,402</u>
Net cash used by capital and related financing activities	<u>87,348</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	1,286
Increase in restricted cash	(893)
Increase in investments	<u>(393)</u>
Net cash provided by investing activities	<u>NONE</u>

NET INCREASE IN CASH

137,948

CASH AT BEGINNING OF YEAR82,588**CASH AT END OF YEAR**\$220,536**Reconciliation of Operating Income to Net Cash****Provided by Operating Activities**

Operating Income	<u>\$44,454</u>
Adjustments:	
Depreciation	6,489
Decrease in accounts receivable	845
Decrease in accounts payable	(1,308)
Increase in customer meter deposits	<u>120</u>
Total adjustments	<u>6,146</u>
Net cash provided by operating activities	<u><u>\$50,600</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, 2019

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 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 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, 2019, 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.

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

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 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. In accordance with GASB Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, interest cost incurred before the end of the construction period is recognized as an expense in the period in which the cost is incurred and not capitalized as part of the historical cost of the capital asset. GASB 89 is effective for reporting periods beginning after December 15, 2019, but the District has elected to implement early as permitted by the statement.

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 and Administrative Loan Fees

The following provides disclosure on interest costs and administrative loan fees for the year ended December 31, 2019:

See independent accountant's review report.

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

Total interest cost expensed	\$20,240
Administrative loan fees	5,190
Total interest cost capitalized	<u>NONE</u>
Total interest costs and administrative loan fees	<u>\$25,430</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 revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2019, the District has cash and investments (book balances) as follows:

Non-interest bearing checking accounts	\$220,536
Interest bearing savings accounts	106,381
Investments - certificates of deposit	<u>22,833</u>
Total	<u>\$349,750</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, 2019, the Lake Bruin Waterworks District No. 1 has \$354,609 in deposits (collected bank balances). These deposits are fully secured from risk by federal deposit insurance.

3. ACCOUNTS RECEIVABLE

At December 31, 2019, the District has net receivables of \$14,594 as follows:

Water sales	\$14,594
Allowance for uncollectible accounts	<u>NONE</u>
Net receivables	<u>\$14,594</u>

See independent accountant's review report.

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

For the year ended December 31, 2019, the total amount billed for water services was \$202,024. The District had 413 active customers at December 31, 2019. Residential and commercial customers are billed \$29 for the first 2,000 gallons of water used plus \$6.50 per thousand gallons for all gallons thereafter. New customers are charged a \$500 meter installation fee. Homeowners must pay a \$35 non-refundable membership fee and renters must pay a \$60 non-refundable membership fee. Customers are also charged a \$35 transfer fee and a \$100 reconnect fee when service is disconnected for nonpayment.

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2019, is as follows:

	Balance at January 1, 2019	Increases	Decreases	Balance at December 31, 2019
Capital assets not being depreciated:				
Land	\$5,500	NONE	NONE	\$5,500
Construction in progress	1,099,191	\$925		1,100,116
Total capital assets not being depreciated	<u>1,104,691</u>	<u>925</u>	<u>NONE</u>	<u>1,105,616</u>
Capital assets being depreciated:				
Water system and improvements	162,224			162,224
Less accumulated depreciation for:				
Water system and improvements	<u>78,739</u>	<u>6,489</u>		<u>85,228</u>
Total assets being depreciated, net	<u>83,485</u>	<u>(6,489)</u>	<u>NONE</u>	<u>76,996</u>
Total	<u><u>\$1,188,176</u></u>	<u><u>(\$5,564)</u></u>	<u><u>NONE</u></u>	<u><u>\$1,182,612</u></u>

The amount recorded as construction in progress was engineering fees, construction costs, interest incurred during construction period prior to 2019, and engineering and other fees that were incurred during 2019 in connection with a major water system improvement project. Depreciation expense of \$6,489 for the year ended December 31, 2019 was reported in the statement of revenues, expenses, and changes in net position.

See independent accountant's review report.

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

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 \$960,000. The total amount of principal drawdowns as December 31, 2019 is \$1,090,653. The bonds bear interest at 1.95%, payable semi-annually on March 1 and September 1 of each year, which began on March 1, 2019. Lake Bruin Waterworks District No. 1, also pays 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 which began September 1, 2019. 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, 2019:

	Direct Borrowing - 2017 LDH DWRLF Loan
Balance at January 1, 2019	<u>\$846,522</u>
Additions	NONE
Reductions	<u>(36,000)</u>
Balance at December 31, 2019	<u><u>\$810,522</u></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, 2019:

Current portion	\$36,368
Long-term portion	<u>774,154</u>
Total	<u><u>\$810,522</u></u>

The estimated annual requirements to amortize the DWRLF principal drawdowns received to date are as follows:

Year	<u>Principal</u>	<u>Interest</u>	<u>Administrative Fee</u>	<u>Total</u>
2020	\$36,368	\$15,805	\$4,054	\$56,227

See independent accountant's review report.

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

Year	Principal	Interest	Administrative Fee	Total
2021	\$37,260	\$15,096	\$3,871	\$56,227
2022	38,171	14,369	3,687	56,227
2023	39,108	13,625	3,494	56,227
2024	40,065	12,862	3,300	56,227
2025 - 2029	215,536	52,204	13,395	281,135
2030 - 2034	243,276	30,133	7,726	281,135
2035 - 2037	160,738	6,319	1,620	168,677
Total	<u>\$810,522</u>	<u>\$160,413</u>	<u>\$41,147</u>	<u>\$1,012,082</u>

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, 2019	Balance at December 31, 2019
Construction Loan Fund - receiving and disbursing loan proceeds.	NONE	\$49,212
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.	19,339	28,304
Water Revenue Bond Reserve Fund - to provide funds to pay debt service on 2019 bonds that would otherwise be in default.	26,453	28,008
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>4,182</u>	<u>50,068</u>

See independent accountant's review report.

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

	Amount Required by Loan Agreement at December 31, 2019	Balance at December 31, 2019
Total	<u>\$49,974</u>	<u>\$155,592</u>

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 District. The monthly fee for providing basic operation and maintenance services is \$10 per meter per month. Other services are billed based on the fee schedule included in the agreement. During the year ended December 31, 2019, the district paid JCP Management a total of \$63,489 for services under the agreement. In addition, the water system paid Womack and Sons Construction Group a total of \$3,977 for repairs and maintenance. The president of JCP Management is also the president of Womack and Sons Construction Group. The amount due JCP Management at December 31, 2019 was \$4,969.

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. 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 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. During 2018 and 2019, two change orders were approved increasing the total amount of the construction contract to \$958,663. The District also had a commitment under an engineering and consultant contract for \$210,200 in connection with its water system improvement project. As of December 31, 2019, \$876,913 costs have been paid under the construction contract and the balance remaining under the engineering/consulting contract was \$21,842.

See independent accountant's review report.

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

10. SUBSEQUENT EVENTS

Management of the District has evaluated subsequent events through April 16, 2020, 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, 2019

**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 Louisiana Revised Statute 24:513 A (3) 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, 2019

BOARD COMPENSATION

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

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

SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2019

<u>Finding Number</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Status of Finding</u>
2018-001	2018	Inadequate Segregation of Accounting Duties	Unresolved - see 2019-001 in current year findings.
2018-002	2018	Inadequate Controls Over Collections and Accounts Receivable	Unresolved - see 2019-002.
2018-003	2018	Failure to Maintain Complete Customer Meter Deposit Records	Partially resolved - see 2019-003.
2018-004	2018	Receipts and Disbursements in Construction Account Not Posted to Proper General Ledger Accounts	Resolved.

See independent accountant's review report.

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

CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2019

2019-001. Inadequate Segregation of Accounting Duties

Criteria: Proper internal controls require that accounting duties be performed by separate individuals so that one individual could not perpetrate and conceal errors or irregularities without them being detected by another individual who was performing his or her assigned duties.

Condition: The accounting duties of billing, collecting, and posting customer payments to customers accounts are performed by one management company employee.

Cause: Small size of the District.

Effect: Errors or irregularities may not be detected within a timely period.

Recommendation: None

Management's Response

and Corrective Action Plan: It is not economically feasible to correct this deficiency based on the size of the District.

**2019-002. Inadequate Controls Over Collections and
Accounts Receivable**

Criteria: Proper internal controls, as well as the Louisiana Legislative Auditor's best practices guidance for local governments, require that collections be deposited in the bank on at least a weekly basis and that accounts receivable recorded in the general ledger be reconciled on a monthly basis to the detailed accounts receivable listing maintained in the billing software.

Condition: The following deficiencies in internal controls were noted:

1. Collections are not deposited in the bank on at least a weekly basis. During 2019, collections were deposited on average twice per month.

LAKE BRUIN WATERWORKS DISTRICT NO. 1
St. Joseph, Louisiana
Current Year Findings and Corrective Action Plan

2. The accounts receivable balance recorded in the general ledger is not reconciled on a monthly basis to the detailed accounts receivable listing maintained in the billing software.

Cause: The District's collection location is located remotely from the bank.

Effect: Undeposited funds are subject to being misplaced or stolen. Errors or irregularities in accounts receivable balances may not be detected within a timely period.

Recommendation: I recommend that collections be deposited on at least a weekly basis. The accounts receivable balance recorded in the general ledger should be reconciled on a monthly basis to the detailed accounts receivable listing maintained in the billing software. Any differences should be investigated and resolved.

Management's Response

and Corrective Action Plan: Bank deposits will be made as often as possible based on when management personnel are in the area.

2019-003. Failure to Maintain Accurate Customer Meter Deposit Records

Criteria: Proper internal controls, as well as the Louisiana Legislative Auditor's best practices guidance for local governments, require that subsidiary records be maintained for the customer meter deposit liability recorded in the general ledger and that the customer meter deposit liability recorded in the general ledger be reconciled on a monthly basis with the listing of customers' meter deposits maintained in the subsidiary records, i.e. the billing software.

Condition: The listing of customers' meter deposits maintained in the billing software at December 31, 2019, included approximately 14 customers that had incorrect amounts recorded as their deposit amount. In July 2019, the Board of Commissioners voted to discontinue collecting a refundable customer meter deposit but instead to collect a non-refundable membership fee. The fees collected from August 2019 through December 2019 were recorded in the meter deposits records

LAKE BRUIN WATERWORKS DISTRICT NO. 1
St. Joseph, Louisiana
Current Year Findings and Corrective Action Plan

maintained in the billing software as well as a liability in the general ledger. The listing of customers' meter deposits maintained in the billing software was not reconciled to the customer meter deposit liability recorded in the general ledger on a monthly basis.

Cause: Management of the District was unaware the Board of Commissioners voted to change the customer's meter deposit from a refundable customer meter deposit to a non-refundable membership fee.

Effect: Membership fees are incorrectly recorded as a liability in the general ledger. Errors in customer meter deposit records and the customer meter deposit liability recorded in the general ledger were not be detected and corrected within a timely period.

Recommendation: The customer accounts in the billing software should be reviewed and meter deposit amounts should be corrected for all active customers. A listing of customers' meter deposits maintained in the billing software should be printed each month and reconciled to the customer meter deposit liability reported in the general ledger and any differences should be investigated and resolved. The \$35 collected from new customers should be recorded as membership fees in the general ledger and not recorded as deposits in the listing of customer meter deposits maintained in the billing software.

**Management's Response
and Corrective Action Plan:**

Management of the District will make the necessary adjustments within the billing software and the general ledger in order to record these fees correctly.

**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

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**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 enumerated below, which were agreed to by Lake Bruin Waterworks District No. 1 and the Louisiana Legislative Auditor (the specified parties), on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended December 31, 2019, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The District's management is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, I make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for materials and supplies exceeding \$30,000, and public works exceeding \$157,700. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.), R.S. 39:1551-39:1775 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

A review was made of all expenditures for the year. There were no expenditures for materials and supplies that exceeded \$30,000 nor any expenditures for public works that exceeded \$157,700.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).

Management provided the requested information.

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3. Obtain a list of all employees paid during the fiscal year.

The District does not have any employees.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

The District does not have any employees.

5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

The sister of one of the board members is a partner in an accounting firm that was hired to assist the District in preparing written policies and procedures. The accounting firm was paid \$650 for this service.

Management's Response: This firm was chosen because its staff had expertise in this area as it relates to water districts and the Board of Commissioners was under time constraints to adopt the policies and procedures. The Board of Commissioners considered this a one-time transaction and there will be no more transactions with this firm in the future.

Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.

The District is not legally required to adopt a budget.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

See agreed-upon Procedure 6.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceed budgeted amounts by 5% or more.

See agreed-upon Procedure 6.

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Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation and:

- (a) Report whether the six disbursements agree to the amount and the payee in the supporting documentation.

Each of the six selected disbursements agreed with the amount and payee in the supporting documentation.

- (b) Report whether the six disbursements were coded to the correct fund and general ledger account.

Each of the six selected disbursements were coded to the correct fund and general ledger account.

- (c) Report whether the six disbursements were approved in accordance with management's policies and procedures.

Each of the six selected disbursements were approved in accordance with management's policies and procedures.

Meetings

10. Obtain evidence from management to support 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); and report whether there are any exceptions.

Management provided evidence that a notice of each meeting is posted at the District's meeting place as required by the open meetings law.

Debt

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

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I scanned all bank deposit slips for the fiscal year and noted no deposits which appeared to be proceeds from bank loans, bonds, or like indebtedness.

Advances and Bonuses

12. Obtain a list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

The District does not have any employees.

State Audit Law

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The district's report for the year ended December 31, 2018, was submitted prior to June 30, 2019.

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1.A (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

The district was in compliance with R.S. 24:513 for the year ended December 31, 2018.

Prior Year Comments

15. Obtain and report management's representation as to whether any prior year suggestions, exceptions, recommendations, and/or comments have been resolved.

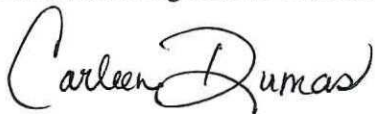
My prior year report, dated June 13, 2019, included four findings. Three of those findings have not been resolved by management.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the District's compliance with the foregoing matters. Accordingly, I do not express such an opinion or conclusion. Had I

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performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Calhoun, Louisiana
April 16, 2020

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*.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

_____ (Date Transmitted)

M. Carleen Dumas, CPA _____ (CPA Firm Name)

369 Donaldson Road _____ (CPA Firm Address)

Calhoun, LA 71225 _____ (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of _____ (date) December 31, 2019 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 and the State Purchasing Office.

Yes No

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 that would constitute a violation of R.S. 42:1101-1124.

Yes No

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 that would constitute a violation of R.S. 42:1119.

Yes No

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

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

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

Yes No

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

Yes No

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes No

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 []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.
Yes No []

Debt

It is true 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 []

Advances and Bonuses

It is true 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 []

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 []

We have evaluated our compliance with these laws and regulations prior to making these representations.
Yes No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.
Yes No []

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.
Yes No []

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 No []

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 No []

The previous responses have been made to the best of our belief and knowledge.

Secretary _____ Date

Treasurer _____ Date

Alma Ber

President 02/26/2020 Date