

5013

RECEIVED
JUN 11 1998

**OFFICIAL
FILE COPY**

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 3
BEAUREGARD PARISH POLICE JURY
DERIDDER, LOUISIANA

General Purpose Financial Statements
As of and for the Year Ended December 31, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for 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 JUN 17 1998

TABLE OF CONTENTS

	STATEMENT	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT		1-2
BALANCE SHEET	A	3
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN RETAINED EARNINGS	B	4
STATEMENT OF CASH FLOWS	C	5
NOTES TO FINANCIAL STATEMENTS		6-12
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS		13-14

John A. Windham, CPA

A Professional Corporation

1620 North Pine St.
DeRidder, LA 70634
Tel. (318) 462-3211
Fax. (318) 462-0640

John A. Windham, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Beauregard Parish Waterworks
District No. 3
Ragley, Louisiana

I have audited the accompanying general purpose financial statements of Beauregard Parish Waterworks District No. 3, a component unit of the Beauregard Parish Police Jury, DeRidder, Louisiana, as of and for the year ended December 31, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of Beauregard Parish Waterworks District No. 3 management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Beauregard Parish Waterworks District No. 3, as of December 31, 1997 and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

Board of Commissioners
Beauregard Parish Waterworks
District No. 3
Ragley, Louisiana

In accordance with GOVERNMENT AUDITING STANDARDS, I have also issued my report dated May 22, 1998 on my consideration of the Beauregard Parish Waterworks District No. 3's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grants.

John A. Windham, CPA
DeRidder, Louisiana
May 22, 1998

Statement A

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 3
 BEAUREGARD PARISH POLICE JURY
 DERIDDER, LOUISIANA
 PROPRIETARY FUND - ENTERPRISE FUND
 (All Fund Types and Account Groups)

BALANCE SHEET
 December 31, 1997

ASSETS

Cash	\$ 195,647
Accounts receivable	25,779
Property, plant and equipment - net	<u>3,532,047</u>
Total assets	<u>\$ 3,753,473</u>

LIABILITIES AND FUND EQUITY

Liabilities:	
Accounts payable	<u>\$ 66,087</u>
Fund equity:	
Retained earnings	
Unreserved	<u>\$ 3,687,386</u>
Total liabilities and fund equity	<u>\$ 3,753,473</u>

The accompanying notes are an integral part of this statement.

Statement B

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 3
 BEAUREGARD PARISH POLICE JURY
 DERIDDER, LOUISIANA
 PROPRIETARY FUND - ENTERPRISE FUND

STATEMENT OF REVENUE, EXPENSES
 AND CHANGES IN RETAINED EARNINGS
 For the Year ended December 31, 1997

Operating revenues:	
Water sales	\$ 276,317
Membership and installation fees	31,950
Total operating revenues	<u>\$ 308,267</u>
Operating expenses:	
Repairs and maintenance	\$ 49,344
Depreciation	98,742
Meter reading fees	14,639
Commissioner fees	2,900
Secretary-Treasurer fees	3,600
Advertising	
Office overhead expense	52,042
Legal and accounting	6,320
Utilities	11,392
Miscellaneous	56
Total operating expenses	<u>\$ 239,035</u>
Operating income	<u>\$ 69,232</u>
Non-operating revenues:	
Interest income	<u>\$ 10,010</u>
Net income	\$ 79,242
Retained earnings - beginning of year	<u>3,608,144</u>
Retained earnings - end of year	<u>\$ 3,687,386</u>

The accompanying notes are an integral part of this statement.

Statement C

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 3
 BEAUREGARD PARISH POLICE JURY
 DERIDDER, LOUISIANA
 PROPRIETARY FUND - ENTERPRISE FUND

STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 1997

Cash flows from operating activities:	
Cash received from customers	\$ 306,629
Cash payments for goods and services	<u>(86,144)</u>
Net cash provided by operating activities	<u>\$ 220,485</u>
Cash flows from capital and related financing activities:	
Capital construction	<u>\$ (686,646)</u>
Net cash (used) for capital and related financing activities	<u>\$ (686,646)</u>
Cash flows from investing activities:	
Interest received	<u>\$ 10,010</u>
Net increase in cash	\$ (456,151)
Cash and cash equivalents, beginning of year	<u>651,798</u>
Cash and cash equivalents, end of year	<u>\$ 195,647</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 69,232
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	98,742
Change in assets and liabilities:	
Increase in receivables	(1,638)
Increase in accounts payable	<u>54,149</u>
Net cash provided by operating activities	<u>\$ 220,485</u>

The accompanying notes are an integral part of this statement.

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 3
BEAUREGARD PARISH POLICE JURY
DERIDDER, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 1997

INTRODUCTION

The Beauregard Parish Waterworks District #3 was created by the Beauregard Parish Police Jury under Louisiana Revised Statute 33:3811. The purpose of the water district is to provide water service to rural residents of the district. The governing body is composed of five compensated board members appointed by the Beauregard Parish Police Jury.

The district is located in central Beauregard Parish in the southwestern region of the State of Louisiana. The district provides rural water service to approximately 1,500 residents and employs approximately two employees.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the Beauregard Parish Waterworks District No. 3 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

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

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Beauregard Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 3
BEAUREGARD PARISH POLICE JURY
DERIDDER, LOUISIANA

Notes to the Financial Statements

the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

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

C. FUND ACCOUNTING

The Beauregard Parish Waterworks District No. 3 is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 3
BEAUREGARD PARISH POLICE JURY
DERIDDER, LOUISIANA

Notes to the Financial Statements

recovered primarily through user charges.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund is included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. The Enterprise Fund uses the following practices in recording certain revenues and expenses:

REVENUES

FEES

Fees for water provided to customers are based on consumption and are billed monthly. Amounts billed but not collected are reflected in accounts receivable.

EXPENSES

Expenses are recorded at the date services or products are received. Unpaid amounts are recorded in accounts payable.

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest bearing demand deposits, money market accounts and time deposits. Cash equivalents include investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the district may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 3
BEAUREGARD PARISH POLICE JURY
DERIDDER, LOUISIANA

Notes to the Financial Statements

days or less, they are classified as cash equivalents..

F. FIXED ASSETS

Fixed assets of the district are included on the balance sheet of the fund. Interest costs incurred during construction are not capitalized. Depreciation of all exhaustible fixed assets are charged as an expense against operations. Fixed assets reported on the balance sheet are net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of 20 to 40 years for the distribution system and 5 to 10 years for pumps and office equipment.

G. ANNUAL LEAVE

The district has the following policy relating to annual leave at December 31, 1997. Two weeks annual leave for salaried employees based upon the number of days worked per week.

H. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the Enterprise Fund. At December 31, 1997 the district had no long-term liabilities.

(2) CASH AND CASH EQUIVALENTS

At December 31, 1997, the district has cash and cash equivalents totaling \$195,647, as follows:

Interest bearing demand deposits	<u>\$ 195,647</u>
----------------------------------	-------------------

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balance) 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, 1997, the district has \$207,424 in deposits (collected bank balances).

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 3
BEAUREGARD PARISH POLICE JURY
DERIDDER, LOUISIANA

Notes to the Financial Statements

These deposits are secured from risk by \$100,000 of federal deposit insurance and \$107,424 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 has failed to pay deposited funds upon demand.

(3) RECEIVABLES

The following is a summary of receivables at December 31, 1997:

<u>Class of Receivable</u>	<u>Current Assets</u>
Customer accounts	\$ <u>25,779</u>

Uncollectible amounts due for customer's utility receivables are recognized as bad debts through the direct write-off method at the time information becomes available which would indicate the uncollectibility of a particular receivable.

The allowance method for uncollectible accounts is not used due to immateriality based on prior years experience.

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 3
 BEAUREGARD PARISH POLICE JURY
 DERIDDER, LOUISIANA

Notes to the Financial Statements

(4) FIXED ASSETS

A summary of plant and equipment at December 31, 1997 is as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land	\$ 9,605	\$ ---	\$ 9,605
Plant and distribution system	4,450,295	942,845	3,507,450
Furniture and fixtures	33,455	28,082	5,373
Pumps and compressors	<u>26,878</u>	<u>17,259</u>	<u>9,619</u>
Totals	<u>\$4,520,233</u>	<u>\$ 988,186</u>	<u>\$3,532,047</u>

All depreciable assets are depreciated using the straight-line method of depreciation.

The plant and distribution system uses a 20 to 40 year life; the furniture and fixtures, including data processing equipment, uses a 10 year life for furniture and a 5 year life for data processing equipment; pumps and compressors are depreciated over 10 years.

(5) COMPENSATION PAID BOARD MEMBERS

The following is a breakdown of commissioner fees paid as of the year ended December 31, 1997:

<u>Names</u>	<u>Number of Meetings</u>	<u>Amount of Per Diem</u>	<u>Total Paid</u>
W. H. Habetz	12	50	\$ 600
Blane Perry	12	50	600
Murphy Hollingsworth	12	50	600
Robert Welborn	12	50	600
Richard Magnuson	7	50	350
John M. Williams	3	50	150
Total			<u>\$2,900</u>

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 3
BEAUREGARD PARISH POLICE JURY
DERIDDER, LOUISIANA

Notes to the Financial Statements

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature and within the provisions of R.S. 33:3819.

(6) RETIREMENT BENEFITS

All employees of the District are members of the Federal Social Security System. The district contributes 7.65% of gross salaries up to the appropriate statutory limits to that system. The Federal Social Security System administers the plan and pays benefits.

(7) OFFICE OVERHEAD EXPENSES

The Beauregard Parish Waterworks District No. 3 reimburses the South Beauregard Water System, Inc. for its use of personnel and general office expenses. The breakdown of these expenses for 1997 are as described below:

Salaries	\$34,981
Payroll Taxes	2,841
Insurance	5,297
Telephone	424
Office Expense	6,867
Rent	<u>1,632</u>
Total	<u>\$52,042</u>

John A. Windham, CPA

A Professional Corporation

1620 North Pine St.
DeRidder, LA 70634
Tel. (318) 462-3211
Fax. (318) 462-0640

John A. Windham, CPA

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Beauregard Parish Waterworks
District No. 3
Ragley, Louisiana

I have audited the financial statements of the Beauregard Parish Waterworks District No. 3, a component unit of the Beauregard Parish Police Jury, DeRidder, Louisiana, as of and for the year ended December 31, 1997, and have issued my report thereon dated May 22, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Beauregard Parish Waterworks District No. 3's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under GOVERNMENT AUDITING STANDARDS.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Beauregard Parish Waterworks District No. 3's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal

Board of Commissioners
Beauregard Parish Waterworks
District No. 3
Ragley, Louisiana

control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the Beauregard Parish Waterworks District No. 3's management and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

John A. Windham, CPA
DeRidder, Louisiana
May 22, 1998