

DELAUROGARD PARISH WATERWORKS
DISTRICT NO. 3
DELAUROGARD PARISH POLICE JURY
DELRIDDER, LOUISIANA

General Purpose Financial Statements
As of and for the Year Ended December 31, 2003

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

Release Date 7-28-04

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John A. Windham, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Beauregard Parish Waterworks
District No. 3
Rayley, 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, De Ridder, Louisiana, as of and for the year ended December 31, 2003, 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 auditing standards generally accepted in the United States of America 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, 2003 and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated May 11, 2004 on my consideration of the Bouttegard 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.



DeBossier, Louisiana
May 11, 2004

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

BALANCE SHEET

December 31, 2009

ASSETS

Cash	\$ 980,217
Accounts receivable	14,213
Property, plant and equipment - net	<u>3,661,562</u>
 Total assets	 <u>\$ 4,275,944</u>

LIABILITIES AND FUND EQUITY

Liabilities:

Accounts payable	<u>\$ 14,435</u>
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Fund Equity:

Retained earnings unreserved	<u>\$ 4,261,518</u>
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 Total liabilities and fund equity	 <u>\$ 4,275,944</u>
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The accompanying notes are an integral part of this statement.

DELAUREGARD PARISH WATERWORKS DISTRICT NO. 3
DELAUREGARD PARISH POLICE JURY
DELRIDDER, LOUISIANA
PROPRIETARY FUND - ENTERPRISE FUND

STATEMENT OF REVENUE, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
For the Year Ending December 31, 2000

Operating revenues:	
Water sales	\$ 416,307
Membership and installation fees	36,790
Total operating revenues	<u>\$ 453,097</u>
Operating expenses:	
Salaries and related benefits	\$ 48,543
Repairs and maintenance	80,984
Insurance	1,872
Rent	1,728
Telephone	774
Depreciation	132,218
Meter reading fees	24,604
Commissioner fees	1,728
Secretary-Treasurer fees	1,600
Office expense	9,893
State assessment fee	3,819
Legal and accounting	7,804
Utilities	21,568
Total operating expenses	<u>\$ 347,120</u>
Operating income	<u>\$ 105,977</u>
Non-operating revenues:	
Interest income	\$ 4,343
GR Revenues	\$
Total non-operating revenues	<u>\$ 4,343</u>
Net income	\$ 110,320
Retained earnings - beginning of year	<u>4,151,651</u>
Retained earnings - end of year	<u>\$ 4,261,971</u>

The accompanying notes are an integral part of this statement.

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

STATEMENT OF CASH FLOWS
 For the Year Ending December 31, 2000

Cash flows from operating activities:	
Cash received from customers	\$ 450,971
Cash payments for goods and services	(160,601)
Cash payments for personal services	<u>(49,347)</u>
Net cash provided by operating activities	<u>\$ 240,823</u>
Cash flows from capital and related financing activities:	
Capital construction	<u>\$ (102,790)</u>
Net cash (used) for capital and related financing activities	<u>\$ (102,790)</u>
Cash flows from investing activities:	
Interest received	<u>\$ 4,312</u>
Net cash provided from investing activities	<u>\$ 4,312</u>
Net increase in cash	142,411
Cash and cash equivalents, beginning of year	<u>417,816</u>
Cash and cash equivalents, end of year	<u>\$ 560,227</u>
Reconciliation of operating income to	
net cash provided by operating activities:	
Operating income	\$ 105,906
Adjustments to reconcile operating income to	
net cash provided by operating activities:	
Depreciation	132,219
Change in assets and liabilities:	
Increase in receivables	(2,883)
Increase in accounts payable	<u>4,764</u>
Net cash provided by operating activities	<u>\$ 240,823</u>

The accompanying notes are an integral part of this statement.

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

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ending December 31, 2003

INTRODUCTION

The Beauregard Parish Waterworks District No. 3 was created by the Beauregard Parish Police Jury under Louisiana Revised Statute 33:2601. 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 1,200 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 the 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 the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Because the police jury appoints the 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 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 are 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:

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 2
BEAUREGARD PARISH POLICE JURY
DE RIDDER, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

REVENUES

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 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 as December 31, 2003: Two weeks annual leave for selected employees based upon the number of days worked per week. Unused annual leave cannot be carried over.

BOULEGARD PARISH WATERWORKS DISTRICT NO. 3
BOULEGARD PARISH POLICE JURY
BOULEGARD, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

H. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the Enterprise Fund. At December 31, 2003 the district had no long-term liabilities.

I. FASB PRONOUNCEMENTS

Boulevard Parish Waterworks District No. 3 has applied all applicable GASB (Government Accounting Standards Board) pronouncements as well as FASB (Financial Accounting Standards Board) statements and interpretations, APB (Accounting Principles Board) opinions and (ARB'S) Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. Also, applied are all FASB statements and interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

(2) CASH AND CASH EQUIVALENTS

At December 31, 2003, the district has cash and cash equivalents totaling \$ 390,227 as follows:

Interest bearing demand deposits	\$ 390,227
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The deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2003 the district has \$ 383,235 in deposits (collected bank balances).

These deposits are secured from risk by \$ 100,000 of federal deposit insurance and \$ 483,235 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 38:1229 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. State statutes relating to cash and cash equivalents are located at Note 1E, "Cash and Cash Equivalents."

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(3) RECEIVABLES

The following is a summary of receivables at December 31, 2003:

Class of Receivable	Current Assets
Customer accounts	\$ 24,252

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.

(4) FIXED ASSETS

A summary of plant and equipment at December 31, 2003 is as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land	\$ 9,685	\$ -	\$ 9,685
Plant and distribution system	5,426,713	1,673,861	3,752,852
Furniture and fixtures	28,832	28,758	84
Pumps and compressors	<u>12,538</u>	<u>11,242</u>	<u>1,296</u>
Totals	<u>\$ 5,177,728</u>	<u>\$ 1,713,861</u>	<u>\$ 3,463,867</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.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(5) COMPENSATION PAID BOARD MEMBERS

The following is a breakdown of commissioner fees paid as of the year ended December 31, 2000:

<u>Names</u>	<u>Number of Meetings</u>	<u>Amount of Per Diem</u>	<u>Total Paid</u>
W. H. Habets	12	68	\$ 720
Julian Campbell	12	68	720
Robert Williams	12	68	720
John M. Williams	12	68	720
Jimmy Barrett	12	68	720
Total			\$3,600

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 provision of R.S. 33:1819.

(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.

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 3
BEAUREGARD PARISH POLICE JURY
DE RIDDER, LOUISIANA

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ending December 31, 2011

Prior Audit Findings

Waterworks District No. 3 of the Parish of Beaurgard, DeRidder, Louisiana had no prior year audit findings.

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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
Boutergard Parish Waterworks District No. 3
Rayley, Louisiana

I have audited the general purpose financial statements of the Boutergard Parish Waterworks District No. 3, a component unit of the Boutergard Parish Police Jury, Iberville, Louisiana, as of and for the year ended December 31, 2003, and have issued my report thereon dated May 11, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America 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 Boutergard 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 Boutergard 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

Board of Commissioners
Bouttegard Parish Waterworks
District No. 3
Bayou, Louisiana

one or more of the internal 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 solely for the information and use of the Bouttegard Parish Waterworks District No. 3's management, others within the organization, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties, although under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

John B. Whittle, CPA

Dallinger, Louisiana
May 11, 2004