

WATERWORKS DISTRICT NO. 5  
OF THE PARISH OF BEAUREGARD  
BEAUREGARD PARISH POLICE JURY  
STATE OF LOUISIANA

ANNUAL FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Waterworks District No. 5  
of the Parish of Beauregard  
State of Louisiana

### **Report on the Audit of the Financial Statements**

#### *Opinions*

We have audited the accompanying financial statements of the business-type activities and the major fund of the Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana, a component of the Beauregard Parish Police Jury, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of the Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana, as of December 31, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor’s Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary 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. Our opinion on the basic financial statements is not affected by this missing information.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana’s basic financial statements. The accompanying schedule of per diem paid to board members and schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally

accepted in the United States of America. In our opinion, the schedule of per diem paid to board members and schedule of compensation, benefits and other payments to agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2023, on our consideration of the Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana’s internal control over financial reporting and compliance.



DeRidder, Louisiana  
July 11, 2023

## BASIC FINANCIAL STATEMENTS

Statement of Net Position  
For the Year Ending December 31, 2022

	Business-type Activities - Enterprise Fund <u>Water and Sewer</u>
Assets	
Cash and cash equivalents	\$ 124,831
Receivables:	
Accounts	3,432
Ad valorem taxes - maintenance	71,138
Intergovernmental:	
Local grant	12,180
Restricted assets	
Cash and cash equivalents	175,700
Capital assets not being depreciated	750
Capital assets being depreciated - net	<u>1,768,668</u>
 Total assets	 <u><u>\$ 2,156,699</u></u>
Liabilities	
Accounts payable	\$ 12,307
Payroll taxes payable	609
Pension payable - ad valorem tax - maintenance	2,607
Liabilities payable from restricted assets	
Accrued interest payable	719
Long term liabilities:	
Due within one year	11,295
Due in more than one year	519,062
Customer deposits	<u>16,288</u>
 Total liabilities	 <u><u>\$ 562,887</u></u>
Net Position	
Net investment in capital assets	\$ 1,239,061
Restricted for:	
Debt service	163,686
Unrestricted	<u>191,065</u>
 Total net position	 <u><u>\$ 1,593,812</u></u>
 Total liabilities and net position	 <u><u>\$ 2,156,699</u></u>

The accompanying notes are an integral part of this statement.

Waterworks District No. 5 of the Parish of Beauregard  
State of Louisiana

Statement B

Statement of Activities  
For the Year Ending December 31, 2022

Program Activities	Expenses	Charges for Services	Program Revenues Capital Grants and Contributions	Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position Business-type Activities
Business-type activities:					
Water system	\$ 195,205	\$ 80,025	\$ 12,180	\$ 100,000	\$ (3,000)
General revenues:					
Investment earnings					\$ 1,232
Ad valorem tax receipts					70,616
Total general revenues					\$ 71,848
Change in net position					\$ 68,848
Net position at beginning of year					1,524,964
Net position at end of year					\$ 1,593,812

The accompanying notes are an integral part of the statement.



Waterworks District No. 5 of the Parish of Beauregard  
State of Louisiana

Statement C

Statement of Net Position  
Proprietary Fund  
For the Year Ending December 31, 2022

	Business-type Activities - Enterprise Fund Water and Sewer
Assets	
Current assets	
Cash and cash equivalents	\$ 124,831
Receivables:	
Accounts	3,432
Ad valorem taxes - maintenance	71,138
Intergovernmental:	
Local grant	12,180
Total current assets	\$ 211,581
Restricted assets	
Cash and cash equivalents	\$ 175,700
Noncurrent assets	
Capital assets not being depreciated	\$ 750
Capital assets being depreciated - net	1,768,668
Total noncurrent assets	\$ 1,769,418
Total assets	\$ 2,156,699
Liabilities	
Current liabilities	
Accounts payable	\$ 12,307
Payroll taxes payable	609
Pension payable - ad valorem tax - maintenance	2,607
Total current liabilities	\$ 15,523
Liabilities payable from restricted assets	
Accrued interest payable	\$ 719
Current portion of revenue bonds	11,295
Total liabilities payable from restricted assets	\$ 12,014
Noncurrent liabilities	
Customer deposits	\$ 16,288
Revenue bonds - due in more than one year	519,062
Total noncurrent liabilities	\$ 535,350
Total liabilities	\$ 562,887
Net Position	
Net investment in capital assets	\$ 1,239,061
Restricted for:	
Debt service	163,686
Unrestricted	191,065
Total net position	\$ 1,593,812
Total liabilities and net position	\$ 2,156,699

The accompanying notes are an integral part of this statement.

Waterworks District No. 5 of the Parish of Beauregard  
State of Louisiana

Statement D

Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Fund  
For the Year Ending December 31, 2022

	<u>Business-type Activities - Enterprise Fund</u> <u>Water and Sewer</u>
Operating revenues	
Charges for services	\$ <u>80,025</u>
Operating expenses	
Personal services and related benefits	\$ 42,315
Travel	4,083
Supplies	16,248
Contractual services	56,549
Depreciation	57,880
Total operating expenses	<u>\$ 177,075</u>
Income (loss) from operations	<u>\$ (97,050)</u>
Nonoperating revenues (expenses)	
Investment income	\$ 1,232
Interest expense	(15,523)
Ad valorem taxes	70,616
Ad valorem taxes - pension expense	(2,607)
Total nonoperating revenue (expenses)	<u>\$ 53,718</u>
Income (loss) before contributions	\$ (43,332)
Capital contributions	<u>112,180</u>
Change in net position	\$ 68,848
Net position at beginning of year	<u>\$ 1,524,964</u>
Net position at end of year	<u><u>\$ 1,593,812</u></u>

The accompanying notes are an integral part of this statement.

Statement of Cash Flows  
Proprietary Fund  
For the Year Ending December 31, 2022

	Business-type Activities - Enterprise Fund
	Water and Sewer
Cash flows from operating activities:	
Cash received from customers	\$ 81,875
Cash payments to suppliers for goods and services	(73,183)
Cash payments to employees for services	(42,281)
Net cash used by operating activities	\$ (33,589)
Cash flows from capital and related financing activities:	
Acquisition of fixed assets	\$ (33,001)
Principal paid on debt	(10,179)
Interest paid on long term debt	(15,537)
Net cash used for capital and related financing activities	\$ (58,717)
Cash flows from non-capital and related financing activities:	
Ad valorem tax collections	\$ 68,923
Pension paid on ad valorem taxes	(2,384)
Contributed capital received	100,000
Net cash provided by non-capital and related financing activities	\$ 166,539
Cash flow from investing activities:	
Investment income	\$ 1,232
Net increase (decrease) in cash and cash investments	\$ 75,465
Cash and cash equivalents, beginning	225,066
Cash and cash equivalents, ending	\$ 300,531

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Cash Flows  
Proprietary Fund  
For the Year Ending December 31, 2022

	<u>Business-type Activities - Enterprise Funds</u>
	<u>Water and Sewer</u>
Reconciliation of loss from operations to net cash used by operating activities:	
Loss from operations	<u>\$ (97,050)</u>
Adjustments to reconcile loss from operations to net cash used by operating activities:	
Depreciation	\$ 57,880
Change in assets and liabilities:	
Decrease in accounts receivable	1,180
Increase in accounts payable	3,697
Increase in customer deposits payable	670
Increase in payroll taxes payable	34
Net cash used by operating activities	<u>\$ (33,589)</u>
	(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Waterworks District No. 5 of the Parish of Beauregard  
State of Louisiana

Notes to the Financial Statements  
As of and for the Year Ending December 31, 2022

## INTRODUCTION

Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana 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 west central Beauregard Parish in the southwestern region of the State of Louisiana. The District provides rural water service to approximately 230 residents and employs approximately 2 employees.

The accounting and reporting policies of Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana is considered a component unit of the Beauregard Parish Police Jury. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana. Business-type activities, which rely to a significant extent on fees and charges for support are the only activities reported in the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

#### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana reports the following proprietary fund:

The Proprietary Fund accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Waterworks District No. 5 of the Parish of Beauregard  
State of Louisiana

Notes to the Financial Statements (Continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Charges for services of providing water services to residents comprise the operating revenue of the District's enterprise fund. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

**C. Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana's investment policy allow the entity to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

**D. Receivables and Payables**

A customer deposit fee is collected at the time a customer's account is established. Due to the policy of the District concerning delinquent accounts, this fee covers the majority of the delinquent accounts, and any allowance account would be immaterial, therefore one has not been established.

**E. Restricted Assets**

Certain proceeds of the Enterprise Fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

**F. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the business-type activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,000 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 assets' lives are not capitalized.

All capital assets, other than land and work in progress, are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
Distribution system	40-50 years
Buildings and building improvements	40-50 years
Furniture and fixtures	5-15 years
Equipment	3-15 years

Waterworks District No. 5 of the Parish of Beauregard  
State of Louisiana

Notes to the Financial Statements (Continued)

**G. Compensated Absences**

The District has the following policy relating to annual leave:

The District has no formal leave policy and does not provide for the accumulation and vesting of unused leave.

**H. Long Term Obligations**

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

**I. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the District, which are either unusual in nature or infrequent in occurrence.

**J. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**K. Restricted Net Position**

For government-wide statements of net position, net position is reported as restricted when constraints placed on net position are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. imposed by law through constitutional provisions or enabling legislation.

**L. Receivables and Payables**

The District levies taxes on real and business personal property located within the boundaries of the District. Property taxes are levied by the District on property values assessed by the Beauregard Parish Tax Assessor and approved by the State of Louisiana Tax Commission. The Beauregard Parish Sheriff and Ex-Officio Tax Collector bills and collects property taxes for the District. Collections are remitted to the District monthly. The District recognizes property tax revenues when levied.

<u>Property Tax Calendar</u>	
Assessment date	January 1, 2022
Levy date	June 30, 2022
Tax bills mailed	October 15, 2022
Total taxes are due	December 31, 2022
Penalties & interest due	January 31, 2023
Lien date	January 31, 2023
Tax sale	May 15, 2023



Waterworks District No. 5 of the Parish of Beauregard  
State of Louisiana

Notes to the Financial Statements (Continued)

Property tax receivables are shown net of an allowance for uncollectibles. Property taxes are collected and remitted by the local sheriff, if taxes are not paid, a sheriff's sale is held and the property is sold to satisfy the taxes due on that property. Due to this, the majority, if not all property taxes are collected, therefore no allowance account for uncollectibles has been established.

For the year ended December 31, 2022, taxes of 20.26 mills were levied on property with an assessed valuations totaling \$3,759,670 were dedicated as follows:

	Authorized Millage	Levied Millage	Expiration Date
Taxes due for:			Renewed
General Maintenance	20.26	20.26	Annually

The following are principal taxpayers and related property tax revenue for the District:

Taxpayer	Type of Business	Assessed Valuation	% of Total Assessed Valuation	Ad Valorem Tax Revenue for District
Rice Land Lumber Company	Wood products	\$ 280,979	7.47%	\$ 5,693
Mockingbird Development	Land development	206,623	5.50%	4,186
Cleco Power LLC	Utility company	300,870	8.00%	6,096
Marquee Corporation	Oil & Gas	540,233	14.37%	10,945
Beauregard Electric Co-op	Utility company	438,244	11.66%	8,879
Enerfin Field Services	Oil & Gas	397,717	10.58%	8,058
Caskids Operating Co.	Oil & Gas	254,393	6.77%	5,154
Total		\$ 2,419,059	64.35%	\$ 49,011

**2. CASH AND CASH EQUIVALENTS**

At December 31, 2022, the District has cash (book balances) totaling \$300,531 as follows:

NOW accounts	\$	300,431
Petty cash		100
Total	\$	300,531

The cash and cash equivalents of the Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana are subject to the following risk:

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, the 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 or exceed 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. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

At December 31, 2022, the District has \$305,555 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$55,555 of pledged securities held by an unaffiliated bank of the pledgor bank. These deposited pledged securities are deemed by law to be under the control and possession and in the name of the district and are therefore properly collateralized.

Waterworks District No. 5 of the Parish of Beauregard  
State of Louisiana

Notes to the Financial Statements (Continued)

**3. RECEIVABLES**

The receivables of \$86,750 at December 31, 2022, are as follows:

Class of receivable	Proprietary Fund
Customer accounts	\$ 3,432
Ad valorem taxes - maintenance	71,138
Local grant	12,180
Total	\$ 86,750

**4. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2022, for the primary government is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 750	\$ -	\$ -	\$ 750
Capital assets being depreciated				
Buildings and wells	\$ 199,729	\$ -	\$ -	\$ 199,729
Improvements	2,181,851	29,807	-	2,211,658
Machinery and equipment	137,209	3,194	-	140,403
Total capital assets being depreciated	\$ 2,518,789	\$ 33,001	\$ -	\$ 2,551,790
Less accumulated depreciation for:				
Buildings and wells	\$ 194,102	\$ 566	\$ -	\$ 194,668
Improvements	406,973	55,139	-	462,112
Machinery and equipment	124,167	2,175	-	126,342
Total accumulated depreciation	\$ 725,242	\$ 57,880	\$ -	\$ 783,122
Total business-type assets being depreciated, net	\$ 1,793,547	\$ (24,879)	\$ -	\$ 1,768,668

**5. ACCOUNTS AND OTHER PAYABLES**

The payables of \$32,530 at December 31, 2022, are as follows:

	Proprietary Fund
Accounts	\$ 12,307
Payroll taxes	609
Pension - ad valorem tax	2,607
Accrued interest	719
Customer deposits	16,288
Total	\$ 32,530

Waterworks District No. 5 of the Parish of Beauregard  
State of Louisiana

Notes to the Financial Statements (Continued)

**6. RETIREMENT SYSTEMS**

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. The Federal Social Security System administers the plan and pays benefits.

**7. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term debt transactions of the District for the year ended December 31, 2022:

	Water Revenue Bonds
Bonds payable, January 1, 2022	\$ 540,536
Bond proceeds and other additions	-
Bonds retired	(10,179)
Bonds payable, December 31, 2022	\$ 530,357

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of December 31, 2022:

	Water Revenue Bonds
Current portion	\$ 11,295
Long-term portion	519,062
Total	\$ 530,357

Bonds and note payable at December 31, 2022 are comprised of the following individual issues:

Water Revenue Bonds:

\$614,000 Water Revenue Bonds, Series 2013, dated June 13, 2013, due in monthly installments of \$2,143 beginning July 13, 2014 through May 13, 2053; interest at 2.75%.

\$530,357

The annual requirements to amortize all debt outstanding as of December 31, 2022, including interest payments of \$254,303 is as follows:

Year Ending	Water Revenue Bonds		Total
	Principal	Interest	
2023	\$ 11,295	\$ 14,421	\$ 25,716
2024	11,555	14,161	25,716
2025	11,878	13,838	25,716
2026	12,210	13,506	25,716
2027	12,551	13,165	25,716
2028 - 2032	68,211	60,369	128,580
2033 - 2037	78,284	50,296	128,580
2038 - 2042	89,845	38,735	128,580
2043 - 2047	103,112	25,468	128,580
2048 - 2052	118,339	10,241	128,580
2053	13,077	103	13,180
Totals	\$ 530,357	\$ 254,303	\$ 784,660

Waterworks District No. 5 of the Parish of Beauregard  
State of Louisiana

Notes to the Financial Statements (Concluded)

In accordance with R.S. 39:562, the District is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At December 31, 2022, the statutory limit is \$1,315,885 and outstanding bonded debt totals \$530,357.

**8. RESTRICTED NET POSITION**

RESTRICTED ASSETS	
Water Revenue Bond Sinking Fund	\$ 1,516
Depreciation Fund	128,653
Bond Reserve Fund	32,176
Contingency Reserve Fund	13,355
Total	<u>\$ 175,700</u>
Less:	
LIABILITIES PAYABLE FROM RESTRICTED ASSETS	
Current portion of Water Revenue Bonds	\$ 11,295
Accrued interest	719
Total	<u>\$ 12,014</u>
Restricted net position	<u>\$ 163,686</u>

OTHER SUPPLEMENTAL INFORMATION

Waterworks District No. 5 of the Parish of Beauregard  
State of Louisiana

Schedule 1

Schedule of Per Diem Paid to Board Members  
For the Year Ending December 31, 2022

<u>Board Member</u>	<u>Amount</u>
Warren Cooley	\$ 550
Mike Franks	550
Cary Cooley	350
Kathy Cornwell	550
Shane Jeans	100
Joann Watson	300
	<hr/>
Total	\$ 2,400

Schedule of Compensation, Benefits and  
Other Payments to Agency Head  
For the Year Ended December 31, 2022

Agency Head Name - Mike Franks

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 550
Benefits - insurance	-
Benefits - retirement	-
Deferred compensation	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Cell phone	720
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	1,800
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-

## OTHER REPORTS



Schedule of Prior Year Audit Findings  
For the Year Ending December 31, 2022

Finding – Financial Statement Audit

Audit Finding No. 2021-1

Ethics Requirement Not Met

Condition: Not all of the board members of the District met the one hour requirement training on the Code of Governmental Ethics.

Criteria: As of January 1, 2012 all public employees are required by R.S. 42:1170 to complete one hour per year training on the Code of Governmental Ethics.

Cause and Condition: This was an oversight by the board members that did not get the one hour ethics course completed during the year, and a lack of monitoring contributed to the oversight.

Effect of Condition: Violation of R.S. 42:1170.

Recommendation: We recommend that all board members of the District take the required one hour ethics training each year and that the Clerk monitor the board members' compliance.

Date of Initial Occurrence - December 31, 2021

Corrective Action Taken - Yes

Finding – Financial Statement Audit

Audit Finding No. 2021-2

Prevention of Sexual Harassment Law Requirement Not Met

Condition: Neither the board members nor the employees of the District met the one hour requirement training on the Prevention of Sexual Harassment Law.

Criteria: As of January 1, 2019 all public servants are required by R.S. 42:343 to complete one hour per year training on the Prevention of Sexual Harassment Law.

Cause and Condition: Neither the board members nor the employees of the District were aware of the one hour training requirement.

Effect of Condition: Violation of R.S. 42:343.

Recommendation: We recommend that all board members and employees of the District take the required one hour sexual harassment training each year and that the Clerk monitor the board members' and employees' compliance.

Date of Initial Occurrence - December 31, 2021

Corrective Action Taken - Yes

Schedule of Current Year Audit Findings and Management's Response  
For the Year Ending December 31, 2022

Finding – Financial Statement Audit

Audit Finding No. 2022-1

Audit Report Not Timely Submitted to the Louisiana Legislative Auditor

- Condition: The December 31, 2022 audit report of Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana was not submitted to the Louisiana Legislative Auditor's office by the statutory deadline of June 30, 2023.
- Criteria: Louisiana Revised Statute R.S. 24:513(A)(5)(a)(i) states that the audits of local governments must be completed within six months of the entity's year end and timely submitted to the Louisiana Legislative Auditor by the six month deadline.
- Cause and Condition: The financial statements to be audited were not submitted to the CPA for audit until late in June 2023. This did not leave sufficient time for the audit of the financial statements to be completed by the statutory deadline of June 30, 2023.
- Effect of Condition: Violation of R.S. 24:513(A)(5)(a)(i).
- Recommendation: We recommend that the District submit the financial records to their CPA who prepares their financial statements as soon as possible after the District's year end. Also, we recommend that the District monitor the preparation in order to have them available for audit with sufficient time to complete the audit by the statutory deadline.

# Waterworks District No 5

*Of the Parish of Beauregard, State of Louisiana*  
**3189 Highway 389-Merryville, Louisiana 70653 -**  
**Phone [\(337\) 825-8861](tel:(337)825-8861)**

July 20<sup>th</sup>, 2023

**MICHAEL J. "MIKE" WAGUESPACK, CPA**  
**LOUISIANA LEGISLATIVE AUDITOR**  
 1600 NORTH THIRD STREET  
 P.O. BOX 94397  
 BATON ROUGE, LOUISIANA 70804-9397

Mr. Waguespack,

Please find below our response to the audit findings for the year ending December 31, 2022.

**Audit Finding No. 2022-1**  
**Audit Report Not Timely Submitted to the Louisiana**  
**Legislative Auditor**

**Condition:** The December 31, 2022 audit report of Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana was not submitted to the Louisiana Legislative Auditor's office by the statutory deadline of June 30, 2023. Criteria: Louisiana Revised Statute R.S. 24:513(A)(5)(a)(i) states that the audits of local governments must be completed within six months of the entity's year end and timely submitted to the Louisiana Legislative Auditor by the six-month deadline.

**Response:** We, the District, will ensure we have the appropriate documents to the CPA, who helps us prep for audits, in a timely manner in order for the audit be completed before the allotted deadline for completion. We will check in with CPA to ensure documents are being reviewed/corrected in time for audit & all files are sent over to our auditor giving him adequate time for audit completion.


Should you have any questions or concerns, please do not hesitate to contact us.

Sincerely,



**Michael Franks, Board President**

*Waterworks District No. 5*

THIS INSTITUTION IS AN EQUAL OPPORTUNITY PROVIDER and EMPLOYER. TO FILE A COMPLAINT OF DISCRIMINATION, WRITE: USDA, DIRECTOR, OFFICE OF CIVIL RIGHTS, 1400 INDEPENDENCE AVENUE, S.W., WASHINGTON, D.C. 20250-9410 OR CALL [\(800\) 795-3272](tel:(800)795-3272) (VOICE) OR [\(202\) 720-6382](tel:(202)720-6382) (TDD). USDA IS AN EQUAL OPPORTUNITY PROVIDER, EMPLOYER AND LENDER. 

# Windham & Reed, L.L.C.

*Certified Public Accountants*

1620 North Pine Street  
DeRidder, LA 70634  
Tel: (337) 462-3211  
Fax: (337) 462-0640

John A. Windham, CPA  
Charles M. Reed, Jr., CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

Board of Commissioners  
Waterworks District No.5  
of the Parish of Beauregard  
State of Louisiana

We have audited, in accordance with the 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, the financial statements of the business-type activities and the major fund of Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana's basic financial statements, and have issued our report thereon dated July 11, 2023.

## **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current year audit findings and management’s response as item Audit Finding 2022-1.

**Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana’s Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana’s response to the findings identified in our audit and described in the accompanying schedule of current year audit findings and management’s response. The Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



DeRidder, Louisiana  
July 11, 2023