

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, 2021

Table of Contents

	Statement	Page(s)
INDEPENDENT AUDITOR’S REPORT	-	1-3
BASIC FINANCIAL STATEMENTS:		
Statement of Net Position	A	5
Statement of Activities	B	6
Statement of Net Position – Proprietary Fund	C	7
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	D	8
Statement of Cash Flows – Proprietary Fund	E	9-10
Notes to the Financial Statements	-	12-18
	Schedule	Page(s)
Other Supplemental Information		
Schedule of Per Diem Paid to Board Members	1	20
Schedule of Compensation, Benefits and Other Payments to Agency Head	2	21
Other Reports		
Schedule of Prior Year Audit Findings	3	23
Schedule of Current Year Audit Findings and Management’s Response	4	24-25
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed Accordance with <i>Government Auditing Standards</i>	-	26-27

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

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, as of and for the year ended December 31, 2021, 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, 2021, 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 is 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 June 9, 2022, 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
June 9, 2022

BASIC FINANCIAL STATEMENTS

Statement of Net Position
For the Year Ending December 31, 2021

	Business-type Activities - Enterprise Fund Water and Sewer
Assets	
Cash and cash equivalents	\$ 65,904
Receivables:	
Accounts	4,612
Ad valorem taxes - maintenance	69,445
Restricted assets	
Cash and cash equivalents	159,161
Capital assets not being depreciated	750
Capital assets being depreciated - net	1,793,547
Total assets	\$ 2,093,419
Liabilities	
Accounts payable	\$ 8,610
Payroll taxes payable	575
Pension payable - ad valorem tax - maintenance	2,384
Liabilities payable from restricted assets	
Accrued interest payable	733
Long term liabilities:	
Due within one year	10,179
Due in more than one year	530,357
Customer deposits	15,618
Total liabilities	\$ 568,456
Net Position	
Net investment in capital assets	\$ 1,253,761
Restricted for:	
Debt service	148,249
Unrestricted	122,953
Total net position	\$ 1,524,963
Total liabilities and net position	\$ 2,093,419

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, 2021

Program Activities	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Capital Grants and Contributions	Business-type Activities
Business-type activities:				
Water system	\$ 175,234	\$ 80,939	\$ 20,359	\$ (73,936)
General revenues:				
Investment earnings				\$ 1,108
Sale of assets				6,054
Insurance proceeds				554
Ad valorem tax receipts				66,259
Total general revenues				73,975
Change in net position				39
Net position at beginning of year				1,524,924
Net position at end of year				\$ 1,524,963

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, 2021

	Business-type Activities - Enterprise Fund Water and Sewer
Assets	
Current assets	
Cash and cash equivalents	\$ 65,904
Receivables:	
Accounts	4,612
Ad valorem taxes - maintenance	69,445
Total current assets	\$ 139,961
Restricted assets	
Cash and cash equivalents	\$ 159,161
Noncurrent assets	
Capital assets not being depreciated	\$ 750
Capital assets being depreciated - net	1,793,547
Total noncurrent assets	\$ 1,794,297
Total assets	\$ 2,093,419
Liabilities	
Current liabilities	
Accounts payable	\$ 8,610
Payroll taxes payable	575
Pension payable - ad valorem tax - maintenance	2,384
Total current liabilities	\$ 11,569
Liabilities payable from restricted assets	
Accrued interest payable	\$ 733
Current portion of revenue bonds	10,179
Total liabilities payable from restricted assets	\$ 10,912
Noncurrent liabilities	
Customer deposits	\$ 15,618
Revenue bonds - due in more than one year	530,357
Total noncurrent liabilities	\$ 545,975
Total liabilities	\$ 568,456
Net Position	
Net investment in capital assets	\$ 1,253,761
Restricted for:	
Debt service	148,249
Unrestricted	122,953
Total net position	\$ 1,524,963
Total liabilities and net position	\$ 2,093,419

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, 2021

	Business-type Activities - Enterprise Fund <u>Water and Sewer</u>
Operating revenues	
Charges for services	<u>\$ 80,939</u>
Operating expenses	
Personal services and related benefits	\$ 39,717
Travel	3,943
Supplies	16,353
Contractual services	41,794
Depreciation	55,861
Total operating expenses	<u>\$ 157,668</u>
Income (loss) from operations	<u>\$ (76,729)</u>
Nonoperating revenues (expenses)	
Investment income	\$ 1,108
Interest expense	(15,182)
Sale of assets	6,054
Insurance proceeds	554
Ad valorem taxes	66,259
Ad valorem taxes - pension expense	(2,384)
Total nonoperating revenue (expenses)	<u>\$ 56,409</u>
Income (loss) before contributions	\$ (20,320)
Capital contributions	<u>20,359</u>
Change in net position	\$ 39
Net position at beginning of year	<u>\$ 1,524,924</u>
Net position at end of year	<u><u>\$ 1,524,963</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 E

Statement of Cash Flows
Proprietary Fund
For the Year Ending December 31, 2021

	Business-type Activities - Enterprise Fund
	Water and Sewer
Cash flows from operating activities:	
Cash received from customers	\$ 82,867
Cash payments to suppliers for goods and services	(54,306)
Cash payments to employees for services	(39,701)
Net cash used by operating activities	\$ (11,140)
Cash flows from capital and related financing activities:	
Acquisition of fixed assets	\$ (42,068)
Sale of assets	6,054
Contributed capital received	20,359
Ad valorem tax collections	58,319
Pension paid on ad valorem taxes	(2,000)
Principal paid on debt	(54,691)
Interest paid on long term debt	(15,685)
Net cash used for capital and related financing activities	\$ (29,712)
Cash flows from non-capital and related financing activities:	
Ad valorem tax collections	\$ 75,583
Pension paid on ad valorem taxes	(2,701)
Insurance proceeds	554
Net cash provided by non-capital and related financing activities	\$ 73,436
Cash flow from investing activities:	
Investment income	\$ 1,108
Net increase (decrease) in cash and cash investments	\$ 33,692
Cash and cash equivalents, beginning	191,373
Cash and cash equivalents, ending	\$ 225,065

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
Proprietary Fund
For the Year Ending December 31, 2021

	<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>\$ (76,729)</u>
Adjustments to reconcile loss from operations to net cash used by operating activities:	
Depreciation	\$ 55,861
Change in assets and liabilities:	
Decrease in accounts receivable	1,061
Increase in accounts payable	7,784
Increase in customer deposits payable	867
Increase in payroll taxes payable	16
Net cash used by operating activities	<u>\$ (11,140)</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, 2021

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred during the year was \$15,182. Of this amount none was included as part of the cost of capital assets under construction in connection with the District's construction projects.

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

Notes to the Financial Statements (Continued)

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

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.

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

Notes to the Financial Statements (Continued)

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.

Property Tax Calendar	
Assessment date	January 1, 2021
Levy date	June 30, 2021
Tax bills mailed	October 15, 2021
Total taxes are due	December 31, 2021
Penalties & interest due	January 31, 2022
Lien date	January 31, 2022
Tax sale	May 15, 2022

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, 2021, taxes of 20.26 mills were levied on property with an assessed valuations totaling \$3,427,710 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	\$ 511,547	14.92%	\$ 10,364
Timber Rock Railroad, Inc.	Transportation	278,231	8.12%	5,637
Cleco Power LLC	Utility company	296,860	8.66%	6,014
Marquee Corporation	Oil & Gas	389,330	11.36%	7,888
Beauregard Electric Co-op	Utility company	205,560	6.00%	4,165
Caskids Operating Co.	Oil & Gas	186,200	5.43%	3,772
Total		\$ 1,867,728	54.49%	\$ 37,840

2. CASH AND CASH EQUIVALENTS

At December 31, 2021, the District has cash (book balances) totaling \$225,065 as follows:

NOW accounts	\$	224,965
Petty cash		100
Total	\$	225,065

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

Notes to the Financial Statements (Continued)

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. 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, 2021, the District has \$226,793 in deposits (collected bank balances). These deposits are secured from risk by \$226,793 of federal deposit insurance.

3. RECEIVABLES

The receivables of \$74,057 at December 31, 2021, are as follows:

Class of receivable	Proprietary Fund
Customer accounts	\$ 4,612
Ad valorem taxes - maintenance	69,445
Total	\$ 74,057

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2021, for the primary government is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 21,268	\$ 20,359	\$ 40,877	\$ 750
Capital assets being depreciated				
Buildings and wells	\$ 194,070	\$ 5,659	\$ -	\$ 199,729
Improvements	2,135,042	46,809	-	2,181,851
Machinery and equipment	127,091	10,118	-	137,209
Total capital assets being depreciated	\$ 2,456,203	\$ 62,586	\$ -	\$ 2,518,789
Less accumulated depreciation for:				
Buildings and wells	\$ 193,906	\$ 196	\$ -	\$ 194,102
Improvements	352,350	54,623	-	406,973
Machinery and equipment	123,125	1,042	-	124,167
Total accumulated depreciation	\$ 669,381	\$ 55,861	\$ -	\$ 725,242
Total business-type assets being depreciated, net	\$ 1,786,822	\$ 6,725	\$ -	\$ 1,793,547

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

Notes to the Financial Statements (Continued)

5. ACCOUNTS AND OTHER PAYABLES

The payables of \$27,920 at December 31, 2021, are as follows:

	Proprietary Fund
Accounts	\$ 8,610
Payroll taxes	575
Pension - ad valorem tax	2,384
Accrued interest	733
Customer deposits	15,618
Total	\$ 27,920

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 administrates 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, 2021:

	General Obligation Bonds	Water Revenue Bonds	Total
Bonds payable, January 1, 2021	\$ 44,000	\$ 551,227	\$ 595,227
Bond proceeds and other additions	-	-	-
Bonds retired	(44,000)	(10,691)	(54,691)
Bonds payable, December 31, 2021	\$ -	\$ 540,536	\$ 540,536

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, 2021:

	Water Revenue Bonds
Current portion	\$ 10,179
Long-term portion	530,357
Total	\$ 540,536

Bonds and note payable at December 31, 2021 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%.

\$540,536

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

Notes to the Financial Statements (Concluded)

The annual requirements to amortize all debt outstanding as of December 31, 2021, including interest payments of \$269,137 is as follows:

Year Ending	Water Revenue Bonds		Total
	Principal	Interest	
2022	\$ 10,936	\$ 14,780	\$ 25,716
2023	11,241	14,475	25,716
2024	11,555	14,161	25,716
2025	11,878	13,838	25,716
2026	12,210	13,506	25,716
2027 - 2031	66,358	62,222	128,580
2032 - 2036	76,157	52,423	128,580
2037 - 2041	87,403	41,177	128,580
2042 - 2046	100,310	28,270	128,580
2047 - 2051	115,124	13,456	128,580
2052 - 2053	37,364	829	38,193
Totals	\$ 540,536	\$ 269,137	\$ 809,673

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, 2021, the statutory limit is \$1,199,699 and outstanding bonded debt totals \$540,536.

8. RESTRICTED NET POSITION

RESTRICTED ASSETS

Water Revenue Bond Sinking Fund	\$ 1,515
Depreciation Fund	114,732
Bond Reserve Fund	30,859
Contingency Reserve Fund	12,055
Total	\$ 159,161

Less:

LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Current portion of Water Revenue Bonds	\$ 10,179
Accrued interest	733
Total	\$ 10,912

Restricted net position	\$ 148,249
-------------------------	------------

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, 2021

<u>Board Member</u>	<u>Amount</u>
Warren Cooley	\$ 550
Mike Franks	600
Cary Cooley	400
Kathy Cornwell	500
Shane Jeans	400
	<hr/>
Total	\$ 2,450

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

Schedule 2

Schedule of Compensation, Benefits and
Other Payments to Agency Head
For the Year Ended December 31, 2021

Agency Head Name - Mike Franks

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 600
Benefits - insurance	-
Benefits - retirement	-
Deferred compensation	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Cell phone	600
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, 2021

There were no prior year audit findings as of December 31, 2020.

Schedule of Current Year Audit Findings and Management's Response
For the Year Ending December 31, 2021

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.

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.

Waterworks District No 5

Of the Parish of Beauregard, State of Louisiana

3189 Highway 389 ■ Merryville, Louisiana 70653 ■ Phone (337) 825-8861

June 13, 2022

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, 2021.

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.
- Response: I will remind commissioners & follow up with them throughout the year to ensure everyone completes the mandated ethics training.

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.
- Response: I will remind commissioners & follow up with them throughout the year to ensure everyone completes the mandated sexual harassment training.

Sincerely,

Jennifer Carroll

District Secretary & Office Manager WWD#5

Waterworks District #5 of the Parish of Beauregard, State of Louisiana

3189 Highway 389 Merryville, LA 70653

waterworksdist5@aol.com

Office #: 337-825-8861

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 (VOICE) OR

(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, 2021, 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 June 9, 2022.

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 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 items Audit Finding 2021-1 and Audit Finding 2021-2.

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
June 9, 2022