

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, 2018

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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 Financial Statements

We have audited the accompanying financial statements of the business-type activities and the major fund of Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana, a component unit of the Beauregard Parish Police Jury, as of and for the year ended December 31, 2018, 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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana as of December 31, 2018, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana's basic financial statements. The schedule of per diem paid to board members and the 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.

The schedule of per diem paid to board members and the schedule of compensation, benefits and other payments to agency head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 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 the schedule of compensation, benefits and other payments to agency head are fairly stated in all materials respects in relation to the 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 May 22, 2019, 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 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 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
May 22, 2019

BASIC FINANCIAL STATEMENTS

Statement of Net Position
 For the Year Ending December 31, 2018

	Business-type Activities - Enterprise Fund <u>Water and Sewer</u>
Assets	
Cash and cash equivalents	\$ 27,977
Receivables:	
Accounts	3,795
Ad valorem taxes - maintenance	49,500
Restricted Assets	
Cash and cash equivalents	128,119
Ad valorem tax receivable - bond	47,889
Capital assets not being depreciated	750
Capital assets being depreciated - net	<u>1,900,223</u>
 Total assets	 <u><u>\$ 2,158,253</u></u>
Liabilities	
Accounts payable	\$ 3,313
Payroll taxes payable	573
Pension payable - ad valorem tax - maintenance	1,886
Liabilities payable from restricted assets	
Accrued interest payable	1,984
Pension payable - ad valorem tax - bond	1,835
Long term liabilities:	
Due within one year	52,120
Due in more than one year	648,629
Customer deposits	<u>14,518</u>
 Total liabilities	 <u><u>\$ 724,858</u></u>
Net Position	
Net investment in capital assets	\$ 1,200,224
Restricted for:	
Debt service	120,069
Unrestricted	<u>113,102</u>
 Total net position	 <u><u>\$ 1,433,395</u></u>
 Total liabilities and net position	 <u><u>\$ 2,158,253</u></u>

The accompanying notes are an integral part of this statement.

Statement of Activities
 For the Year Ending December 31, 2018

Program Activities	Expenses	Program Revenues		Net (Expenses)
		Charges for Services	Capital Grants and Contributions	Revenues and Changes in Net Position
				Business-type Activities
Business-type activities:				
Water system	\$ 178,651	\$ 68,481	\$ 20,350	\$ (89,820)
General revenues:				
Investment earnings				\$ 910
Ad valorem tax receipts				105,491
Gain on sale of assets				2,242
Total general revenues				<u>108,643</u>
Change in net position				18,823
Net position at beginning of year				<u>1,414,572</u>
Net position at end of year				<u>\$ 1,433,395</u>

The accompanying notes are an integral part of the statement.

Statement of Net Position
Proprietary Fund
For the Year Ending December 31, 2018

Assets	Business-type Activities - Enterprise Fund Water and Sewer
Current Assets	
Cash and cash equivalents	\$ 27,977
Receivables:	
Accounts	3,795
Ad valorem taxes - maintenance	49,500
Total current assets	<u>\$ 81,272</u>
Restricted Assets	
Cash and cash equivalents	\$ 128,119
Ad valorem tax receivable - bond	47,889
Total restricted assets	<u>\$ 176,008</u>
Noncurrent Assets	
Capital assets not being depreciated	\$ 750
Capital assets being depreciated - net	1,900,223
Total noncurrent assets	<u>\$ 1,900,973</u>
Total assets	<u><u>\$ 2,158,253</u></u>
Liabilities	
Current Liabilities	
Accounts payable	\$ 3,313
Payroll taxes payable	573
Pension payable - ad valorem tax - maintenance	1,886
Total current liabilities	<u>\$ 5,772</u>
Liabilities payable from restricted assets	
Accrued interest payable	\$ 1,984
Current portion of revenue bonds	10,120
Current portion G.O. bonds	42,000
Pension payable - ad valorem tax - bond	1,835
Total liabilities payable from restricted assets	<u>\$ 55,939</u>
Noncurrent Liabilities	
Customer deposits	\$ 14,518
Revenue bonds - due in more than one year	561,629
G.O. Bonds - due in more than one year	87,000
Total noncurrent liabilities	<u>\$ 663,147</u>
Total liabilities	<u>\$ 724,858</u>
Net Position	
Net investment in capital assets	\$ 1,200,224
Restricted for:	
Debt service	120,069
Unrestricted	113,102
Total net position	<u>\$ 1,433,395</u>
Total liabilities and net position	<u><u>\$ 2,158,253</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ending December 31, 2018

	Business-type Activities - Enterprise Fund <u>Water and Sewer</u>
Operating revenues	
Charges for services	<u>\$ 68,481</u>
Operating expenses	
Personal services and related benefits	\$ 44,045
Travel	4,283
Supplies	13,879
Contractual services	36,567
Depreciation	56,454
Total operating expenses	<u>\$ 155,228</u>
Income (loss) from operations	<u>\$ (86,747)</u>
Nonoperating revenues (expenses)	
Investment income	\$ 910
Interest expense	(19,702)
Ad valorem taxes	105,491
Ad valorem taxes - pension expense	(3,721)
Gain on sale of assets	2,242
Total nonoperating revenue (expenses)	<u>\$ 85,220</u>
Income (loss) before contributions	\$ (1,527)
Capital contributions	<u>20,350</u>
Change in net position	\$ 18,823
Net position at beginning of year	<u>\$ 1,414,572</u>
Net position at end of year	<u><u>\$ 1,433,395</u></u>

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
Proprietary Fund
For the Year Ending December 31, 2018

	Business-type Activities - Enterprise Fund
	Water and Sewer
Cash flows from operating activities:	
Cash received from customers	\$ 70,340
Cash payments to suppliers for goods and services	(52,330)
Cash payments to employees for services	(44,070)
Net cash used by operating activities	\$ (26,060)
Cash flows from capital and related financing activities:	
Acquisition of capital assets	\$ (23,443)
Sale of capital assets	3,175
Contributed capital received	20,350
Ad valorem tax collections	48,797
Pension paid on ad valorem taxes	(1,749)
Principal paid on debt	(49,846)
Interest paid on long term debt	(20,340)
Net cash used for capital and related financing activities	\$ (23,056)
Cash flows from non-capital and related financing activities:	
Ad valorem tax collections	\$ 50,131
Pension paid on ad valorem taxes	(1,797)
Net cash provided by non-capital and related financing activities	\$ 48,334
Cash flow from investing activities:	
Investment income	\$ 910
Net increase (decrease) in cash and cash investments	\$ 128
Cash and cash equivalents, beginning	155,968
Cash and cash equivalents, ending	\$ 156,096

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
Proprietary Fund
For the Year Ending December 31, 2018

	<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>\$ (86,747)</u>
Adjustments to reconcile loss from operations to net cash used by operating activities:	
Depreciation	\$ 56,454
Change in assets and liabilities:	
Decrease in accounts receivable	1,376
Increase in accounts payable	2,399
Decrease in payroll benefits payable	(25)
Increase in customer deposits payable	483
Net cash used by operating activities	<u>\$ (26,060)</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, 2018

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 segments are 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 \$19,702. 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, 2018
Levy date	June 30, 2018
Tax bills mailed	October 15, 2018
Total taxes are due	December 31, 2018
Penalties & interest due	January 31, 2019
Lien date	January 31, 2019
Tax sale	May 15, 2019

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, 2018, taxes of 15.00 and 15.41 mills were levied on property with an assessed valuations totaling \$3,566,777 were dedicated as follows:

	Authorized Millage	Levied Millage	Expiration Date
Taxes due for:			Renewed
General Maintenance	15.41	15.41	Annually
Bond Retirement	15.00	15.00	12/31/2019

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	\$ 505,646	14.18%	\$ 7,792
Timber Rock Railroad, Inc.	Transportation	445,810	12.50%	6,870
Cleco Power LLC	Utility company	322,980	9.05%	4,977
Caskids Operating Company	Oil & Gas	203,935	5.72%	3,143
Marquee Corporation	Oil & Gas	304,623	8.54%	4,694
Total		\$ 1,782,994	49.99%	\$ 27,476

2. CASH AND CASH EQUIVALENTS

At December 31, 2018, the District has cash (book balances) totaling \$156,096 as follows:

NOW accounts	\$ 155,996
Petty cash	100
Total	\$ 156,096

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, 2018, the District has \$163,445 in deposits (collected bank balances). These deposits are secured from risk by \$163,445 of federal deposit insurance.

3. RECEIVABLES

The receivables of \$101,184 at December 31, 2018, are as follows:

Class of receivable	Proprietary Fund
Customer accounts	\$ 3,795
Ad valorem taxes - bond	47,889
Ad valorem taxes - maintenance	49,500
Total	\$ 101,184

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2018, 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				
Vehicles	\$ 2,000	\$ -	\$ 2,000	\$ -
Buildings and wells	194,070	-	-	194,070
Improvements	2,111,599	23,443	-	2,135,042
Machinery and equipment	127,091	-	-	127,091
Total capital assets being depreciated	\$ 2,434,760	\$ 23,443	\$ 2,000	\$ 2,456,203
Less accumulated depreciation for:				
Vehicles	\$ 1,067	\$ -	\$ 1,067	\$ -
Buildings and wells	188,221	2,045	-	190,266
Improvements	191,352	53,308	-	244,660
Machinery and equipment	119,953	1,101	-	121,054
Total accumulated depreciation	\$ 500,593	\$ 56,454	\$ 1,067	\$ 555,980
Total business-type assets being depreciated, net	\$ 1,934,167	\$ (33,011)	\$ (933)	\$ 1,900,223

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 \$24,109 at December 31, 2018, are as follows:

	Proprietary Fund
Accounts	\$ 3,313
Payroll taxes	573
Pension - ad valorem tax	3,721
Accrued interest	1,984
Customer deposits	14,518
Total	\$ 24,109

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, 2018:

	General Obligation Bonds	Water Revenue Bonds	Total
Bonds payable, January 1, 2018	\$ 169,000	\$ 581,595	\$ 750,595
Bond proceeds and other additions	-	-	-
Bonds retired	(40,000)	(9,846)	(49,846)
Bonds payable, December 31, 2018	\$ 129,000	\$ 571,749	\$ 700,749

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, 2018:

	General Obligation Bonds	Water Revenue Bonds	Total
Current portion	\$ 42,000	\$ 10,120	\$ 52,120
Long-term portion	87,000	561,629	648,629
Total	\$ 129,000	\$ 571,749	\$ 700,749

Bonds and note payable at December 31, 2018 are comprised of the following individual issues:

General Obligation Bonds:

\$344,000 General Obligation Bonds, Series 2012, dated January 18, 2012, due in annual installments of \$25,000 to \$44,000 beginning March 1, 2013 through March 1, 2021; interest at 3.00%.

\$129,000

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

Notes to the Financial Statements (Concluded)

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%.

\$571,749

The annual requirements to amortize all debt outstanding as of December 31, 2018, including interest payments of \$321,904 is as follows:

Year Ending	General Obligation Bonds		Water Revenue Bonds		Total
	Principal	Interest	Principal	Interest	
2019	\$ 42,000	\$ 3,240	\$ 10,120	\$ 15,648	\$ 71,008
2020	43,000	1,965	10,350	15,366	70,681
2021	44,000	660	10,639	15,077	70,376
2022	-	-	10,936	14,780	25,716
2023	-	-	11,239	14,475	25,714
2024 - 2028	-	-	61,094	67,486	128,580
2029 - 2033	-	-	70,116	58,464	128,580
2034 - 2038	-	-	80,471	48,109	128,580
2039 - 2043	-	-	92,354	36,226	128,580
2044 - 2048	-	-	105,992	22,588	128,580
2049 - 2053	-	-	108,438	7,010	115,448
Totals	<u>\$ 129,000</u>	<u>\$ 5,865</u>	<u>\$ 571,749</u>	<u>\$ 315,229</u>	<u>\$ 1,021,843</u>

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, 2018, the statutory limit is \$1,248,372 and outstanding bonded debt totals \$700,749.

8. RESTRICTED NET POSITION

RESTRICTED ASSETS

General Obligation Bond Sinking Fund	\$ 18,476
Water Revenue Bond Sinking Fund	1,509
Depreciation Fund	73,051
Bond Reserve Fund	26,915
Contingency Reserve Fund	8,168
Ad valorem tax receivable - bond	47,889
Total	<u>\$ 176,008</u>

Less:

LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Current portion of General Obligation Bonds	\$ 42,000
Current portion of Water Revenue Bonds	10,120
Accrued interest on General Obligation Bonds	1,984
Ad valorem tax pension payable - bond	1,835
Total	<u>\$ 55,939</u>

Restricted net position \$ 120,069

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, 2018

<u>Board Member</u>	<u>Amount</u>
Earl Franks	\$ 650
Warren Cooley	500
Wesley Jeans	550
Mike Franks	500
Cary Cooley	<u>550</u>
Total	<u>\$ 2,750</u>

Schedule of Compensation, Benefits and
Other Payments to Agency Head
For the Year Ended December 31, 2018

Agency Head Name - Earl Franks

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 650
Benefits - insurance	-
Benefits - retirement	-
Deferred compensation	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Cell phone	600
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	1,800
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-

OTHER REPORTS

Schedule of Prior Year Audit Findings
For the Year Ending December 31, 2018

There were no prior year audit findings as of December 31, 2017.

Schedule of Current Year Audit Findings and Management's Response
For the Year Ending December 31, 2018

There were no current year audit findings as of December 31, 2018.

Windham & Reed, L.L.C.

Certified Public Accountants

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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, 2018, 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 May 22, 2019.

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) to determine the 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.

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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
May 22, 2019