

WATERWORKS DISTRICT NO. 3  
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. 3  
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. 3 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 the District'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. 3 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. 3 of the Parish of Beauregard, State of Louisiana's basic financial statements. The 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.

The schedule of per diem paid to board members, and 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 schedule of compensation, benefits and other payments to agency head are fairly stated in all material 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 28, 2019, on our consideration of the Waterworks District No. 3 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. 3 of the Parish of Beauregard, State of Louisiana's internal control over financial reporting and compliance.



DeRidder, Louisiana  
May 28, 2019

## BASIC FINANCIAL STATEMENTS

Waterworks District No. 3 of the Parish of Beauregard  
State of Louisiana

Statement A

Statement of Net Position  
December 31, 2018

	Business-type Activities - <u>Enterprise Fund</u> Water and <u>Sewer</u>
ASSETS	
Cash and cash equivalents	\$ 2,676,101
Receivables:	
Accounts	192,482
Contracts	6,011
Inventory	180,184
Restricted cash	113,107
Capital assets not being depreciated	112,301
Capital assets being depreciated - net	<u>12,654,521</u>
Total assets	<u><u>\$ 15,934,707</u></u>
LIABILITIES	
Accounts payable	\$ 78,775
Contracts payable	19,168
Salaries payable	28,429
Payroll benefits payable	2,002
Sales taxes payable	813
Long term liabilities:	
Due in more than one year	3,159,000
Customer deposits payable	<u>194,061</u>
Total liabilities	<u><u>\$ 3,482,248</u></u>
NET POSITION	
Net investment in capital assets	\$ 9,588,654
Restricted for:	
Debt service	13,107
Depreciation and contingencies	100,000
Unrestricted	<u>2,750,698</u>
Total net position	<u><u>\$ 12,452,459</u></u>
Total liabilities and net position	<u><u>\$ 15,934,707</u></u>

The accompanying notes are an integral part of this statement.

Waterworks District No. 3 of the Parish of Beauregard  
State of Louisiana

Statement B

Statement of Activities  
For the Year Ended December 31, 2018

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	\$ 2,999,541	\$ 3,059,748	\$ 41,680	\$ 101,887
General revenues:				
Investment earnings				\$ 37,158
Sale of assets				1,086
Miscellaneous				400
Total general revenues				38,644
Change in net position				140,531
Net position at beginning of year				12,311,928
Net position at end of year				\$ 12,452,459

The accompanying notes are an integral part of this statement.

Statement of Net Position  
Proprietary Fund  
December 31, 2018

	Business-type Activities - <u>Enterprise Fund</u> Water and Sewer
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 2,676,101
Receivables:	
Accounts	192,482
Contracts	6,011
Inventory	180,184
Total current assets	<u>\$ 3,054,778</u>
Restricted Assets	
Cash	<u>\$ 113,107</u>
Noncurrent Assets	
Capital assets not being depreciated	\$ 112,301
Capital assets being depreciated - net	<u>12,654,521</u>
Total noncurrent assets	<u>\$ 12,766,822</u>
Total assets	<u><u>\$ 15,934,707</u></u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	\$ 78,775
Contracts payable	19,168
Salaries payable	28,429
Payroll benefits payable	2,002
Sales taxes payable	813
Total current liabilities	<u>\$ 129,187</u>
Noncurrent Liabilities	
Customer deposits payable	\$ 194,061
Revenue bonds - due in more than one year	<u>3,159,000</u>
Total noncurrent liabilities	<u>\$ 3,353,061</u>
Total liabilities	<u>\$ 3,482,248</u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 9,588,654
Restricted for:	
Debt service	13,107
Depreciation and contingencies	100,000
Unrestricted	<u>2,750,698</u>
Total net position	<u>\$ 12,452,459</u>
Total liabilities and net position	<u><u>\$ 15,934,707</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 Ended December 31, 2018

	Business-type Activities - Enterprise Fund <u>Water and Sewer</u>
Operating revenues	
Charges for services	<u>\$ 3,059,748</u>
Operating expenses	
Personal services and related benefits	\$ 1,098,544
Supplies	47,899
Contractual services	987,706
Depreciation	743,721
Total operating expenses	<u>\$ 2,877,870</u>
Income (loss) from operations	<u>\$ 181,878</u>
Nonoperating revenues (expenses)	
Investment income	\$ 37,158
Interest expense	(112,931)
Sale of assets	1,086
Bond administration expense	(8,740)
Miscellaneous income	400
Total nonoperating revenue (expenses)	<u>\$ (83,027)</u>
Income (loss) before contributions	\$ 98,851
Capital contributions	<u>41,680</u>
Change in net position	\$ 140,531
Net position at beginning of year	<u>12,311,928</u>
Net position at end of year	<u><u>\$ 12,452,459</u></u>

The accompanying notes are an integral part of this statement.

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

	Business-type Activities - Enterprise Fund
	<u>Water and Sewer</u>
Cash flows from operating activities:	
Cash received from customers	\$ 3,100,820
Cash payments to suppliers for goods and services	(1,060,924)
Cash payments to employees for services	(1,094,659)
Net cash provided by operating activities	<u>\$ 945,237</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	\$ (688,541)
Principal paid on long term debt	(164,000)
Interest paid on long term debt	(112,931)
Contributed capital received	41,680
Sale of assets	1,086
Bond administration expense	(8,740)
Net cash used for capital and related financing activities	<u>\$ (931,446)</u>
Cash flows from noncapital and related financing activities:	
Miscellaneous	\$ 400
Net cash provided for noncapital and related financing activities	<u>\$ 400</u>
Cash flow from investing activities:	
Interest income	<u>\$ 37,158</u>
Net cash provided by investing activities	<u>\$ 37,158</u>
Net increase (decrease) in cash and cash investments	\$ 51,349
Cash and cash equivalents, beginning	<u>2,737,859</u>
Cash and cash equivalents, ending	<u>\$ 2,789,208</u>

(Continued)

The accompanying notes are an integral part of this statement.

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

	Business-type Activities - Enterprise Funds
	<u>Water and Sewer</u>
Reconciliation of income from operations to net cash provided by operating activities:	
Income from operations	\$ 181,878
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	\$ 743,721
Change in assets and liabilities:	
Decrease in accounts receivable	19,627
Decrease in accounts payable	(141)
Decrease in payroll benefits payable	(515)
Increase in customer deposits payable	21,445
Increase in inventory	(24,132)
Increase in salaries payable	4,400
Decrease in sales taxes payable	(1,046)
Net cash provided by operating activities	<u>\$ 945,237</u>
	(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Waterworks District No. 3 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. 3 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 eight compensated board members appointed by the Beauregard Parish Police Jury.

The District is located in central Beauregard Parish in the southwestern region of the State of Louisiana. The District provides rural water service to approximately 6,900 residents and employs approximately fourteen employees.

The accounting and reporting policies of Waterworks District No. 3 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. 3 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. 3 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Waterworks District No. 3 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. 3 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.

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 entity'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. 3 of the Parish of Beauregard, State of Louisiana's investment policy allow the District 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. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**F. Restricted Assets**

Certain proceeds of the Enterprise Fund revenue 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.

**G. 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 \$5,000 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. There was interest expense of \$112,931 incurred during the year. None of the interest was included as part of the cost of capital assets under construction in connection with the District's construction projects.

Waterworks District No. 3 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>Description</u>	<u>Estimated Lives</u>
Distribution system	40-50 years
Building and building improvement	40-50 years
Furniture and fixtures	5-15 years
Equipment	3-15 years

**H. Compensated Absences**

The District has the following policy relating to annual leave:

Two weeks annual leave for employees are allowed after one year of service. Unused annual leave cannot be carried over.

Ten days of sick leave can be accrued on an annual basis. Unused sick leave cannot be carried over.

**I. 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 bonds using the effective interest rate. Bonds payable are reported net of the applicable bond premium or discount.

**J. 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.

**K. 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.

**L. 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.

**M. Inventories**

All inventories are valued at cost using the first-in/first-out method.

Waterworks District No. 3 of the Parish of Beauregard  
State of Louisiana

Notes to the Financial Statements (Continued)

**2. CASH AND CASH EQUIVALENTS**

At December 31, 2018, the District has cash (book balances) totaling \$2,789,208 as follows:

NOW accounts	\$ 288,930
Interest bearing checking	102,309
Petty cash	1,040
Money market accounts	113,107
Time deposits	<u>2,283,822</u>
Total	<u>\$ 2,789,208</u>

The cash and cash equivalents of the Waterworks District No. 3 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, 2018, the District has \$3,010,962 in deposits (collected bank balances). These deposits are secured from risk by \$2,603,284 of federal deposit insurance and \$407,678 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.

**3. RECEIVABLES**

The receivables of \$198,493 at December 31, 2018, are as follows:

<u>Class of receivable</u>	<u>Proprietary Fund</u>
Customer receivables	\$ 192,482
Contracts receivable	6,011
Total	<u>\$ 198,493</u>

Waterworks District No. 3 of the Parish of Beauregard  
State of Louisiana

Notes to the Financial Statements (Continued)

**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	\$ 83,866	\$ -	\$ -	\$ 83,866
Work in progress	2,747	39,151	13,463	28,435
Total capital assets, not being depreciated	<u>\$ 86,613</u>	<u>\$ 39,151</u>	<u>\$ 13,463</u>	<u>\$ 112,301</u>
Capital assets being depreciated				
Vehicles	\$ 143,780	\$ -	\$ -	\$ 143,780
Buildings	543,712	-	-	543,712
Utility plant and improvements	21,813,184	565,167	-	22,378,351
Machinery and equipment	707,806	67,829	-	775,635
Furniture and fixtures	21,676	-	-	21,676
Total capital assets being depreciated	<u>\$ 23,230,158</u>	<u>\$ 632,996</u>	<u>\$ -</u>	<u>\$ 23,863,154</u>
Less accumulated depreciation for:				
Vehicles	\$ 33,621	\$ 28,125	\$ -	\$ 61,746
Buildings	73,410	13,593	-	87,003
Utility plant and improvements	9,830,961	645,393	-	10,476,354
Machinery and equipment	513,579	54,742	-	568,321
Furniture and fixtures	13,341	1,868	-	15,209
Total accumulated depreciation	<u>\$ 10,464,912</u>	<u>\$ 743,721</u>	<u>\$ -</u>	<u>\$ 11,208,633</u>
Total business-type assets being depreciated, net	<u>\$ 12,765,246</u>	<u>\$ (110,725)</u>	<u>\$ -</u>	<u>\$ 12,654,521</u>

**5. ACCOUNTS AND OTHER PAYABLES**

The payables of \$323,248 at December 31, 2018, are as follows:

	Proprietary Fund
Accounts	\$ 78,775
Contracts	19,168
Payroll benefits	2,002
Salaries	28,429
Sales taxes	813
Customer deposits	194,061
Total	<u>\$ 323,248</u>

**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 the appropriate statutory limits to that system. The Federal Social Security System administrates the plan and pays benefits.

Waterworks District No. 3 of the Parish of Beauregard  
State of Louisiana

Notes to the Financial Statements (Continued)

Waterworks District No. 3 of the Parish of Beauregard, State of Louisiana participates in the Deferred Compensation Plan for Public Employees, a 457 Governmental Plan Trust. The Plan is intended to be an “eligible deferred compensation plan” as defined in Code § 457 (b) of the Internal Revenue Code of 1986 (“Eligible 457 Plan”). The Plan consists of provisions as set forth in the plan documents and is applicable to the employer and each employee who elects to participate in the plan.

**7. CONSTRUCTION COMMITMENTS**

Waterworks District No. 3 of the Parish of Beauregard, State of Louisiana has active construction projects consisting of a waterline replacement project at Dickerson Road and a new water well on Schuetz Road. At year end the commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Dickerson Road Waterline Replacement	\$ 24,235	\$ 35,765
Schuetz Road New Water Well	4,200	2,065,800

**8. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term debt transactions of the District for the year ended December 31, 2018:

	Revenue Bonds
Bonds payable, January 1, 2018	\$ 3,323,000
Bond proceeds	-
Bonds retired	(164,000)
Bond payable, December 31, 2018	\$ 3,159,000

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:

	Revenue Bond
Current portion	\$ -
Long-term portion	3,159,000
Total	\$ 3,159,000

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

Revenue refunding bonds:	
\$2,000,000 Water Revenue Bonds, Series 2012A, dated January 5, 2012, due in annual installments of \$65,000 to \$145,000 beginning January 1, 2013 through January 1, 2032; interest at 3.75%.	<u>\$1,495,000</u>
Revenue Bonds:	
\$2,100,000 Water Revenue Bonds, Series 2013, dated March 15, 2013 due in annual installments of \$45,000 to \$142,000 beginning January 1, 2014 through January 1, 2034; interest at 2.95%.	<u>\$1,664,000</u>

Waterworks District No. 3 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, 2018, including interest payments of \$869,682, are as follows:

Year Ending	Revenue Bonds		Total
	Principal	Interest	
2019	\$ -	\$ -	\$ -
2020	172,000	106,837	278,837
2021	180,000	102,209	282,209
2022	188,000	97,007	285,007
2023	196,000	91,167	287,167
2024 - 2028	1,105,000	347,733	1,452,733
2029 - 2033	1,179,000	122,679	1,301,679
2034	139,000	2,050	141,050
Totals	\$ 3,159,000	\$ 869,682	\$ 4,028,682

**9. RESTRICTED NET POSITION**

Restricted Assets	
Revenue bonds sinking fund	\$ 13,107
Revenue bonds depreciation and contingency fund	100,000
Restricted net position	\$ 113,107

OTHER SUPPLEMENTAL INFORMATION

Waterworks District No. 3 of the Parish of Beauregard  
State of Louisiana

Schedule 1

Schedule of Per Diem Paid to Board Members  
For the Year Ended December 31, 2018

<u>Board Member</u>	<u>Amount</u>
Karl Overton	\$ 600
Raymond Cole	540
Van Deshotels	1,260
James Cooley	840
Samuel Jones	360
Mark Simon	1,260
Michael King	540
Charles Jones	900
Total	<u>\$ 6,300</u>

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

Agency Head Name - Michael Guimbellot

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 81,538
Benefits - insurance	7,021
Benefits - retirement	2,446
Deferred compensation	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	Yes
Cell phone	-
Dues	40
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	360
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other (HSA)	1,700

## OTHER REPORTS

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

Finding – Financial Statement Audit

Audit Finding No. 2018-1

Bond Depreciation and Contingency Fund and Reserve Fund Requirements not met

- Condition: The Bond Escrow Account that holds funds for the Depreciation and Contingency Fund and Reserve Fund did not have sufficient amounts on deposit to meet the bond resolution requirements.
- Criteria: Specific amounts are required to be deposited into the Bond Escrow Account until certain balances are maintained according to the bond resolution documents.
- Cause and Condition: The District took excess funds out of several accounts and deposited these into Certificates of Deposit. Since the Bond Escrow Account had been overfunded in the previous year, funds were taken out of it for these new Certificates of Deposit. An excess of approximately \$28,000 was taken out of the Bond Escrow Account leaving it short of the required balance as stated in the bond resolutions.
- Effect of Condition: The Bond Escrow Account was no longer in compliance with the bond resolutions.
- Recommendation: We recommend that sufficient funds be deposited back into the Bond Escrow Account in order to bring it into compliance with the bond resolutions. We also recommend that this account be monitored throughout the year to keep it in compliance with the bond resolutions.



**WATERWORKS DISTRICT NO. 3 of Beauregard Parish**

12810 Hwy 171 ~ Longville, LA 70652  
Office 337-725-3000 ~ Fax 337-725-4992

June 4, 2019

Mr. Daryl G. Purpera, CPA, CFE  
Louisiana Legislative Auditor  
1600 North Third Street  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

Mr. Purpera,

This letter is in reference to the Bond Escrow Account which holds funds for the Depreciation and Contingency Fund and Reserve Fund. Waterworks District 3 of Beauregard Parish has deposited monies to bring the Bond Escrow Account into compliance in accordance with the bond resolution requirements.

Sincerely,

A handwritten signature in black ink that reads "Karen B. Ramsey".

Karen B. Ramsey  
Finance Director  
WWD3 of  
Beauregard Parish

A handwritten signature in black ink that reads "Michael J. Guimbellot".

Michael Guimbellot  
Operations Manager  
WWD3 of  
Beauregard Parish

# Windham & Reed, L.L.C.

*Certified Public Accountants*

1620 North Pine Street  
DeRidder, LA 70634  
Tel: (337) 462-3211  
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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. 3  
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. 3 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. 3 of the Parish of Beauregard, State of Louisiana's basic financial statements, and have issued our report thereon dated May 28, 2019.

## **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Waterworks District No. 3 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. 3 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. 3 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 District'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.

Board of Commissioners  
Waterworks District No. 3  
of the Parish of Beauregard  
State of Louisiana

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Waterworks District No. 3 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 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 Audit Finding 2018-1.

**Waterworks District No. 3 of the Parish of Beauregard, State of Louisiana's Response to Findings**

Waterworks District No. 3 of the Parish of Beauregard, State of Louisiana's response to the findings identified in our audit is described in the accompanying schedule of current year audit findings and management's response. Waterworks District No. 3 of the Parish of Beauregard, State of Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



DeRidder, Louisiana  
May 28, 2019

# Windham & Reed, L.L.C.

*Certified Public Accountants*

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Tel: (337) 462-3211  
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John A. Windham, CPA  
Charles M. Reed, Jr., CPA

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners  
Waterworks District No. 3  
of the Parish of Beauregard  
State of Louisiana

We have performed the procedures enumerated below, which were agreed to by Waterworks District No. 3 of the Parish of Beauregard, State of Louisiana (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### *Written Policies and Procedures*

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget  
*Written policies and procedures obtained and address the functions above.*
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.  
*Written policies and procedures obtained and address the functions above.*
  - c) **Disbursements**, including processing, reviewing, and approving  
*Written policies and procedures obtained and address the functions above.*
  - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after

cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*Written policies and procedures obtained and address the functions above.*

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*Written policies and procedures obtained and address the functions above.*

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

*Written policies and procedures obtained and address the functions above.*

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

*Written policies and procedures obtained and address the functions above.*

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

*Written policies and procedures obtained and address the functions above.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

*No written policies exist for ethics. Management is working to establish written policies and procedures that address the functions above.*

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*Written policies and procedures obtained and address the functions above.*

**Board or Finance Committee – Not Applicable**

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2. Obtain and inspect the board/committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

*Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

### ***Bank Reconciliations***

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3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

*No exceptions noted.*

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

*No exceptions noted.*

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*Management has documentation that reconciling items over 12 months old have been researched.*

### ***Collections – Not Applicable***

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4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select on collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Board of Commissioners  
Waterworks District No. 3  
of the Parish of Beauregard  
State of Louisiana

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - e) Trace the actual deposit per the bank statement to the general ledger.

**Non-Payroll Disbursements (excluding credit card purchases/payments, travel reimbursements, and petty cash purchases)**

8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- Only one location for processing payments.*
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.  
*No exceptions noted.*
  - b) At least two employees are involved in processing and approving payments to vendors.  
*No exceptions noted.*

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

*No exceptions noted.*

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

*No exceptions noted.*

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

*No exceptions noted.*

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*No exceptions noted.*

***Credit Cards/Debit Cards/Fuel Cards/P-Cards – Not Applicable***

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- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

- b) Observe that finance charges and/or late fees were assessed on the selected statements.

- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

***Travel and Travel-Related Expense Reimbursements (excluding card transactions) – Not Applicable***

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursement, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by and original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

***Contracts – Not Applicable***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

***Payroll and Personnel – Not Applicable***

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her

attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
- 19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

***Ethics – Not Applicable***

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- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics compliance documentation from management, and:
  - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

***Debt Service – Not Applicable***

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- 21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
- 22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

***Other***

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- 23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Not applicable.*

Board of Commissioners  
Waterworks District No. 3  
of the Parish of Beauregard  
State of Louisiana

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*The notice required by R.S. 24:523.1 is posted on the premises and website.*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Windham & Reed CPA, L.L.C.  
DeRidder, Louisiana  
May 28, 2019