

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, 2023

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## INDEPENDENT AUDITOR'S REPORT

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

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

#### *Opinions*

We have audited the accompanying financial statements of the business-type activities and the major fund of the Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana, a component of the Beauregard Parish Police Jury, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of the Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana, as of December 31, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

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

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

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

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

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

***Required Supplementary Information***

Management has omitted management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***Supplementary Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2024, on our consideration of the Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana’s internal control over financial reporting and compliance.



DeRidder, Louisiana  
June 14, 2024

## BASIC FINANCIAL STATEMENTS

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

Statement A

Statement of Net Position  
For the Year Ending December 31, 2023

	Business-type Activities - Enterprise Fund Water and Sewer
Assets	
Cash and cash equivalents	\$ 136,828
Receivables:	
Accounts	3,367
Ad valorem taxes - maintenance	80,864
Restricted assets	
Cash and cash equivalents	182,402
Capital assets not being depreciated	26,115
Capital assets being depreciated - net	1,709,807
Total assets	\$ 2,139,383
Liabilities	
Accounts payable	\$ 1,407
Contracts payable	25,365
Payroll taxes payable	620
Pension payable - ad valorem tax - maintenance	2,823
Liabilities payable from restricted assets	
Accrued interest payable	688
Long term liabilities:	
Due within one year	11,610
Due in more than one year	507,452
Customer deposits	16,538
Total liabilities	\$ 566,503
Net Position	
Net investment in capital assets	\$ 1,191,495
Restricted for:	
Debt service	170,104
Unrestricted	211,281
Total net position	\$ 1,572,880
Total liabilities and net position	\$ 2,139,383

The accompanying notes are an integral part of this statement.

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

Statement B

Statement of Activities  
For the Year Ending December 31, 2023

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	\$ 196,834	\$ 86,714	\$ 10,750	\$ (99,370)
General revenues:				
Investment earnings				\$ 837
Ad valorem tax receipts				77,601
Total general revenues				\$ 78,438
Change in net position				\$ (20,932)
Net position at beginning of year				1,593,812
Net position at end of year				\$ 1,572,880

The accompanying notes are an integral part of the statement.



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

Statement C

Statement of Net Position  
Proprietary Fund  
For the Year Ending December 31, 2023

	Business-type Activities - Enterprise Fund Water and Sewer
Assets	
Current assets	
Cash and cash equivalents	\$ 136,828
Receivables:	
Accounts	3,367
Ad valorem taxes - maintenance	80,864
Total current assets	\$ 221,059
Restricted assets	
Cash and cash equivalents	\$ 182,402
Noncurrent assets	
Capital assets not being depreciated	\$ 26,115
Capital assets being depreciated - net	1,709,807
Total noncurrent assets	\$ 1,735,922
Total assets	\$ 2,139,383
Liabilities	
Current liabilities	
Accounts payable	\$ 1,407
Contracts payable	25,365
Payroll taxes payable	620
Pension payable - ad valorem tax - maintenance	2,823
Total current liabilities	\$ 30,215
Liabilities payable from restricted assets	
Accrued interest payable	\$ 688
Current portion of revenue bonds	11,610
Total liabilities payable from restricted assets	\$ 12,298
Noncurrent liabilities	
Customer deposits	\$ 16,538
Revenue bonds - due in more than one year	507,452
Total noncurrent liabilities	\$ 523,990
Total liabilities	\$ 566,503
Net Position	
Net investment in capital assets	\$ 1,191,495
Restricted for:	
Debt service	170,104
Unrestricted	211,281
Total net position	\$ 1,572,880
Total liabilities and net position	\$ 2,139,383

The accompanying notes are an integral part of this statement.

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

Statement D

Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Fund  
For the Year Ending December 31, 2023

	Business-type Activities - Enterprise Fund <u>Water and Sewer</u>
Operating revenues	
Charges for services	<u>\$ 86,714</u>
Operating expenses	
Personal services and related benefits	\$ 43,413
Travel	4,362
Supplies	18,214
Operating services	54,771
Depreciation	58,861
Total operating expenses	<u>\$ 179,621</u>
Income (loss) from operations	<u>\$ (92,907)</u>
Nonoperating revenues (expenses)	
Investment income	\$ 837
Interest expense	(14,390)
Ad valorem taxes	77,601
Ad valorem taxes - pension expense	(2,823)
Total nonoperating revenue (expenses)	<u>\$ 61,225</u>
Income (loss) before contributions	\$ (31,682)
Capital contributions	<u>10,750</u>
Change in net position	\$ (20,932)
Net position at beginning of year	<u>\$ 1,593,812</u>
Net position at end of year	<u><u>\$ 1,572,880</u></u>

The accompanying notes are an integral part of this statement.

Statement of Cash Flows  
Proprietary Fund  
For the Year Ending December 31, 2023

	Business-type Activities - Enterprise Fund
	Water and Sewer
Cash flows from operating activities:	
Cash received from customers	\$ 87,029
Cash payments to suppliers for goods and services	(88,031)
Cash payments to employees for services	(43,402)
Net cash used by operating activities	\$ (44,404)
Cash flows from capital and related financing activities:	
Capital contribution received	\$ 22,930
Principal paid on debt	(11,295)
Interest paid on long term debt	(14,421)
Net cash used for capital and related financing activities	\$ (2,786)
Cash flows from non-capital and related financing activities:	
Ad valorem tax collections	\$ 67,875
Pension paid on ad valorem taxes	(2,823)
Net cash provided by non-capital and related financing activities	\$ 65,052
Cash flow from investing activities:	
Investment income	\$ 837
Net increase (decrease) in cash and cash investments	\$ 18,699
Cash and cash equivalents, beginning	300,531
Cash and cash equivalents, ending	\$ 319,230

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Cash Flows  
Proprietary Fund  
For the Year Ending December 31, 2023

	<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>\$ (92,907)</u>
Adjustments to reconcile loss from operations to net cash used by operating activities:	
Depreciation	\$ 58,861
Change in assets and liabilities:	
Decrease in accounts receivable	65
Decrease in accounts payable	(10,900)
Increase in customer deposits payable	250
Increase in payroll taxes payable	11
Increase in assessor's ad valorem pension payable	216
Net cash used by operating activities	<u>\$ (44,404)</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, 2023

## INTRODUCTION

Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana was created by the Beauregard Parish Police Jury under Louisiana Revised Statute 33:3811. The purpose of the water district is to provide water service to rural residents of the district. The governing body is composed of five compensated board members appointed by the Beauregard Parish Police Jury.

The District is located in west central Beauregard Parish in the southwestern region of the State of Louisiana. The District provides rural water service to approximately 230 residents and employs approximately 2 employees.

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

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

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

Notes to the Financial Statements (Continued)

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

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

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

**C. Deposits and Investments**

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

**D. Receivables and Payables**

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

**E. Restricted Assets**

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

**F. Capital Assets**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

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

Notes to the Financial Statements (Continued)

**G. Compensated Absences**

The District has the following policy relating to annual leave:

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

**H. Long Term Obligations**

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

**I. Extraordinary and Special Items**

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

**J. Estimates**

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

**K. Restricted Net Position**

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

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

**L. Receivables and Payables**

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

<u>Property Tax Calendar</u>	
Assessment date	January 1, 2023
Levy date	June 30, 2023
Tax bills mailed	October 15, 2023
Total taxes are due	December 31, 2023
Penalties & interest due	January 31, 2024
Lien date	January 31, 2024
Tax sale	May 15, 2024



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

Notes to the Financial Statements (Continued)

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

For the year ended December 31, 2023, taxes of 20.26 mills were levied on property with an assessed valuations totaling \$4,070,845 were dedicated as follows:

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

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

Taxpayer	Type of Business	Assessed Valuation	% of Total Assessed Valuation	Ad Valorem Tax Revenue for District
Rice Land Lumber Company	Wood products	\$ 280,979	6.90%	\$ 5,693
Mockingbird Development	Land development	206,623	5.08%	4,186
Cleco Power LLC	Utility company	334,070	8.21%	6,768
Marquee Corporation	Oil & Gas	372,239	9.14%	7,542
Beauregard Electric Co-op	Utility company	232,223	5.70%	4,705
Enerfin Field Services	Oil & Gas	453,583	11.14%	9,190
Gulf Run Transmission LLC	Oil & Gas	761,997	18.72%	15,438
Total		\$ 2,641,714	64.89%	\$ 53,522

**2. CASH AND CASH EQUIVALENTS**

At December 31, 2023, the District has cash (book balances) totaling \$319,230 as follows:

NOW accounts	\$	319,130
Petty cash		100
Total	\$	319,230

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

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, the deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

At December 31, 2023, the District has \$325,403 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$75,403 of pledged securities held by an unaffiliated bank of the pledgor bank. These deposited pledged securities are deemed by law to be under the control and possession and in the name of the district and are therefore properly collateralized.

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

Notes to the Financial Statements (Continued)

**3. RECEIVABLES**

The receivables of \$84,231 at December 31, 2023, are as follows:

Class of receivable	Proprietary Fund
Customer accounts	\$ 3,367
Ad valorem taxes - maintenance	80,864
Total	\$ 84,231

**4. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2023, for the primary government is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 750	\$ 25,365	\$ -	\$ 26,115
Capital assets being depreciated				
Buildings and wells	\$ 199,729	\$ -	\$ -	\$ 199,729
Improvements	2,211,658	-	-	2,211,658
Machinery and equipment	140,403	-	-	140,403
Total capital assets being depreciated	\$ 2,551,790	\$ -	\$ -	\$ 2,551,790
Less accumulated depreciation for:				
Buildings and wells	\$ 194,668	\$ 566	\$ -	\$ 195,234
Improvements	462,112	55,760	-	517,872
Machinery and equipment	126,342	2,535	-	128,877
Total accumulated depreciation	\$ 783,122	\$ 58,861	\$ -	\$ 841,983
Total business-type assets being depreciated, net	\$ 1,768,668	\$ (58,861)	\$ -	\$ 1,709,807

**5. INVESTED IN CAPITAL ASSETS – NET**

	Business-type Activities
Capital assets not being depreciated	\$ 26,115
Capital assets being depreciated	2,551,790
Total capital assets	\$ 2,577,905
Less:	
Accumulated depreciation	\$ (841,983)
Contracts payable	(25,365)
Bonds payable	(519,062)
Total	\$ (1,386,410)
Net investment in capital assets	\$ 1,191,495

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

Notes to the Financial Statements (Continued)

**6. ACCOUNTS AND OTHER PAYABLES**

The payables of \$47,441 at December 31, 2023, are as follows:

	Proprietary Fund
Accounts	\$ 1,407
Contracts	25,365
Payroll taxes	620
Pension - ad valorem tax	2,823
Accrued interest	688
Customer deposits	16,538
Total	\$ 47,441

**7. 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.

**8. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term debt transactions of the District for the year ended December 31, 2023:

	Water Revenue Bonds
Bonds payable, January 1, 2023	\$ 530,357
Bond proceeds and other additions	-
Bonds retired	(11,295)
Bonds payable, December 31, 2023	\$ 519,062

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, 2023:

	Water Revenue Bonds
Current portion	\$ 11,610
Long-term portion	507,452
Total	\$ 519,062

Bonds and note payable at December 31, 2023 are comprised of the following individual issues:

Water Revenue Bonds:

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

\$519,062

The annual requirements to amortize all debt outstanding as of December 31, 2023, including interest payments of \$239,882 is as follows:

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

Notes to the Financial Statements (Concluded)

Year Ending	Water Revenue Bonds		Total
	Principal	Interest	
2024	\$ 11,555	\$ 14,161	\$ 25,716
2025	11,878	13,838	25,716
2026	12,210	13,506	25,716
2027	12,551	13,165	25,716
2028	12,901	12,815	25,716
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	109,034	7,010	116,044
Totals	\$ 519,062	\$ 239,882	\$ 758,944

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, 2023, the statutory limit is \$1,424,796 and outstanding bonded debt totals \$519,062.

**9. RESTRICTED NET POSITION**

RESTRICTED ASSETS	
Water Revenue Bond Sinking Fund	\$ 1,521
Depreciation Fund	133,735
Bond Reserve Fund	32,471
Contingency Reserve Fund	14,675
Total	\$ 182,402
Less:	
LIABILITIES PAYABLE FROM RESTRICTED ASSETS	
Current portion of Water Revenue Bonds	\$ (11,610)
Accrued interest	(688)
Total	\$ (12,298)
Restricted net position	\$ 170,104

**10. CONSTRUCTION COMMITMENTS**

Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana has an active construction project consisting of new waterlines on Dogwood Lane and Wingate Camp Road.

Project	Spent to Date	Remaining Commitment
Dogwood Lane and Wingate Camp Road	\$ 25,365	\$ 1,000

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, 2023

<u>Board Member</u>	<u>Amount</u>
Warren Cooley	\$ 450
Mike Franks	550
Cary Cooley	250
Kathy Cornwell	450
Joann Watson	450
	<hr/>
Total	\$ 2,150

Schedule of Compensation, Benefits and  
Other Payments to Agency Head  
For the Year Ended December 31, 2023

Agency Head Name - Mike Franks

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 550
Benefits - insurance	-
Benefits - retirement	-
Deferred compensation	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Cell phone	540
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	900
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-

## OTHER REPORTS



Schedule of Prior Year Audit Findings  
For the Year Ending December 31, 2023

Finding – Financial Statement Audit

Audit Finding No. 2022-1

Audit Report Not Timely Submitted to the Louisiana Legislative Auditor

Condition: The December 31, 2022 audit report of Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana was not submitted to the Louisiana Legislative Auditor’s office by the statutory deadline of June 30, 2023.

Criteria: Louisiana Revised Statute R.S. 24:513(A)(5)(a)(i) states that the audits of local governments must be completed within six months of the entity’s year end and timely submitted to the Louisiana Legislative Auditor by the six month deadline.

Cause and Condition: The financial statements to be audited were not submitted to the CPA for audit until late in June 2023. This did not leave sufficient time for the audit of the financial statements to be completed by the statutory deadline of June 30, 2023.

Effect of Condition: Violation of R.S. 24:513(A)(5)(a)(i).

Recommendation: We recommend that the District submit the financial records to their CPA who prepares their financial statements as soon as possible after the District’s year end. Also, we recommend that the District monitor the preparation in order to have them available for audit with sufficient time to complete the audit by the statutory deadline.

Date of Initial Occurrence - December 31, 2022

Corrective Action Taken - Yes

Schedule of Current Year Audit Findings and Management's Response  
For the Year Ending December 31, 2023

There were no current year audit findings as of June 30, 2023.

# Windham & Reed, L.L.C.

*Certified Public Accountants*

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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.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, a component unit of the Beauregard Parish Police Jury, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana's basic financial statements, and have issued our report thereon dated June 14, 2024.

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

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Waterworks District No. 5 of the Parish of Beauregard, State of Louisiana’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed 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  
June 14, 2024