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BEAUREGARD PARISH WATERWORKS DISTRICT NO. 2
BEAUREGARD PARISH POLICE JURY
DERIDDER, LOUISIANA

General Purpose Financial Statements
As of and for the Year Ended December 31, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-2-00

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 2
BEAUREGARD PARISH POLICE JURY
DERIDDER, LOUISIANA

General Purpose Financial Statements
As of and for the Year Ended December 31, 1999

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John A. Windham, CPA

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John A. Windham, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Beauregard Parish Waterworks
District No. 2
Singer, Louisiana

I have audited the accompanying general purpose financial statements of Beauregard Parish Waterworks District No. 2, a component unit of the Beauregard Parish Police Jury, DeRidder, Louisiana, as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of Beauregard Parish Waterworks District No. 2's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards 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 I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Beauregard Parish Waterworks District No. 2, as of December 31, 1999 and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

Board of Commissioners
Beauregard Parish Waterworks
District No. 2
Singer, Louisiana

In accordance with GOVERNMENT AUDITING STANDARDS, I have also issued my report dated June 26, 2000 on my consideration of Beauregard Parish Waterworks District No. 2's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grants.

John A. Windham, CPA

DeRidder, Louisiana
June 26, 2000

Statement A

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 2
 BEAUREGARD PARISH POLICE JURY
 DERIDDER, LOUISIANA
 PROPRIETARY FUND - ENTERPRISE FUND
 (All Fund Types and Account Groups)

BALANCE SHEET
 December 31, 1999

ASSETS

Current assets:	
Cash	\$ 372,877
Receivables:	
Taxes	208,200
Accounts	29,732
Prepaid expense	9,034
Total Current Assets	<u>\$ 619,843</u>
Restricted assets - cash	
Revenue bond and interest	
sinking fund	\$ 59,146
Bond reserve	61,854
Depreciation and contingency	53,725
Total Restricted Assets	<u>\$ 174,725</u>
Property, plant and equipment	
Land	\$ 5,324
Plant and equipment	4,106,315
Less accumulated depreciation	<u>(1,441,960)</u>
Net property, plant and equipment	<u>\$ 2,669,679</u>
Bond issuance cost - net	<u>\$ 37,317</u>
Total Assets	<u>\$ 3,501,564</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement A

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 2
 BEAUREGARD PARISH POLICE JURY
 DERIDDER, LOUISIANA
 PROPRIETARY FUND - ENTERPRISE FUND
 (All Fund Types and Account Groups)

BALANCE SHEET
 December 31, 1999

LIABILITIES AND FUND EQUITY

Liabilities:

Current liabilities (payable from current assets):	
Accounts payable	\$ 6,548
Sales tax payable	589
Payroll taxes payable	1,517
Accrued general obligation bond interest	6,267
Current portion of general obligation bonds	<u>30,000</u>
Total Current Liabilities - (payable from current assets)	<u>\$ 44,921</u>
Current liabilities (payable from restricted assets):	
Accrued revenue bond interest	\$ 4,186
Current portion of revenue bonds	<u>29,592</u>
Total Current Liabilities - (payable from restricted assets)	<u>\$ 33,778</u>
Long-term debt:	
Revenue bonds (net of current portion)	\$1,797,578
General obligation bonds (net of current portion)	<u>327,573</u>
Total Long-Term Liabilities	<u>\$2,125,151</u>
Total Liabilities	<u>\$2,203,850</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement A

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 2
 BEAUREGARD PARISH POLICE JURY
 DERIDDER, LOUISIANA
 PROPRIETARY FUND - ENTERPRISE FUND
 (All Fund Types and Account Groups)

BALANCE SHEET
 December 31, 1999

Fund Equity:	
Contributed capital	
Grant - FHA	\$ 404,000
Customers	<u>50,750</u>
Total Contributed Capital	<u>\$ 454,750</u>
Retained earnings	
Reserved for revenue bond retirement	\$ 119,302
Unreserved	<u>723,662</u>
Total Retained Earnings:	<u>\$ 842,964</u>
Total Fund Equity	<u>\$1,297,714</u>
Total Liabilities and Fund Equity	<u>\$3,501,564</u>

(Concluded)

The accompanying notes are an integral part of this statement.

Statement B

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 2
 BEAUREGARD PARISH POLICE JURY
 DERIDDER, LOUISIANA
 PROPRIETARY FUND - ENTERPRISE FUND

STATEMENT OF REVENUE AND EXPENSES AND
 CHANGES IN RETAINED EARNINGS
 For the Year ended December 31, 1999

Operating Revenue:	
Water sales	<u>\$ 297,258</u>
Operating Expenses:	
Repairs and maintenance	\$ 28,231
Advertising	478
Depreciation	117,878
Amortization	2,564
Utilities and telephone	38,552
Salaries and payroll taxes	65,311
Contract Labor	5,334
Insurance	23,509
Postage	4,743
Office supplies	4,320
Legal and audit	2,838
Commissioner fees	2,800
License and permits	361
Travel & seminars	852
Rent	1,349
Dues and subscriptions	195
Gas and oil	5,273
Small tools and supplies	30,785
Sales taxes	6,692
Bank charges	101
Miscellaneous	191
Total Operating Expenses	<u>\$ 342,357</u>
Operating income	<u>\$ (45,099)</u>
Non-Operating Revenues (expenses):	
Interest income	\$ 22,687
Ad valorem taxes	208,587
Sale of assets	1,501
Interest expense	(156,328)
Tax Collection Expense	(7,013)
Total Non-Operating Revenues (expenses)	<u>\$ 69,434</u>
Net Income	\$ 24,335
Retained Earnings Beginning of Year	<u>818,629</u>
Retained Earnings End of Year	<u>\$ 842,964</u>

The accompanying notes are an integral part of this statement.

Statement C

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 2
 BEAUREGARD PARISH POLICE JURY
 DERIDDER, LOUISIANA
 PROPRIETARY FUND - ENTERPRISE FUND

STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 1999

Cash flows from operating activities:	
Cash received from customers	\$ 290,329
Cash payments for goods and services	(156,741)
Cash payments for personal services	(65,447)
Net cash provided by operating activities	<u>\$ 68,141</u>
Cash flows from capital and related financing activities:	
Interest paid on long-term debt	\$ (153,105)
Fixed assets purchased	(64,882)
Sale of assets	1,501
Principal paid long-term debt	(57,391)
Tax receipts	211,573
Tax collection expense	(7,013)
Net cash used for capital and related financing activities	<u>\$ (69,317)</u>
Cash flows from investing activities:	
Interest received	<u>\$ 22,687</u>
Net decrease in cash	\$ 21,511
Cash - beginning of year	<u>\$ 526,091</u>
Cash - end of year	<u>\$ 547,602</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement C

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 2
 BEAUREGARD PARISH POLICE JURY
 DERIDDER, LOUISIANA
 PROPRIETARY FUND - ENTERPRISE FUND

STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 1999

Reconciliation of operating loss to net cash
 provided by operating activities:

Operating income	\$ (45,099)
Adjustments to reconcile operating loss to <i>net cash provided by operating activities:</i>	
Depreciation	117,878
Amortization	2,564
Change in assets and liabilities:	
Increase in receivables	(6,929)
Decrease in prepaid expense	711
Decrease in accounts payable	(1,008)
Decrease in payroll taxes payable	(136)
Increase in sales taxes payable	160
Total adjustments	<u>\$ 113,240</u>
Net cash provided by operating activities	<u>\$ 68,141</u>

(Concluded)

The accompanying notes are an integral part of this statement.

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 2
BEAUREGARD PARISH POLICE JURY
DERIDDER, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 1999

INTRODUCTION

The Beauregard Parish Waterworks District #2 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 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 1,345 residents and employs approximately three employees.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the Beauregard Parish Waterworks District No. 2 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Beauregard Parish Police Jury is the financial reporting entity for Beauregard Parish. The financial reporting entity consist of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Beauregard Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 2
BEAUREGARD PARISH POLICE JURY
DERIDDER, LOUISIANA
Notes to the Financial Statements

reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints the district's governing body, and the police jury has the ability to impose its will on the district, the district was determined to be a component unit of the Beauregard Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The Beauregard Parish Waterworks District No. 2 is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 2
BEAUREGARD PARISH POLICE JURY
DERIDDER, LOUISIANA
Notes to the Financial Statements

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. The Enterprise Fund uses the following practices in recording certain revenues and expenses:

REVENUES

TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied by the district in September and are actually billed to the taxpayer in November. Billed taxes become delinquent on January 1 of the following year.

For the year ended December 31, 1999 taxes of 22.00 mills were levied on property with assessed taxable valuation totaling \$9,690,873 with 11.00 mills dedicated for debt retirement and 11.00 mills for operating and maintenance of the district.

Total taxes levied for the year ended December 31, 1999 were \$213,199 of which \$4,999 was collected resulting in a tax receivable balance of \$208,200 at December 31, 1999.

FEES

Fees for water provided to customers are based on consumption and are billed monthly. Amounts billed but not collected are reflected in accounts receivable.

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 2
BEAUREGARD PARISH POLICE JURY
DERIDDER, LOUISIANA
Notes to the Financial Statements

EXPENSES

Expenses are recorded at the date services or products are received. Unpaid amounts are recorded in accounts payable.

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

F. PREPAID ITEMS

The district includes in current assets the unexpired portion of expenses paid in the current year but not expiring until a date following the end of the current accounting year.

G. 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.

H. FIXED ASSETS

Fixed assets of the district are included on the balance sheet of the fund. Interest costs incurred during construction are not capitalized. Infrastructure is not capitalized. Depreciation of all exhaustive fixed assets are charged as an expense against operations. Depreciation is computed using the straight line method over the estimated useful lives of 5 to 50 years.

I. COMPENSATED ABSENCES

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

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 2
BEAUREGARD PARISH POLICE JURY
DERIDDER, LOUISIANA
Notes to the Financial Statements

J. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the Enterprise Fund.

K. FUND EQUITY

CONTRIBUTED CAPITAL

Grants, entitlements, or shared revenues received that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired from such contributions.

Reserves

Reserves represent those portions of fund equity legally segregated for a specific future use.

L. FASB PRONOUNCEMENTS

Beauregard Parish Waterworks District No. 2 of the Parish of Beauregard has applied all applicable GASB (Government Accounting Standards Board) pronouncements as well as FASB (Financial Accounting Standards Board) statements and interpretations, APB (Accounting Principles Board) opinions and (ARB's) Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. Also, applied are all FASB statements and interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

(2) CASH AND CASH EQUIVALENTS
AND INVESTMENTS

At December 31, 1999, the district had cash and cash equivalents (book balance) totaling \$547,602, as follows:

Demand deposits	\$	75,296
Interest bearing demand deposits		62,022
Money market accounts		192,862
Time deposits		<u>217,422</u>
Total cash on deposit with banks	\$	<u>547,602</u>

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 2
 BEAUREGARD PARISH POLICE JURY
 DERIDDER, LOUISIANA
 Notes to the Financial Statements

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1999, the district had \$545,418 in deposits (collected bank balances). These deposits are secured from risk by \$372,665 of federal deposit insurance and \$172,753 of pledged securities held by the custodial banks in the name of the fiscal agent banks (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial banks to advertise and sell pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

(3) RECEIVABLES

The following is a summary of receivables at December 31, 1999:

<u>Class of Receivable</u>	Current Assets
Customer accounts	\$ 29,732
Ad valorem taxes	<u>208,200</u>
Total	<u>\$ 237,932</u>

Uncollectible amounts due for ad valorem taxes and customer's utility receivables are recognized as bad debts through the direct write-off method at the time information becomes available which would indicate that a particular account is not collectible.

The allowance method for uncollectible accounts is not used due to immateriality based on prior years experience.

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 2
 BEAUREGARD PARISH POLICE JURY
 DERIDDER, LOUISIANA
 Notes to the Financial Statements

(4) PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant and equipment at December 31, 1999 is as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land	\$ 5,324	\$ ---	\$ 5,324
Plant and distribution system	3,939,540	(1,370,900)	2,568,640
Furniture, fixtures and equipment	154,610	(63,111)	91,499
Pumps and compressors	<u>12,165</u>	<u>(7,949)</u>	<u>4,216</u>
Totals	<u>\$ 4,111,639</u>	<u>\$ (1,441,960)</u>	<u>\$2,669,679</u>

All depreciable assets are depreciated using the straight-line method of depreciation.

The plant and distribution system uses a 30 to 40 year life; the furniture, fixtures and equipment including data processing equipment, uses 5 to 10 year life; pumps and compressors are depreciated over 10 years.

(5) LONG-TERM DEBT

The following is a summary of the long-term debt transactions of the District for the year ended December 31, 1999:

	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Total</u>
Bonds payable, January 1, 1999	\$ 405,000	\$1,877,415	\$ 2,282,415
Bonds retired	(30,000)	(27,390)	(57,390)
Deferred amount refunding	<u>(17,427)</u>	<u>\$ (22,855)</u>	<u>\$ (40,282)</u>
Bonds payable, December 31, 1999	<u>\$ 357,573</u>	<u>\$1,827,170</u>	<u>\$ 2,184,743</u>

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 2
 BEAUREGARD PARISH POLICE JURY
 DERIDDER, LOUISIANA
 Notes to the Financial Statements

Bonds payable at December 31, 1999 are comprised of the following individual issues:

General obligation bonds:

\$375,000 General Obligation Refunding Bonds, Series 1998, dated June 1, 1998, due in annual installments of \$30,000 to \$45,000 through March 1, 2009; interest at 5.00%, issue secured by levy and collection of ad valorem tax \$ 375,000

Revenue refunding bonds:

\$245,000 Taxable Water Revenue Refunding Bonds, Series 1998, dated June 1, 1998, due in annual installments of \$7,835 to \$26,319 through April 1, 2010; interest at 7.00% \$ 237,165

Revenue bonds:

\$1,687,000 Water Revenue Bonds dated November 18, 1991, due in monthly installments of \$10,291 beginning December 18, 1993 through November 18, 2031; interest at 6.75%. \$ 1,612,860

The annual requirements to amortize all debt outstanding as of December 31, 1999 including interest payments of \$2,517,612 are as follows:

<u>Year ending</u>	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Total</u>
2000	\$ 48,000	\$ 155,062	\$ 203,062
2001	51,375	154,301	205,676
2002	49,625	153,539	203,164
2003	47,875	158,064	205,939
2004-2008	231,875	775,381	1,007,256
2009-2013	46,125	679,496	725,621
2014-2018	---	617,442	617,442
2019-2023	---	617,442	617,442
2024-2028	---	617,442	617,442
2029-2031	---	339,593	339,593
Totals	<u>\$ 474,875</u>	<u>\$ 4,267,762</u>	<u>\$ 4,742,637</u>

BEAUREGARD PARISH WATERWORKS DISTRICT NO. 2
 BEAUREGARD PARISH POLICE JURY
 DERIDDER, LOUISIANA
 Notes to the Financial Statements

A summary of bond issuance cost at December 31, 1999 is as follows:

Bond issuance cost	\$	45,077
less: accumulated amortization		<u>(7,760)</u>
Net bond issuance cost		<u>\$ 37,317</u>

(6) COMMISSIONER FEES

The following is a breakdown of commissioner's fees for the year ended December 31, 1999.

<u>Names</u>	<u>Number of meetings</u>	<u>Amount of Per Diem</u>	<u>Total Paid</u>
Ronnie Cagle	17	\$ 35	\$ 595
Paul Cooley	17	35	595
M. B. Franks	16	35	560
Melvin Crabtree	14	35	490
J. R. Havens	16	35	<u>560</u>
Total			<u>\$ 2,800</u>

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature and within the provisions of R.S. 33:3819.

(7) RETIREMENT COMMENTS

All employees of the District are members of the Federal Social Security System. The District contributes 7.65% of gross salaries up to appropriate statutory limits to that system. The Federal Social Security administration administers the plan and pays benefits.

John A. Windham, CPA

A Professional Corporation

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John A. Windham, CPA

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Beauregard Parish Waterworks
District No. 2
Singer, Louisiana

I have audited the general purpose financial statements of Beauregard Parish Waterworks District No. 2, a component unit of the Beauregard Parish Police Jury, DeRidder, Louisiana, as of and for the year ended December 31, 1999, and have issued my report thereon dated June 26, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Beauregard Parish Waterworks District No. 2's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under GOVERNMENT AUDITING STANDARDS.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Beauregard Parish Waterworks District No. 2's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce

Board of Commissioners
Beauregard Parish Waterworks
District No. 2
Singer, Louisiana

to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Commissioners, Beauregard Waterworks District No. 2's management, others within the organization and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

John A. Windham, CPA

DeRidder, Louisiana
June 26, 2000