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

Component Unit Financial Statements  
As of and for the Year Ended December 31, 1995

under provisions of state law, this report is a public document. A copy of this report has been submitted to the audited, or reviewed, 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 8-21-96

# John A. Windham, CPA

*A Professional Corporation*

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John A. Windham, CPA

June 4, 1996

Beauregard Parish Waterworks District No. 2  
and the Members of The Board of Commissioners  
Singer, Louisiana

In planning and performing my audit of the general purpose financial statements of the Beauregard Parish Waterworks District No. 2, for the year ended December 31, 1995, I considered its internal control structure 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 structure. However, I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that in my judgement, could adversely affect the Beauregard Parish Waterworks District No. 2's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

## Reportable Conditions

### Post dated check

#### Finding:

During expense testwork on salaries I found one payroll check which was dated for January 1996 but cleared the bank in December 1995.

#### Recommendation:

I recommend that all checks should be properly dated on the date written and that post dating checks should be avoided.

#### Management's response:

Management agrees with the recommendation and post dating checks will not be allowed in the future.

Compliance with Laws and Regulations

Employee loans

Statement of Condition:

The Waterworks District loaned an employee \$200.00 during the year under audit.

Criteria:

Loans to employees are a violation of Louisiana Revised Statutes.

Cease of Condition:

Waterworks personnel were not aware that the loan would be in violation of the Revised Statutes.

Recommendation:

I recommend that no loans or advances be made to any employees or officials of the Waterworks District in the future.

Response:

Management will no longer allow loans to be made to employees or public officials of the Waterworks District.

Restricted Cash Accounts

Statement of Condition:

The restricted cash accounts required by the bond agreement with Farmers Home Administration have not been set up.

Criteria:

The bond agreement requires that a sinking fund, reserve fund and depreciation and contingency fund be set up with required monthly deposits to be made into each account.

Course of Condition:

Funds have been available in the operating account but the restricted cash accounts were never set up.

Recommendation:

I recommend that the restricted cash accounts be set up and the required monthly deposits into the accounts be made timely.

Beauregard Parish Waterworks District No. 2  
and the Members of The Board of Commissioners  
Singer, Louisiana  
Page 3

Response:

The District agrees that the accounts must be set up  
and the required monthly deposits made timely.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. In addition, because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected by such control structure. However, none of the reportable conditions described above is believed to be a material weakness.

These conditions were considered in determining the nature, timing, and extent of the audit tests applied in my audit of the December 31, 1995 general purpose financial statements, and this report does not affect my report on those general purpose financial statements dated June 4, 1995. I have not considered the internal control structure since the date of my report.

This report is intended solely for the information of the Board of Commissioners, management, and the Legislative Auditor. This restriction is not intended to limit distribution of this report, which is a matter of public record.

*John A. Windham, CPA*  
DeRidder, Louisiana  
June 4, 1996

# 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 of the Beauregard Parish Police Jury, DeRidder, La., as of and for the year ended December 31, 1995, as listed in the table of contents. These general purpose financial statements are the responsibility of Beauregard Parish Waterworks District No. 2 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 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, 1995 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 a report dated June 4, 1996 on my consideration of Beauregard Parish Waterworks District No. 2's internal control structure and a report dated June 4, 1996 on its compliance with laws and regulations.

*John A. Windham, CPA*

DeRidder, Louisiana  
June 4, 1996

## Statement A

BEUREGARD 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, 1995

## ASSETS

## Current assets:

Cash	\$	295,050
Investments		186,057
Receivables:		
Taxes		167,907
Accounts		24,511
Accrued interest receivable		354
Prepaid expense		7,285
Total current assets	\$	<u>681,164</u>

## Restricted assets - cash

Revenue bond and interest sinking fund	\$	14,715
Bond reserve		17,927
Depreciation and contingency		16,931
Total restricted assets	\$	<u>49,573</u>

Property, plant and equipment - net \$ 2,935,581

Bond issuance cost - net \$ 27,931

Total assets \$ 3,694,249

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, 1995

## LIABILITIES AND FUND EQUITY

## Liabilities:

Current liabilities (payable from current assets):	
Accounts payable	\$ 9,996
Sales tax payable	871
Payroll taxes payable	304
Accrued general obligation bond interest	16,497
Current portion of general obligation bonds	<u>25,000</u>
Total current liabilities - (payable from current assets)	<u>\$ 52,668</u>
Current liabilities (payable from restricted assets):	
Accrued revenue bond interest	\$ 7,238
Current portion of revenue bonds	<u>17,051</u>
Total current liabilities - (payable from restricted assets)	<u>\$ 24,289</u>
Long-term debt:	
Revenue bonds (net of current portion)	\$1,911,976
General obligation bonds (net of current portion)	<u>595,000</u>
Total long-term liabilities	<u>\$2,506,976</u>
 Total liabilities	 <u>\$2,583,933</u>

## 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	\$ 25,284
Unreserved	<u>630,282</u>
Total retained earnings	<u>\$ 655,566</u>
 Total fund equity	 <u>\$1,110,316</u>
 Total liabilities and fund equity	 <u>\$3,694,249</u>

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, 1995

Operating revenue:	
Water sales	<u>\$ 246,695</u>
Operating expenses:	
Repair and maintenance	\$ 29,470
Advertising	57
Depreciation	110,633
Amortization	931
Utilities and telephone	37,980
Salaries & payroll taxes	59,313
Insurance	15,091
Postage	4,310
Office supplies	2,684
Legal and audit	5,002
Commissioner fees	2,240
License and permits	696
Training	341
Gas & oil	5,968
Small tools and supplies	1,886
Contract labor	1,255
Miscellaneous	64
Total operating expenses	<u>\$ 277,921</u>
Operating loss	<u>\$ (31,226)</u>
Non-operating revenues (expenses):	
Interest income	\$ 16,510
Ad valorem taxes	174,208
Interest expense	(188,278)
Tax collection expense	(5,832)
Miscellaneous income	82
Total non-operating revenues (expenses)	<u>\$ (3,310)</u>
Net loss	\$ (34,536)
Retained earnings beginning of year	<u>690,102</u>
Retained earnings end of year	<u>\$ 655,566</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, 1995

Cash flows from operating activities:	
Cash received from customers	\$ 255,264
Cash payments for goods and service	(109,354)
Cash payments for personal services	(60,103)
Net cash provided by operating activities	<u>\$ 85,807</u>
Cash flows from capital and related financing activities:	
Interest paid on long-term debt	\$ (191,508)
Equipment purchased	(62,191)
Equipment retired	11,923
Principal paid long-term debt	(37,519)
Tax receipts	174,208
Tax collection expense	(5,832)
Miscellaneous income	82
Net cash used for capital and related financing activities	<u>\$ (110,837)</u>
Cash flows from investing activities:	
Interest received	<u>\$ 16,592</u>
Net decrease in cash	\$ (8,438)
Cash - beginning of year	<u>\$ 539,118</u>
Cash - end of year	<u>\$ 530,680</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	\$ (31,226)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	110,633
Amortization	931
Change in assets and liabilities:	
Decrease in receivables	8,311
Increase in prepaid expense	(483)
Decrease in accounts payable	<u>(2,359)</u>
Net cash provided by operating activities	<u>\$ 85,807</u>

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, 1995

(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 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.

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

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, 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.

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 is 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:

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

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, 1995 taxes of 22.00 mills were levied on property with assessed valuation totaling \$8,085,586 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, 1995 were \$177,883, of which \$9,976 was collected resulting in a tax receivable balance of \$167,907 at December 31, 1995.

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.

EXPENSES

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

E. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. 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 and national banks having their principal offices in Louisiana.

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

Under state law, the district may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

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.

The restricted assets are accounted for based upon the following requirements:

- (1) A deposit equal to 1/12 of the total amount of the revenue bond principal and interest, dated April 6, 1989, falling due in the ensuing year is deposited into a "Water Revenue Bond and Interest Sinking Fund".
- (2) A deposit equal to 5% of the monthly sinking fund payment on the revenue bonds dated April 6, 1989 is deposited into a "Bond Reserve Fund" monthly until there is accumulated therein an amount equal to the highest annual debt service payable in any future year.
- (3) A required monthly deposit of \$669 for the FMHA Revenue bond and 5% of the Sinking fund for the Premier Bank bond is to be made to a "Depreciation and Contingency" fund to cover depreciation, extensions, additions, improvements and replacement necessary to operate the system properly. Money in the "Depreciation and Contingency" fund may also be used to pay the principal and the interest of any bonds authorized for the payment of which there is not sufficient money in the "Bond Reserve" Fund.

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

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. Depreciation of all exhaustive fixed assets are charged as an expense against operations. Fixed assets reported on the balance sheet are net of accumulated depreciation. 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.

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.

(2) CASH AND CASH EQUIVALENTS AND INVESTMENTS

At December 31, 1995, the district had cash and cash equivalents (book balance) totaling \$530,680, as follows:

Demand deposits	\$ 1,194
Interest bearing demand deposits	62,171
Money market accounts	281,258
Total cash	<u>\$ 344,623</u>

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

Deposits with banks classified  
 as investments

Time deposits over 90 days	\$ <u>186,057</u>
Total cash and investments on deposit with banks	\$ <u>530,680</u>

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 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, 1995, the district had \$532,236 in deposits (collected bank balances).

These deposits are secured from risk by \$301,194 of federal insurance and \$1,057,380 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, 1995:

<u>Class of Receivable</u>	<u>Current Assets</u>
Customer accounts	\$ 24,511
Ad valorem taxes	167,907
Accrued interest	<u>354</u>
Total	\$ <u>192,772</u>



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

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.

(4) PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant and equipment at December 31, 1995 is as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land	\$ 5,324	\$ ---	\$ 5,324
Plant and distribution system	3,823,140	(977,061)	2,846,079
Furniture, fixtures and equipment	100,268	(21,056)	79,212
Pumps and compressors	<u>10,126</u>	<u>(5,160)</u>	<u>4,966</u>
Totals	<u>\$ 3,938,858</u>	<u>\$ (1,003,277)</u>	<u>\$2,935,581</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.

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

(5) LONG-TERM DEBT

The following is a summary of the long-term debt transactions of the District for the year ended December 31, 1995:

	<u>Bonds</u>	<u>Obligation</u>	<u>Total</u>
Bonds payable, January 1, 1995	\$ 1,941,546	\$ 645,000	\$ 2,586,546
Bonds retired	<u>(12,519)</u>	<u>(25,000)</u>	<u>(37,519)</u>
Bonds payable, December 31, 1995	<u>\$ 1,929,027</u>	<u>\$ 620,000</u>	<u>\$ 2,549,027</u>

Bonds payable at December 31, 1995 are comprised of the following individual issues:

General obligation bonds:

\$720,000 Public Improvement Bonds dated June 1, 1989, due in annual installments of \$15,000 - \$70,000 through March 1, 2009; interest at 7.6% - 10%, issue secured by levy and collection of ad valorem taxes. \$ 620,000

Revenue refunding bonds:

\$273,107 Water Utility Refunding Bonds dated April 6, 1989, due in annual installments of \$30,000 - \$33,550 through September 28, 2016; interest at 11%. \$ 263,185

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%. \$ 1,665,842

The annual requirements to amortize all debt outstanding as of December 31, 1995 including interest payments of \$3,578,116 are as follows:

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

<u>Year ending</u>	<u>Obligation</u>	<u>Revenue</u>	<u>Total</u>
1996	\$ 73,240	\$ 157,787	\$ 231,027
1997	75,850	157,036	232,886
1998	73,562	156,287	229,849
1999	71,260	155,537	226,797
2000-2004	367,427	776,184	1,143,611
2005-2009	364,000	772,683	1,136,683
2010-2014	---	773,683	773,683
2015-2019	---	681,038	681,038
2020-2024	---	617,442	617,442
2025-2029	---	617,442	617,442
2030-2031	---	236,686	236,686
Totals	<u>\$1,025,339</u>	<u>\$ 5,101,805</u>	<u>\$ 6,127,144</u>

A summary of bond issuance cost at December 31, 1995 is as follows:

Bond issuance cost	\$ 32,627
less: accumulated amortization	<u>(4,696)</u>
Net bond issuance cost	<u>\$ 27,931</u>

(6) COMMISSIONER FEES

The following is a breakdown of commissioner's fees for the year ended December 31, 1995.

<u>Names</u>	<u>Number of days</u>	<u>Amount of Per Diem</u>	<u>Total Paid</u>
Ronnie Cagle	12	\$ 35	\$ 420
Paul Cooley	14	35	490
M. B. Franks	13	35	455
Melvin Crabtree	11	35	385
Daniel Sonnenberg	14	35	490
Total			<u>\$ 2,240</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 COMMITMENTS

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

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John A. Windham, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE  
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, as of and for the year ended December 31, 1995, and have issued my report thereon dated June 4, 1996.

I conducted my audit in accordance with generally accepted auditing standards and GOVERNMENT 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.

The management of Beauregard Parish Waterworks District No. 2, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the general purpose financial statements of Beauregard Parish Waterworks District No. 2, for the year ended December 31, 1995, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in

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

operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. 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 to a relatively low level the risk that errors and irregularities 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 structure and its operation that I consider to be material weaknesses as defined above.

However, I noted certain matters involving the internal control structure and its operation that I have reported to the management of Beauregard Parish Waterworks District No. 2, in a separate letter dated June 4, 1996.

This report is intended for the information of the Board of Commissioners, management, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*John A. Windham, CPA*

✓ DeRidder, Louisiana  
June 4, 1996

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John A. Windham, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
BASED ON AN AUDIT OF GENERAL PURPOSE  
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, as of and for the year ended December 31, 1995, and have issued my report thereon dated June 4, 1996.

I conducted my audit in accordance with generally accepted auditing standards and 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 financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Beauregard Parish Waterworks District No. 2, is the responsibility of Beauregard Parish Waterworks District No. 2's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Beauregard Parish Waterworks District No. 2's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. 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.

I noted certain immaterial instances of noncompliance that I have reported to the management of Beauregard Parish Waterworks District No. 2 in a separate letter dated June 4, 1996.

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

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*John A. Windham, CPA*

DeRidder, Louisiana  
June 4, 1996