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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, 1998

Under provisions of state law, this report is a public document. A copy of the 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 7-14-99

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John A. Windham, CPA

A Professional Corporation

1620 North Pine St.
DeRidder, LA 70634
Tel. (318) 462-3211
Fax. (318) 462-0640

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, 1998, 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, 1998 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 23, 1999 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 23, 1999

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, 1998

ASSETS

Current assets:	
Cash	\$ 407,696
Receivables:	
Taxes	211,186
Accounts	22,803
Prepaid expense	<u>9,745</u>
Total Current Assets	<u>\$ 651,430</u>
Restricted assets - cash	
Revenue bond and interest	
sinking fund	\$ 22,181
Bond reserve	76,558
Depreciation and contingency	<u>19,657</u>
Total Restricted Assets	<u>\$ 118,396</u>
Property, plant and equipment	
Land	\$ 5,324
Plant and equipment	4,041,433
Less accumulated depreciation	<u>(1,324,083)</u>
Net property, plant and equipment	<u>\$ 2,722,674</u>
Bond issuance cost - net	<u>\$ 39,881</u>
Total Assets	<u>\$ 3,532,381</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, 1998

LIABILITIES AND FUND EQUITY

Liabilities:

Current liabilities (payable from current assets):	
Accounts payable	\$ 7,556
Sales tax payable	429
Payroll taxes payable	1,653
Accrued general obligation bond interest	7,039
Current portion of general obligation bonds	<u>30,000</u>
Total Current Liabilities - (payable from current assets)	<u>\$ 46,677</u>
Current liabilities (payable from restricted assets):	
Accrued revenue bond interest	\$ 4,322
Current portion of revenue bonds	<u>26,693</u>
Total Current Liabilities - (payable from restricted assets)	<u>\$ 31,015</u>
Long-term debt	
Revenue bonds (net of current portion)	\$1,825,638
General obligation bonds (net of current portion)	<u>355,672</u>
Total Long-Term Liabilities	<u>\$2,181,310</u>
Total Liabilities	<u>\$2,259,002</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, 1998

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	\$ 87,380
Unreserved	<u>731,249</u>
Total Retained Earnings:	<u>\$ 818,629</u>
Total Fund Equity	<u>\$1,273,379</u>
Total Liabilities and Fund Equity	<u>\$3,532,381</u>
	(Concluded)

The accompanying notes are an integral part of this statement.

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, 1998

Operating Revenue:	
Water sales	<u>\$ 298,740</u>
Operating Expenses:	
Repairs and maintenance	\$ 9,354
Advertising	1,750
Depreciation	112,055
Amortization	1,736
Utilities and telephone	35,900
Salaries and payroll taxes	67,549
Contract Labor	1,480
Insurance	14,322
Postage	4,913
Office supplies	1,677
Legal and audit	4,529
Commissioner fees	2,380
License and permits	90
Election expense	3,293
Rent	1,175
Dues and subscriptions	165
Gas and oil	4,662
Small tools and supplies	31,689
Sales taxes	6,767
Bank Charges	<u>73</u>
Total Operating Expenses	<u>\$ 305,559</u>
Operating income	<u>\$ (6,819)</u>
Non-Operating Revenues (expenses):	
Interest income	\$ 10,485
Ad valorem taxes	215,103
Interest expense	(164,151)
Tax Collection Expense	<u>(7,013)</u>
Total Non-Operating Revenues (expenses)	<u>\$ 54,424</u>
Net Income	\$ 47,605
Retained Earnings	
Beginning of Year	809,024
Prior period adjustment	<u>(38,000)</u>
Retained Earnings	
End of Year	<u>\$ 818,629</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, 1998

Cash flows from operating activities:	
Cash received from customers	\$ 297,635
Cash payments for goods and services	(131,794)
Cash payments for personal services	<u>(67,549)</u>
Net cash provided by operating activities	<u>\$ 98,292</u>
Cash flows from capital and related financing activities:	
Interest paid on long-term debt	\$ (174,623)
Fixed assets purchased	(99,487)
Assets retired	32,989
Other assets purchased	(44,412)
Other assets retired	6,461
Principal paid long-term debt	(49,047)
Bonds refunded	(746,422)
Bond proceeds	620,000
Bond issue costs	(22,008)
Tax receipts	227,663
Tax collection expense	<u>(7,013)</u>
Net cash used for capital and related financing activities	<u>\$ (255,899)</u>
Cash flows from investing activities:	
Interest received	<u>\$ 17,658</u>
Net decrease in cash	\$ (139,949)
Cash - beginning of year	<u>\$ 666,041</u>
Cash - end of year	<u>\$ 526,092</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, 1998

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

Operating income	\$	(6,819)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation		112,055
Amortization		1,736
Change in assets and liabilities:		
Decrease in receivables		(1,105)
Increase in prepaid expense		(2,726)
Decrease in accounts payable		<u>(4,849)</u>
Net cash provided by operating activities	\$	<u>98,292</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, 1998

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, 1998 taxes of 22.00 mills were levied on property with assessed taxable valuation totaling \$9,942,439 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, 1998 were \$218,734, of which \$7,548 was collected resulting in a tax receivable balance of \$211,186 at December 31, 1998.

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.

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

- (1) Deposits equal to 1/12 of the total amount of the revenue bonds principal and interest, dated April 6, 1989 and November 18, 1991, falling due in the ensuing year are deposited into separate "Water Revenue Bond and Interest Sinking Funds".
- (2) A deposit equal to 5% of the monthly 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.

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

A deposit in the amount of \$515 per month on the revenue bonds dated November 18, 1991 is deposited into a "Bond Reserve Fund" until \$123,488 has been accumulated therein.

- (3) A deposit of \$669 on the revenue bonds dated November 18, 1991 is to be made into 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.

A deposit equal to 5% of the amount to be paid into the sinking fund of the revenue bonds dated April 6, 1989, to be deposited into a "Depreciation and Contingency Fund" monthly and to continue for the life of the bond.

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. 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.

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

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, 1998, the district had cash and cash equivalents (book balance) totaling \$526,092, as follows:

Demand deposits	\$ 40,869
Interest bearing demand deposits	75,876
Money market accounts	206,550
Time deposits	<u>202,797</u>
Total cash on deposit with banks	<u>\$ 526,092</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 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, 1998, the district had \$527,551 in deposits (collected bank balances).

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

These deposits are secured from risk by \$301,789 of federal deposit insurance and \$225,762 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, 1998:

<u>Class of Receivable</u>	Current Assets
Customer accounts	\$ 22,803
Ad valorem taxes	<u>211,186</u>
Total	<u>\$ 233,989</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, 1998 is as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land	\$ 5,324	\$ ---	\$ 5,324
Plant and distribution system	3,887,005	(1,267,519)	2,619,486
Furniture, fixtures and equipment	142,263	(49,401)	92,862
Pumps and compressors	<u>12,165</u>	<u>(7,163)</u>	<u>5,002</u>
Totals	<u>\$ 4,046,757</u>	<u>\$ (1,324,083)</u>	<u>\$ 2,722,674</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, 1998:

	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Total</u>
Bonds payable, January 1, 1998	\$ 565,000	\$1,892,884	\$ 2,457,884
Bond proceeds	375,000	245,000	620,000
Bonds retired	(535,000)	(260,469)	(795,469)
Deferred amount refunding	<u>(19,328)</u>	<u>\$ (25,084)</u>	<u>\$ (44,412)</u>
Bonds payable, December 31, 1998	<u>\$ 385,672</u>	<u>\$1,852,331</u>	<u>\$ 2,238,003</u>

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

Bonds payable at December 31, 1998 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 \$ 30,000

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:

\$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%. \$ 5,206

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% \$ 245,000

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%. \$ 1,627,209

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

The annual requirements to amortize all debt outstanding as of December 31, 1998 including interest payments of \$2,659,793 are as follows:

<u>Year ending</u>	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Total</u>
1999	\$ 48,750	\$ 150,821	\$ 199,571
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>\$ 523,625</u>	<u>\$ 4,418,583</u>	<u>\$ 4,942,208</u>

A summary of bond issuance cost at December 31, 1998 is as follows:

Bond issuance cost	\$ 45,077
less: accumulated amortization	<u>(5,196)</u>
Net bond issuance cost	<u>\$ 39,881</u>

On June 1, 1998, the District issued \$245,000 in Taxable Water Revenue Refunding Bonds with an interest rate of 7.00 percent to advance refund \$241,422 of outstanding 1989 Taxable Water Revenue Refunding Bonds with an interest rate of 11.00 percent. The net proceeds of \$245,000 plus an additional \$23,426 of 1989 Taxable Water Revenue sinking fund monies were used to purchase U. S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1989 Taxable Water Revenue Refunding bonds. As a result, the 1989 Taxable Water Revenue Refunding bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group.

The District advance refunded the 1989 Taxable Water Revenue Refunding bonds to reduce its total debt service payments over the next 18 years by \$186,877 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$58,637.

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

Assumptions

On June 1, 1998, the District refunded and defeased in substance its outstanding 1989 Taxable Water Revenue Refunding bonds of \$241,422, carrying an interest rate of 11.00 percent, with new debt of \$245,000, issued at a rate of 7.00 percent. The new debt is dated June 1, 1998. A portion (\$23,426) of the payment to the escrow agent was provided from monies in the District's 1989 Taxable Water Revenue Refunding sinking funds. No issuance costs of the transaction were paid from bond proceeds.

Sources

New bond proceeds, Taxable Water Revenue Refunding Bonds, 1998	\$ 245,000
Existing reserve fund monies	4,426
Existing sinking fund monies	19,000
Total sources	<u>\$ 268,426</u>

Uses

Deferred amount on refunding	\$ 19,924
Principal to be redeemed	241,422
Costs of issuance	7,080
Total uses	<u>\$ 268,426</u>

Table 1 - Debt Service Requirements of the New Debt and Calculation of the Effective Interest Rate

Payment Date	Principal Due	Interest Rate	Interest Due	Total Debt Service	Present Value
01-Oct-98	\$	7.00%	\$ 5,717	\$ 5,717	\$ 5,587
01-Apr-99	7,835	7.00%	8,575	16,410	15,495
01-Oct-99		7.00%	8,301	8,301	7,573
01-Apr-2000	14,972	7.00%	8,301	23,273	20,514
01-Oct-2000		7.00%	7,777	7,777	6,623
01-Apr-2001	15,259	7.00%	7,777	23,036	18,954
01-Oct-2001		7.00%	7,243	7,243	5,758
01-Apr-2002	15,565	7.00%	7,243	22,808	17,519
01-Oct-2002		7.00%	6,698	6,698	4,971
01-Apr-2003	21,180	7.00%	6,698	27,878	19,989
01-Oct-2003		7.00%	5,956	5,956	4,126
01-Apr-2004	21,666	7.00%	5,956	27,622	18,488
01-Oct-2004		7.00%	5,198	5,198	3,362
01-Apr-2005	22,187	7.00%	5,198	27,385	17,111
01-Oct-2005		7.00%	4,422	4,422	2,669
01-Apr-2006	22,743	7.00%	4,422	27,165	15,844
01-Oct-2006		7.00%	3,626	3,626	2,043
01-Apr-2007	23,341	7.00%	3,626	26,967	14,682
01-Oct-2007		7.00%	2,809	2,809	1,478

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

Payment Date	Principal Due	Interest Rate	Interest Due	Total Debt Service	Present Value
01-Apr-2008	23,979	7.00%	2,809	26,788	13,615
01-Oct-2008		7.00%	1,969	1,969	967
01-Apr-2009	29,954	7.00%	1,969	31,923	15,146
01-Oct-2009		7.00%	921	921	422
01-Apr-2010	26,319	7.00%	921	27,240	12,064
Totals	\$245,000		\$124,132	\$ 369,132	\$245,000

Table 2 - Debt Service Requirement of the Old Debt

Payment Date	Principal Due	Interest Rate	Interest Due	Total Debt Service	Present Value
01-Oct-98	\$	11.00%	\$ 13,566	\$ 13,566	\$ 13,257
01-Apr-99	5,206	11.00%	13,565	18,771	17,724
01-Oct-99		11.00%	13,278	13,278	12,114
01-Apr-2000	5,018	11.00%	13,278	18,296	16,127
01-Oct-2000		11.00%	13,002	13,002	11,073
01-Apr-2001	4,809	11.00%	13,002	17,811	14,656
01-Oct-2001		11.00%	12,738	12,738	10,127
01-Apr-2002	4,575	11.00%	12,738	17,313	13,298
01-Oct-2002		11.00%	12,486	12,486	9,266
01-Apr-2003	9,604	11.00%	12,486	22,090	15,839
01-Oct-2003		11.00%	11,958	11,958	8,284
01-Apr-2004	9,664	11.00%	11,958	21,622	14,472
01-Oct-2004		11.00%	11,426	11,426	7,389
01-Apr-2005	9,731	11.00%	11,426	21,157	13,219
01-Oct-2005		11.00%	10,891	10,891	6,575
01-Apr-2006	9,805	11.00%	10,891	20,696	12,071
01-Oct-2006		11.00%	10,352	10,352	5,834
01-Apr-2007	9,889	11.00%	10,352	20,241	11,020
01-Oct-2007		11.00%	9,808	9,808	5,159
01-Apr-2008	9,981	11.00%	9,808	19,789	10,058
01-Oct-2008		11.00%	9,259	9,259	4,547
01-Apr-2009	15,376	11.00%	9,259	24,635	11,688
01-Oct-2009		11.00%	8,413	8,413	3,857
01-Apr-2010	15,843	11.00%	8,413	24,256	10,743
01-Oct-2010		11.00%	7,542	7,542	3,227
01-Apr-2011	16,364	11.00%	7,542	23,906	9,883
01-Oct-2011		11.00%	6,642	6,642	2,653
01-Apr-2012	16,947	11.00%	6,642	23,589	9,104
01-Oct-2012		11.00%	5,710	5,710	2,129
01-Apr-2013	22,887	11.00%	5,710	28,597	10,302
01-Oct-2013		11.00%	4,451	4,451	1,549
01-Apr-2014	23,964	11.00%	4,451	28,415	9,556

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

Payment Date	Principal Due	Interest Rate	Interest Due	Total Debt Service	Present Value
01-Oct-2014		11.00%	3,133	3,133	1,018
01-Apr-2015	25,166	11.00%	3,133	28,299	8,884
01-Oct-2015		11.00%	1,749	1,749	530
01-Apr-2016	<u>31,799</u>	11.00%	<u>1,749</u>	<u>33,548</u>	<u>9,831</u>
Totals	<u>\$246,628</u>		<u>\$332,807</u>	<u>\$ 579,435</u>	<u>\$ 327,063</u>

Cash Flow Difference

Old debt service flows		\$579,435
New debt service cash flows	\$369,132	
Plus district contributions from other resources	<u>23,426</u>	<u>392,558</u>
		\$186,877

Economic Gain

Present value of old debt service cash flows		\$327,063
Present value of new debt service cash flows	\$245,000	
Plus district contributions from other resources	<u>23,426</u>	<u>268,426</u>
		\$ 58,637

On June 1, 1998, the District issued \$375,000 in General Obligation Refunding Bonds with an interest rate of 5.00 percent to advance refund \$505,000 of outstanding 1989 General Obligation Bonds with an interest rate of 7.70 percent. The net proceeds of \$375,000 plus an additional \$165,365 of 1989 General Obligation sinking fund monies were used to purchase U. S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1989 General Obligation bonds. As a result, the 1989 General Obligation bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group.

The District advance refunded the 1989 General Obligation bonds to reduce its total debt service payments over the next 10 years by \$160,216 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$89,864.

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

Assumptions

On June 1, 1998, the District refunded and defeased in substance its outstanding 1989 General Obligation bonds of \$505,000, carrying an interest rate of 7.70 percent to 8.00 percent, with new debt of \$375,000, issued at a rate of 5.00 percent. The new debt is dated June 1, 1998. A portion (\$165,365) of the payment to the escrow agent was provided from monies in the District's 1989 General Obligation sinking fund. No issuance costs of the transaction were paid from bond proceeds.

Sources

New bond proceeds, General Obligation	
Refunding Bonds, 1998	\$ 375,000
Existing sinking fund monies	<u>165,365</u>
Total sources	<u>\$ 540,365</u>

Uses

Deferred amount on refunding	\$ 20,437
Principal to be redeemed	505,000
Costs of issuance	<u>14,928</u>
Total uses	<u>\$ 540,365</u>

Table 1 - Debt Service Requirements of the New Debt and Calculation of the Effective Interest Rate

<u>Payment Date</u>	<u>Principal Due</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Total Debt Service</u>	<u>Present Value</u>
01-Sep-98	\$	5.00%	\$ 4,688	\$ 4,688	\$ 4,630
01-Mar-99		5.00%	9,375	9,375	9,034
01-Sep-99		5.00%	9,375	9,375	8,814
01-Mar-2000	30,000	5.00%	9,375	39,375	36,114
01-Sep-2000		5.00%	8,625	8,625	7,718
01-Mar-2001	35,000	5.00%	8,625	43,625	38,083
01-Sep-2001		5.00%	7,750	7,750	6,600
01-Mar-2002	35,000	5.00%	7,750	42,750	35,521
01-Sep-2002		5.00%	6,875	6,875	5,573
01-Mar-2003	35,000	5.00%	6,875	41,875	33,117
01-Sep-2003		5.00%	6,000	6,000	4,629
01-Mar-2004	35,000	5.00%	6,000	41,000	30,862
01-Sep-2004		5.00%	5,125	5,125	3,764
01-Mar-2005	35,000	5.00%	5,125	40,125	28,748
01-Sep-2005		5.00%	4,250	4,250	2,971
01-Mar-2006	40,000	5.00%	4,250	44,250	30,175
01-Sep-2006		5.00%	3,250	3,250	2,162
01-Mar-2007	40,000	5.00%	3,250	43,250	28,071
01-Sep-2007		5.00%	2,250	2,250	1,425

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

Payment Date	Principal Due	Interest Rate	Interest Due	Total Debt Service	Present Value
01-Mar-2008	\$ 45,000	5.00%	\$ 2,250	\$ 47,250	\$ 29,190
01-Sep-2008		5.00%	1,125	1,125	678
01-Mar-2008	<u>45,000</u>	5.00%	<u>1,125</u>	<u>46,125</u>	<u>27,121</u>
Totals	<u>\$375,000</u>		<u>\$123,313</u>	<u>\$ 498,313</u>	<u>\$375,000</u>

Table 1 - Debt Service Requirements of the Old Debt

Payment Date	Principal Due	Interest Rate	Interest Due	Total Debt Service	Present Value
01-Sep-98	\$	7.70%	\$ 21,207	\$ 21,207	\$ 20,947
01-Mar-99	30,000	7.70%	21,207	51,207	49,345
01-Sep-99		7.75%	20,053	20,053	18,852
01-Mar-2000	35,000	7.75%	20,053	55,053	50,493
01-Sep-2000		7.80%	18,696	18,696	16,729
01-Mar-2001	40,000	7.80%	18,696	58,696	51,240
01-Sep-2001		7.85%	17,136	17,136	14,594
01-Mar-2002	40,000	7.85%	17,136	57,136	47,474
01-Sep-2002		7.90%	15,566	15,566	12,618
01-Mar-2003	45,000	7.90%	15,566	60,566	47,899
01-Sep-2003		7.95%	13,789	13,789	10,639
01-Mar-2004	45,000	7.95%	13,789	58,789	44,253
01-Sep-2004		8.00%	12,000	12,000	8,812
01-Mar-2005	50,000	8.00%	12,000	62,000	44,420
01-Sep-2005		8.00%	10,000	10,000	6,990
01-Mar-2006	55,000	8.00%	10,000	65,000	44,325
01-Sep-2006		8.00%	7,800	7,800	5,189
01-Mar-2007	60,000	8.00%	7,800	67,800	44,006
01-Sep-2007		8.00%	5,400	5,400	3,419
01-Mar-2008	65,000	8.00%	5,400	70,400	43,491
01-Sep-2008		8.00%	2,800	2,800	1,688
01-Mar-2008	<u>70,000</u>	8.00%	<u>2,800</u>	<u>72,800</u>	<u>42,806</u>
Totals	<u>\$535,000</u>		<u>\$288,894</u>	<u>\$ 823,894</u>	<u>\$630,229</u>

Cash Flow Difference

Old debt service flows		\$823,894
New debt service cash flows	\$498,313	
Plus district contributions from other resources	<u>165,365</u>	<u>663,678</u>
		\$160,216

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

Economic Gain

Present value of old debt service cash flows		\$630,229
Present value of new debt service cash flows	\$375,000	
Plus district contributions from other resources	<u>165,365</u>	<u>540,365</u>
		\$ 89,864

(6) COMMISSIONER FEES

The following is a breakdown of commissioner's fees for the year ended December 31, 1998.

<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	15	35	525
Melvin Crabtree	12	35	420
J. R. Havens	15	35	525
Total			<u>\$ 2,380</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.

(8) YEAR 2000 COMPLIANCE (Y2K)

The District is in the process of making necessary changes in order to be year 2000 compliant by December 31, 1999. The District purchased a new software package during the year that will be Year 2000 compliant. The District is in the testing and customizing stage of the software package as of year end. The new package which covers the water billing system cost \$5,700 and was all expended during 1998 at the time of purchase. The District expects to be Year 2000 compliant by year end.

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

(9) PRIOR PERIOD ADJUSTMENT

Ad Valorem Taxes receivable in the prior year were recorded including the homestead exemption value rather than only the taxable value of property. This overstated revenues by \$38,000. This error was discovered during the current year audit and an adjustment has been made to correct retained earnings which were also overstated.

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

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 for the information of the Board of Commissioners, Beauregard Waterworks District No. 2 management, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

John A. Windham

DeRidder, Louisiana
June 23, 1999