

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

ANNUAL FINANCIAL STATEMENTS  
WITH AUDITOR'S REPORT

DECEMBER 31, 2010

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 8/31/11

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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 financial statements of the business-type activities, 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, 2010, which collectively comprise the district's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Beauregard Parish Waterworks District No. 2's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Beauregard Parish Waterworks District No. 2, as of December 31, 2010, and the changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 26, 2011 on my consideration of Beauregard Parish Waterworks District No. 2's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Beauregard Parish Waterworks District No. 2, a component unit of the Beauregard Parish Police Jury, DeRidder, Louisiana, has not presented management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Beauregard Parish Waterworks District No. 2's basic financial statements. The schedules of per diem paid to board members, prior year audit findings, and current year audit findings and management's response are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of per diem paid to board members, prior year audit findings, and current year audit findings and management's response are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Handwritten signature of J. M. Windham, CPA in black ink.

DeRidder, Louisiana  
May 26, 2011

## **BASIC FINANCIAL STATEMENTS**

Beauregard Parish Waterworks District No. 2  
Beauregard Parish Police Jury  
DeRidder, Louisiana

Statement A

Statement of Net Assets  
December 31, 2010

	Business-type Activities - Enterprise Fund Water and Sewer
Assets	
Current Assets	
Cash and cash equivalents	\$ 1,188,452
Receivables:	
Accounts	40,173
Ad valorem taxes	415,910
Prepaid insurance	15,236
Total current assets	<u>\$ 1,659,771</u>
Restricted Assets	
Cash	<u>\$ 247,884</u>
Noncurrent Assets	
Land	\$ 5,324
Utility plant and equipment - net	2,608,773
Bond issuance cost - net	12,937
Total noncurrent assets	<u>\$ 2,627,034</u>
Total assets	<u><u>\$ 4,534,689</u></u>
Liabilities	
Current Liabilities	
Accounts payable	\$ 45,381
Payroll taxes payable	4,023
Pension payable - ad valorem tax	14,252
Total current liabilities	<u>\$ 63,656</u>
Liabilities payable from restricted assets	
Accrued interest payable	\$ 8,439
Current portion of revenue bonds	116,000
Total liabilities payable from restricted assets	<u>\$ 124,439</u>
Noncurrent Liabilities	
Revenue bonds - due in more than one year	\$ 794,000
Deferred amount on refunding	(17,508)
Total noncurrent liabilities	<u>\$ 776,492</u>
Total liabilities	<u><u>\$ 964,587</u></u>
Net Assets	
Invested in capital assets - net of related debt	\$ 1,704,097
Restricted for:	
Debt service	123,445
Unrestricted	<u>1,742,560</u>
Total net assets	<u>\$ 3,570,102</u>
Total liabilities and net assets	<u><u>\$ 4,534,689</u></u>

The accompanying notes are an integral part of this statement.

Beauregard Parish Waterworks District No. 2  
Beauregard Parish Police Jury  
DeRidder, Louisiana

Statement B

Statement of Activities  
For the Year Ended December 31, 2010

Program Activities	Program Revenues			Business-type Activities
	Expenses	Charges for Services	Capital Grants and Contributions	
Business-type activities:				
Water and sewer	\$ 791,787	\$ 544,729	\$ 21,495	\$ (225,563)
General revenues:				
Investment earnings				4,225
Ad valorem tax receipts				412,949
Insurance proceeds				3,916
Total general revenues				421,090
Change in net assets				195,527
Net assets at beginning of year				3,374,575
Net assets at end of year				\$ 3,570,102

The accompanying notes are an integral part of the statement.

Beauregard Parish Waterworks District No. 2  
Beauregard Parish Police Jury  
DeRidder, Louisiana

Statement C

Statement of Net Assets  
Proprietary Fund  
December 31, 2010

	Business-type Activities - Enterprise Fund Water and Sewer
<b>Assets</b>	
Current Assets	
Cash and cash equivalents	\$ 1,188,452
Receivables:	
Accounts	40,173
Ad valorem taxes	415,910
Prepaid insurance	15,236
Total current assets	<u>\$ 1,659,771</u>
Restricted Assets	
Cash	<u>\$ 247,884</u>
Noncurrent Assets	
Land	\$ 5,324
Utility plant and equipment - net	2,608,773
Bond issuance cost - net	12,937
Total noncurrent assets	<u>\$ 2,627,034</u>
Total assets	<u><u>\$ 4,534,689</u></u>
<b>Liabilities</b>	
Current Liabilities	
Accounts payable	\$ 45,381
Payroll taxes payable	4,023
Pension payable - ad valorem tax	14,252
Total current liabilities	<u>\$ 63,656</u>
Liabilities payable from restricted assets	
Accrued interest payable	\$ 8,439
Current portion of revenue bonds	116,000
Total liabilities payable from restricted assets	<u>\$ 124,439</u>
Noncurrent Liabilities	
Revenue bonds - due in more than one year	\$ 794,000
Deferred amount on refunding	(17,508)
Total noncurrent liabilities	<u>\$ 776,492</u>
Total liabilities	<u><u>\$ 964,587</u></u>
<b>Net Assets</b>	
Invested in capital assets - net of related debt	\$ 1,704,097
Restricted for:	
Debt service	123,445
Unrestricted	1,742,560
Total net assets	<u>\$ 3,570,102</u>
Total liabilities and net assets	<u><u>\$ 4,534,689</u></u>

The accompanying notes are an integral part of this statement.



Beauregard Parish Waterworks District No. 2  
Beauregard Parish Police Jury  
DeRidder, Louisiana

Statement D

Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Fund

For the Year Ended December 31, 2010

	Business-type Activities - Enterprise Fund Water and Sewer
Operating revenues	
Charges for services	\$ 544,729
Operating expenses	
Personal services and related benefits	\$ 142,918
Supplies	71,498
Contractual services	360,467
Utilities	51,728
Depreciation	111,642
Amortization	1,908
Total operating expenses	\$ 740,161
Income (loss) from operations	\$ (195,432)
Nonoperating revenues (expenses)	
Investment income	\$ 4,225
Interest expense	(37,374)
Ad valorem taxes	412,949
Ad valorem taxes - pension expense	(14,252)
Insurance proceeds	3,916
Total nonoperating revenue (expenses)	\$ 369,464
Income before contributions	\$ 174,032
Capital contributions	21,495
Change in net assets	\$ 195,527
Net assets at beginning of year	3,374,575
Net assets at end of year	\$ 3,570,102

The accompanying notes are an integral part of this statement.

Beauregard Parish Waterworks District No. 2  
Beauregard Parish Police Jury  
DeRidder, Louisiana

Statement E

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended December 31, 2010

	Business-type Activities - Enterprise Fund
	<u>Water and Sewer</u>
Cash flows from operating activities:	
Cash received from customers	\$ 550,004
Cash payments to suppliers for goods and services	(478,462)
Cash payments to employees for services	(141,772)
Net cash used by operating activities	<u>\$ (70,230)</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	\$ (88,346)
Principal paid on long term debt	(112,000)
Interest paid on long term debt	(35,936)
Contributed capital	21,495
Net cash used for capital and related financiing activities	<u>\$ (214,787)</u>
Cash flows from non-capital and related financing activities:	
Ad valorem tax collections	\$ 289,734
Pension paid on ad valorem taxes	(10,095)
Insurance proceeds	3,916
Net cash provided by non-capital and related financing activities	<u>\$ 283,555</u>
Cash flow from investing activities:	
Interest income	<u>\$ 4,225</u>
Net increase (decrease) in cash and cash investments	\$ 2,763
Cash and cash equivalents, beginning	<u>1,433,573</u>
Cash and cash equivalents, ending	<u>\$ 1,436,336</u>

(Continued)

The accompanying notes are an integral part of this statement.

Beauregard Parish Waterworks District No. 2  
Beauregard Parish Police Jury  
DeRidder, Louisiana

Statement E

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended December 31, 2010

	Business-type Activities - Enterprise Funds
	<u>Water and Sewer</u>
Reconciliation of loss from operations to net cash used by operating activities:	
Loss from operations	<u>\$ (195,432)</u>
Adjustments to reconcile loss from operations to net cash used by operating activities:	
Depreciation	\$ 111,642
Amortization	1,908
Change in assets and liabilities:	
Decrease in accounts receivable	5,275
Increase in accounts payable	5,810
Increase in payroll taxes payable	1,146
Increase in prepaid insurance	(579)
Net cash used by operating activities	<u>\$ (70,230)</u>
	(Concluded)

The accompanying notes are an integral part of this statement.

## NOTES TO THE FINANCIAL STATEMENTS

## Beauregard Parish Waterworks District No. 2

### Notes to the Financial Statements As of and for the Year Ended December 31, 2010

#### INTRODUCTION

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

The district is located in central Beauregard Parish in the southwestern region of the State of Louisiana. The district provides rural water service to approximately 1,600 residents and employs approximately three employees.

The accounting and reporting policies of the Beauregard Parish Waterworks District No. 2 conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Beauregard Parish Waterworks District No. 2 is considered a component unit of the Beauregard Parish Police Jury. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Beauregard Parish Waterworks District No. 2. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

The Beauregard Parish Waterworks District No. 2 reports the following proprietary fund:

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

## Beauregard Parish Waterworks District No. 2

### Notes to the Financial Statements (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

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

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

#### **C. Cash and Cash Equivalents**

The district's cash is considered to be cash on hand, and demand deposits. Cash equivalents include amounts in time deposits and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Beauregard Parish Waterworks District No. 2's investment policy allow the entity to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

#### **D. Prepaid Items**

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

#### **E. 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.

#### **F. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The district maintains a threshold level of \$5,000 or more for capitalizing capital assets.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense included during the current fiscal year was \$37,374. Of this amount none was included as part of the cost of capital assets under construction in connection with the district's construction projects.

Beauregard Parish Waterworks District No. 2

Notes to the Financial Statements (Continued)

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

<u>Description</u>	<u>Estimated Lives</u>
Distribution system	40-50 years
Buildings and building improvements	20-40 years
Furniture and fixtures	5-15 years
Machinery and equipment	3-15 years
Vehicles	5 years

**G. Compensated Absences**

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

**H. Long Term Obligations**

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

**I. Extraordinary and Special Items**

*Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the district, which are either unusual in nature or infrequent in occurrence. The district had no extraordinary or special items as of December 31, 2010.*

**J. Estimates**

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

**K. Receivables and Payables**

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

<u>Property Tax Calendar</u>	
Assessment date	January 1, 2010
Levy date	June 30, 2010
Tax bills mailed	October 15, 2010
Total taxes are due	December 31, 2010
Penalties & interest due	January 31, 2011
Lien date	January 31, 2011
Tax sale	May 15, 2011

**Beauregard Parish Waterworks District No. 2**

**Notes to the Financial Statements (Continued)**

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

For the year ended December 31, 2010, taxes of 15.24 mills were levied on property with an assessed valuation totaling \$30,507,586 and were dedicated as follows:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Taxes due for:			Renewed
General Maintenance	15.24	15.24	Annually

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad Valorem Tax Revenue for District</u>
Trunkline Gas Company	Gas distribution	\$ 3,832,330	12.56%	\$ 58,404
Swift Energy	Oil & Gas	3,495,367	11.46%	40,057
Total		<u>\$ 7,327,697</u>	<u>24.02%</u>	<u>\$ 98,461</u>

**2. CASH AND CASH EQUIVALENTS**

At December 31, 2010, the district has cash (book balances) totaling \$1,436,336 as follows:

Demand deposits	\$ 130,697
Money market accounts	570,047
Savings account	117,187
Interest bearing demand deposits	618,405
Total	<u>\$ 1,436,336</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, 2010, the district has \$1,438,034 in deposits (collected bank balances). These deposits are secured from risk by \$630,697 of federal deposit insurance and \$807,337 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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



Beauregard Parish Waterworks District No. 2

Notes to the Financial Statements (Continued)

**3. RECEIVABLES**

The receivables of \$456,083 at December 31, 2010, are as follows:

<u>Class of receivable</u>	
Accounts	\$ 40,173
Ad valorem taxes	415,910
Total	<u>\$ 456,083</u>

**4. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2010, for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 5,324	\$ -	\$ -	\$ 5,324
Capital assets being depreciated				
Vehicles	105,975	22,187	-	128,162
Buildings	41,329	6,570	-	47,899
Utility plant and improvements	4,868,201	-	-	4,868,201
Machinery and equipment	280,704	59,594	-	340,298
Total capital assets being depreciated	<u>5,296,209</u>	<u>88,351</u>	<u>-</u>	<u>5,384,560</u>
Less accumulated depreciation for:				
Vehicles	99,664	7,102	-	106,766
Buildings	15,678	1,252	-	16,930
Utility plant and improvements	2,374,080	82,267	-	2,456,347
Machinery and equipment	174,723	21,021	-	195,744
Total accumulated depreciation	<u>2,664,145</u>	<u>111,642</u>	<u>-</u>	<u>2,775,787</u>
Total business-type assets being depreciated, net	<u>\$ 2,632,064</u>	<u>\$ (23,291)</u>	<u>\$ -</u>	<u>\$ 2,608,773</u>

**5. ACCOUNTS AND OTHER PAYABLES**

The payables of \$63,656 at December 31, 2010, are as follows:

Accounts	\$ 45,381
Payroll taxes	4,023
Pension plan - ad valorem tax	14,252
Total	<u>\$ 63,656</u>

Beauregard Parish Waterworks District No. 2

Notes to the Financial Statements (Continued)

**6. RETIREMENT SYSTEMS**

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

**7. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term debt transactions of the district for the year ended December 31, 2010:

	<u>Revenue Bonds</u>
Bonds payable, January 1, 2010	\$ 1,022,000
Bonds retired	(112,000)
Deferred amount on refunding	(17,508)
Bond payable, December 31, 2010	<u>\$ 892,492</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of December 31, 2010:

	<u>Revenue Bond</u>
Current portion	\$ 116,000
Long-term portion	794,000
Total	<u>\$ 910,000</u>

Bonds payable at December 31, 2010 are comprised of the following individual issue:

Revenue refunding bonds:

\$1,058,000 Water Revenue Refunding Bonds, Series 2008,  
dated October 1, 2008, due in annual installments of \$36,000 to  
\$145,000 beginning April 1, 2009 through April 1, 2017;  
interest at 3.72%

\$910,000

The annual requirements to amortize all debt outstanding as of December 31, 2010 including interest payments of \$123,578 are as follows:

<u>Year Ending</u>	<u>Revenue Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2011	\$ 116,000	\$ 31,694	\$ 147,694
2012	120,000	27,305	147,305
2013	125,000	22,748	147,748
2014	129,000	18,023	147,023
2015	135,000	13,113	148,113
2016-2017	<u>285,000</u>	<u>10,695</u>	<u>295,695</u>
Totals	<u>\$ 910,000</u>	<u>\$ 123,578</u>	<u>\$ 1,033,578</u>

A summary of bond issuance cost at December 31, 2010 is as follows:

Bond issuance cost	\$ 17,595
less: accumulated amortization	<u>(4,658)</u>
Net bond issuance cost	<u>\$ 12,937</u>

Beauregard Parish Waterworks District No. 2

Notes to the Financial Statements (Concluded)

8. **RESTRICTED NET ASSETS**

**RESTRICTED ASSETS**

Revenue bonds sinking funds	\$	130,697
Revenue bonds depreciation and contingency funds		117,187
Total	\$	<u>247,884</u>

Less:

**LIABILITIES PAYABLE FROM RESTRICTED ASSETS**

Current portion of revenue bonds	\$	116,000
Accrued interest on revenue bonds		8,439
Total	\$	<u>124,439</u>

Restricted net assets	\$	<u>123,445</u>
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## OTHER SUPPLEMENTAL SCHEDULES

Beauregard Parish Waterworks District No. 2  
Beauregard Parish Police Jury  
DeRidder, Louisiana

Schedule I

Schedule of Per Diem Paid to Board Members  
For the Year Ended December 31, 2010

The following is a breakdown of commissioner's fees for the year ended December 31, 2010.

<u>Board Member</u>	<u>Number of Meetings</u>	<u>Amount of Per Diem</u>	<u>Amount</u>
Ronnie Cagle	10	\$ 50	\$ 500
Bill White	12	50	600
Paul Cooley	12	50	600
Delores Franks	14	50	700
Dennis Hyatt	13	50	650
Total			<u>\$ 3,050</u>

The schedule of compensation paid to 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.

## OTHER REPORTS

Schedule of Prior Year Audit Findings  
Year Ended December 31, 2010

There were no prior year audit findings as of December 31, 2009.

Schedule of Current Year Audit Findings  
and Management's Response  
Year Ended December 31, 2010

There were no current year audit findings as of December 31, 2010.



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John A. Windham, CPA

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

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

I have audited the financial statements of the the business-type activities of Beauregard Parish Waterworks District No. 2, as of and for the year ended December 31, 2010, which collectively comprise Beauregard Parish Waterworks District No. 2's, basic financial statements and have issued my report thereon dated May 26, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## 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 as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Beauregard Parish Waterworks District No. 2's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Beauregard Parish Waterworks District No. 2's internal control over financial reporting.

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

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Beauregard Parish Waterworks District No. 2's, financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

This report is intended solely for the information and use of management, the Board of Commissioners, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties, although under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*John D. Windham, CPA*

DeRidder, Louisiana  
May 26, 2011