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**West Baton Rouge Parish  
Water Works District No. 2  
Broussard, Louisiana**

**Annual Financial Report**

**Year ended June 30, 1999**

Under provisions of 1998 law, this report is a public document. A copy of this report is being distributed to the members of the board and employees who are responsible for the financial management and public information of the West Baton Rouge Parish Water Works District for 1999, along with a copy of the office of the parish council clerk.

Approved: *W. Kathleen Beard*

**W. Kathleen Beard**

**CERTIFIED PUBLIC ACCOUNTANT**

West Baton Rouge Parish Water Works District No. 2  
Broussard, Louisiana  
Annual Financial Report  
Year ended June 30, 1999

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**INDEPENDENT AUDITOR'S REPORT**

To Mr. Arlen Landry, President  
and Members of the Board of Commissioners  
West Baton Rouge Parish Water Works District No.2  
Houby, Louisiana 70719

I have audited the accompanying general purpose financial statements of the West Baton Rouge Parish Water Works District No. 2, a component unit of the West Baton Rouge Parish Police Jury, as of and for the year ended June 30, 1999, as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these 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. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 significant estimates made by management, as well as evaluation the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Baton Rouge Parish Water Works District No. 2 as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated December 9, 1999 on my consideration of West Baton Rouge Water Works District No.2's internal control structure and on its compliance with laws and regulations.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as "Schedules" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the West Baton Rouge Parish Water Works District No. 2. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to such statements taken as a whole.

*W. Kathleen Beard*

W. Kathleen Beard  
Certified Public Accountant  
December 9, 1999

**H. Kathleen Board**  
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT ACCOUNTING STANDARDS**

To Mr. Arlen Landry, President and  
Members of the Board of Commissioners  
West Baton Rouge Parish Water Works District No. 2  
Houby, Louisiana 70719

I have audited the general purpose financial statements of the West Baton Rouge Parish Water Works District No. 2, as of and for the year ended June 30, 1999, and have issued my report thereon dated December 9, 1999. I have conducted my audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the West Baton Rouge Parish Water Works District No. 2's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests did indicate no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the West Baton Rouge Parish Water Works District No. 2's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the

normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be a material weakness.

This report is intended for the information of the president, members of the Board of Commissioners and the management of West Baton Rouge Parish Water Works District No. 2 and the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.



W. Kathleen Beard  
Certified Public Accountant  
December 9, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS**  
*Combined Statements Overview*

West Gates Rese. Parish Water Works District No. 2  
Bossier, Louisiana  
Proprietary Fund Type - Enterprise Fund  
Balance Sheet  
June 30, 1999 and 1998 (Continued)

Exhibit A

	1999	1998
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$154,580	\$115,581
Investment in Certificates of Deposit	112,153	43,128
Accounts receivable - customers	58,953	52,341
Prepaid expense	1,321	1,980
Account interest receivable	2,416	488
Other receivables - La. DOTD	0	68,088
<b>Total Current Assets</b>	<b>330,423</b>	<b>273,526</b>
<b>Restricted Assets:</b>		
Cash and cash equivalents	26,181	24,571
Investment in Certificates of Deposit	206,680	206,680
Deferred compensation benefit investments	0	119,853
<b>Total Restricted Assets</b>	<b>232,861</b>	<b>351,104</b>
Property, Plant and Equipment (Net of accumulated depreciation)	835,780	708,580
<b>TOTAL ASSETS</b>	<b>\$1,399,314</b>	<b>\$1,420,798</b>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>Current Liabilities:</b>		
Payable from Current Assets -		
Accounts payable	\$27,423	\$7,140
Due to other governmental agencies	19,331	18,925
Payroll tax withheld and payable	188	111
Contracts payable	0	38,470
Retainage payable	0	21,536
<b>Total Current Liabilities</b>	<b>47,042</b>	<b>86,182</b>
Payable from Restricted Assets -		
Customer deposits	26,181	24,571
Deferred compensation due employees	0	119,853
<b>Total Liabilities Payable from Restricted Assets</b>	<b>26,181</b>	<b>144,426</b>
<b>Total Liabilities</b>	<b>73,223</b>	<b>230,608</b>
<b>Fund Equity:</b>		
Retained Earnings -		
Reserved	285,580	285,580
Unreserved	1,124,176	863,021
<b>Total Retained Earnings</b>	<b>1,409,756</b>	<b>1,148,601</b>
<b>Total Fund Equity</b>	<b>1,409,756</b>	<b>1,148,601</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$1,399,314</b>	<b>\$1,420,798</b>

The accompanying notes to the financial statements are an integral part of this statement.

West Union Rouse Forks Water Works (District No. 2)  
 Study, Location  
 Statement of Revenues, Expenses and Changes in Retained Earnings  
 Proprietary Fund Type - Enterprise Fund  
 Years ended June 30, 1999 and 1998 (Restated)

Exhibit B

	1999	Restated 1998
<b>OPERATING REVENUE:</b>		
Charges for services	\$102,000	\$291,201
Installations and reconnection fees	9,258	12,188
Fees/rents	10,311	10,280
	\$121,569	\$313,669
<b>OPERATING EXPENSE:</b>		
Depreciation	44,328	41,121
Maintenance	15,058	21,111
Other	34,401	38,052
Personnel	83,500	80,085
Utilities	17,692	18,721
	\$194,979	\$200,090
<b>OPERATING INCOME (LOSS)</b>	\$26,590	\$113,579
<b>NON-OPERATING REVENUE</b>		
Interest revenue	14,800	10,245
Reimbursements - LA DCD	0	243,290
	\$14,800	\$253,535
<b>NON-OPERATING EXPENSE</b>		
Minor non-allocated expenses	0	232,791
	\$0	\$232,791
<b>NET INCOME (LOSS)</b>	\$41,390	\$21,784
<b>RETAINED EARNINGS - BEGINNING</b>	\$1,189,651	\$1,067,657
<b>RETAINED EARNINGS - ENDING</b>	\$1,231,041	\$1,189,441

The accompanying notes to the financial statements are an integral part of this statement.



West Baton Rouge Water Works District No. 2  
Brenly, Louisiana  
Proprietary Fund Type - Enterprise Fund  
Comparative Statement of Cash Flows  
June 30, 1989 and 1988 (Revised)

Exhibit C

	1989	Revised 1988
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$170,994	\$388,441
Cash payments to suppliers for goods and services	(81,250)	(88,203)
Cash payments to employees for services	(83,350)	(83,805)
	<hr/>	<hr/>
Net Cash Provided by (Used for) Operating Activities	106,394	140,213
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of property	(83,807)	(84,508)
Depreciated capital assets (book value)	110	0
Reimbursements from La. DOTD	0	243,298
LIBBY reimbursement payments	0	(202,793)
(Increase) Decrease in other receivable - DOTD reimbursements	68,089	11,992
Increase (decrease) in other payables - construction costs	(80,088)	(23,348)
	<hr/>	<hr/>
Net Cash Provided by (Used for) Capital Financing Activities	(85,706)	(84,868)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on investments	12,740	9,088
(Increase) Decrease in investments	(79,080)	(143,088)
	<hr/>	<hr/>
Net Cash Provided by (Used for) Investing Activities	(57,340)	(133,999)
<b>INCREASE (DECREASE) IN CASH</b>	43,094	(94,855)
Cash and Cash Equivalents, Beginning of Year	<hr/>	<hr/>
	138,873	184,273
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<hr/>	<hr/>
	\$181,967	\$129,418
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$128,455	\$111,238
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation	44,508	41,121
Net Change in Assets and Liabilities -		
(Increase) Decrease in accounts receivable	(8,914)	(7,333)
(Increase) Decrease in prepaid expense	254	439
Increase (Decrease) in accounts payable	16,283	(1,147)
Increase (Decrease) in due to other governments	538	427
Increase (Decrease) in payroll taxes payable	(7)	(718)
Increase (Decrease) in customer security deposits	1,889	1,185
	<hr/>	<hr/>
Total Adjustments	68,219	38,971
Net cash provided by (used for) operating activities	<hr/>	<hr/>
	\$181,964	\$145,213

The accompanying notes to the financial statements are an integral part of this statement.

West Baton Rouge Parish Water Works District No. 2  
Houma, Louisiana  
Notes to the Financial Statements  
Year ended June 30, 1999

## Introduction

West Baton Rouge Parish Water Works District No. 2 was created by the West Baton Rouge Parish Council (formerly police jury) as provided by Louisiana Revised Statutes 33:8811 - 8821. The "District" is governed by a board of commissioners, appointed by the Parish Council. The District is responsible for providing water service within the boundaries of District No. 2.

The accounting and reporting policies of the District relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audit of State and Local Governments' Finis*, and by the Financial Accounting Standards Board (when applicable). As allowed in Section 980 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the District has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.

Implementation of a new accounting and reporting standard effecting Internal Revenue Code 457 deferred compensation plans is included in this report. See Notes 1, C, and 7. The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the District's financial activities for the fiscal year ended June 30, 1999.

## I. Summary of Significant Accounting Policies

### A. Reporting Entity

As the governing authority of the parish, for reporting purposes, the West Baton Rouge Parish Council is the financial reporting entity of West Baton Rouge Parish. The financial reporting entity consists of (a) the primary government (Council), (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.

West Baton Rouge Parish Water Works District No. 2  
Broussard, Louisiana  
Notes to the Financial Statements  
Year ended June 30, 1999

**I. Summary of Significant Accounting Policies (Continued)**

**A. Reporting Entity (Continued)**

Governmental Accounting Standards Board Codification Section 2100 established criteria for determining which component units should be considered part of the West Baton Rouge Parish Council 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 the ability of the council to impose its will on that organization, and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the council; (2) organizations for which the council does not appoint a voting majority but are fiscally dependent on the council; and (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 West Baton Rouge Parish Council appoints the governing board and because of the scope of public service, the District is deemed to be a component unit of the West Baton Rouge Parish Council, the governing body of the parish and the governmental body with oversight responsibility.

The accompanying financial statements present only information on the funds maintained by the District and do not present information on the parish council, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

**B. Basis of Presentation (Fund Accounting)**

The District is organized and operated on the basis of funds whereby a separate self-balancing set of accounts (Enterprise Fund) is maintained that comprise its assets, liabilities, fund equity, revenue and expense. 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 costs (expenses, including depreciation) of providing goods or services to the general public or a continuing facility be financed or recovered primarily through user charges. The enterprise fund is used to account for water services provided to the residents and businesses within the District.

**C. Reporting Changes**

Beginning with fiscal year 1998, deferred compensation plan transactions. Formerly reported on the District's balance sheet as a restricted asset and a liability payable from restricted assets, are excluded from the District's financial reporting.

West Essex Range Parish Water Works District No. 3  
Notes to the Financial Statements  
Year ended June 30, 1999

**1. Summary of Significant Accounting Policies (Continued)**

**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. 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, as reported in the accompanying financial statements, has been reported on the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when they are incurred.

Unexpired insurance at the end of the year is recorded as a current asset. Salaries and other operating expenses are recorded as current expenses when they are incurred.

**E. Budgetary Practices**

The District uses budgets for management purposes but does not utilize any formal budgetary controls in its reporting system.

**F. Encumbrances**

Encumbrance accounting is not employed by the District.

**G. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, all restricted and unrestricted cash in banks (demand deposits, interest-bearing demand deposits and money market accounts) and highly liquid investments, having a maturity of three months or less when purchased are considered to be cash equivalents.

**H. Accounts Receivable**

Uncollectible amounts due for water billings are recognized as bad debts through and are directly charged off at the time information becomes available which would indicate that the particular receivable is not collectible.

West Union Storage Purified Water Works District No. 2  
Notes to the Financial Statements  
Year ended June 30, 1999

**I. Summary of Significant Accounting Policies (Continued)**

**1. Fixed Assets**

The cost of property, plant and equipment, including significant betterments to existing facilities and infrastructure is recorded in the enterprise fund on its balance sheet. Interest costs during construction are capitalized. Depreciation of all depreciable fixed assets are charged as an expense against operations and has been computed under the straight-line method based on the estimated useful lives of the individual assets. Estimated useful lives are as follows:

Office equipment	5 years
Distribution system	10 - 30 years

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Depreciated assets are valued at their estimated fair value on the date disposed.

**2. Compensated Absences**

Full time employees are granted paid vacation leave, which must be used by December 31 or lost.

**3. Reclassifications**

Certain 1998 balances have been reclassified to conform with the 1999 financial statement presentation.

West Baton Rouge Parish Water Works District No. 2  
Broussard, Louisiana  
Notes to the Financial Statements  
Year ended June 30, 1999

2. **Cash and Investments**

**Cash -**

Under state law the District may deposit funds in demand deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At June 30, 1999, the book balances of the District's deposits was \$180,677 and the bank balances were \$ 183,168.

**Investments -**

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. Investments are recorded at cost which approximates market value. The District holds investments in certificates of deposit having a book and bank balance of \$319,653.

State law requires that these deposits be insured by Federal depository insurance or secured by the pledge of securities owned by the fiscal agent bank in an amount at least equal to the bank balance of the deposits. At June 30, 1999, the bank balances was covered by federal depository insurance in the amount of \$200,000 and the remaining balance of \$302,821 was secured by deposit collateral consisting of pledged securities having a market value of \$478,943, held in the fiscal agent bank's name (Risk Category 3).

3. **Restricted Assets**

Restricted assets of \$232,681 at June 30, 1999 consist of \$206,500 of interest bearing and non-interest bearing deposits for future capital expenditures and emergency maintenance and repairs, and \$26,181 of non-interest bearing deposits for customer deposits.

West Union Houma Parish Water Works District No. 3  
Beady, Louisiana  
Notes to the Financial Statements  
Year ended June 30, 1999

**4. Accounts Receivable**

At June 30, accounts receivable from customers is comprised of the following:

	1999	1998
Water	\$ 29,141	\$ 26,514
Garbage	17,721	15,828
Unbilled water services	12,053	9,899
	\$ 58,915	\$ 52,241

The District has entered into agreements with the Town of Beady and the West Union Houma Parish Police Jury whereby it bills for sewerage and garbage fees, respectively. Sewerage fees and related receivables are not included in these financial statements, related liabilities to the town and parish represent only the unremitted sewer fees that have been collected through June 30.

Garbage fees receivable and the related liability for remittance of fees to the parish are reported since remittances are based on billings rather than collections. The amount remitted to the parish equals the current month charge to customer, currently \$11.00, less the District's collection fee of \$.33 times the number of customers billed.

**5. Property, Plant and Equipment -**

The following is a summary of the changes in property, plant and equipment:

	Balance 12/31/98	Additions	Deductions	Balance 6/30/99	Accumulated Depreciation	Book Value 6/30/99
Water System	\$1,979,817	\$ 80,893	\$ 0	\$ 2,060,710	\$ 658,487	\$ 1,402,223
Office Equipment	12,178	2,648	6,189	8,737	4,171	4,566
Building	2,500	0	0	2,500	1,697	803
	\$1,994,595	\$ 83,541	\$ 6,189	\$ 2,071,947	\$ 664,355	\$ 1,407,592

West Basin Rouge Parish Water Works District No. 2  
 Huey, Louisiana  
 Notes to the Financial Statements  
 Year ended June 30, 1999

**6. Affiliated Governmental Units**

For the years ended June 30, 1999 and 1998, the District received collections to other governmental agencies for services provided by those units. Such fees are not included in these financial statements and are as follows:

	1999	1998
West Basin Rouge Parish	\$ 216,798	\$ 194,491
Town of Huey, Louisiana	\$ 112,104	\$ 119,496

Amounts due these governmental units at June 30, 1999 and 1998 are as follows:

	1999	1998
West Basin Rouge Parish	\$ 12,175	\$ 14,080
Town of Huey, Louisiana	\$ 2,158	\$ 2,119

**7. Restatement**

Amendments to the laws governing Internal Revenue Code Section 457 deferred compensation plans substantially became effective January 1, 1997. The plans are administered by independent plan administrators and the District's involvement is limited to transmitting amounts withheld from payroll to the plan administrator who performs investing functions. Plan assets are held in trust for the benefit of the plan participants and their beneficiaries, the assets will not be diverted to any other purpose. Therefore, the financial activity of these plans is no longer reported to the District's financial statements. As a result, assets and liabilities were decreased by \$178,853 as of July 1, 1998.

Prior year balances have been restated to reflect the revenue associated with cyclic billing, the portion of the service provided and unbilled at the end of the period. At June 30, 1999 and 1998, the amount of unbilled services amounted to \$ 12,091 and \$9,999, respectively. These amounts have been recorded as unbilled service revenue receivable for each respective year.

Additionally, prior year balances have been restated to reflect accrued interest receivable on investments of \$488 for 1998 and \$2,417 for 1999.



West Baton Rouge Parish Water Works District No. 2  
Brenly, Louisiana  
Notes to the Financial Statements  
Year ended June 30, 1999

8. Year 2000 Issues (Unaudited)

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

The District has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 issue and that are necessary to conducting the District's operations. Based on this inventory, the District is in the validation/testing stage in that hardware and software believed to be year 2000 compliant for the financial reporting systems has been purchased, installed and currently in use. Testing and validation of the systems will need to be completed.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be year 2000 ready, that the District's testing and validation efforts will be successful in whole or in part, or that parties with whom the District does business will be year 2000 ready.

9. Commitments

West Baton Rouge Fire Protection District #2 is in the process of building a new fire station and has agreed to provide office space to the Water District for the collection of utility payments. Special features will be included in the construction of the fire station including a bank style drive up collection window with bullet proof glass, a sink and a separate central air conditioning and heating unit. West Baton Rouge Water District #2 has agreed to pay the cost of their space estimated to be \$50,000. Payments made to the Fire District after June 30, 1999 are as follows:

11/1/99	\$ 21,150
12/1/99	27,154

**SUPPLEMENTARY INFORMATION**

Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

The per diem of the board members is included in the operating expenses of the enterprise fund. In accordance with Louisiana Revised Statute 50:3819, each member received \$50 for each regular monthly meeting they attended.

Board Member	Amount
Arion Landry, President	\$540
Mary Williams	780
Mike Allenish	780
Daryl Babin	900
Steven Jones	900
	<hr/>
Total	\$4,200
	*****

**A. Summary of Audit Results**

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the West Baton Rouge Parish Water Works District No. 2.
2. No reportable conditions were disclosed during the audit of the general purpose financial statements in the report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the general purpose financial statements of the West Baton Rouge Parish Water Works District No. 2 were disclosed during the audit.

**B. Findings - Financial Statements Audit**

There were no findings.

Prior Year Findings - NONE