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Release Date: **DEC 2 1998**

**W. Kathleen Beard**  
CORPORATE FINANCIAL ACCOUNTING



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

**Annual Financial Report**

**Year ended June 30, 1998**

West Baton Rouge Parish Water Works District No. 2  
 Doudry, Louisiana  
 Annual Financial Report  
 Year ended June 30, 1988

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**INDEPENDENT AUDITOR'S REPORT**

To Mr. Arlen Fausby, President  
and Members of the Board of Commissioners  
West Baton Rouge Parish Water Works District No.2  
Broudy, Louisiana 70319

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, 1988, 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 evaluating the overall financial statements 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, 1988, 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.

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  
November 7, 1988

**W. Kenneth Beard**  
**Certified Public Accountant**  
209 East Main St. - P. O. Box 817  
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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 AUDITING STANDARDS**

To Mr. Arlon Landry, President and  
Members of the Board of Commissioners,  
West Baton Rouge Parish Water Works District No. 2  
Bayou, Louisiana 70709

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, 1998, and have issued my report thereon dated November 7, 1998. 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**

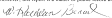
As part of obtaining reasonable assurance about whether the West Baton Rouge Parish Water Works District No. 2's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance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

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered 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 Haven 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. Kufors Beard  
Certified Public Accountant  
November 3, 1998

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

West Dallas Flood Control Water Works District No. 2  
 Grand, Louisiana  
 Proprietary Fund Type - Enterprise Fund  
 Balance Sheet  
 June 30, 1998 and 1997

Exhibit A

	1998	1997
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$108,434	\$8,039
Accounts receivable - customers	47,342	38,289
Prepaid expense	1,580	2,419
Other receivables - i.e. DODD	\$60,088	71,940
<b>Total Current Assets</b>	<b>217,444</b>	<b>119,687</b>
<b>Restricted Assets:</b>		
Cash and cash equivalents	211,052	278,887
Deferred compensation benefit investments	119,853	82,181
<b>Total Restricted Assets</b>	<b>330,905</b>	<b>361,068</b>
<b>Property, Plant and Equipment:</b>		
Net of accumulated depreciation	708,580	183,111
<b>TOTAL ASSETS</b>	<b>\$1,416,929</b>	<b>\$1,264,265</b>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>Current Liabilities:</b>		
<b>Payable from Current Assets -</b>		
Accounts payable	\$7,549	\$8,287
Due to other governmental agencies	18,953	18,328
Payroll tax withhold and payable	711	1,425
Contract payable	38,870	71,848
Refinance payable	21,538	18,415
<b>Total Current Liabilities</b>	<b>87,621</b>	<b>118,303</b>
<b>Payable from Restricted Assets -</b>		
Customer deposits	24,512	21,287
Deferred compensation due employees	118,853	82,181
<b>Total Liabilities Payable from Restricted Assets</b>	<b>143,365</b>	<b>103,468</b>
<b>Total Liabilities</b>	<b>231,255</b>	<b>221,771</b>
<b>Fund Equity:</b>		
<b>Retained Earnings -</b>		
Reserved	208,508	250,008
Unreserved	973,265	782,125
<b>Total Retained Earnings</b>	<b>1,179,855</b>	<b>1,048,625</b>
<b>Total Fund Equity</b>	<b>1,179,855</b>	<b>1,048,625</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$1,416,929</b>	<b>\$1,264,265</b>

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



West Haven Hoagie Public Water Works District No. 2  
Bridgy, Louisiana  
Statement of Revenues, Expenses and Changes in Retained Earnings  
Proprietary Fund Type - Enterprise Fund  
Years ended June 30, 1998 and 1997

Exhibit B

	1998	1997
<b>OPERATING REVENUE</b>		
Charges for services	\$290,814	\$214,740
Installations and reconstruction fees	12,708	15,098
Fees/charges	10,245	8,794
<b>Total operating revenue</b>	<b>313,767</b>	<b>238,632</b>
<b>OPERATING EXPENSE</b>		
Depreciation	41,521	59,571
Maintenance	21,117	15,150
Other	26,852	23,343
Personnel	83,805	72,680
Utilities	16,721	18,641
<b>Total Operating Expense</b>	<b>189,916</b>	<b>179,385</b>
<b>OPERATING INCOME (LOSS)</b>	<b>123,851</b>	<b>59,247</b>
<b>NON-OPERATING REVENUE</b>		
Interest income	9,688	5,047
Contributions - La. DODD	242,286	238,952
<b>Total Non-operating Revenue</b>	<b>251,974</b>	<b>244,000</b>
<b>NON-OPERATING EXPENSE</b>		
Utility fee allocation expense	232,791	247,307
<b>Total Nonoperating Expense</b>	<b>232,791</b>	<b>247,307</b>
<b>NET INCOME (LOSS)</b>	<b>19,160</b>	<b>12,940</b>
<b>RETAINED EARNINGS - BEGINNING</b>	<b>1,048,825</b>	<b>898,941</b>
<b>RETAINED EARNINGS - ENDING</b>	<b>\$1,178,085</b>	<b>\$1,048,925</b>

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

West Baton Rouge Parish Water Works District No. 2  
Broussard, Louisiana  
Proprietary Fund Type - Enterprise Fund  
Statement of Cash Flows  
Years ended June 30, 1999 and 1997

Exhibit C

	1999	1997
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net cash provided by operating activities -		
Not operating income (loss)	\$170,000	\$97,362
Adjustments to reconcile operating income to net cash provided by operating activities -		
Depreciation	41,121	39,371
Adjustment of netless accumulated depreciation		(79)
Change in Assets and Liabilities -		
(Increase) Decrease in accounts receivable	(5,123)	(5,383)
(Increase) Decrease in prepaid insurance	429	(179)
Increase (decrease) in accounts payable	(129)	4,381
Increase (decrease) in payroll taxes payable	(115)	1,082
Increase (decrease) in customer deposits	1,185	923
	<u>\$45,215</u>	<u>\$9,581</u>
Net Cash Provided by (Used for) Operating Activities		
	\$45,215	\$9,581
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of property	(54,580)	(61,024)
Reimbursements from LA DOTD	243,280	235,002
Utility relocation payments	(232,791)	(247,303)
(Decrease) Decrease in other receivable - DOTD reimbursements	11,922	(71,948)
Increase (decrease) in other payables - construction costs	(22,349)	62,355
	<u>(54,580)</u>	<u>(61,024)</u>
Net Cash Provided by (Used for) capital financing activities		
	\$54,580	\$61,024
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received on cash and investments	9,980	5,047
	<u>9,980</u>	<u>5,047</u>
Net Cash Provided by (Used for) Investing Activities		
	\$9,980	\$5,047
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	<u>100,615</u>	<u>44,134</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>208,925</u>	<u>244,791</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$309,540</u>	<u>\$288,925</u>

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, 1998

## 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 53:2811 - 5821. 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 *Study of State and Local Governmental Units*, and by the Financial Accounting Standards Board (when applicable). As allowed in Section 1980 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 Procedures issued after November 30, 1989. The more significant accounting policies of the District are described below.

## 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.

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.

West Basin Houge Parish Water Works District No. 2  
Houma, Louisiana  
Notes to the Financial Statements  
Year ended June 30, 1998

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

**A. Reporting Entity (Continued)**

Because the West Basin Houge 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 Basin Houge Parish Council, the governing body of the parish and the governmental body with oversight responsibility.

The accompanying financial statements present only information on the fund 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 on a continuing basis 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. 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.

Unexpended 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.

**D. Budgetary Practices**

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

West Baton Rouge Parish Water Works District No. 7  
Notes to the Financial Statements  
Year ended June 30, 1998

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

**F. Incumbencies**

Incumbency accounting is not employed by the District.

**F. 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.

**G. Accounts Receivable**

Uncollectible amounts due for water billings are recognized as bad debts through use of an allowance account or directly charged off at the time information becomes available which would indicate that the particular receivable is not collectible. At June 30, 1998 and 1997 there was no allowance as all accounts were judged to be collectible.

**H. 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	60 - 30 years

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

**I. Compensated Absence**

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

**J. Reclassification**

Certain 1997 balances have been reclassified to conform with the 1998 financial statement presentation.

West Baton Rouge Parish Water Works District No. 2  
 Brandy, Louisiana  
 Notes to the Financial Statements  
 Year ended June 30, 1998

**3. Cash and Related Collateral**

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, 1998 the carrying amount of the District's deposits was \$389,534, and the bank balances were \$389,833, of which \$199,853 was covered by federal depositary insurance. The remaining balance of \$189,980 was covered by collateral held by custodial banks in the bank's name (Risk Category 3).

**3. Restricted Assets**

Restricted assets of \$293,925 at June 30, 1998 consist of \$286,500 of interest bearing and non-interest bearing deposits for future capital expenditures and emergency maintenance and repairs, \$24,372 of non-interest bearing deposits for customer deposits and investment in employees deferred compensation plan of \$14,853.

**4. Accounts Receivable**

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

	1998	1997
Water	\$ 38,514	\$ 21,517
Garbage	15,828	14,682
	\$ 42,342	\$ 36,200

The District has entered into agreements with the Town of Brandy and the West Baton Rouge Parish Police Jury whereby it bills for sewerage and garbage fees, respectively. Sewerage fees and related receivables are not included in this financial statements, related liabilities to the town and parish represent only the uncollected 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 \$80.80, less the District's collection fee of \$ 19 times the number of customers billed.

West Baton Rouge Parish Water Works District No. 2  
 Drouot, Louisiana  
 Notes to the Financial Statements  
 Year ended June 30, 1998

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

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

	Balance 1/1/97	Additions	Deletions	Balance 6/30/98	Accumulated Depreciation	Book Value 6/30/98
Water System	\$1,041,626	\$ 51,250	\$ 0	\$ 1,092,876	\$ 468,411	\$ 794,465
Office Equipment	10,850	2,514	0	13,364	3,537	1,021
Building	2,388	0	0	2,388	997	1,391
	\$1,054,864	\$ 53,764	\$ 0	\$ 1,108,628	\$ 472,945	\$ 796,683

**6. Deferred Compensation Plan**

The District adopted a deferred compensation plan for its employees in accordance with Internal Revenue Code Section 457. The District contributes to the plan, and benefits are held by a third party insurer in individual accounts for the participants. The deferred compensation is not available to employees until termination, retirement, death, or emergency situations approved under the plan. All amounts of compensation deferred under the plan, and all income attributable to those amounts, are solely the property of the District, subject only to the claims of the District's general creditors. Participants' rights under the plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of District management that the District has no liability for losses under the plan but does have duty of due care that would be required of an ordinary prudent investor.

West Basin Rouge Parish Water Works District No. 2  
Bundy, Louisiana  
Notes to the Financial Statements  
Year ended June 30, 1997

**3. Related Party Transactions**

For the years ended June 30, 1998 and 1997, the District received collections from other governmental agencies for services provided by these units. Such fees are not included in these financial statements and are as follows:

	1998	1997
West Basin Rouge Parish	\$225,493	\$177,857
Town of Bundy, Louisiana	\$11,496	\$19,508

Amounts due these governmental units at June 30, 1998 and 1997 are as follows:

	1998	1997
West Basin Rouge Parish	\$ 15,880	\$ 14,999
Town of Bundy, Louisiana	\$ 2,117	\$ 2,700



## 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 30:3819, each member received \$50 for each regular monthly meeting they attended.

Board Member	Amount
Arden Landry, President	\$750
Mary Williams	600
Miko Allaman	600
Daryl Mabin	600
Steven Jones	720
Total	<u>\$3,960</u>

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**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