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WATERWORKS DISTRICT NO. 2 OF IBERVILLE PARISH  
REPORT ON AUDIT OF COMPONENT UNIT FINANCIAL STATEMENTS  
OCTOBER 31, 1999  
ST. GABRIEL, LOUISIANA

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 4-19-00

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**March 15, 2000**

**Independent Auditor's Report**

**Board of Commissioners**  
**Waterworks District No. 2**  
**of Iberville Parish**  
**St. Gabriel, Louisiana**

I have audited the accompanying component unit only financial statements of the Waterworks District No. 2 of Iberville Parish, Louisiana, a component unit of the Iberville Parish Council, as of and for the years ended October 31, 1999 and 1998. 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 the 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of materials misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure 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 statement presentation. I believe that the audit provides a reasonable basis for my opinion.

In my opinion, the component unit financial statements referred to in paragraph one present fairly, in all material respects, the financial position of the Waterworks District No. 2 of Iberville Parish, operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

Waterworks District No. 2  
of Iberville Parish

In accordance with Government Auditing Standards, I have also issued my report dated March 15, 2000 on my consideration of Waterworks District No. 2 of Iberville Parish, Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The supplementary information and schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the component unit financial statements of Waterworks District No. 2 of Iberville Parish, Louisiana. Such information, except for that portion marked "unaudited", on which I express no opinion, has been subjected to the auditing procedures applied in the audit of the component unit financial statements, and in my opinion, the information is fairly stated in all material respects in relation to the component unit financial statements taken as a whole.

*Patricia Lego Lewis, CPA*  
Patricia Lego Lewis, CPA  
Plaquemine, LA 70764

## Waterworks District No . 2 of Iberville Parish

## Balance Sheet

October 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Notes 10)	\$ 640,789	\$ 448,241
Accounts Receivable (Net of Allowance for Uncollectible Accounts of \$3,000 in 1999 and 1998, Respectively)	111,462	118,655
Prepaid Expenses	3,902	4,054
Other Receivables	506	381
	<hr/>	<hr/>
Total Current Assets	756,659	571,331
Restricted Assets:		
Restricted Cash and Cash Equivalents (Note 10)	382,210	251,021
Ad Valorem Tax Receivable (Note 2)	86,233	384,318
Customers Meter Deposits - Cash and Cash Equivalents (Notes 7 and 10 )	19,223	17,993
Other Receivables	2,116	2,116
	<hr/>	<hr/>
Total Restricted Assets	489,782	655,448
Property, Plant, and Equipment, at Cost (Net of Accumulated Depreciation of \$2,100,409 in 1999 and \$1,992,971 in 1998) (Notes 1 and 3)	1,512,105	1,576,314
Other Asset:		
Unamortized Bond Expense (Net of Accumulated Amortization of \$ 49,518 in 1999 and \$45,004 in 1998) (Note 4)	28,842	33,356
	<hr/>	<hr/>
Total Assets	<u>\$ 2,787,388</u>	<u>\$ 2,836,449</u>

The accompanying notes are an integral part of this statement.



Exhibit A  
(Continued)

LIABILITIES AND FUND EQUITY

	<u>1999</u>	<u>1998</u>
<b>Liabilities:</b>		
<b>Current Liabilities (Payable from Current Assets):</b>		
Accounts Payable	\$ 35,660	\$ 33,982
Payroll Taxes Payable	1,969	1,808
Sales Taxes Payable	821	833
Accrued Unpaid Sick Pay (Note 1)	5,520	5,520
	43,970	42,143
<b>Current Liabilities (Payable from Restricted Assets):</b>		
Accrued Interest Payable	2,098	3,728
Bonds Payable - Current Portion (Note 5)	158,000	148,000
Customer Meter Deposits (Note 7)	21,181	20,181
	181,279	171,909
<b>Long-Term Liabilities:</b>		
Bonds Payable (Net of Current Portion) (Note 5)	32,000	190,000
Total Liabilities	257,249	404,052
<b>Fund Equity:</b>		
<b>Contributed Capital:</b>		
Contributions in Aid of Construction	858,429	858,429
<b>Retained Earnings:</b>		
Reserved for Debt Service	374,725	374,725
Unreserved - Undesignated	1,296,985	1,199,243
Total Retained Earnings	1,671,710	1,573,968
Total Fund Equity	2,530,139	2,432,397
Total Liabilities and Fund Equity	\$2,787,388	\$2,836,449



## Waterworks District No. 2 of Iberville Parish

STATEMENTS OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS

For the Years Ended October 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Operating Revenue:		
Water Sales	\$ 663,361	\$ 617,330
Penalty Charges	16,241	13,057
Service Charges	9,772	25,869
Water Lines Lease	37,500	37,500
Miscellaneous Income	859	344
	<hr/>	<hr/>
Total Operating Revenues	727,733	694,100
Operating Expenses. - Schedule 1	653,529	656,091
	<hr/>	<hr/>
Operating Income (Loss)	74,204	38,009
Nonoperating Revenues (Expenses):		
Ad Valorem Taxes	0	396,501
Interest Income	40,111	12,189
Bond Interest Expense	(16,573)	(25,185)
Bad Debt Expense	0	(11,886)
	<hr/>	<hr/>
Total Nonoperating Revenues	23,538	371,619
	<hr/>	<hr/>
Net Income	97,742	409,628
Retained Earnings at Beginning of Year	1,573,968	1,164,340
Retained Earnings at End of Year	<u><u>\$1,671,710</u></u>	<u><u>\$1,573,968</u></u>

The accompanying notes are an integral part of this statement.



## Waterworks District No. 2 of Iberville Parish

## STATEMENTS OF CASH FLOWS

For the Years Ended October 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ 74,204	\$ 38,009
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities:		
Amortization	4,514	3,721
Depreciation	107,438	110,578
 Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	7,193	(21,083)
(Increase) Decrease in Prepaid Expenses	152	3,021
(Increase) Decrease in Other Receivables	(125)	2,497
Increase (Decrease) in Accounts Payable	1,678	798
Increase (Decrease) in Payroll Taxes Payable and Sales Tax Payable	149	259
Increase (Decrease) in Customer Meter Deposits	1,000	(880)
 Net Cash Provided by (Used in) Operating Activities	<u>196,203</u>	<u>136,920</u>
 Cash Flows From Noncapital Financing Activities:		
Miscellaneous Income	859	344
 Net Cash Provided by Noncapital Financing Activities	<u>859</u>	<u>344</u>

(CONTINUED)

Waterworks District No. 2 of Iberville Parish

STATEMENTS OF CASH FLOWS (CONTINUED)

For the Years Ended October 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Cash Flows From Capital and Related Financing Activities:		
(Increase) Decrease in Ad Valorem Tax Receivable	\$ 298,085	\$ 0
Increase (Decrease) in Accrued Interest Payable	(1,630)	(3,144)
Bond Principal Reduction	(148,000)	(138,000)
Interest Income	39,349	12,189
Increase (Decrease) in Other Assets	87,147	(97,054)
Interest Paid on Bonds	(16,573)	(25,185)
Net Cash Provided (Used) in Capital and Related Financing Activities	<u>258,378</u>	<u>(251,194)</u>
Cash Flows From Investing Activities:		
Interest Income	762	0
Increase in Fixed Asset	(43,229)	(3,570)
Net Cash Provided (Used) by Investing Activities	<u>(42,467)</u>	<u>(3,570)</u>
Net Increase in Cash and Cash Equivalents	<u>412,973</u>	<u>(117,500)</u>
Cash and Cash Equivalents - Beginning of Year	629,249	746,749
Cash and Cash Equivalents - End of Year	<u>\$1,042,222</u>	<u>\$ 629,249</u>

The accompanying notes are an integral part of this statement.

Waterworks District No. 2 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS  
October 31, 1999 and 1998

(1) Summary of Significant Accounting Policies -

The Waterworks District No. 2 of Iberville Parish (the District) was incorporated under the provision of Act R.S. 33:3811 seq. The District operates under a Board of Commissioner form of government.

The accounting and reporting policies of the District conform to generally accepted accounting principles applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517 and to the guide set forth in the industry audit guide, Audits of State and Local Governmental Unit. The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Water District's Board of Commissioners. Control by or dependence on the Board was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Based on the foregoing criteria, the Waterworks District No. 2 of Iberville Parish is a component unit of the Iberville Parish Council. The accompanying financial statements only include the financial information of this component unit of the Iberville Parish Council and no other organization.

B. Fund Accounting

The Water District has only one fund to which all accounts are organized and accounted for as a single entity. This fund is operated as an Enterprise Fund.

Enterprise Fund - an Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to 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; 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.

Waterworks District No. 2 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1999 and 1998

C. Fixed Assets and Long-Term Liabilities

The enterprises fund is accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with it’s activity is included on it’s balance sheet. The reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Enterprise fund type operating statement present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by the enterprise fund is charged as an expense against its operations. Accumulated depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Building	25 Years
Water System	5 - 33 Years
Wells and Storage Tanks	33 Years
Water Meters	10 Years
Furniture and Fixtures	3 - 10 Years

All fixed assets are stated at historical costs.

D. Basis of Accounting

Assets, Liabilities, retained earnings, revenue, and expenses are recognized on the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Ad valorem taxes are recorded as Revenue when levied and billed even though a portion of the taxes may be collected in subsequent years.

E. Budget and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected on the supplementary schedule comparing budget to actual:

1. The manager of the district prepares a proposed budget and submits it to the Board of Commissioners.

Waterworks District No. 2 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1999 and 1998

2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of a public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted.
5. Budgetary amendments involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Commissioners.
6. All budgetary appropriations lapse at the end of each fiscal year.

F. Cash and Cash Equivalents

For purposes of reporting cash flows, the District considers certificates of Deposit, Treasury Bills, and Money Market Accounts (including asset management pools) with a maturity of three months or less, to be cash equivalents.

G. Bad Debts

Uncollectible amounts due for ad valorem taxes and customers utility receivables are recognized as bad debts through the establish of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

H. Accumulated Unpaid Sick Pay and Accrued Unpaid Vacation

Employees of the district may accumulate a maximum of 45 days of Accrued Unpaid Sick Pay. Employees of the District may accrue vacation time, however it can not be accumulated from year to year.

(2) Ad Valorem 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 October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1, of the following year. Revenues from ad valorem taxes are budgeted in the year billed.



Waterworks District No. 2 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1999 and 1998

The Iberville Parish Sheriff's Office bills and collects the property taxes using the assessed values determined by the Tax Assessor of Iberville Parish.

For the year ended October 31, 1998, taxes of 1.95 mills were levied on property with assessed valuations totaling \$91, 262, 460 and was dedicated to debt reduction. Mills were not levied for the year ended October 31, 1999.

(3) Property, Plant, and Equipment -

A summary of property, plant, and equipment at October 31, 1999 and 1998, is as follows:

	<u>1999</u>	<u>1998</u>
Land	\$ 8,867	\$ 8,867
Buildings	133,685	133,685
Water Meters	32,839	32,839
Furniture and Fixtures	8,759	8,759
Water Distribution system	1,194,314	1,194,314
Water Treatment Plant	1,287,086	1,287,086
Water Wells	232,568	232,568
Elevated Tanks	49,221	49,221
Ground Level Storage Tanks	166,405	151,542
Water Lines	498,770	470,404
	<hr/>	<hr/>
Total	3,612,514	3,569,285
Less: Accumulated Depreciation	(2,100,409)	(1,992,971)
	<hr/>	<hr/>
Net Property, Plant and Equipment	\$1,512,105	\$1,576,314
	<hr/> <hr/>	<hr/> <hr/>

(4) Amortization of the Cost of Issuance of Bonds -

The cost of the issuance of the 1990 General Obligation Bonds of \$16, 576 is being amortized over the life of the bonds. The unamortized balances at October 31, 1999 and 1998, were \$10,359 and \$11,050 respectively.

Waterworks District No. 2 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1999 and 1998

The cost of insurance of the 1993 General Obligation Refunding Bonds of \$50, 915 is being amortized over the life of the bonds. The unamortized balances at October 31, 1999 and 1998 were \$15, 260 and \$17, 541 respectively.

(5) Changes in Long-Term Debt -

The following is a summary of bond transactions of the District for the years ended October 31, 1999 and 1998:

	<u>General Obligation</u>
Bonds Payable at October 31, 1998	\$ 338,000
Bonds Retired During Year	<u>148,000</u>
Bonds Payable at October 31, 1999	\$ 190,000 =====
 General Obligation Bonds:	
\$500,000 General Obligation Bonds dated August 1, 1990; due in annual installments ranging from \$1,000 - \$150,000 from March 1, 1991, to March 1, 2015; interest at 6.30% to 9.00 % payable semi annually.	\$ 169,000
\$535,000 General Obligation Refunding Bonds dated September 1, 1993; due in annual installments ranging from \$5,000 to \$160,000 from March 1, 1994, to March 1, 2002; interest at 3.00% to 5.6% payable semi-annually. Refunded Bonds represent \$ 505,00 of the Outstanding General Obligation Bonds dated August 1, 1984 which were to mature serially on March 1 <sup>st</sup> of the year 1994 through 2009.	21,000 <hr style="width: 100%;"/>
Total General Obligation Bonds Outstanding	\$ 190,000 =====

A schedule of the outstanding General Obligation Bonds and the interest and principal requirements by dates is as follows:



Waterworks District No. 2 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1999 and 1998

<u>Due Date</u>	<u>1990 BONDS</u>		<u>1993 BONDS</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
3/01/2000	150,000	5,778	8,000	515	164,293
9/01/2000	-	678	-	335	1,013
3/01/2001	5,000	678	8,000	335	14,013
9/01/2001	-	505	-	140	645
3/01/2002	1,000	505	5,000	140	6,645
9/01/2002	-	470	-	-	470
3/01/2003	1,000	470	-	-	1,470
9/01/2003	-	435	-	-	435
3/01/2004	1,000	435	-	-	1,435
9/01/2004	-	399	-	-	399
3/01/2005	1,000	399	-	-	1,399
9/01/2005	-	363	-	-	363
3/01/2006	1,000	363	-	-	1,363
9/01/2006	-	326	-	-	326
3/01/2007	1,000	326	-	-	1,326
9/01/2007	-	290	-	-	290
3/01/2008	1,000	290	-	-	1,290
9/01/2008	-	254	-	-	254
3/01/2009	1,000	254	-	-	1,254
9/01/2009	-	218	-	-	218
3/01/2010	1,000	218	-	-	1,218
9/01/2010	-	181	-	-	181
3/01/2011	1,000	181	-	-	1,181
9/01/2011	-	145	-	-	145
3/01/2012	1,000	145	-	-	1,145
9/01/2012	-	109	-	-	109
3/01/2013	1,000	109	-	-	1,109
9/01/2013	-	73	-	-	73
3/01/2014	1,000	73	-	-	1,073
9/01/2014	-	36	-	-	36
3/01/2015	1,000	36	-	-	1,036

Waterworks District No. 2 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1999 and 1998

Total General Obligation Bonds	\$169,000	\$ 14,742	\$ 21,000	\$ 1,465	\$206,207
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

Total principal and interest requirements for subsequent fiscal years of all bonds outstanding at October 31, 1998 are as follow:

<u>Year Ending</u> <u>October 31;</u>	<u>General</u> <u>Obligation Total</u>
2000	\$ 165,306
Thereafter	40,901
	<u>=====</u>
	\$ 206,207
	<u>=====</u>

The breakdown of total bond principal outstanding a October 31, 1999 and 1998 between current and long-term is as follows:

	<u>1999</u>	<u>1998</u>
Total Bonds Outstanding at October 31, 1999 and 1998:	\$ 190,000	\$ 338,000
Less Current Portion (due within one Year):	158,000	148,000
General Obligation	<u>=====</u>	<u>=====</u>
	\$ 32,000	\$ 190,000

Waterworks District No. 2 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1999 and 1998

(6) Restricted Assets -

Restricted assets totaling \$489,782 at October 31, 1999 and \$655,448 at October 31, 1998 consist of cash and cash equivalents and receivables restricted to customer deposits, debt service and other funding. Reserved retained earnings include the excess of assets over certain liabilities restricted for the debt service on general obligation bonds.

(7). Customer Meter Deposits -

Meter deposits are paid by customers upon application for water services and are returnable to them upon termination of service. The district maintains an interest-bearing account which is designated specifically for meter deposits. At October 31, 1999 and 1998, Customer Meter Deposits amounted to \$21,181 and \$20,181 while the balance in the interest-bearing account amounted to \$19,223 and \$17,993, respectively.

(8). Retirement Commitments -

The Waterworks District No. 2 participates in the Louisiana Public Employees Deferred Compensation Plan using payroll deductions. The plans administrator is Great West Life & Annuity Insurance Companies.

(9). Contingencies and Commitments -

On May 8, 1990, the Board passed a motion accepting 2 proposals from Baton Rouge Water Co. One proposal was for the purchase of water and the other proposal concerned the operations and maintenance of the Waterworks District No. 2 of Iberville Parish water plant and distributions lines.

Waterworks District No. 2 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1999 and 1998

With the acceptance of the above proposals, the board also passes a motion to proceed with plans to issue the remaining \$500,000 of the General Obligation bonds approved by the voters on November 4, 1980, for the construction of water distribution lines to connect the water lines of Baton Rouge Co. and the District. The bonds were issued in August, 1990. Construction cost were estimated to be \$500,000. Actual construction cost at completion was \$493,215 which included approximately \$30,000 for the purchase of new water meters. The water distribution lines were substantially completed as of October 1991.

The wholesale water supply contract with Baton Rouge Water Work Company shall be in effect for a period of twenty-five years and Baton Rouge Water Works Company agrees to supply the entire water supply requirements of the District, but not exceeding the lesser of 1,250 gallons per minute or 1,750,000 gallons per day. The District shall pay for water service delivered at a rate of \$0.744 per 1000 gallons delivered to the District though the point of metering. Beginning with the second anniversary of this contract and annually therefore, the price per 1,000 gallons delivered will be adjusted by 75% of any proportionate change in the Consumer Price Index as published by the U. S. Department of Labor.

Baton Rouge Water Works Company began supplying water to the District in September 1991. For the year ended October 31, 1999 the District purchase 341,690,000 gallons of water from Baton Rouge Water Works Company at a total cost to the District of \$283,979. For the year ended October 31, 1999, the district purchased 329,410,000 gallons of water from Baton Rouge Water Works Company at a total cost to the District of \$345,791. In addition, Baton Rouge Water Works Company agrees to pay the District the sum of \$37,500 per year during term of this agreement for the exclusive right to tap the connecting facilities between the point of delivery and the point of metering for the purpose of supplying customers of the Company.

The operations and maintenance agreement with Baton Rouge Water Works Company was amended to be in effect for a period of one hundred twenty months and Baton Rouge Water Works Company agrees to undertake the operation and routine maintenance covering the District's supply, treatment, transmissions, distribution, storage and customer metering facilities. Specifically excluded costs are of maintaining or staffing an office for customer service at the existing District Office, all salaries and overhead costs associated with management and clerical personnel of the District, telephone service and other utilities for the operation of the District Office, property and workmen's compensation insurance fees of the commissioners, paying agent fees, debt service costs, bad debt, advertising, legal and accounting fees or costs of the District, consulting or other professional fees furnished the District, and miscellaneous office, printing, and postage costs of the District not directly associated with billing. Likewise excluded from the scope of services furnished the District will be the cost of extraordinary maintenance and capital items.



Waterworks District No. 2 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1999 and 1998

The District shall pay to the Company \$5.02 per active customer per month for the services provided by Baton Rouge Water Works Company in the operations and maintenance agreement. Beginning with first anniversary of this contract and annually thereafter, the cost per active customer will be adjusted by 85% of any proportionate change in the Consumer Price Index as published by the U.S. Department of Labor.

The operations and maintenance agreement became effective beginning in September 1991. The district has incurred total costs for the years ended October 31, 1999 and 1998, of \$93,044 and 89,805 respectively.

(10) Cash and Cash Equivalents -

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposits. Under state law the District may deposit funds within a fiscal agent bank organized under laws of the state of Louisiana, any other state in the union, or under the laws of the United States. Further, the District may invest in the time deposits or certificates of deposit of state banks organized under Louisiana law and nation banks having principal offices in Louisiana.

As confirmed by the fiscal agent and other institutions, the District had cash and cash equivalents totaling \$1,042,222 at October 31, 1999. Cash and cash equivalents are stated at cost, which approximates market. These deposits must be secured under state laws by federal deposit insurance or the pledge of securities plus the federal deposit insurance must at all times equal the amount on deposits with the bank. Any pledge securities are held in the name of the pledging bank in a custodial bank that is held mutually acceptable to the parties involved. The following is a summary of cash and cash equivalents at October 31, 1999, with the related federal deposits insurance. The cash and cash equivalents at October 31, 1999, were secured follows.

Waterworks District No. 2 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1999 and 1998

	Confirmed Bank Balance <u>OCTOBER 31, 1999</u>	<u>FDIC INSURANCE</u>
Cash	\$ 322,698	\$100,000
Cash Equivalents - Short Term Money Market	<u>719,524</u>	
Total	<u>\$1,042,222</u>	
Uncollateralized-		
Securities Pledged and Held by the Custodial Bank in the name of the Fiscal Agent		750,000
Money Market Funds held in asset management pool		<u>719,524</u>
Total uncollateralized		1,569,524
Excess of FDIC Insurance and pledged securities over cash and cash equivalents		<u>\$ 527,302</u>
(11) Major Customer -		

Accounts receivable included amounts due from Hunts Correctional Institution of \$14,312 for the year ended October 31, 1999 and \$15,630 for the year ended October 31, 1998, which represents 12.50% and 15.54% of accounts receivable on these respective dates.

Net water sales to Hunts Correctional Institution were \$179,900 for the year ended October 31, 1999 and \$160,000 for the year ended October 31, 1998, which represents 27.11% and 28.67% of annual water sales for each respective year.

**OTHER SUPPLEMENTARY INFORMATION**



## Waterworks District No. 2 of Iberville Parish

## SCHEDULES OF OPERATING EXPENSES

For The Years Ended October 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Water Purchases	\$ 345,791	\$ 323,988
Operating Agreement	93,044	77,917
Advertising	295	404
Amortization	4,514	3,721
Assessor's Fee	594	0
Bad Debt	0	11,886
Bank Charges	755	129
Board Members Per Diem	3,600	3,540
Depreciation	107,438	110,578
Dues and Subscriptions	255	150
Insurance	8,938	11,962
Legal and Accounting Fees	9,035	7,720
Miscellaneous Expenses	366	364
NSF Expense	2,890	1,013
Office, Printing, and Postage Exp.	5,164	4,441
Payroll Tax Expenses	4,539	4,566
Repairs and Maintenance-Equipment	1,893	4,839
Salaries and Wages	53,324	53,127
Services Charges	5,664	30,281
Telephone	2,165	2,137
Travel	1,047	894
Utilities	2,218	2,434
Total Operating Expenses	<u>\$ 653,529</u>	<u>\$ 656,091</u>

See auditor's report.

## Waterworks Districts No. 2 of Iberville Parish

## SCHEDULE OF COMPENSATION PAID BOARD MEMBERS

For The Year Ended October 31, 1999

Russell Redditt	\$ 720
Micheal Reames	720
Delores Jackson	720
Eugene LeBlanc	720
Wilbert Wilson	720
Total Board Member Per Diem	<u>\$ 3,600</u>

See auditor's report.

## Waterworks District No. 2 of Iberville Parish

## SCHEDULE OF INSURANCE IN FORCE (UNAUDITED)

October 31, 1999

<u>Company</u>	<u>Coverage</u>	<u>Term</u>
Reliance Ins. Co.	Property Schedule General Liability 1, 000, 000./ 2, 000, 000. Aggregate Crime \$10, 000. Auto: Hired Car & Non-Owned Auto	8/2/99 to 8/2/00
Reliance Ins. Co.	Umbrella Liability 1, 000, 000.	8/2/99 to 8/2/00
Monumental General Cas Ins.	Workers Compensation	8/2/99 to 8/2/00

See auditor's report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**

## Waterworks District No. 2 of Iberville Parish

STATEMENT OF REVENUES, AND EXPENSES,  
 BUDGET (GAAP BASIS) AND ACTUAL  
 For The Year Ended October 31, 1999

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Operating Revenues:			
Water Sales	\$ 600,000	\$ 663,361	\$ 63,361
Penalty Charges	12,000	16,241	4,241
Water Lines Lease	37,500	37,500	0
Service Charges	11,700	9,772	(1,928)
Miscellaneous Income	<u>0</u>	<u>859</u>	<u>859</u>
Total Operating Revenues	661,200	727,733	66,533
Operating Expenses:			
Water Purchases:	330,000	345,791	15,791
Operating Agreement	92,000	93,044	1,044
Service Charge and Connections	11,700	5,664	(6,036)
Amortization/ Depreciation	110,000	111,952	1,952
Assessor's Fees	0	594	594
Bad Debts	3,000	0	(3,000)
Board Member Per Diem	3,900	3,600	(300)
Insurance	9,000	8,938	(62)
Fees-Professional	11,000	9,035	(1,965)
Miscellaneous Expenses	9,000	9,725	725
Repairs and Maintenance			
Equipment	18,000	1,893	(16,107)
Retirement	4,900	0	(4,900)
Salaries Wages	49,000	53,324	4,324
Taxes-Payroll	3,800	4,539	739
Telephone/ Utilities	4,500	4,383	(117)
Travel	1,200	1,047	(153)
Total Operating Exp.	<u>661,000</u>	<u>653,529</u>	<u>(7,471)</u>
Operating Income	<u>200</u>	<u>74,204</u>	<u>74,004</u>

See auditor's report.

Schedule 4  
(Continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Nonoperating Revenues (Expense):			
Ad Valorem Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	40,111	40,111
Bond Interest Expense	0	(16,573)	(16,573)
 Total Nonoperating Revenues	 <u>0</u>	 <u>23,538</u>	 <u>23,538</u>
 Net Income	 \$ 200 <u>=====</u>	 \$ 97,742 <u>=====</u>	 \$ 97,542 <u>=====</u>

**PATRICIA LEGO LEWIS, CPA**  
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**Notary Public**

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P.O. Box 863  
Plaquemine, Louisiana 70765

March 15, 2000

Waterworks District No. 2  
Of Iberville Parish  
St. Gabriel, Louisiana

I have audited the component unit financial statements of Waterworks District No. 2 of Iberville Parish, Louisiana, for the year ended October 31, 1999, and have issued the report thereon dated March 15, 2000. I conducted the 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.

In planning and performing my audit, I considered Waterworks District No. 2 of Iberville Parish, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing an 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 material weaknesses.

This report is intended solely for the use of management, and the Louisiana Legislative Auditor, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Board of Commissioners, is a matter of Public record.

*Patricia Lego Lewis, CPA*

Patricia Lego, Lewis, CPA  
Plaquemine, Louisiana



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH LAWS AND REGULATIONS BASED ON AN AUDIT  
OF COMPONENT UNIT FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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March 15, 2000

Board of Commissioners  
Waterworks District No. 2  
of Iberville Parish  
St. Gabriel, Louisiana

I have audited the component unit financial statements of Waterworks District No. 2 of Iberville Parish, Louisiana, for the year ended October 31, 1999, and have issued the report thereon dated March 15, 2000. I conducted the 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.

As part of obtaining reasonable assurance about whether Waterworks District No. 2 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 the tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the use of management, and the Louisiana Legislative Auditor, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Board of Commissioner, is a matter of public record.

*Patricia Lego Lewis, CPA*

Patricia Lego Lewis, CPA  
Plaquemine, Louisiana

WATERWORKS DISTRICT NO. 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 1999

I have audited the financial statements of Waterworks District No. 2 at October 31, 1999 and have issued my report thereon dated March 15, 2000. I conducted the audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. The audit of the financial statements at October 31, 1999 resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control			
Material Weakness	___	Yes	_XX_ No
Reportable Conditions	___	Yes	_XX_ No
Compliance			
Compliance Material to Financial Statements	___	Yes	_XX_ No