

Waterworks District No. 2 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1994 and 1995

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 years ended October 31, 1994 and 1995, taxes of 3.95 mills and 2.48 mills, respectively, were levied on property with assessed valuations totaling \$91,262,488 and \$83,285,998, respectively, and were dedicated to debt reduction.

	1994	1995
Current Taxes Receivable:		
Total Taxes Levied	\$ 177,904	\$ 189,918
Less: Pension Fund Expenses	(5,932)	(6,483)
Allowance for		
Uncollected Taxes	658	258
Net Current Taxes to collect	<u>172,690</u>	<u>183,214</u>
Less: Taxes Collected by the Iberville Parish Sheriff and Remitted to the District During the Current Fiscal Year	193,439	188,658
	<u>130,749</u>	<u>34,883</u>
Prior Year Taxes Receivable:		
Balance at October 31, 1994 & 1995	261,436	224,578
Total Ad Valorem Taxes Receivable Net of Allowance for Uncollected Taxes of \$5,130 in 1994, or \$5,997 in 1995 respectively	<u>\$ 290,607</u>	<u>\$ 261,436</u>

Waterworks District No. 2 of Iberville Parish

NOTE TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1998 and 1999

1. 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.
2. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
3. After the holding of a public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted.
4. Budgetary amendments involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Commissioners.
5. 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 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 establishment 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 48 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. Bill- ed taxes become delinquent on January 1, of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

Waterworks District No. 3 of Deserville Parish

NOTES TO FINANCIAL STATEMENTS (Continued)

October 31, 1994 and 1995

or other purposes.

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 its activity is included on its balance sheet. The reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Enterprise fund type operating statement presents increases (decreases) 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:

Buildings		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 revenues 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
October 31, and 1994 and 1995

(1) Summary of Significant Accounting Policies -

The Waterworks District No. 2 of Iberville Parish (the District) was incorporated under the provisions of Act R.S. 13:2811 et seq. The District operates under a Board of Commissioners 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 of 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 Police Jury. The accompanying financial statements only include the financial information of this component unit of the Iberville Parish Police Jury and no other organizing.

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 that are financed and operated in a manner similar to private business enterprises 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 (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management, control, accountability,

Waterworks District No. 2 of Iberville Parish

STATEMENTS OF CASH FLOWS (CONTINUED)

For the Years Ended October 31, 1996 and 1995

	1996	1995
(Decrease) Decrease in Ad Valorem Tax Receivable	\$ 5,850	(250)
Increase (Decrease) in Matured Bonds and Coupons	-	130,974
Increase (Decrease) in Accrued Interest PAYABLE	(1,432)	(1,880)
Net Principal Reduction	(181,000)	(227,880)
Ad Valorem Tax Revenues	210,184	287,888
Interest Income	8,125	14,186
Interest Paid on Bonds	(42,459)	(50,216)
	<hr/>	<hr/>
Net Cash Used in Capital and Related Financing Activities	(12,231)	(138,882)
Cash Flows From Investing Activities:		
Interest Income	1,229	-
	<hr/>	<hr/>
Net Cash Provided by Investing Activities	1,229	-
	<hr/>	<hr/>
Net Decrease in Cash and Cash Equivalents	(11,002)	(138,882)
Cash and Cash Equivalent - Beginning of Year	558,580	591,232
Cash and Cash Equivalent - End of Year	<u>\$ 547,578</u>	<u>\$ 452,350</u>

The accompanying notes are an integral part of this statements.

Waterworks District No. 2 of Iberville Parish

Exhibit C

STATEMENTS OF CASH FLOWS

For the Years Ended October 31, 1986 and 1985

	1986	1985
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ (18,073)	\$ 4,484
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities:		
Amortization	5,100	5,188
Depreciation	105,713	118,857
Provision for Bad Debts	1698	(258)
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(28,107)	1,897
(Increase) Decrease in Prepaid Expenses	(5,388)	(7,480)
(Increase) Decrease in Other Receivables	782	(16,859)
Increase (Decrease) in Accounts Payable	1,522	1,326
Increase (Decrease) in Payroll Taxes Payable and Sales Tax Payable	168	250
Increase (Decrease) in Customer Meter Deposits	1,943	745
Increase (Decrease) in Notes Payable	-	-
Net Cash Provided by (Used in) Operating Activities	75,085	127,281
Cash Flows From Noncapital Financing Activities:		
Miscellaneous Income	132	329
Net Cash Provided by Noncapital Financing Activities	132	329
Cash Flows From Capital and Related Financing Activities:		
Cost of Issuing Bonds	-	-

(continued)

Exhibit A

Waterworks District No. 2 of Iberville Parish

Balance Sheet

October 31, 1996 and 1995

ASSETS

	1996	1995
Current Assets:		
Cash and Cash Equivalents (Notes 10)	\$ 296,209	\$ 216,347
Accounts Receivable (Net of Allowance for Uncollectible Accounts of \$3,000 in 1996 and 1995, respectively)	98,209	62,100
Prepaid Expenses	9,088	7,680
Other Receivables	23,788	24,576
Total Current Assets	427,394	310,703
Restricted Assets:		
Deed Sinking Funds - Cash and Cash Equivalents (Notes 6 and 10)	233,686	265,308
Deed Reserve Funds - Cash and Cash Equivalents (Notes 6 and 10)	23,300	22,149
Capital Additions and Contingencies Fund - Cash and Cash Equivalents (Notes 6 and 10)	46,343	99,123
Surplus Revenues Fund - Cash and Cash Equivalents (Notes 6 and 10)	7,559	7,209
Ad Valorem Tax Receivable (Note 3)	230,687	224,837
Customers' Meter Deposits - Cash and Cash Equivalent (Notes 9 and 10)	16,430	11,383
Total Restricted Assets	557,905	571,909
Property, Plant, and Equipment, at Cost (Net of Accumulated Depreciation of \$1,378,487 in 1996 and \$1,670,894 in 1995) (Notes 1 and 3)	1,778,445	1,884,158
Other Asset:		
Unamortized Deed Expense (Net of Accumulated Amortization of \$30,183 in 1996 and \$33,083 in 1995) (Note 4)	42,173	47,207
Total Assets	\$ 2,797,102	\$ 2,614,102

The accompanying notes are an integral part of this statement.

Waterworks District No. 2 of Iberville Parish

Exhibit B

STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS

For the Years Ended October 31, 1996 and 1995

	1996	1995
Operating Revenues:		
Water Sales	\$ 526,888	\$ 505,514
Penalty Charges	10,720	10,882
Service Charges	12,163	8,285
Water Line Lease	37,500	40,221
Total Operating Revenues	<u>587,271</u>	<u>564,902</u>
Operating Expenses - Schedule 2	596,180	583,128
Operating Income (Loss)	<u>(18,909)</u>	<u>4,854</u>
Nonoperating Revenues (Expenses):		
Ad Valorem Taxes	204,838	173,321
Interest Income	3,565	14,186
Good Interest Expense	(42,489)	180,228
Miscellaneous Income	122	129
Total Nonoperating Revenues	<u>171,876</u>	<u>337,864</u>
Net Income	<u>151,800</u>	<u>342,198</u>
Retained Earnings at Beginning of Year	3,108,445	266,278
Retained Earnings at End of Year	<u>\$ 3,278,245</u>	<u>\$ 1,008,948</u>

The accompanying notes are an integral part of this statement.

PATRICIA LEGO LEWIS, CPA

Accounting and Consulting Firm
Notary Public

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OSMA Post Office
Baton Rouge, Louisiana 70804

OSMA 001-0000
OSMA Post Office
Baton Rouge, Louisiana 70804

March 15, 1997

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, 1996, and have issued the report thereon dated March 15, 1997.

I conducted the audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Waterworks District No. 2 of Iberville Parish is the responsibility of the District's management. As part of the audit, I addressed the risk that noncompliance with certain provisions of laws, regulations, contracts, and grants would cause the financial statements to be materially misstated. I concluded that the risk of such material misstatement was sufficiently low that it was not necessary to perform tests of the District's compliance with such laws, regulations, contracts, and grants referred to in the preceding paragraph.

However, in connection with the audit, nothing came to my attention that caused me to believe that the District had not complied, in all material respects, with the laws, regulations, contracts, and grants referred to in the preceding paragraph.

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
Patricia Lego Lewis, CPA
Baton Rouge, Louisiana

Exhibit A
(continued)

LIABILITIES AND FUND EQUITY

	1998	1999
Liabilities:		
Current Liabilities (Payable from Current Assets):		
Accounts Payable	\$ 30,922	\$ 19,408
Payroll Taxes Payable	2,082	1,810
Sales Taxes Payable	384	317
Accrued Unpaid Sick Pay (Note 1)	5,120	5,228
Total Current Liabilities (Payable from Current Assets)	38,508	27,763
Current Liabilities (Payable from Restricted Assets):		
Secured Bonds and Coupons	121,392	121,392
Accrued Interest Payable	6,358	7,742
Bonds Payable - Current Portion (Note 2)	180,880	181,880
Customer Meter Deposits (Note 7)	18,874	18,131
Total Current Liabilities (Payable from Restricted Assets)	327,504	329,145
Long-Term Liabilities:		
Bonds Payable (Net of Current Portion) (Note 2)	474,880	428,880
Total Liabilities	840,912	847,378
Fund Equity:		
Contributed Capital:		
Contributions in Aid of Construction	858,428	858,428
Retained Earnings:		
Reserved for Debt Service	221,064	198,812
Unreserved - Undesignated	1,048,181	910,413
Total Retained Earnings	1,269,245	1,109,225
Total Fund Equity	2,127,673	1,967,653
Total Liabilities and Fund Equity	\$2,988,585	\$2,815,031

Waterworks District No. 2 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1996 and 1995

(3) Property, Plant, and Equipment -

A summary of property, plant, and equipment at October 31, 1996 and 1995, is as follows:

	1996	1995
Land	\$ 8,887	\$ 8,887
Buildings	133,600	133,600
Water Meters	22,839	22,839
Furniture and Fixtures	6,361	6,361
Water Distribution System	1,194,314	1,194,314
Water Treatment Plant	1,287,000	1,287,000
Water Mains	232,548	232,548
Elevated Tanks	48,221	48,221
Ground Level Storage Tanks	146,192	146,192
Water Lines	463,719	463,719
Total	3,885,652	3,885,652
Less: Accumulated Depreciation	(1,774,607)	(1,670,894)
Net Property, Plant and Equipment	\$2,111,045	\$2,214,758

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

The cost of the issuance of the 1990 General Obligation Bonds of \$16,878 is being amortized over the life of the bonds. The unamortized balances at October 31, 1996 and 1995, were \$12,412 and \$13,122 respectively.

PATRICIA LEGO LEWIS, CPA

Accounting and Consulting Firm

Money Public

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1045 East Street
Baton Rouge, Louisiana 70804

Box 447-900
1045 East Street
Baton Rouge, Louisiana 70804

March 18, 1994

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 Police Jury, as of and for the years ended October 31, 1993 and 1992. 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 ~~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 significant estimates made by management as well as evaluating the overall financial statements 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, Louisiana, as of October 31, 1993 and 1992 and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

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WATERWORKS DISTRICT NO. 2 OF INDIANVILLE PARISH
REPORT ON ASSET OF COMPONENT UNIT FINANCIAL STATEMENTS
OCTOBER 31, 1936
ST. GABRIEL, LOUISIANA

Under the provisions of the law, this report is a public document. A copy of this report shall be furnished to the Board of Commissioners, and by order of the Board of Commissioners, the report shall be made available to the public. The report shall be made available to the public by the Board of Commissioners, and by order of the Board of Commissioners, the report shall be made available to the public.

Approved: _____ APR 16 1937

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH LAWS AND REGULATIONS BASED ON AN EXAM
OF COMPONENT UNIT FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS ISSUED BY THE GAO

Waterworks District No. 2 of Iberville Parish

STATEMENTS OF CHANGES IN RESERVED AND
UNRESERVED-RETAINED EARNINGS

For the Years October 31, 1985 and 1986

	Reserved For Bond Service	Unreserved And Undesignated	Total Retained Earnings
Balance at October 31, 1984	\$ 198,832	\$ 788,238	\$ 987,070
Increases and Decreases:			
Net Income	-	142,175	142,175
Increase in Ad Valorem Tax Receivable	309	6250	-
Decrease in Bond Funds Payable from Bond Funds	1227,000	127,000	-
Decrease in Current Liabilities Payable from Bond Funds	39,729	(39,729)	-
Net Increase (Decrease)	1187,680	329,187	1516,867
Balance at October 31, 1985	13,220	1,117,425	1,130,645
Increases and Decreases:			
Net Income	-	161,000	161,000
Increase in Ad Valorem Tax Receivable	5,850	15,850	-
Decrease in Bond Funds Payable from Bond Funds	234,638	(234,638)	-
Decrease in Current Liabilities Payable from Bond Funds	(32,432)	32,432	-
Net Increase (Decrease)	310,044	148,244	458,288
Balance at October 31, 1986	\$ 13,220	\$ 1,265,669	\$ 1,278,889

The accompanying notes are an integral part of this statement.

Waterworks District No. 3 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1986 and 1985

2. **Revenue Bonds**

The revenue bond resolution provides for the establishment and maintenance of a Revenue Bond Reserve Fund by transferring from said Waterworks System Fund to Prudential Bank of New Orleans, Louisiana, monthly in advance on or before the 20th of each month of each year, commencing not later than September 30, 1987, a sum at least equal to twenty percent (20%) of the amount required to be paid into the aforesaid Revenue Bond sinking fund provided for in paragraph (2) above. The payments into said Revenue Bond Reserve Fund to commence until such time as there has been accumulated therein from any and all sources the sum of twenty thousand dollars (\$20,000), the money in said Revenue Bond Reserve Fund to be retained solely for the purpose of paying the principal of and the interest on bonds payable from the aforesaid Revenue Bond sinking fund as to which there would otherwise be default. The balance in this fund at October 31, 1986, was \$7,948.

3. **General Obligation Bonds**

None required.

C. **Capital Additions and Contingencies Funds**

1. **Ad Valorem Bonds**

None required.

2. **Revenue Bonds**

The revenue bond indenture requires the establishment and maintenance of a Capital Additions and Contingencies Fund to care for excursions, additions, improvements, repairs, renewals, and replacements necessary to properly operate the system. By transferring from said Waterworks System Fund to the regularly designated fiscal agent of the

Waterworks District No. 2
of Iberville Parish

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 the 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 Deep Lewis
Patricia Deep Lewis, CPA
Flagwood, LA 70742

Waterworks District No. 3 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1996 and 1995

The cost of insurance of the 1995 General Obligation Refunding Bonds of \$50,000 is being amortized over the life of the bonds. The unamortized balances at October 31, 1996 and 1995 were \$17,541 and \$18,162 respectively.

(6) Changes in Long-Term Debt -

The following is a summary of bond transactions of the District for the years ended October 31, 1996 and 1995:

	Interest	General Obligation	Total
Bonds Pay- able at October 31, 1994	\$ 19,000	\$ 889,000	\$ 908,000
Bonds Re- tired During Year	19,000	122,000	141,000
Bonds Pay- able at October 31, 1995	20,000	787,000	807,000
Bonds Re- tired During Year	20,000	161,000	181,000
Bonds Pay- able at November 31, 1996	\$ 0	\$ 626,000	\$ 626,000

Waterworks District No. 2 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1998 and 1999

District, telephone service and other utilities for the operation of the District office, property and workmen's compensation insurance, general and/or public liability insurance, fees of the commissioner, 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 are directly associated with mailing. Likewise included from the scope of services furnished the District will be the cost of extraordinary maintenance and capital items. The District shall pay to the Company \$8.02 per active customer per month for the services provided by Baton Rouge Water Works Company in the operations and maintenance agreement. Beginning with the firm anniversary of this contract and annually thereafter, the cost per active customer will be adjusted by 50% of any proportional 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, 1998 and 1999, of \$43,565 and \$44,567, respectively.

(18) 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 the 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 time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

As confirmed by the fiscal agent and other institutions, the District had cash and cash equivalents totaling \$422,728 as October 31, 1999. Cash and cash equivalents are stated at cost, which approximates market. These deposits must be secured under state law 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 collateral bank that is 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, 1998, were secured as follows:

Waterworks District No. 2 of Iberville Parish

NOTICE TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1996 and 1995

renoval of the Waterworks District No. 2 of Iberville Parish water plant and distribution lines.

With the acceptance of the above proposals, the Board also passed a motion to proceed with plans to issue the remaining \$501,000 of the General Obligation Bonds approved by the voters on November 4, 1988, 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 \$120,000. Actual construction cost at completion was \$493,318 which included approximately \$10,000 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 Works 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 1,200 gallons delivered to the District through the point of metering. Beginning with the second anniversary of this contract and annually thereafter, 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, 1995 the District purchased 328,410,000 gallons of water from Baton Rouge Water Works Company at a total cost to the District of 268,761. For the year ended October 31, 1996, the District purchased 308,318,000 gallons of water from Baton Rouge Water Works Company at a total cost to the District of 243,184. In addition, Baton Rouge water works company agrees to pay the District the sum of \$17,500 per year during the 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

Waterworks District No. 2 of Iberville Parish

WORKS TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1994 and 1995

District, monthly on or before the 30th day of each month of each year, a sum at least equal to five percent (5%) of the gross revenue of the system for the preceding month, provided that such sum is available after provision is made for the funds resolution. The payments into said Capital Additions and Contingencies Fund shall never be used for the making of extensions, additions, improvements, renewals and replacements to the system or for the payments, renewals and replacements to bonds if such use of said money will leave in said Capital Additions and Contingencies Fund for the making of emergency repairs or replacements less than the sum of thirty five hundred dollars (\$3,500). At October 31, 1994, the balance in this fund was \$46,344.

3. General Obligation Bonds

None required.

D. Surplus Reserve Funds

3. Ad Valorem Bonds

None required.

3. Revenue Bonds

The revenue bond Indenture requires that any money in excess of One thousand dollars (\$1,000) above by the hereinafter required annual audit to be remaining in said Waterworks System Fund at the close of each fiscal year after making the above required payments, shall be considered as surplus. One half (1/2) of such surplus shall be paid into the aforesaid Revenue Bond Reserve Fund until such time as there has been accumulated in said Revenue Bond Reserve Fund from any and all sources the sum of Twenty Thousand Dollars (\$20,000) and the other one-half (1/2) of such surplus shall be transferred to a separate bank account to be known as the "Surplus Revenue Fund" and to be established with the regularly designated fiscal agent of the District. After the aforesaid Twenty Thousand Dollars (\$20,000) has been accumulated in the Revenue Bond Reserve Fund.

Waterworks District No. 2 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1994 and 1993

3. General Obligation Bonds

The bonds were issued for the purpose of constructing and acquiring improvements to the waterworks system of the District, to continue the existing waterworks services now being provided therein, including additions to the water treatment plant and enlargements of water storage facilities, together with all necessary facilities in connection therein, title to which shall be in the Public.

The accounts are funded through assessment of ad valorem taxes of sufficient amount to meet interest and principal payments.

On November 4, 1988, an election was held proposing a \$1,500,000 bond issue to be financed by valorem taxes. The electorate approved the bond issue; however, some local industries filed suit claiming tax exemptions. In January 1993, the Supreme Court ruled in favor of the District as no cause for action by the local industries. This was upheld by the lower courts and court of appeals. A request for another hearing was made. The Louisiana Supreme Court held that the industries may pay under protest taxes levied just as any other taxpayer may pay taxes under protest upon their property tax payment on the 20th day of the month and litigate the question of whether they are exempt from such taxes at a future date. Judgment was made in favor of the District and a settlement was received for a total of \$389,842.

\$1,020,025 of General Obligation bonds were on August 1, 1984 and the balance, or \$478,000, were issued on August 1, 1990. \$100,500 aggregate principal amount of outstanding General Obligation Bonds dated August 1, 1984 were called for redemption on September 1, 1993. Waterworks District No. 2 issued \$920,025 of General Obligation Refunding Series 1993.

4. Bond Reserve Funds

1. Ad Valorem Bonds
None Required.

Waterworks DISTRICT No. 2 of Iberville Parish
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1996 and 1995

	Confirmed Bank Balance OCTOBER 31, 1996	WDC INSURANCE
Cash	\$502,726	\$502,726
Cash Equivalent - Time Certificates of Deposit	30,000	30,000
Total	\$532,726	\$532,726

(ii) Major Customer -

Accounts receivable included amounts due from Warts Correctional Institution of \$18,581 for the year ended October 31, 1996 and \$19,428 for the year ended October 31, 1995, which respective is 3.5% and 3.6% of accounts receivable on those respective dates.

Net water sales to Warts Correctional Institution were \$160,800 for the year ended October 31, 1996 and \$187,000 for the year ended October 31, 1995, which represents 30.4% and 35.0% of annual water sales for each respective year.

OTHER SUPPLEMENTARY INFORMATION

waterworks district No. 2 of Iberville Parish

SCHEDULES OF OPERATING EXPENSES

For The Year Ended October 31, 1996 and 1995

	1996	1995
Meter Purchases	\$268,761	\$243,184
Operating Agreement	65,844	60,567
Advertising	387	471
Amortization	5,180	5,180
Bad Debts	(488)	(288)
Bank Charges	171	171
Board Members Per Diem	3,480	3,480
Depreciation	108,719	112,826
Dues and Subscriptions	264	188
Insurance	14,872	9,255
Legal and Accounting Fees	9,550	11,808
Miscellaneous Expenses	245	257
MP Expense	428	288
Office, Printing, and Postage Exp.	2,751	2,894
Payroll Agent Fees	2,848	1,581
Payroll Tax Expenses	4,783	4,247
Repairs and Maintenance - Equipment	4,484	18,841
Salaries and Wages	48,451	60,828
Services Charges	29,156	7,788
Passion Fund Expense	8,812	6,453
Telephone	1,872	1,800
Travel	1,188	1,055
Utilities	3,441	(4,748)
Total Operating Expenses	\$598,150	\$563,728

See auditor's report.

Waterworks District No. of Iberville Parish

STATEMENT OF CHANGES IN ACCOUNTS
RESTRICTED FOR BOND DEBT SERVICE

For The Year Then Ended October 31, 1994

	Sinking Funds		
	Ad Valorem	Excise	Total Sinking Funds
Balance at October 31, 1993	\$ 204,839	\$ 18,719	\$ 223,558
Cash Receipts:			
Ad Valorem Taxes	204,839	-	204,839
Interest Income	3,888	709	4,597
Transfers from General Funds	-	17,927	17,927
Total Cash Receipts	208,727	18,636	227,363
Cash Disbursements:			
Bond Principal	161,000	28,000	189,000
Bond Interest and Fees	43,888	922	44,810
Transfers to General Funds	32,339	489	32,828
Total Cash Disbursements	237,227	29,411	266,638
Balance at October 31, 1994	\$ 175,339	\$ 7,936	\$ 183,275

Waterworks District No. 2 of Iberville Parish

SCHEDULE OF CHANGES IN ASSETS
 RESTRICTED FOR BOND INTER SERVICE

For The Year Then Ended October 31, 1996

Revenue Bond Reserve	Capital Additions And Contingencies	Depreciation Reserve	Total All Bond Funds
\$ 20,149	\$ 39,123	\$ 7,228	\$66,499
-	-	-	204,000
1,153	2,184	330	8,328
-	5,000	-	21,000
<u>1,153</u>	<u>7,184</u>	<u>330</u>	<u>293,158</u>
-	-	-	181,000
-	-	-	44,908
-	-	-	32,500
<u>-</u>	<u>-</u>	<u>-</u>	<u>258,908</u>
\$ 21,302	\$ 46,307	\$ 7,558	\$75,167

See auditor's report.

Waterworks District No. 3 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1996 and 1995

(4) Restricted Assets-

A. Bond Sinking Funds

1. Ad Valorem Bonds

The accounts are funded through assessment of ad valorem taxes of sufficient amounts to meet interest and principal payments.

2. Revenue Bonds

The Revenue Bond Resolution, Section 8, adopted July, 1966, provides for the establishment and maintenance of a Revenue Bond Sinking Fund sufficient in amount to pay promptly and fully the principal of and the interest on the bonds herein authorized, including any additional pari passu bonds issued hereafter in the manner provided by this resolution as they severally become due and payable, by transferring from said "Waterworks System Fund" to Premier Bank of Baton Rouge, Louisiana, monthly in advance on or before the 10th day of each month of each year, commencing not later than September 28, 1967, a sum equal to one-sixth (1/6) of the interest falling due on the next interest payment date and also, commencing with the month of September, 1967, a sum equal to one-twelfth (1/12) of the principal falling due on the next principal and interest as the same respectively become due. The District shall cause to be transferred from said Revenue Bond Sinking Fund to the paying agent bank for all bonds payable from said fund, at least ten (10) days in advance for the date on which each payment of principal or interest falls due, funds fully sufficient to pay promptly the principal and comply with the provisions of Section 8 of the Revenue Bonds Indenture.

Waterworks District No. 3 of Eberville Parish

SCHEDULE OF INSURANCE IN FORCE (UNAUDITED)

October 31, 1994

Company	Coverage	Term
Titan	Property Schedule General Liability 1,000,000 / 2,000,000 Aggregate Crime \$10,000. Auto: Owned Car & Non-Owned Auto	8/2/94 To 8/2/97
Titan	Umbrella Liability \$1,000,000.	8/2/94 To 8/2/97
Homestead	Workers Compensation	8/2/94 To 8/2/97
Homestead	Employers Liability	8/2/94 To 8/2/97

See auditor's report.

Waterworks District No. 2 of Iberville Parish

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN
RETAINED EARNINGS - SUBJECT (SWAF RATES) AND ACTING

For the Year Ended October 31, 1966

	Budget	Actual	Variance Favorable (Disfavorable)
Operating Revenues:			
Water Rates	\$500,000	\$530,888	\$ 30,888
Penalty Charges	0,000	10,726	10,726
Water Line Leases	37,500	37,500	0
Service Charges	1,200	11,283	9,983
Total Operating Revenues	540,700	586,077	45,377
Operating Expenses:			
Water Purchases:	251,000	260,763	(9,763)
Operating Agreement	80,000	83,888	(3,888)
Service Charge and Connections	0	29,156	(29,156)
Amortization/Depreciation	120,000	110,833	9,167
Bad Debt	4,200	1,658	2,542
Board Members Per Diem	3,000	3,000	0
Insurance	10,000	14,072	(4,072)
Fees-Professional	10,000	11,788	(1,788)
Miscellaneous Expenses	3,500	10,176	(6,676)
Payroll Tax Expenses	5,000	4,383	617
Repairs and Maintenance - Equipment	10,000	4,484	5,516
Expirement	4,000	0	4,000
Salaries Wages/Retirement	40,000	40,461	(461)
Telephone/Medical	4,200	4,323	(123)
Travel	1,400	1,136	264
Total Operating Exp.	576,700	590,150	(13,450)
Operating Income	\$64,000	\$95,927	\$31,927

Waterworks District No. 2 of Iberville Parish

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN
RETAINED EARNINGS - BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)

For the Year Ended October 31, 1984

	BUDGET	ACTUAL	Variance Favorable (Unfavorable)
Nonoperating Revenues (Expenses):			
Ad Valorem Taxes	\$ 0	\$ 204,835	\$ 204,835
Interest Income	0	8,566	8,566
Bond Interest Expense	0	(42,557)	(42,557)
Miscellaneous Income	-	122	122
Total Nonoperating Revenues	0	170,872	170,872
Net Income	120,850	163,808	42,958
Retained Earnings at Beginning of Year	458,131	1,188,445	-
Retained Earnings at End of Year	\$479,001	\$1,352,253	\$ 861,804

INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL STRUCTURE RELATED MATTERS NOTED
IN A COMPANY'S UNIT FINANCIAL STATEMENT
AUST CONDUCTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

PATRICIA LEGO LEWIS, CPA

Accounting and Consulting Firm

Notary Public

1997-1998
1999-2000
Registration Expiration 2004

Not. Public License
No. 104, 887
Registration Expiration 2004

March 15, 1997

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, 1996, and have issued the report thereon dated March 15, 1997.

I conducted the 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 misstatement.

In planning and performing the audit of the financial statements of the Waterworks District No. 2, of Iberville Parish for the year ended October 31, 1996, I considered its internal control structure in order to determine auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

The management of the District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgment by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The obligations of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projections of any evaluation of the structure to further periods is subject to the risk that the effectiveness of the design and operation of policies and procedures may deteriorate.

Waterworks District No. 3 of Terrebonne Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1986 and 1985

Due Date	1986 BONDS		1985 BONDS		Total
	Principal	Interest	Principal	Interest	
3/01/1987	25,000	27,398	-	2,440	170,838
6/01/1987	-	24,823	-	805	15,728
3/01/1988	130,000	24,023	0,000	805	163,728
6/01/1988	-	20,883	-	682	11,185
3/01/1989	140,000	20,503	0,000	682	159,185
6/01/1989	-	5,778	-	335	0,293
3/01/1990	150,000	5,778	0,000	315	164,393
6/01/1990	-	078	-	138	1,033
3/01/2001	0,000	078	0,000	735	14,017
6/01/2001	-	505	-	140	045
3/01/2002	2,000	505	0,000	140	0,885
6/01/2002	-	470	-	470	470
3/01/2003	1,000	470	-	435	1,470
6/01/2003	-	435	-	435	435
3/01/2004	1,000	435	-	400	1,435
6/01/2004	-	399	-	399	399
3/01/2005	1,000	399	-	364	1,364
6/01/2005	-	363	-	363	363
3/01/2006	2,000	363	-	328	1,363
6/01/2006	-	328	-	328	328
3/01/2007	2,000	328	-	293	1,328
6/01/2007	-	293	-	293	293
3/01/2008	2,000	250	-	250	1,250
6/01/2008	-	250	-	250	250
3/01/2009	1,000	250	-	218	1,250
6/01/2009	-	218	-	218	218
3/01/2010	1,000	218	-	182	1,218
6/01/2010	-	182	-	182	182
3/01/2011	1,000	182	-	145	1,182
6/01/2011	-	145	-	145	145
3/01/2012	1,000	145	-	109	1,145
6/01/2012	-	109	-	109	109
3/01/2013	2,000	109	-	73	1,109
6/01/2013	-	73	-	73	73
3/01/2014	2,000	73	-	36	1,073
6/01/2014	-	36	-	36	36
3/01/2015	1,000	36	-	-	1,036

For the purpose of this report, I have classified the significant internal control structure policies and procedures in the following categories:

- Cash
- Revenue, Receivables, and Receipts
- Expenditures for Goods and Services and Accounts Payable
- Payroll and Related Liabilities
- Property, Equipment and Capital Expenditures
- Debt and Debt Service Expenditures

For all of the control categories listed above, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the 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 structure and its operations that I consider to be material weaknesses as defined above.

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 Logo Lewis
Patricia Logo Lewis, CPA
Bogalusa, Louisiana

Waterworks District No. 2 of Iberville Parish

MOVES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1994 and 1995

Total General Obligation Bonds	\$494,000	\$ 88,770	\$132,800	\$ 7,504	\$ 722,874
	*****	*****	*****	*****	*****

Total principal and interest requirements for subsequent fiscal years of all bonds outstanding at October 31, 1995 are as follows:

Year Ending October 31.	General Obligation Total
1997	\$ 185,768
Thereafter	526,598
	\$ 712,366

The breakdown of total bond principal outstanding at October 31, 1994 and 1995 between current and long-term is as follows:

	1994	1995
Total Bonds Outstanding at October 31, 1994 and 1995:		
Revenue	\$ 0	\$ 30,000
Public Improvement	0	0
General Obligation	476,000	767,000
	<u>476,000</u>	<u>807,000</u>
Less Current Portion (Due within one Year):		
Revenue	0	30,000
General Obligation	150,000	381,000
	<u>150,000</u>	<u>411,000</u>
	\$ 326,000	\$ 396,000
	*****	*****

Waterworks District No. 2 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS (Continued)

October 31, 1996 and 1995

all of said surplus shall be transferred to the above designated fund annually not later than thirty (30) days after the District has received the official audit required by Section 12 of the Revenue Bond Resolution. The funds in said Surplus Revenue Fund may be used by the Waterworks District for extensions, additions, improvements, renewals or replacements to the system or for the purchase and redemption of outstanding bonds. The balance in the fund at October 31, 1996, was \$23,100.

3. General Obligation Bonds
None required

(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, 1996 and 1995, Customer Meter Deposits amounted to \$18,074 and \$15,113 while the balance in the interest-bearing account amounted to \$15,410 and \$13,282, respectively.

(8) Retirement Commitments-

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

(9) Contingencies and Commitments-

On May 8, 1995, 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 operation and main-

Waterworks District No. 3 Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1994 and 1995

General Obligation Bonds:

\$180,000 General Obligation Bonds dated August 1, 1988, due in annual installments ranging from \$1,000 - \$150,000 from March 1, 1993, to March 1, 2015, interest at 6.38% to 8.08% payable semi-annually.

\$484,000

\$125,000 General Obligation refunding Bonds dated September 1, 1993; due in annual installments ranging from \$5,000 to \$140,000 from March 1, 1994, to March 1, 2002; interest at 5.88% to 6.44% payable semi-annually. Refunded Bonds represent \$100,000 of the Outstanding General Obligation Bonds dated August 1, 1984 which were to mature serially to March 1st of the year 1994 through 2009.

112,000

Total General Obligation Bonds Outstanding \$596,000

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

Waterworks Districts No. 2 of Iberville Parish
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
For The Year Ended October 31, 1966

Russell Redditt	\$ 700
Michael Eames	700
Dolores Jackson	700
Eugene LeBlanc	700
Wilbert Wilson	700
Total Board Member Per Diem	<u>\$ 3,500</u>

See auditor's report.