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**WEST BATON ROUGE PARISH  
WATERWORKS DISTRICT #1  
ANNUAL FINANCIAL REPORT  
DECEMBER 31, 1997**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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: 4-15-98

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WATERWORKS DISTRICT #1  
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**Margaret A. Pritchard, CPA**  
**Kent Craft, CPA**

**Board of Waterworks Commissioners of the  
West Baton Rouge Parish, Louisiana - Waterworks District #1**

## **FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the West Baton Rouge Parish, Louisiana - Waterworks District #1, a component unit of the West Baton Rouge Parish Police Jury, as of and for the year ended December 31, 1997, as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the West Baton Rouge Parish, Louisiana - Waterworks District #1 as of December 31, 1997, and the results of that fund's operations and the changes in cash flows for the year then ended in conformity with generally accepted accounting principles.

The accompanying supplementary information in the foregoing Table of Contents is not necessary for a fair presentation of the financial statements, but is presented as additional analytical data. Such information, except for the schedule of Insurance in Force marked "unaudited," has been subjected to the tests and other auditing procedures applied in the audit of the financial statements mentioned above. In our opinion, all of the additional information is fairly stated in all material respects in relation to the financial statements taken as a whole.

## FINANCIAL STATEMENTS

The financial statements of the West Baton Rouge Parish, Louisiana Waterworks District #1 for the year ended December 31, 1996 were examined by other auditors whose report dated May 22, 1997 expressed an unqualified opinion on those statements. The financial information for the preceding year, which is included for comparative purposes, was taken from those financial statements.



Joseph P. Murphy  
Plaquemine, Louisiana  
February 9, 1998



HUGH F. BASKLEY, CPA  
A Professional Accounting Corporation

Hugh F. Baskley, CPA/FFS/CFA  
Margaret A. Pritchard, CPA  
Kurt Craft, CPA

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

Board of Waterworks Commissioners of the  
West Baton Rouge Parish, Louisiana - Waterworks District #1

We have audited the financial statements of the West Baton Rouge Parish, Louisiana - Waterworks District #1, a component unit of West Baton Rouge Parish Police Jury, as of and for the year ended December 31, 1997, and have issued our report thereon dated February 9, 1998. We conducted our audit in accordance with generally accepted auditing 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 West Baton Rouge Parish, Louisiana - Waterworks District #1's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our 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 our audit, we considered West Baton Rouge Parish, Louisiana - Waterworks District #1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our 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 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. We found no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL (continued)**

This report is intended for the information of management and the Legislative Auditors. However, this report is a matter of public record and its distribution is not limited.



Providence, Louisiana  
February 9, 1998

**COMPONENT UNIT FINANCIAL STATEMENTS**

**EXHIBIT A**

**WEST BATON ROUGE PARISH WATER WORKS DISTRICT NO. 1**  
**ENTERPRISE FUND**  
**BALANCE SHEET**  
**DECEMBER 31, 1997 AND 1996**

<b>ASSETS</b>	<u>1997</u>	<u>1996</u>
<b>Current Assets:</b>		
Cash in Banks	977,841	942,525
Investment in certificates of deposit	189,572	185,000
Interest Receivable	1,199	3,307
Accounts Receivable	33,259	34,109
Taxes Receivable - Ad valorem	11,820	14,927
Prepaid Insurance	495	588
Inventory	-	4,824
<b>Total Current Assets</b>	<u>1,304,786</u>	<u>1,368,341</u>
<b>Restricted Assets:</b>		
Cash in banks	14,935	33,159
Investment in certificates of deposit	-	73,807
Deferred compensation benefit investments	14,901	11,712
<b>Total Restricted Assets</b>	<u>29,836</u>	<u>118,678</u>
<b>Property, Plant and Equipment:</b>		
Water System	1,153,215	1,077,337
Office equipment	9,297	9,297
	<u>1,162,512</u>	<u>1,086,634</u>
Less Accumulated Depreciation	(666,614)	(654,677)
	<u>495,898</u>	<u>431,957</u>
Land	16,927	16,927
<b>Total Property, Plant and Equipment</b>	<u>480,925</u>	<u>448,794</u>
<b>TOTAL ASSETS</b>	<u>1,815,537</u>	<u>1,935,813</u>

(Continued)

The accompanying notes are an integral part of this statement.



**WEST BATON ROUGE PARISH WATER WORKS DISTRICT NO. 1**  
**ENTERPRISE FUND**  
**BALANCE SHEET**  
**DECEMBER 31, 1997 AND 1996**

	1997	1996
<b>LIABILITIES AND FUND EQUITY</b>		
<b>Current Liabilities:</b>		
Payable from Current Assets -		
Accounts Payable	\$11,749	\$18,418
Sale and payroll tax payable	518	833
Garbage and sewer fees payable	20,836	18,804
Note payable	16,366	-
Payable from Restricted Assets -		
Customer deposits	10,578	10,891
Deferred Compensation due employees	14,501	11,712
Accrued interest payable	350	890
Revenue bonds payable - current portion	4,000	15,000
<b>Total Liabilities</b>	<b>78,564</b>	<b>76,548</b>
<b>Fund Equity:</b>		
Contributed Capital -		
Railroad	38,070	38,070
Federal Grants	354,800	354,000
Municipality	2,500	2,500
Parish	8,825	8,825
Construction fund	140,500	140,000
<b>Total Contributed Capital</b>	<b>644,695</b>	<b>643,395</b>
Retained Earnings -		
Reserved for Revenue bond retirement	-	17,489
Unreserved	122,929	118,521
<b>Total Retained Earnings</b>	<b>122,929</b>	<b>136,010</b>
<b>Total Fund Equity</b>	<b>667,624</b>	<b>679,405</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$744,518</b>	<b>\$784,813</b>

The accompanying notes are an integral part of this statement.

**WEST BAYOU HOUSE PARCH WATER WORKS DISTRICT NO. 1**  
**ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN RETAINED EARNINGS**  
**YEARS ENDED DECEMBER 31, 1997 AND 1996**

**EXHIBIT B**

	1997	1996
<b>OPERATING REVENUE</b>		
Water sales	\$90,808	\$114,317
Penalties	8,807	8,108
Installations and other fees	11,807	8,023
<b>Total Operating Revenue</b>	<b>112,292</b>	<b>130,448</b>
<b>OPERATING EXPENSES</b>		
Salaries	20,582	20,738
Payroll taxes	440	403
Per diem	5,480	5,858
Maintenance - labor	11,150	23,767
Maintenance - materials	14,458	8,908
Water treatment supplies	13,724	18,181
Office supplies and postage	3,218	2,811
Utilities	8,848	8,488
Insurance	10,838	9,124
Telephone	388	410
Professional services	8,380	4,181
Membership and association dues	748	873
Dumpster expense	488	348
Miscellaneous	681	818
Depreciation	43,737	43,503
Bad debt expense	100	0
<b>Total Operating Expense</b>	<b>183,893</b>	<b>183,489</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(71,601)</b>	<b>(53,041)</b>
<b>NON-OPERATING REVENUE</b>		
All valuations	13,358	18,888
Revenue sharing	3,143	3,388
Interest revenue	7,044	13,358
Other revenue	382	14
<b>Total Non-Operating Revenues</b>	<b>23,927</b>	<b>35,648</b>
<b>NON-OPERATING EXPENSES</b>		
Interest expense	100	1,208
Bond agent fees	507	508
<b>Total Non-Operating Expenses</b>	<b>607</b>	<b>1,716</b>
<b>NET INCOME (LOSS)</b>	<b>(13,947)</b>	<b>(13,544)</b>
<b>RETAINED EARNINGS, BEGINNING</b>	<b>136,878</b>	<b>133,728</b>
<b>RETAINED EARNINGS, ENDING</b>	<b>\$122,931</b>	<b>\$120,184</b>

The accompanying notes are an integral part of this statement.

WEST BAYON ROUGE WATER WORKS DISTRICT NO. 1  
 ENTERPRISE FUNG  
 STATEMENT OF CASH FLOWS  
 YEARS ENDED DECEMBER 31, 1987 AND 1986

	1987	1986
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net cash provided by operating activities:		
Net operating income	(608,700)	(620,997)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	43,757	43,551
Change in Assets and Liabilities:		
Decrease in accounts receivable	658	488
(Increase) decrease in prepaid insurance	83	(17)
Decrease in inventory	4,824	(4,824)
(Increase) in accounts payable	(8,008)	10,534
Increase (decrease) in sales and payroll taxes payable	(117)	71
Increase in garbage and sewer fees payable	1,132	(128)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>7,587</b>	<b>28,289</b>
<b>CASH FLOWS FROM NON-CAPITAL, FINANCING ACTIVITIES</b>		
Aut retention loans	13,108	18,580
Revenue sharing	3,148	3,389
Change in Assets:		
(Increase) Decrease in loans receivable	3,027	(4,887)
<b>Net Cash Provided by (Used for) Financing Activities</b>	<b>19,283</b>	<b>17,062</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(78,878)	(88,357)
Principal paid on revenue bond issue	(21,000)	(8,000)
Interest and fees paid on revenue bond issue	(807)	(2,080)
Change in Liabilities payable from restricted assets -		
Increase in customer deposits	488	776
(Increase) in accrued interest payable	(208)	(570)
Loan proceeds	13,080	-
Principal payment on loan	(844)	-
Interest payment on loan	(128)	-
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(78,089)</b>	<b>(91,181)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest revenue	3,044	13,388
Other income	(62)	14
Redemption of certificates of deposit	180,887	180,880
Investment in certificates of deposit	(188,072)	(180,887)
Change in Assets -		
(Increase) Decrease in interest receivable	2,188	(2,047)
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>1,431</b>	<b>13,338</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(61,029)</b>	<b>(49,181)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<b>38,788</b>	<b>87,969</b>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>(22,241)</b>	<b>38,788</b>

The accompanying notes are an integral part of this statement.

**WEST BATON ROUGE PARISH WATER WORKS DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1997**

**I. Summary of Significant Accounting Policies**

West Baton Rouge Parish Water Works District No. 1 was created by the West Baton Rouge Parish Police Jury as provided by Louisiana Revised Statutes 33:3813-3821. The "District" is governed by a board of commissioners, appointed by the Police Jury. The District is responsible for providing water service within the boundaries of District No. 1. The District employs three part-time employees.

**A. Basis of Presentation**

The accompanying financial statements conform to generally accepted accounting principles (GAAP) as applicable to governmental units. Such accounting and reporting procedures also conform to the requirements of LRS 24-217 and the industry audit guide, *Audit of State and Local Governmental Units*, issued by the American Institute of Certified Public Accountants.

**B. Reporting Entity**

As the governing authority of the parish, for reporting purposes, the West Baton Rouge Parish Police Jury is the financial reporting entity of West Baton Rouge Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the 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 Statement No. 14 established criteria for determining which component units should be considered part of the West Baton Rouge Parish Police Jury 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. The criteria includes: (1) appointing a voting majority of an organization's governing body, and the ability of the police jury 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 police jury; (2) organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury; 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 BATON ROUGE PARISH WATER WORKS DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1987**

Because the West Baton Rouge Parish Police Jury appoints the governing board and because of the scope of public service, the District is deemed to be a component unit of West Baton Rouge Parish Police Jury, the governing body of the parish and the governmental body with oversight responsibility.

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

**C. 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 and the \$300,000 issue of revenue bonds dated July 1, 1972.

**D. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. 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.

Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. In October 1987, the voters of the District approved the millage renewal through 1997.

**WEST BATON BOUGE PARISH WATER WORKS DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1997**

State revenue sharing income (which is based on population and homesteads in the parish), is received on a fiscal year period ending in June.

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.

**E. Budgetary Practices**

The District does not utilize any formal budgetary controls in its reporting system.

**F. Encumbrances**

Encumbrance accounting is not employed by the District.

**G. Cash and Cash Equivalents**

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

**H. Fixed Assets**

The cost of property plant and equipment, including significant betterment to existing facilities and infrastructure is recorded in the enterprise fund on its balance sheet. 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 - 10 years
Plant equipment	10 - 50 years
Lease and improvements	30 - 50 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 Absences**

Employees of the District work part-time, and therefore the District does not have a formal leave policy.

**WEST BATON ROUGE PARISH WATER WORKS DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1997**

**1. Change in Classifications**

Certain assets and their related liability accounts have been reclassified from current assets and liabilities to restricted assets and liabilities payable from restricted assets. Current and prior year balances reflect this reclassification.

The assets and liability accounts for employees deferred compensation has been reclassified in such a manner to reflect the custodial nature of this arrangement. Refer to Footnote 8 which discusses the deferred compensation plan.

Likewise cash held for customer utility deposits and the related liability have been reclassified from current assets/liabilities to restricted assets and liabilities payable from restricted assets. These deposits are refundable and are not available for current operation.

**2. Cash and Investments**

**Cash -**

Under state law the District may deposit funds in demand deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At December 31, 1997 the carrying amount of the District's deposits was \$22,777 and the bank balance was \$24,397, which was entirely covered by federal depository insurance.

**Investments -**

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days.

The District holds investments in certificates of deposit as follows:

	<u>Carrying Amount</u>	<u>Rate</u>	<u>Maturity</u>	<u>Market Value</u>
<u>Unrestricted</u>				
Bank of West Baton Rouge	\$100,000	5.30%	02/17/98	\$100,000
Bank of West Baton Rouge	51,803	4.85%	02/15/98	51,803
Bank of West Baton Rouge	17,169	5.40%	08/23/98	17,169

**WEST BATON ROUGE PARISH WATER WORKS DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1997**

At December 31, 1997, the bank balance of investments of \$169,873, of which \$100,000 was covered by federal deposit insurance. Deposit collateral consisting of securities having a market value of \$1,002,800, held in the fiscal agent bank's name, was pledged to secure the remaining investments of \$69,873 (Risk Category 3).

**3. Accounts Receivable**

At December 31, accounts receivable from customers is comprised of the following:

	<u>1997</u>	<u>1996</u>
Water	\$10,893	\$12,163
Garbage	8,641	8,678
Sewer - Town of Addis	14,696	13,419
Sewer - Addis Plant	<u>30</u>	<u>1,839</u>
	\$34,260	\$36,109
Less: Allowance for Doubtful Accounts	<u>(1,000)</u>	<u>(1,000)</u>
	<u>\$33,260</u>	<u>\$35,109</u>

**4. Plant and Equipment**

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

	Balance 01/01/97	Additions	Deletions	Balance 12/31/97	Accumulated Depreciation	Book Value 12/31/97
Water System	\$6,877,337	\$75,878	\$ -	\$7,953,215	\$690,200	\$7,263,015
Equipment	6,287	-	-	6,287	8,322	1,079
	<u>\$7,883,624</u>	<u>\$75,878</u>	<u>\$ -</u>	<u>\$7,959,502</u>	<u>\$698,522</u>	<u>\$7,260,980</u>

**5. Bonds Payable**

On July 1, 1973 the District issued \$100,000 in revenue bonds, in the denomination of \$1,000 each, bearing interest from date until paid, at an annual rate of 6% per annum, payable semiannually on January 1 and July 1 of each year until maturity. The revenue bonds mature on July 1 of each year beginning in 1973 through 1997.

At December 31, 1997, four matured bonds had not been redeemed by the fiscal agent for \$1,000 each, along with matured interest coupons totaling \$660.



**WEST BATON ROUGE PARISH WATER WORKS DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1997**

**4. Restricted Assets and Reserves**

Revenue bonds are secured by the District's operating revenues. The indentures under which these bonds were issued provide for the establishment of a "Waterworks System Fund," into which all income derived from the operation or ownership of the system, any severance taxes received by the District, and the proceeds of maintenance and operating taxes levied by the District, shall be as deposited, and establishment of restricted assets and debt service in specific order of priority as follows:

- (a) Funds deposited into the "Waterworks System Fund" shall be expended for payment of all reasonable and necessary costs of operating, repairing, maintaining, and insuring the system, but shall exclude depreciation, payments into the "Water Revenue Bond and Interest Sinking Fund," "Water Revenue Bond Reserve Fund," and the "Capital Additions and Contingencies Fund."
- (b) Establishment of a Revenue bond and interest sinking fund designated as the "Water Revenue Bond Fund" is to be used exclusively for the purpose of paying principal and interest on these Revenue bonds. All accrued interest received from the sales of these Revenue bonds shall be deposited in this fund and thereafter, monthly transfers shall be made from the Waterworks System Fund of an amount not less than one-sixth of interest and one-twelfth of principal payment due on the next payment date.
- (c) Establishment of a separate fund to be designated as the "Capital Additions and Contingencies Fund" into which shall be deposited monthly an amount at least equal to five percent of the gross revenues of the system for the preceding month until a balance of \$5,000 is reached. Moneys in this fund may be withdrawn and used by the District for the purpose of paying the cost of unusual and extraordinary maintenance, repairs, replacements and extensions and of paying the cost of improvements to the system which shall provide a higher degree of service.
- (d) Subject to the foregoing, which are cumulative, any balance in the Waterworks Fund in excess of \$1,000 at the end of any fiscal year shall be divided into equal parts. 50% of such excess revenue shall be deposited in the "Revenue Bond Reserve Fund" until such fund has a balance of \$12,000, and the other 50% shall be deposited into a "Surplus Revenue Fund." After the Reserve Fund has on deposit \$12,000 all remaining revenues shall be deposited into said "Surplus Revenue Fund." Moneys in this fund may be used for cancellation of the outstanding Water Revenue Bonds or for redeeming the outstanding Water Revenue Bonds in inverse numerical order at not to exceed the applicable call price, or for making additions, extensions and improvements to the system.

**WEST BATON ROUGE PARISH WATER WORKS DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1997**

Revenue bond related restricted assets are comprised of the following:

	<u>1997</u>	<u>1996</u>
Cash with fiscal agent	\$4,360	\$4,360
Water Revenue Bond Fund	-	12,204
Water Revenue Reserve Fund	-	17,000
Capital additions & contingencies fund	-	3,000
	<u>\$4,360</u>	<u>\$19,564</u>

At December 31, 1997, the amount of retained earnings reserved for revenue bond retirement is as follows:

Restricted Assets, Cash with fiscal agent, and Revenue Bond and Revenue Bond Reserve Fund	\$4,360
Less: Accrued Interest attributable to Revenue Bonds Payable from Restricted Assets	360
Four unamort bonds not refinanced by Fiscal Agent Payable from Restricted Assets	4,000
	<u>\$-0-</u>

**7. Components of Restricted Assets**

	<u>Revenue Bond Funds</u>	<u>Customer Deposits</u>	<u>Employee Deferred Comp.</u>	<u>Total</u>
<b>December 31, 1997</b>				
Cash	\$4,360	\$10,576	\$ -	\$14,936
TCD'S	-	-	-	-
Benefit Investments	-	-	14,501	14,501
Totals	<u>\$ 4,360</u>	<u>\$10,576</u>	<u>\$14,501</u>	<u>\$29,437</u>

**8. Deferred Compensation Plan**

In July 1991, the District adopted a deferred compensation plan for its part-time employees in accordance with Internal Revenue Code Section 457. The District does not make any contributions 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 these 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.

**WEST BATON ROUGE PARISH WATER WORKS DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1997**

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.

**9. Related Party Transactions:**

In July 1986, the District entered into a contract with the West Baton Rouge Police Jury to collect garbage fees from water customers whose garbage is picked up under a private contract awarded by the Police Jury. The District retains a portion of collections as a fee, and is reimbursed by the Police Jury for uncollected charges when the water service is discontinued for non-payment. In January 1995, the contract was extended until July 1999.

In March 1987, the District entered into a contract with the Police Jury to collect sewer user fees from the residents of Adèle Place Subdivision. The Contract was extended in November 1992, to expire in November 1997, and does not provide for any compensation to the District as collection agent.

In April 1990, the District entered into a contract with the Town of Adèle, Louisiana to invoice and collect sewer fees from water customers living within the Town. The original contract was valid for one year and was extended for one year in May 1994. The collection activity is on-going, and a new service agreement was signed effective January 1, 1994, to extend to January 31, 1998. The sewer rates are based on water usage, and customers may have their water service discontinued for non-payment of the sewer fees. No compensation is paid to the District, but the Town accepts customer payments for water, sewer and garbage charges on behalf of the District.

The amount payable for garbage and sewer fees is detailed as follows:

	<u>1997</u>	<u>1996</u>
<u>West Baton Rouge Parish Police Jury</u>		
Garbage fees	\$6,240	\$5,863
Sewer fees	-	1,312
<u>Town of Adèle</u>		
Sewer fees	14,626	12,429
	<u>\$20,866</u>	<u>\$19,604</u>

**10. Litigation:**

The District is not involved in any litigation as December 31, 1997.

## SUPPLEMENTARY INFORMATION

**WEST BATON ROUGE PARISH WATER WORKS DISTRICT NO. 1**  
**SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS**  
**DECEMBER 31, 1997**

The schedule of per diem paid to board members was prepared in compliance with House Concurrent Resolution No. 34 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 33:1819, each member received \$60 for each regular monthly meeting they attended and \$30 for each special meeting.

<u>Board Member</u>	<u>Amount</u>
Hervé Bouquet	5780
Shane Lopez	660
Miriam Myhand	540
Ellie Dean Thibodeaux	720
Lytle Chant	780
Ray A. Rivet	780
Louis LaCure	570
Ernest Grant, Jr.	<u>660</u>
	<u>\$5,490</u>

**WEST BATON ROUGE PARISH WATERWORKS DISTRICT NO.1  
INSURANCE IN FORCE (UNAUDITED)  
DECEMBER 31, 1997**

<b>Insurer</b>	<b>Type of Coverage</b>	<b>Amount</b>	<b>Policy Inception</b>	<b>Term In Months</b>
Louisiana Worker's Compensation Corporation	Worker's Compensation	Statutory Limits	2-4-95	12
Reflex Insurance Company	Commercial Property Liability	Limit \$20,000	2-3-97	12
	Commercial General Liability	\$2,000,000 general aggregate limit	2-3-97	12
	Commercial Crime: Employee Dishonesty	\$1,000,000 limit	2-3-97	12
	Forgery or Alteration	\$5,000 limit	2-3-97	12
	Boiler and Machinery	\$150,000 property damage coverage	2-3-97	12
	Business Auto: Liability	\$1,000,000 limit	2-3-97	12
	Additional Building and Personal Property	Limit - various	2-3-97	12