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WATERWORKS DISTRICT NO. 2 OF IBERVILLE PARISH  
REPORT ON AUDIT OF COMPONENT UNIT FINANCIAL STATEMENTS  
OCTOBER 31, 1998  
ST. GABRIEL, LOUISIANA

Receipt Acknowledged  
Legislative Auditor  
By: *Alpine Sharp*  
4/13/99

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 APR 21 1999

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March 12, 1999

## 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, 1998 and 1997. 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 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, Louisiana, as of October 31, 1998 and 1997 and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

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

Exhibit A

Waterworks Distinct No. 2 of Iberville Parish

Balance Sheets

October 31, 1998 and 1997

ASSETS

	<u>1998</u>	<u>1997</u>
Current Assets:		
Cash and Cash Equivalents (Notes 10)	\$ 360,235	\$ 225,136
Accounts Receivable (Net of Allowance) for Uncollectible Accounts of \$3,000 in 1998 and 1997, Respectively)	118,655	97,572
Prepaid Expenses	4,054	7,075
Pooled Cash and Cash Equivalents (Note 9)	88,006	0
Other Receivables	381	2,497
Total Current Assets	571,331	332,280
Restricted Assets:		
Restricted Cash In Bank	251,021	0
Bond Sinking Funds - Cash and Cash Equivalents (Notes 6 and 10)	0	423,937
Bond Reserve Funds - Cash and Cash Equivalents (Notes 6 and 10)	0	24,384
Capital Additions and Contingencies Fund - Cash and Cash Equivalents (Notes 6 and 10)	0	48,507
Surplus Revenues Fund - Cash and Cash Equivalents (Notes 6 and 10)	0	7,897
Ad Valorem Tax Receivable Net of Allowance (Note 2)	384,318	0
Customers Meter Deposits - Cash and Cash Equivalent (Notes 7 and 10)	17,993	16,889
Other Receivables	2,116	0
Total Restricted Assets	655,448	521,614
Property, Plant, and Equipment, at Cost (Net of Accumulated Depreciation of \$1,992,971 in 1998 and \$1,882,393 in 1997) (Notes 1 and 3)	1,576,314	1,675,057
Other Asset:		
Unamortized Bond Expense (Net of Accumulated Amortization of \$45,004 in 1998 and \$41,283 in 1997) (Note 4)	33,356	37,077
Total Assets	\$ 2,836,449	\$ 2,566,028

See accompanying notes to financial statements.

Exhibit A  
(continued)

LIABILITIES AND FUND EQUITY

	<u>1998</u>	<u>1997</u>
Liabilities:		
Current Liabilities (Payable from Current Assets):		
Accounts Payable	\$ 33,982	\$ 33,184
Payroll Taxes Payable	1,808	2,092
Sales Taxes Payable	833	290
Accrued Unpaid Sick Pay (Note 1)	5,520	5,520
Total Current Liabilities ( Payable from Current Assets)	42,143	41,086
Current Liabilities (Payable from Restricted Assets):		
Accrued Interest Payable	3,728	6,872
Bonds Payable - Current Portion (Note 5)	148,000	138,000
Customer Meter Deposits (Note 7)	20,181	19,301
Total Current Liabilities (Payable from Restricted Assets)	171,909	164,173
Long-Term Liabilities:		
Bonds Payable (Net of Current Portion) (Note 5)	190,000	338,000
Total Liabilities	404,052	543,259
Fund Equity:		
Contributed Capital:		
Contributions in Aid of Construction	858,429	858,429
Retained Earnings:		
Reserved for Debt Service	374,725	374,725
Unreserved - Undesignated	1,199,243	789,615
Total Retained Earnings	1,573,968	1,164,340
Total Fund Equity	2,432,397	2,022,769
Total Liabilities and Fund Equity	\$2,836,449	\$2,566,028

## Waterworks District No. 2 of Iberville Parish

STATEMENTS OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS

For the Years Ended October 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Operating Revenue:		
Water Sales	\$ 617,330	\$ 559,945
Penalty Charges	13,057	10,655
Service Charges	25,869	895
Water Line Lease	37,500	37,500
Miscellaneous Income	344	0
Total Operating Revenues	<u>694,100</u>	<u>608,995</u>
Operating Expenses. - Schedule 1	656,091	595,636
Operating Income (Loss)	<u>38,009</u>	<u>13,359</u>
Nonoperating Revenues (Expenses) :		
Ad Valorem Taxes	396,501	0
Interest Income	12,189	13,005
Bond Interest Expense	(25,185)	(37,442)
Miscellaneous Income	0	228
Bad Debt Expense	(11,886)	(95,055)
Total Nonoperating Revenues	<u>371,619</u>	<u>(119,264)</u>
Net Income	<u>409,628</u>	<u>(105,905)</u>
Retained Earnings at Beginning of Year	1,164,340	1,270,245
Retained Earnings at End of Year	<u>\$ 1,573,968</u> =====	<u>\$ 1,164,340</u> =====

See accompanying notes to financial statements.

## Waterworks District No. 2 of Iberville Parish

STATEMENTS OF CHANGES IN RESERVED AND  
UNRESERVED RETAINED EARNINGS

For the Years October 31, 1998 and 1997

	<u>Reserved For Debt Service</u>	<u>Unreserved And Undesignated</u>	<u>Total Retained Earnings</u>
Balances at October 31, 1997	374,725	789,615	1,164,340
Increases and Decreases			
Net Income	-	38,009	38,009
Increase in Ad Valorem Tax Receivable	-	384,615	384,615
Decrease in Current Liabilities Payable from Bond Funds	-	(12,996)	(12,996)
	<hr/>	<hr/>	<hr/>
Net Increase (Decrease)		409,628	409,628
Balances at October 31, 1998	<u>\$ 374,725</u> =====	<u>\$1,199,243</u> =====	<u>\$1,573,968</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, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Cash Flows from Operating Activities:		
Operating Income (Loss)	38,009	\$ 13,359
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities:		
Amortization	3,721	5,100
Depreciation	110,578	105,786
Provision for Bad Debts	0	1,382
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(21,083)	(7,363)
(Increase) Decrease in Prepaid Expenses	3,021	1,993
(Increase) Decrease in Other Receivables	2,390	6,292
Increase (Decrease) in Accounts Payable	798	2,261
Increase (Decrease) in Payroll Taxes Payable and Sales Tax Payable	308	3
Increase (Decrease) in Customer Meter Deposits	(880)	1,228
(Increase) Decrease Pooled Assets	(88,006)	130,041
Net Cash Provided by (Used in) Operating Activities	<u>48,856</u>	<u>130,041</u>
Cash Flows From Noncapital Financing Activities:		
Miscellaneous Income	344	228
Net Cash Provided by Noncapital Financing Activities	<u>344</u>	<u>228</u>

(CONTINUED)

Waterworks District No. 2 of Iberville Parish

STATEMENTS OF CASH FLOWS (CONTINUED)

For the Years Ended October 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Cash Flows From Capital and Related Financing Activities:		
(Increase) Decrease in Ad Valorem Tax Receivable	\$ 0	\$ 230,687
Increase (Decrease) in Matured Bonds and Coupons	0	21,392
Increase (Decrease) in Accrued Interest Payable	(3,144)	564
Bond Principal Reduction	(148,000)	(150,000)
Interest Income	0	12,712
Interest Paid on Bonds	(3,721)	(37,442)
Provision for Bad Debt	0	(97,054)
(Increase) Decrease in Accounts Receivable	0	15,000
	<hr/>	<hr/>
Net Cash Used in Capital and Related Financing Activities	(154,865)	(4,141)
Cash Flows From Investing Activities:		
Interest Income	0	293
Increase in Fixed Asset	(11,835)	(2,398)
	<hr/>	<hr/>
Net Cash Provided by Investing Activities	(11,835)	(2,105)
	<hr/>	<hr/>
Net Increase in Cash and Cash Equivalents	(117,500)	124,023
Cash and Cash Equivalent - Beginning of Year	746,749	622,726
Cash and Cash Equivalent - End of Year	\$ <u>629,249</u>	\$ <u>746,749</u>
	=====	=====

The accompanying notes are an integral part of this statement.

Waterworks District No. 2 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS  
October 31, and 1998 and 1997

(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 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 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 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 (a) 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 (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,

Waterworks District No. 2 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1998 and 1997

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 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

NOTE TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1998 and 1997

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 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 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, 1998 and 1997

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 2.15 mills were levied on property with assessed valuations totaling \$233,149,970. Mills were not levied for the year ended October 31, 1997.

	<u>1998</u>	<u>1997</u>
Current Taxes Receivable:		
Total Taxes Levied	\$ 396,204	\$ 0
Allowance for Uncollected Taxes	(11,886)	(58,662)
Net Current Taxes to collect	<u>384,318</u>	<u>(58,662)</u>
Less: Taxes Collected by the Iberville Parish Sheriff and Remitted to the District During the Current Fiscal Year. Adjustments for Uncollected Taxes	0	172,025
	<u>0</u>	<u>(230,687)</u>
Prior Year Taxes Receivable:		
Balance at October 31, 1997	0	230,687
Total Ad Valorem Taxes Receivable Net of Allow- ance for Uncollected Taxes of \$11,886 in 1998.	<u>\$ 384,318</u> =====	<u>\$ 0</u> =====

Waterworks District No. 2 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1998 and 1997

(3) Property, Plant, and Equipment -

A summary of property, plant, and equipment at October 31, 1998 and 1997, is as follows:

	<u>1998</u>	<u>1997</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	151,542	146,392
Water Lines	470,404	463,719
Total	<u>3,569,285</u>	<u>3,557,450</u>
Less: Accumulated Depreciation	(1,992,971)	(1,882,393)
Net Property, Plant and Equipment	<u>\$1,576,314</u> =====	<u>\$1,675,057</u> =====

(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, 1998 and 1997, were \$10,690 and \$11,742 respectively.

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, 1998 and 1997 were \$11,866 and \$15,260 respectively.

Waterworks District No. 2 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1998 and 1997

(5) Changes in Long-Term Debt -

The following is a summary of bond transactions of the District for the years ended October 31, 1998 and 1997:

	<u>General Obligation</u>
Bonds Pay- able at October 31, 1997	\$ 476,000
Bonds Re- tired During Year	<u>138,000</u>
Bonds Pay- able at October 31, 1998	\$ 338,000 =====

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.

\$ 309,000

\$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 \$505,000 of the Outstanding General Obligation Bonds dated August 1, 1984 which were to mature serially on March 1st of the year 1994 through 2009.

29,000

Total General Obligation Bonds Outstanding

\$ 338,000  
=====



Waterworks District No. 2 Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1998 and 1997

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

<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>	
3/01/1999	140,000	10,503	8,000	682	159,185
9/01/1999	-	5,778	-	515	6,293
3/10/2000	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, 1998 and 1997

Total General Obligation Bonds	\$309,000 =====	\$ 31,023 =====	\$ 29,000 =====	\$ 2,662 =====	\$ 371,685 =====
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Total principal and interest requirements for subsequent fiscal years of all bonds outstanding at October 31, 1998 are as follow:

Year Ending <u>October 31,</u>	<u>General Obligation Total</u>
1999	\$ 165,478
Thereafter	206,207
	\$ <u>371,685</u> =====

The breakdown of total bond principal outstanding a October 31, 1998 and 1997 between current and long-term is as follows:

	<u>1998</u>	<u>1997</u>
Total Bonds Outstanding at October 31, 1998 and 1997:		
General Obligation	\$ 338,000	\$ 476,000
	<u>338,000</u>	<u>476,000</u>
Less Current Portion (Due within one Year):		
General Obligation	148,000	138,000
	<u>148,000</u>	<u>138,000</u>
	\$ <u>190,000</u> =====	\$ <u>338,000</u> =====

Waterworks District No. 2 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1998 and 1997

(6) 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, 1998 and 1997, Customer Meter Deposits amounted to \$20,181 and \$19,301 while the balance in the interest-bearing account amounted to \$17,371 and \$16,889, respectively.

(7) 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 Companies.

(8) 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 distribution lines.

With the acceptance of the above proposals, the Board also passed 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 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 1,250 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, 1998 the District purchased 321,194,400 gallons of water from Baton Rouge Water Works

Waterworks District No. 2 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1998 and 1997

Company at a total cost to the District of 323,988. For the year ended October 31, 1997, the District purchased 341,690,000 gallons of water from Baton Rouge Water Works Company at a total cost to the District of \$282,979. In addition, Baton Rouge Water Works company agrees to pay the District the sum of \$37,500 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 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 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. 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 the 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, 1998 and 1997, of \$89,805 and \$81,938, respectively.

(9) Pooled Cash and Cash Equivalents -

Investments in Louisiana Asset Management Pool (LAMP) with a balance at October 31, 1998 of \$88,006.

Waterworks District No. 2 of Iberville Parish

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 1998 and 1997

(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 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 nation banks having principal offices in Louisiana.

As confirmed by the fiscal agent and other institutions, the District had cash and cash equivalents totaling \$629,249 at October 31, 1998. 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 custodial bank that is mutually acceptable to the parties involved. The following is a summary of cash and cash equivalents at October 31, 1998, with the related federal deposits insurance. The cash and cash equivalents at October 31, 1998, were secured as follows:

	Confirmed Bank Balance <u>OCTOBER 31, 1998</u>	<u>FDIC INSURANCE</u>
Cash	\$449,249	\$449,249
Cash Equivalent - Time Certificates of Deposit	180,000	180,000
	<hr/>	<hr/>
Total	\$629,249 =====	\$629,249 =====

(11) Major Customer -

Accounts receivable included amounts due from Hunts Correctional Institution of \$16,859 for the year ended October 31, 1998 and \$15,630 for the year ended October 31, 1997, which represents 15.54% and 14.57% of accounts receivable on those respective dates.

Net water sales to Hunts Correctional Institution were \$177,000 for the year ended October 31, 1998 and \$160,000 for the year ended October 31, 1997, which represents 28.68% and 28.67% of annual water sales for each respective year.

OTHER SUPPLEMENTARY INFORMATION

## Waterworks District No. 2 of Iberville Parish

## SCHEDULES OF OPERATING EXPENSE

For The Year Ended October 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Water Purchases	323,988	\$282,979
Operating Agreement	89,805	81,938
Advertising	404	160
Amortization	3,721	5,100
Bad Debts	--	1,382
Bank Charges	129	201
Board Members Salaries	3,600	3,600
Depreciation	110,578	105,786
Dues and Subscriptions	150	245
Insurance	11,962	16,206
Legal and Accounting Fees	7,720	15,530
Miscellaneous Expenses	372	0
NSF Expense	1,013	641
Office, Printing, and Postage Exp.	4,230	3,751
Paying Agent Fees	0	600
Payroll Tax Expenses	4,566	4,086
Penalties	142	0
Repairs	2,271	0
Repairs and Maintenance - Equipment	2,568	2,509
Salaries and Wages	53,127	51,433
Services Charges	30,281	14,164
Telephone	2,136	2,266
Travel	894	967
Utilities	2,434	2,092
Total Operating Expenses	<u>\$656,091</u> =====	<u>\$595,636</u> =====

See auditor's report.

Waterworks Districts No. 2 of Iberville Parish  
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS  
For The Year Ended October 31, 1998

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, 1998

<u>Company</u>	<u>Coverage</u>	<u>Term</u>
Rellance	Property Schedule General Liability 1,000,000./2,000,000. Aggregate Crime \$10,000. Auto: Hired Car & Non-Owned Auto	8/2/98 To 8/2/99
Rellance	Umbrella Liability \$1,000,000.	8/2/98 To 8/2/99
Monumental General Casualty Insurance	Workers Compensation	8/2/98 To 8/2/99
Monumental General Casualty Insurance	Employers Liability	8/2/98 To 8/2/99

See auditor's report.

## Waterworks District No. 2 of Iberville Parish

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN  
RETAINED EARNINGS - BUDGET (GAAP BASIS) AND ACTUAL

For the Year Ended October 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance (Budget)</u>
Operating Revenues:			
Water Sales	\$500,000	\$617,330	\$ 117,330
Penalty Charges	7,000	13,057	6,057
Water Line Lease	37,500	37,500	0
Service Charges	1,200	25,869	24,669
Miscellaneous Income	0	344	344
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	545,700	694,100	148,400
Operating Expenses:			
Water Purchases:	251,000	323,988	72,988
Operating Agreement	80,000	89,805	9,805
Service Charge and Connections	0	30,281	30,281
Amortization/Depreciation	123,000	114,299	(8,701)
Bad Debts	4,200	0	(4,200)
Insurance	18,000	11,962	(6,038)
Fees-Professional	12,200	7,720	(4,480)
Miscellaneous Expenses	3,550	6,440	2,890
Payroll Tax Expenses	5,000	4,566	(434)
Repairs	0	2,271	2,271
Repairs and Maintenance - Equipment	18,000	2,568	15,432
Retirement	4,600	0	(4,600)
Salaries-Board	3,600	3,600	0
Salaries-Office	46,000	53,127	7,127
Telephone/Utilities	4,200	4,570	370
Travel	1,440	894	(546)
	<hr/>	<hr/>	<hr/>
Total Operating Exp.	574,790	656,091	81,301
Operating Income	\$ ( 29,090) =====	\$ 38,009 =====	\$ 67,099 =====

See auditor's report.

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, 1998

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Nonoperating Revenues (Expense):			
Ad Valorem Taxes	\$ 0	\$ 396,501	\$ 396,501
Interest Income	0	12,189	12,189
Bond Interest Expense	0	(25,185)	(25,185)
Bad Debt Expense	0	(11,886)	(11,886)
 Total Nonoperating Revenues	 <u>0</u>	 <u>(371,619)</u>	 <u>(371,619)</u>
Net Income	<u>(29,090)</u>	<u>409,628</u>	<u>438,718</u>
 Retained Earnings at Beginning of Year	 393,451	 1,164,340	 -
 Retained Earnings at End of Year	 <u>\$364,361</u> =====	 <u>\$1,573,968</u> =====	 <u>\$1,209,607</u> =====

See auditor's report.

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

# PATRICIA LEGO LEWIS, CPA

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Notary Public

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March 12, 1999

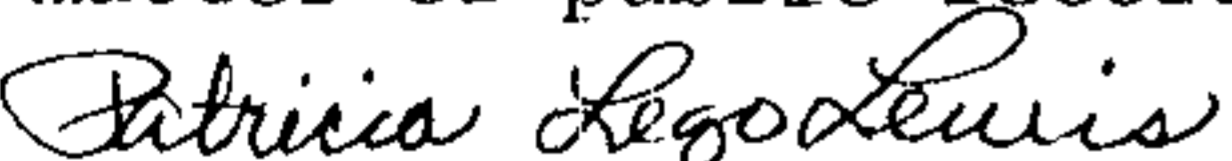
Waterworks District No. 2  
of Iberville Parish  
St. Gabriel, Louisiana

I have audited the component unit financial statements of Waterworks District No. 2 of Iberville Parish, Louisiana, for the year ended October 31, 1998, and have issued the report thereon dated March 12, 1999.

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.

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, 1998, 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. 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  
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 ISSUED BY THE GAO

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March 12, 1999

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, 1998, and have issued the report thereon dated March 12, 1999.

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.

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

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  
Plaquemine, Louisiana