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**WATERWORKS DISTRICT NO. 2  
OF IBERVILLE PARISH  
ST. GABRIEL, LOUISIANA  
FINANCIAL STATEMENTS  
AND ACCOMPANYING INFORMATION  
YEARS ENDED OCTOBER 31, 2009 AND 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/28/10

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**Apple Guerin Company**  
CERTIFIED PUBLIC ACCOUNTANTS LLC  
**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying basic financial statements of the Waterworks District No. 2 of Iberville Parish (the District), a component unit of the Iberville Parish Council, as of and for the years ended October 31, 2009 and 2008 as listed in the Table of Contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express an opinion on these financial statements based on our audit.

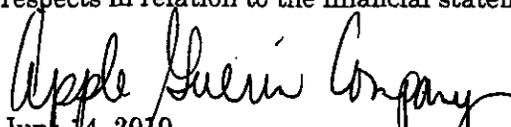
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accompanying 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 above present fairly, in all material respects, the financial position of the Waterworks District No. 2 of Iberville Parish as of October 31, 2009 and 2008 and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 4 and 14, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2010 on our consideration of the Waterworks District No. 2 of Iberville Parish's internal control over financial reporting and on our tests of its compliance with certain laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Waterworks District No. 2 of Iberville Parish. Such information except for Schedule 3 marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



**Waterworks District No. 2 of Iberville Parish  
Management's Discussion and Analysis**

**October 31, 2009**

The financial management of the Waterworks District No. 2 of Iberville Parish (the District) offers readers of the District's financial statements this narrative overview and analysis of the financial statements of the District for the fiscal year ended October 31, 2009. We encourage readers to consider the information presented here and in our basic financial statements, which begin on page 5.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are for a single proprietary fund and include the financial statements, notes to those financial statements and other supplementary information.

**Proprietary Fund Financial Statements**

The District's operations are accounted for as a single proprietary fund using the full accrual basis of accounting. In this regard, the District's operations are accounted for in a manner similar to a private business enterprise. Within this one proprietary fund, the District segregates revenues and expenses for various purposes such as operations, debt service and capital improvements, but that segregation does not create separate proprietary funds.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found beginning on page 8 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary and statistical information. Supplementary and statistical information can be found beginning on page 14 of this report.

**Financial Highlights**

- Total assets of the District exceeded total liabilities at the close of the fiscal year by \$3,228,687 (net assets).
- Net assets of the District increased by \$115,884 during the current fiscal year.
- Operating revenues decreased by \$596 (.05%).
- Capital assets net of accumulated depreciation increased by \$20,521.
- Operating expenses decreased by \$6,847.
- The District paid \$605,130 to Baton Rouge Water Company to secure the District's water supply.

## Financial Condition

The District's net assets increased by \$115,884 during the fiscal year (see Table 1 below).

The District's investment in capital assets net of related debt represents the largest portion of net assets. The amount invested in capital assets, net of debt and accumulated depreciation, increased by \$20,521. The increase was mainly the result of land and water distribution system purchases.

The remaining net assets represent unrestricted assets which may be used to meet the ongoing obligations of the customers and creditors.

**Table 1**  
**NET ASSETS**

	<b>October 31, 2009</b>	<b>October 31, 2008</b>	<b>Increase (Decrease)</b>	<b>% Change</b>
Current and restricted assets	\$ 1,580,488	\$ 1,490,563	\$ 89,925	6.03%
Capital assets	<u>1,739,040</u>	<u>1,718,519</u>	<u>20,521</u>	1.19%
Total assets	<u>\$ 3,319,528</u>	<u>\$ 3,209,082</u>	<u>\$ 110,446</u>	3.44%
Current and other liabilities	\$ <u>90,841</u>	\$ <u>96,279</u>	\$( <u>5,438</u> )	( 5.65)%
Net assets:				
Invested in capital assets, net of related debt	\$ 1,739,040	\$ 1,718,519	\$ 20,521	1.19%
Restricted	34,325	217,330	( 183,005)	( 84.21)%
Unrestricted	<u>1,455,322</u>	<u>1,176,954</u>	<u>278,368</u>	23.65%
Total net assets	<u>\$ 3,228,687</u>	<u>\$ 3,112,803</u>	<u>\$ 115,884</u>	3.72%

**Table 2**  
**CHANGES IN NET ASSETS**

	<b>October 31, 2009</b>	<b>October 31, 2008</b>	<b>Increase (Decrease)</b>	<b>% Change</b>
Revenues:				
Operating revenues				
Water sales	\$ 1,111,354	\$ 1,109,038	\$ 2,316	.21%
Penalty charges	21,806	19,643	2,163	11.01%
Service charges	1,875	5,115	( 3,240)	( 63.34)%
Water line lease	37,500	37,500	-0-	-0-
Miscellaneous	<u>-0-</u>	<u>1,835</u>	<u>( 1,835)</u>	(100.00)%
	1,172,535	1,173,131	( 596)	( .05)%
Nonoperating Revenues				
Interest income	<u>6,280</u>	<u>30,357</u>	<u>( 24,077)</u>	( 79.31)%
Total Revenues	1,178,815	1,203,488	( 24,673)	( 2.05)%
Operating Expenses	<u>1,062,931</u>	<u>1,069,778</u>	<u>( 6,847)</u>	( 0.64)%
Increase in Net Assets	115,884	133,710	( 17,826)	( 13.33)%
Net Assets at Beginning of Year	<u>3,112,803</u>	<u>2,979,093</u>	<u>133,710</u>	4.49%
Net Assets at End of Year	<u>\$ 3,228,687</u>	<u>\$ 3,112,803</u>	<u>\$ 115,884</u>	3.72%

The Waterworks' net assets increased by \$115,884 during the current year. This increase is a result of the District's operating revenues and interest income exceeding operating expenses.

**Table 3**

**CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION**

Waterworks District No. 2 of Iberville Parish's investment in capital assets as of October 31, 2009 amounts to \$1,739,040 (net of accumulated depreciation). This investment in capital assets includes land, buildings, water systems, wells and storage tanks, water meters, and furniture and fixtures.

	October 31, <u>2008</u>	<u>Additions</u>	October 31, <u>2009</u>
Land	\$ 188,867	\$ -0-	\$ 188,867
Buildings	133,685	-0-	133,685
Water meters	32,839	-0-	32,839
Furniture and fixtures	19,387	-0-	19,387
Water distribution system	1,428,252	44,815	1,473,067
Water treatment plant	1,296,375	67,220	1,363,595
Water wells	232,568	63,722	296,290
Elevated tanks	148,616	-0-	148,616
Ground level storage tanks	166,405	-0-	166,405
Water lines	<u>1,094,657</u>	<u>-0-</u>	<u>1,094,657</u>
 Total	 4,741,651	 175,757	 4,917,408
 Less: Accumulated depreciation	 <u>(3,023,132)</u>	 <u>( 155,236)</u>	 <u>(3,178,368)</u>
 Property, Plant and Equipment, Net	 <u>\$ 1,718,519</u>	 <u>\$ 20,521</u>	 <u>\$ 1,739,040</u>

**Looking Forward**

As of October 31, 2009, the District had a total of 1,871 customers which represents a 1.03% increase over October 31, 2008. Total operating revenues decreased .05% as of October 31, 2009 over October 31, 2008. The District is expecting operating revenues to increase approximately \$131,200 or 11.19% as of October 31, 2010 over October 31, 2009.

**Request for Information**

This financial report is to provide interested parties with a general overview of the District's finances. If you have any questions about this report or need additional information, you may submit a request in writing to the Waterworks District No. 2 of Iberville Parish, P.O. Box 71, St. Gabriel, Louisiana 70776.

**WATERWORKS DISTRICT NO. 2  
OF IBERVILLE PARISH  
ST. GABRIEL, LOUISIANA  
STATEMENTS OF NET ASSETS  
OCTOBER 31, 2009 AND 2008**

**ASSETS**

	<u>2009</u>	<u>2008</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,343,052	\$ 1,109,181
Accounts receivable, less allowance of \$3,000	185,284	150,502
Prepaid expenses	13,375	13,130
Other receivables	<u>4,452</u>	<u>420</u>
Total Current Assets	<u>1,546,163</u>	<u>1,273,233</u>
<b>RESTRICTED ASSETS</b>		
Cash and cash equivalents	-0-	185,117
Customer meter deposits	<u>34,325</u>	<u>32,213</u>
Total Restricted Assets	<u>34,325</u>	<u>217,330</u>
<b>PROPERTY, PLANT, AND EQUIPMENT</b> , net of accumulated depreciation of \$3,178,368 and \$3,023,132, respectively	<u>1,739,040</u>	<u>1,718,519</u>
Total Assets	<u>\$ 3,319,528</u>	<u>\$ 3,209,082</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 47,209	\$ 54,027
Payroll taxes payable	2,562	2,790
Sales taxes payable	253	644
Accrued unpaid sick pay	<u>5,520</u>	<u>5,520</u>
Total Current Liabilities	55,544	62,981
<b>LIABILITIES TO BE PAID FROM RESTRICTED ASSETS</b>		
Customer meter deposits	<u>35,297</u>	<u>33,298</u>
Total Liabilities	<u>\$ 90,841</u>	<u>\$ 96,279</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	\$ 1,739,040	\$ 1,718,519
Restricted net assets	34,325	217,330
Unrestricted net assets	<u>1,455,322</u>	<u>1,176,954</u>
Total Net Assets	<u>\$ 3,228,687</u>	<u>\$ 3,112,803</u>

The accompanying notes are an integral part of these financial statements.

WATERWORKS DISTRICT NO. 2  
OF IBERVILLE PARISH  
ST. GABRIEL, LOUISIANA  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
YEARS ENDED OCTOBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES	\$ 1,172,535	\$ 1,173,131
OPERATING EXPENSES - Schedule 2	<u>1,062,931</u>	<u>1,069,778</u>
OPERATING INCOME	109,604	103,353
NONOPERATING REVENUES		
Interest income	<u>6,280</u>	<u>30,357</u>
CHANGE IN NET ASSETS	115,884	133,710
NET ASSETS AT BEGINNING OF YEAR	<u>3,112,803</u>	<u>2,979,093</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,228,687</u>	<u>\$ 3,112,803</u>

The accompanying notes are an integral part of these financial statements.

WATERWORKS DISTRICT NO. 2  
OF IBERVILLE PARISH  
ST. GABRIEL, LOUISIANA  
STATEMENTS OF CASH FLOWS  
(INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS)  
YEARS ENDED OCTOBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 1,137,753	\$ 1,145,251
Cash payments for goods and services	( 919,409)	( 951,869)
Net Cash Provided by Operating Activities	<u>218,344</u>	<u>193,382</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Customer meter deposits received	<u>1,999</u>	<u>3,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,999</u>	<u>3,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Payments for capital acquisitions	( 175,757)	( 453,150)
Net Cash (Used) by Capital and Related Financing Activities	( 175,757)	( 453,150)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on investments	<u>6,280</u>	<u>30,357</u>
Net Cash Provided by Investing Activities	<u>6,280</u>	<u>30,357</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	50,866	( 226,411)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>1,326,511</u>	<u>1,552,922</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 1,377,377</u>	<u>\$ 1,326,511</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ 109,604	\$ 103,353
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	155,236	113,970
Changes in operating assets and liabilities:		
(Increase) in accounts receivable	( 34,782)	( 27,880)
(Increase) in prepaid expenses	( 245)	( 1,385)
(Increase) in other receivables	( 4,032)	-0-
Increase (Decrease) in accounts payable	( 6,818)	5,196
Increase (Decrease) in payroll taxes payable	( 228)	163
(Decrease) in sales taxes payable	( 391)	( 35)
Total adjustments	<u>108,740</u>	<u>90,029</u>
Net Cash Provided by Operating Activities	<u>\$ 218,344</u>	<u>\$ 193,382</u>

The accompanying notes are an integral part of these financial statements.

**WATERWORKS DISTRICT NO. 2  
OF IBERVILLE PARISH  
ST. GABRIEL, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2009 AND 2008**

**1. Summary of Significant Accounting Policies**

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

**a. Basis of Presentation**

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 guide set forth in the industry audit guide, Audits of State and Local Governmental Units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**b. Reporting Entity**

GASB codification section 2100 has defined the governmental reporting entity to be the Iberville Parish Council. The District is considered a component unit of the Iberville Parish Council. The accompanying financial statements present information about programs controlled by and dependent on the Waterworks District No. 2 of Iberville Parish's Board of Commissioners. The accompanying financial statements only include the financial information of this component unit of the Iberville Parish Council and no other organization.

**c. Fund Accounting**

The Waterworks District No. 2 of Iberville Parish uses a proprietary fund (enterprise fund) to report on its financial position and results of operations. The enterprise fund accounts for the activities relating to the operations of the District. The fund is operated in a manner similar to a private business where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**d. Basis of Accounting**

In 2001, the District adopted the provisions of Statement No. 34 (Statement 34) of the Governmental Accounting Standards Board "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." Statement 34 established standards for external reporting for all state and local governmental entities which includes a statement of net assets, a statement of activities and changes in net assets and a statement of cash flows. It required the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

**WATERWORKS DISTRICT NO. 2  
OF IBERVILLE PARISH  
ST. GABRIEL, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2009 AND 2008**

**1. Summary of Significant Accounting Policies - continued**

**d. Basis of Accounting - continued**

Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the unspent related debt proceeds at year end. The portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted net assets - This component of net assets consists of net assets for which a constraint has been imposed either externally or by law. The District recognizes the use of restricted resources for expenditures that comply with specific restrictions.

Unrestricted net assets - This component of net assets consists of net assets that are not appropriate for expenditures or legally segregated for a specific future use.

**e. Budget Practices**

The District adopted a budget for the enterprise fund on a functional basis. The proposed budget is approved by the Board of Commissioners. The budget is published and the public is notified of availability for public inspection. A public hearing is held to finalize the budget. All budgetary appropriations lapse at the end of the year.

**f. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in cash, demand deposits and money market accounts with a maturity of three months or less. Under state law, the District may deposit funds in a bank organized under Louisiana or national law. For purposes of the statement of cash flows, the District considers all cash accounts (including restricted assets) to be cash and cash equivalents.

**g. Fixed Assets**

Fixed assets used in the operations of the District are included on the statement of net assets net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by the District is charged as an expense against operations.

All fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair market value on the date donated. Depreciation for financial reporting purposes is computed by the straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Buildings	25
Water meters	10
Furniture and fixtures	3 - 10
Water system and treatment plant	5 - 33
Wells and storage tanks	33

WATERWORKS DISTRICT NO. 2  
OF IBERVILLE PARISH  
ST. GABRIEL, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2009 AND 2008

1. Summary of Significant Accounting Policies - continued

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 carried over to the next year. Accrued unpaid sick pay at October 31, 2009 and 2008 was \$5,520.

i. Bad Debts

Uncollectible amounts due for 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.

j. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

Investments made by the District are summarized below. The investments that are represented by specific identifiable investment securities are classified as to custodial credit risk by the three categories described below:

- Category 1 - Investments that are insured or registered, or for which the securities are held by the District or its agent in the District's name.
- Category 2 - Uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent in the District's name.
- Category 3 - Uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name.

At October 31, 2009 and 2008, the District has the following cash and cash equivalents held in accounts:

	<u>2009</u>	<u>2008</u>
Cash - Category 1	\$ 332,575	\$ 287,728
Government investment pool - uncategorized	<u>1,044,802</u>	<u>1,038,783</u>
Total	<u>\$ 1,377,377</u>	<u>\$ 1,326,511</u>
Cash and investments, unrestricted	\$ 1,343,052	\$ 1,109,181
Cash and investments, restricted	-0-	185,117
Cash and investments, deposits	<u>34,325</u>	<u>32,213</u>
	<u>\$ 1,377,377</u>	<u>\$ 1,326,511</u>

**WATERWORKS DISTRICT NO. 2  
OF IBERVILLE PARISH  
ST. GABRIEL, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2009 AND 2008**

**2. Cash and Cash Equivalents - continued**

Under state law, the deposits (or the resulting bank balances) must be secured by the Federal Deposit Insurance Corporation (FDIC). FDIC insures the first \$250,000 on deposit at individual banks as of October 31, 2009 and 2008, respectively. At October 31, 2009 and 2008, the District had \$8,097 and \$59,817 in cash deposits (collected bank balances), respectively, which are not fully insured by the FDIC. However, the financial institutions that hold these deposits are required by state statute to maintain pools against all public deposits they hold. The securities pledged and held by the bank in the name of the District amounted to \$400,000 as of October 31, 2009 and 2008.

The District is a voluntary participant in the Louisiana Asset Management Pool, Inc. (LAMP). LAMP is regulated by the Louisiana State Treasurer. This investment is not categorized in the three risk categories provided above because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is not registered with the SEC as an investment company. These funds are held in a government investment pool.

	<u>2009</u>	<u>2008</u>
Total cash and cash equivalent deposits	\$ 1,302,899	\$ 1,348,600
FDIC Insurance	( 250,000)	( 250,000)
Securities pledged and held by the bank in the District's name	( 400,000)	( 400,000)
Funds held in government investment pool	<u>(1,044,802)</u>	<u>(1,038,783)</u>
(Excess FDIC insurance and pledged securities over cash deposits)	<u>\$ ( 391,903)</u>	<u>\$ ( 340,183)</u>

**3. Property, Plant and Equipment**

A summary of property, plant, and equipment at October 31, 2009 and 2008, is as follows:

	<u>2009</u>	<u>2008</u>
Land	\$ 188,867	\$ 188,867
Buildings	133,685	133,685
Water meters	32,839	32,839
Furniture and fixtures	19,387	19,387
Water distribution system	1,473,067	1,428,252
Water treatment plant	1,363,595	1,296,375
Water wells	296,290	232,568
Elevated tanks	148,616	148,616
Ground level storage tanks	166,405	166,405
Water lines	<u>1,094,657</u>	<u>1,094,657</u>
Total	4,917,408	4,741,651
Less: Accumulated depreciation	<u>(3,178,368)</u>	<u>(3,023,132)</u>
Net Property, Plant and Equipment	<u>\$ 1,739,040</u>	<u>\$ 1,718,519</u>

**WATERWORKS DISTRICT NO. 2  
OF IBERVILLE PARISH  
ST. GABRIEL, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2009 AND 2008**

**3. Property, Plant and Equipment – continued**

Depreciation expense for the years ended October 31, 2009 and 2008 was \$155,236 and \$113,970, respectively.

**4. Pension Plan**

Full time employees of the District are eligible to participate in the Louisiana Deferred Compensation Program under the provisions of Internal Revenue Code Section 457.

**5. Restricted Assets**

The District is required to establish and maintain prescribed amounts of resources (consisting of cash and investments) that can be used only for their specified purposes. The restricted cash and cash equivalents were \$-0- and \$185,117 at October 31, 2009 and 2008, respectively.

Customer meter deposits are paid by customers upon application for water service 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, 2009 and 2008, customer meter deposits amounted to \$35,297 and \$33,298 while the balance in the interest-bearing account amounted to \$34,325 and \$32,213, respectively.

**6. Water Supply Commitments**

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

The wholesale water supply contract with BRWC shall be in effect for a period of twenty-five years and BRWC agrees to supply the entire water supply requirements of the District, but not exceeding the lesser of 1,250 gallons per minute or 1,750,000 gallons per day. Initially, the District shall pay for water service delivered at a rate of \$0.744 per 1,000 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. This rate has been indexed to \$1.052 and \$1.064 per 1,000 gallons delivered as of October 1, 2009 and 2008, respectively.

BRWC began supplying water to the District in September, 1991. The District signed a supplemental contract on May 14, 2003 to increase the flow rates available to provide an addition to the maximum supply rate provided in the original contract by the amount of 400 gallons per minute, and to provide an addition to the maximum daily quantity allowed in the original contract in the amount of 550,000 gallons per day. For the years ended October 31, 2009 and 2008, the District purchased water from BRWC at a total cost to the District of \$605,130 and \$659,116, respectively.

In addition, BRWC agrees to pay the District the sum of \$37,500 per year during the term of this agreement for a water line lease.

**WATERWORKS DISTRICT NO. 2  
OF IBERVILLE PARISH  
ST. GABRIEL, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2009 AND 2008**

**6. Water Supply Commitments - continued**

The operations and maintenance agreement became effective beginning in September, 1991. BRWC agreed to undertake the operation and routine maintenance covering the District's supply, treatment, transmissions, distribution, storage and customer metering facilities. Specifically excluded are costs of maintaining or staffing an office for customer service at the existing District office, all salaries and overhead costs associated with management and clerical personnel of the District, telephone service and other utilities for the operation of the District office, property and workmen's compensation insurance fees of the commissioners, paying agent fees, debt service costs, bad debt, advertising, legal and accounting fees or costs of the District, consulting or other professional fees furnished the District, and miscellaneous office, printing, and postage costs of the District not directly associated with billing. Likewise, excluded from the scope of service furnished the District will be the cost of extraordinary maintenance and capital items.

The District paid to BRWC \$6.28 per active customer per month for the services provided by BRWC in the operations and maintenance agreement effective September, 1991. Beginning with the first anniversary of this contract and annually thereafter, the cost per active customer is adjusted by 85% of any proportionate change in the Consumer Price Index as published by the U.S. Department of Labor. The rate has been indexed to \$7.42 and \$7.52 as of October 1, 2009 and 2008 respectively. The District has incurred total costs for the years ended October 31, 2009 and 2008 of \$132,463 and \$126,839, respectively, under this operating agreement.

**7. Major Customer**

The District had water sales representing approximately 24% and 25% of its water sales during the years ended October 31, 2009 and 2008, respectively, to Hunt Correctional Institution. This customer's receivable balance as of October 31, 2009 and 2008 was approximately \$24,737 and \$22,962, respectively.

**8. Subsequent Events**

The District has secured funding through the Louisiana Drinking Water Revolving Loan Fund Program in the amount of \$3.25 million. The money will be used for a new 400,000 gallon elevated water tank, pipeline improvements, a new booster pump station, and to repair and paint existing ground water tanks. The project began in November 2009 and is expected to be completed in the next fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**WATERWORKS DISTRICT NO. 2**  
**OF IBERVILLE PARISH**  
**ST. GABRIEL, LOUISIANA**  
**SCHEDULE OF REVENUES AND EXPENSES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED OCTOBER 31, 2009**  
 (See Auditors' Report)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>OPERATING REVENUES</b>			
Water sales	\$ 1,112,000	\$ 1,111,354	\$( 646)
Penalty charges	19,000	21,806	2,806
Water line lease	37,500	37,500	-0-
Services charges	<u>6,000</u>	<u>1,875</u>	<u>( 4,125)</u>
Total Operating Revenues	<u>1,174,500</u>	<u>1,172,535</u>	<u>( 1,965)</u>
<b>OPERATING EXPENSES</b>			
Water purchases	700,000	605,130	94,870
Operating agreement	134,000	132,463	1,537
Accounting	10,000	12,741	( 2,741)
Advertising	800	7,117	( 6,317)
Bad debts	3,000	-0-	3,000
Bank charges	-0-	75	( 75)
Depreciation	106,000	155,236	( 49,236)
Dues and subscriptions	-0-	589	( 589)
Insurance	18,000	18,394	( 394)
Office, printing and postage	4,200	4,720	( 520)
Payroll tax expense	6,200	7,018	( 818)
Professional fees	24,300	5,515	18,785
Repairs and maintenance	22,000	7,232	14,768
Retirement	5,000	-0-	5,000
Salaries - board	6,800	7,800	( 1,000)
Salaries - office	75,000	76,702	( 1,702)
Service charges/connections	6,000	10,554	( 4,554)
Telephone	6,200	3,301	2,899
Truck allowance	6,800	6,800	-0-
Utilities	<u>-0-</u>	<u>1,544</u>	<u>( 1,544)</u>
Total Operating Expenses	<u>1,134,300</u>	<u>1,062,931</u>	<u>71,369</u>
<b>OPERATING INCOME</b>	<u>\$ 40,200</u>	<u>\$ 109,604</u>	<u>\$ 69,404</u>

ACCOMPANYING INFORMATION

**WATERWORKS DISTRICT NO. 2**  
**OF IBERVILLE PARISH**  
**ST. GABRIEL, LOUISIANA**  
**SCHEDULES OF OPERATING EXPENSES**  
**YEARS ENDED OCTOBER 31, 2009 AND 2008**  
 (See Auditors' Report)

	<u>2009</u>	<u>2008</u>
Water purchases	\$ 605,130	\$ 659,116
Operating agreement	132,463	126,839
Accounting	12,741	11,525
Advertising	7,117	703
Bank charges	75	76
Depreciation	155,236	113,970
Dues and subscriptions	589	508
Insurance	18,394	16,967
Office, printing and postage	4,720	4,337
Payroll tax expense	7,018	6,331
Professional fees	5,515	4,173
Repairs and maintenance	7,232	23,357
Salaries – board	7,800	6,360
Salaries – office	76,702	69,780
Service charges/connections	10,554	13,831
Telephone	3,301	3,330
Truck allowance	6,800	6,758
Utilities	<u>1,544</u>	<u>1,817</u>
	<u>\$ 1,062,931</u>	<u>\$ 1,069,778</u>

**WATERWORKS DISTRICT NO. 2  
 OF IBERVILLE PARISH  
 ST. GABRIEL, LOUISIANA  
 SCHEDULE OF INSURANCE IN FORCE (UNAUDITED)  
 YEAR ENDED OCTOBER 31, 2009  
 (See Auditors' Report)**

<u>Types of Coverage</u>	<u>Term</u>
General Liability \$1,000,000/\$3,000,000	8/2/09 to 8/2/10
Medical Expenses \$5,000	
Fire Damage \$50,000	
Auto: Hire Car & Non-Owned Auto \$1,000,000	
Umbrella Liability \$1,000,000/\$2,000,000	8/2/09 to 8/2/10
Workers' Compensation \$500,000	8/2/09 to 8/2/10
Crime \$25,000	8/2/09 to 8/2/10
Directors and Officers \$1,000,000	8/2/09 to 8/2/10



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

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

We have audited the financial statements of the Waterworks District No. 2 of Iberville Parish, (the District) for the year ended October 31, 2009, and have issued our report thereon dated June 14, 2010. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Waterworks District No. 2 of Iberville Parish's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Waterworks District No. 2 of Iberville Parish's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Waterworks District No. 2 of Iberville Parish's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis..

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Waterworks District No. 2 of Iberville Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 the tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs.

Waterworks District No. 2 of Iberville Parish's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Waterworks District No. 2 of Iberville Parish's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

Apple Theris Company  
June 4 2010

WATERWORKS DISTRICT NO. 2  
OF IBERVILLE PARISH  
ST. GABRIEL, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED OCTOBER 31, 2009  
(See Auditors' Report)

We have audited the financial statements of the Waterworks District No. 2 of Iberville Parish as of October 31, 2009, and have issued our report thereon dated June 14, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of October 31, 2009 resulted in an unqualified opinion.

Report on compliance and internal control material to the financial statements:

Compliance:

1. Condition - Audited financial statements were completed past six months of entity's fiscal year end.

Cause - Information requested from the District was received late.

Criteria - Statements not filed in accordance with Louisiana R.S. 24:513.

Effect - Reports were issued late.

Recommendation - Complete next year's audit in a timely manner.

Management's Plan - Management intends to file timely next year.

Internal Control:

Material Weakness - None

Reportable - None

Prior Year Findings:

1. Condition - Audited financial statements were completed past six months of entity's fiscal year end.

Cause - Information requested from the District was received late.

Criteria - Statements not filed in accordance with Louisiana R.S. 24:513.

Effect - Reports were issued late.

Recommendation - Complete next year's audit in a timely manner.

Management's Plan - Management intends to file timely next year.

Internal Control:

Material Weakness - None

Reportable - None