

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

NOTE F - CHANGES IN LONG-TERM DEBT - Continued

The annual requirements in amortized all debt outstanding at July 31, 1997, including \$2,662,973 interest payments, are as follows:

	Revenue _____ _____\$____	At Valorem _____ ____Tax____	____ ____Total____
1998	\$ 251,138	\$ 21,180	\$ 272,318
1999	251,583	21,800	273,383
2000	249,880	-	249,880
2001	247,888	-	247,888
2002	244,880	-	244,880
2003-2007	1,459,688	-	1,459,688
2008-2012	1,065,230	-	1,065,230
2013-2017	929,038	-	929,038
2018-2021	338,241	-	338,241
	\$ 4,737,636	\$ 42,980	\$ 4,780,616

During the year ended July 31, 1995, the District declared its 1994 revenue bonds by payment to Literate National Bank of \$275,000 (including expense) which defaced \$698,111 of bonds outstanding. This defacement was done by the District so as to allow a first mortgage on the revenues of the District to be taken by the Refunding Bonds (see above). The principal balance constituting of these declared bonds at July 31, 1997 is \$48,000.

NOTE G - CONTRIBUTION FROM ASSUMPTION PARISH

On June 30, 1994, the District entered into an agreement with the Parish of Assumption whereby, in order to afford the protection to the Parish and in order to provide adequate financing for construction of the waterworks system, the Parish agreed to issue \$1,000,000 of valorem tax bonds to acquire necessary facilities and equipment for the protection. Of this amount, \$505,000 was pledged to be used for construction of the plant waterworks and fire protection systems. The Parish agreed to pay to the District an annual rental of \$40 for each fire hydrant installed within the system. This agreement provides that the system be owned jointly by the Parish and the District. The undivided interest of the Parish in the system is 29.2807% and the undivided interest of the District in the system is 70.7193%. The District agreed to pay the Parish an annual rental of \$4,500 for the facilities of the Parish for a 99 year term beginning in August 1999.

NOTE H - PENSION PLAN

Collectively all employees of the Assumption Parish Waterworks District No. 1 are members of the Parishwide Employees Retirement System of Louisiana (ERSOLA), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District are members of Plan B.

**WATERBOURN DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

NOTE E - CASH AND CASH EQUIVALENTS

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

As July 31, 1997, the district has \$2,007,483 in deposits (pledged bank balances). These deposits are secured from risk by \$204,000 of federal deposit insurance and \$1,793,080 of pledged securities held by the custodial bank in the name of the fiscal agent bank (CASH Company 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 49:1229 imposes a stamping requirement on the custodial bank to identify and sell the pledged securities within 30 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

NOTE F - CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions for the year ended July 31, 1997:

	Revenue Bonds	Ad Valorem Tax Bonds	Total
Bonds payable, July 31, 1996	\$ 1,941,000	\$ 60,000	\$ 2,001,000
Bonds retired	<u>(44,000)</u>	<u>(20,000)</u>	<u>(64,000)</u>
Bonds payable, July 31, 1997	<u>\$ 1,897,000</u>	<u>\$ 40,000</u>	<u>\$ 1,937,000</u>

Bonds payable at July 31, 1997 are comprised of the following individual issues:

Revenue Bonds

\$1,793,080 Waterworks Utility Revenue Refunding Bonds dated

April 5, 1987 due in annual installments of \$39,541 to

\$147,823, including interest, through April 1, 2019;

interest at 11%.

\$ 1,897,000

Ad Valorem Tax Bonds*

\$100,000 public improvement bonds dated April 1, 1974 due in

annual installments of \$20,000, including interest, through

April 1, 1998; interest at 9% to 5.25%.

\$ 40,000

* The ad valorem tax bonds are secured by levy and collection of ad valorem taxes.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

NOTE D - UTILITY PLANT AND EQUIPMENT - Continued

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Balance at beginning of year	\$ 17,841,778	\$ 7,412,000	\$ 10,429,778
Additions:			
Pumps, pumping, and purification	192,086	-	192,086
Transmission and distribution mains and accessories	148,758	-	148,758
Transportation, office and other equipment	20,000	-	20,000
Construction in progress			
incurred during year	284,078	-	284,078
Depreciation expense	-	478,808	(478,808)
Deletions:			
Construction in progress completed during year	(50,319)	-	(50,319)
Sale and other dispositions of equipment	(3,511)	(3,511)	-
Balance at end of year	<u>\$ 17,888,482</u>	<u>\$ 7,540,336</u>	<u>\$ 10,348,147</u>

Interest incurred in the proprietary fund of \$211,944 was charged to expense (no interest was capitalized in part of utility plant and equipment).

NOTE E - CASH AND CASH EQUIVALENTS

As July 31, 1997, the waterworks district has cash and cash equivalents totaling \$1,908,278 (break follows) as follows:

Cash and cash equivalents:

Cash on hand	\$ 4,281
Demand deposits	1,598,542
Interest bearing demand deposits	<u>305,455</u>
Total cash and cash equivalents	<u>1,908,278</u>

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF CONSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

NOTE C - AD VALOREM TAXES - Continued

For the year ended July 31, 1997, taxes of .35 mill were levied on property with assessed valuations totaling \$30,990,344 for 1996 and were dedicated to pay the ad valorem tax issue of the District. Total taxes levied were \$10,872 less the contributions to the pension plan totaling \$684.

NOTE D - UTILITY PLANT AND EQUIPMENT

A summary of utility plant and equipment at July 31, 1997 follows:

	Life in Years	Cost	Accumulated Depreciation	Net	Straight- Line Method Depreciation This Year
Land and rights of way	-	\$ 126,575	\$ -	\$ 126,575	\$ -
Power, pumping and purification structures and equipments, including main plant building	15-44	3,089,408	1,796,258	1,293,150	89,111
Transmission and distribution main and accessories	15-44	17,594,400	3,590,665	14,003,735	957,447
Transportation, office and other equipment	5-15	424,341	377,448	46,893	50,346
Construction in progress: New transmission lines and other projects	-	17,880	-	17,880	-
Total		<u>\$ 17,994,464</u>	<u>\$ 3,845,331</u>	<u>\$ 14,149,133</u>	<u>\$ 1,036,904</u>

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

NOTE B - FLOW OF FUNDS - RESTRICTIONS ON USE

Under the terms of the bond indentures with the Louisiana Public Financing Authority (LPIFA) on the outstanding revenue bond dated March 15, 1989, all interest and expenses (hereinafter referred to as revenues) of every nature, earned or derived from operations of the Waterworks System are pledged and dedicated to the retirement of said bond. Below are the revenues which are to be set aside into the following special funds:

All revenues shall be periodically deposited in a "Waterworks Utility Revenue Fund" to provide for payment of all reasonable and necessary expenses of operating and maintaining the System.

Each month there will be set aside into a fund called the "Waterworks Utility Bond and Interest Sinking Fund" an amount consisting 1/3 of the next maturing installment of principal and 1/3 of the next maturing installment of interest on the outstanding LPIFA bonds. Such transfers shall be fully sufficient to insure the prompt payment of principal and interest installments as they become due, and may be used only for such payments.

There shall also be set aside into a "Waterworks Utility Revenue Bond Reserve Fund" an amount equal to 7% of the amount to be paid into the Waterworks Utility Bond and Interest Sinking Fund each month as required on the LPIFA bonds until there shall have been accumulated an amount equal to the maximum principal and interest on bonds payable from the Sinking Fund which would otherwise be in default.

In addition, there shall be set aside into a "Waterworks Utility Depreciation and Contingency Fund" an amount equal to 5% of the amount to be paid into the Waterworks Utility Bond and Interest Sinking Fund described above. Such amounts are to be used for maintenance, additions, improvements and replacements necessary to properly operate the Waterworks System. Money in this fund may also be used to pay principal or interest falling due on the LPIFA bonds at any time there is not sufficient money for payment in the other bond funds, but if so used, such money shall be replaced from earnings of the District as soon as possible after making the required payments into the respective funds set forth above.

On July 17, 1989, the Board of Commissioners of the District created the "Waterworks Utility Revenue Fund - Capital Improvements". Said fund is to receive monies in excess of \$200,000 shown in the annual audit report remaining in the Waterworks Utility Revenue Fund on July 31 of each year after making all required payments into the Sinking, Reserve and Depreciation and Contingency Funds. The excess shall be considered surplus and shall be deposited in this fund. Said fund is to be used by the District for the purpose of making restorations, additions, improvements, renewals, and replacements to the System or for the purpose of seeking outstanding bonds in advance of their maturities, or any other legal purpose determined by the Board to be in the best interests of the District and not in violation of the 1989 LPIFA bond issue requirements. The required transfer to this fund for the year ended July 31, 1997 is \$464,170.

NOTE C - AD VALOREM TAXES

Ad valorem taxes attach as an indivisible lien on property as of January 1 of each year. Taxes are levied by the District during June and are apportioned to the taxpayers in November by the tax assessor. Unpaid taxes become delinquent on January 1 of the following year. Revenue from ad valorem taxes are budgeted in the year billed.

WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA

Notes to Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Debt Service Fund is accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as per current assets. Unapportioned income is considered "unavailable" when in the hands of collecting governments and is recognized as revenue at that time. Expenditures are generally recognized under the modified accrual basis of accounting when the related fiscal liability is incurred. An exception to this general rule is principal and interest on long-term debt which are recognized when due.

The Enterprise Fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Services for water are recorded as revenues as billed to customers on a monthly billing mailing cycle. At the end of the year, water services which have been rendered, but unbilled, are accrued for financial reporting purposes.

Cash and Cash Equivalents All highly liquid investments (including restricted assets) with a maturity of three months or less are considered to be cash equivalents for purposes of reporting cash flows.

Inventory The District values its inventory of supplies at the lower of cost or market using the first-in, first-out method.

Utility Plant and Equipment All utility plant and equipment are capitalized in the proprietary fund and are stated at historical cost less accumulated depreciation.

Depreciation of all exhaustible utility plant and equipment used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method (see Note D).

Contributions for Meter Contributions received from customers for new meter services are treated as income. The cost of installing new meter services are expensed in the year incurred.

Vacation and Sick Leave The District's employees earn one to five work vacation annually based on number of years of employment. Employees can accumulate a maximum of 40 hours of annual vacation which can be used forward and taken in subsequent periods. Upon termination, employees are paid for any unused current year and any accumulated vacation hours. Employees are allowed ten days of sick leave annually which can accumulate up to ninety days that may be used for sickness only. The sick leave plan is coupled with a disability insurance policy.

Total Column on Combined Statement/Worksheet The total column on the combined statement/worksheet is captioned Miscellaneous. Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Efforts to make data comparable in a consolidation. Invariant eliminations have not been made in the aggregation of this data.

WATERWORKS DISTRICT No. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA

Notes to Financial Statements

Year Ended July 31, 1997

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On July 19, 1954, in accordance with the provisions of Chapter 5 of Title 33 of the Louisiana Revised Statutes of 1954, the Police Jury of the Parish of Assumption created the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana (hereinafter referred to as the District). The District is created by the Police Jury and possesses the identical status as the Parish of Assumption.

THE REPORTING ENTITY. Waterworks District No. 1 is a component unit of the Assumption Parish Police Jury.

The accounting and reporting policies of the District conform to generally accepted accounting principles as applicable to local governmental units as prescribed by the Governmental Accounting Standards Board (GASB).

The following is a summary of certain significant account policies.

Fund Accounting. The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in their report, into two generic fund types and two broad fund categories as follows:

Governmental Fund - Debt Service Fund:

Debt service funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs (i.e., ad valorem tax bonds).

Proprietary Fund - Enterprise Fund:

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Long-Term Liabilities. The accounting and reporting treatment applied to the long-term liabilities associated with a fund are determined by its measurement focus. Long-term liabilities financed from ad valorem taxes are accounted for in the General Long-Term Debt Account Group.

All government fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included in their balance sheets.

Long-term liabilities financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

Basis of Accounting. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

**MATHEWS DISTRICT NO. 1 OF THE
PARISH OF ADIRONDAC, STATE OF LOUISIANA**

Page 11

**Statement of Cash Flows - Proprietary Fund Type -
Enterprise Fund - Waterworks System**

Year Ended July 31, 1997

INCREASE (DECREASE) in Cash and Cash Equivalents

Cash flows from operating activities:		
Operating income		\$ 175,540
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 465,099	
Changes in assets and liabilities:		
Receivables	2,454	
Inventory of supplies	5,245	
Prepaid expenses	1,186	
Accounts payable	(2,943)	
Other accrued expenses	2,882	
Total adjustments		<u>469,023</u>
Net cash provided by operating activities		644,563
Cash flows from noncapital financing activities:		
Customer deposits received	95,540	
Customer deposits refunded	(60,527)	
Net cash provided by noncapital financing activities		35,013
Cash flows from capital and related financing activities:		
Proceeds from disposal of equipment	2,880	
Acquisition and construction of capital assets	(783,628)	
Principal paid on revenue bonds	(44,000)	
Interest paid on revenue bonds	(215,583)	
Other non-operating revenues	1,229	
Net cash used for capital and related financing activities		(617,022)
Cash flows from investing activities:		
Interest earned on investments	83,873	
Decrease in designated certificates of deposit	303,880	
Decrease in restricted certificates of deposit - debt service	197,080	
Decrease in restricted certificates of deposit - customers' deposit	305,880	
Net cash used for investing activities		(896,873)
Net increase (decrease) in cash and cash equivalents		1,894,771
Cash and cash equivalents at beginning of year		876,889
Cash and cash equivalents at end of year		\$ 1,891,620
Included in Balance Sheet as:		
Cash	\$ 511,200	
Designated cash - capital improvements	471,480	
Restricted cash - debt service	318,056	
Restricted cash - customers' deposit	590,884	
	<u>\$ 1,891,620</u>	

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

WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA

Table C

Statement of Revenues, Expenses, and Changes in Retained Earnings -
Proprietary Fund Type - Intergovernmental Fund - Waterworks System

Year Ended July 31, 1997

Operating revenues:	
Revenues from sales and service charges:	
Water sales	\$ 1,011,434
Other water service charges	89,330
Effluent charges	55,602
Solid waste, garbage, and sewerage collection fees	35,290
Total operating revenues	1,291,656
Operating expenses:	
Waterworks system expenses	779,269
Office, general and administrative expenses	353,218
Depreciation	479,028
Total operating expenses	1,611,515
Operating income	(319,859)
Nonoperating revenues (expenses):	
Interest income	83,575
Gain on disposal of equipment	2,800
Miscellaneous	1,229
Interest expense	(211,944)
Amortization of debt issue costs	(2,885)
Total nonoperating revenues (expenses)	(127,225)
Net income	(447,084)
Retained earnings at beginning of year	569,425
Retained earnings at end of year	122,341

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

WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA

Page 11

Statement of Revenues, Expenditures, and Changes
in Fund Balance - Governmental Fund Type - Debt Service Fund

Year Ended July 31, 1997

Revenues:		
Ad valorem taxes	\$	18,368
Interest earnings		<u>3,321</u>
Total revenues		18,689
Expenditures:		
Debt service:		
Principal retirement	\$	28,000
Interest expense		3,150
Paying agents' fees		<u>88</u>
Total expenditures		<u>31,238</u>
Excess (deficiency) of revenues over expenditures		(12,549)
Fund balance at beginning of year		<u>23,887</u>
Fund balance at end of year	\$	<u>11,338</u>

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

**POSTOFFICES DISTRICT NO. 1 OF THE
PARISH OF ADDISONS, STATE OF LOUISIANA**

Exhibit A

Balance Sheet - 4.8 Fund Types and Account Group - Continued

July 31, 1997

	<u>Governmental Fund Type Debit</u>	<u>Proprietary Fund Type Debit</u>	<u>Account Group General Long-Term Debit</u>	<u>Total Observation Debit</u>
Fund equity:	-	-	-	-
Contributed capital		4,521,462		4,521,462
Retained earnings:				
Reserved for revenue bond debt service and contingencies		202,118		202,118
Unreserved				
Designated for subsequent year capital addition and other expenditures		1,412,287		1,412,287
Unassigned		4,124,955		4,124,955
Total retained earnings		5,739,760		5,739,760
Fund liabilities reserved for debt service	26,891			26,891
Total fund equity	26,891	10,270,968		10,297,859
Total liabilities and fund equity	26,891	12,214,118	8,660	12,298,669

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

WOTENBOMBS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA

Exhibit A

Balance Sheet - All Fund Types and Account Group - Continued

July 31, 1997

Governmental Fund Type- Each Section	Proprietary Fund Type- Subsection	Account Group- General Long-Term SMB	Total (Monetary Unit)
\$ -	\$ 14,877	\$ -	\$ 14,877
-	17,736	-	32,613
-	19,009	-	38,622
-	75,422	-	75,422
-	64,485	-	64,485
-	69,176	-	69,176
-	163,741	-	163,741
-	1,000,010	-	1,000,010
-	<u>1,360,456</u>	<u>4,008</u>	<u>1,364,464</u>

LIABILITIES AND FUND EQUITY

Liabilities:

Accounts payable
 Accrued wages payable
 Accounts related payable
 Obligations to employees under
 defined contribution plan
 Payable from restricted assets
 Revenue bonds
 Interest payable
 Contingent Accounts
 Revenue bonds payable
 All veterans and bonds payable
 Total liabilities

(Continued)

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

WATERWORKS DISTRICT NO. 1 OF THE
 PARISH OF ASSUMPTION, STATE OF LOUISIANA

Exhibit A

Balance Sheet - All Fixed Assets and Account Group

July 31, 1997

	Governmental		Proprietary	Account Group		Total
	Fixed Type- Debt	Assets		Long-Term Debt	(Monetization CBDO)	
ASSETS						
Cash	\$	24,001	\$	111,128	\$	586,028
Accounts receivable:						
billed water charges, net of \$1,400 for an						
allowance for doubtful amounts				111,700		211,758
unbilled water charges				140,040		342,048
other receivables				30,000		30,000
Inventory of supplies				50,078		50,078
Prepaid expenses				12,378		12,378
Prepaid and rights held under						
deferred compensation plan				15,022		15,022
designated asset-capital improvement:						
Cash				871,488		871,488
Accumulated amort-able service						
Cash				218,128		218,128
Accumulated amort-allowances' deposits						
Cash				100,291		100,291
Utility poles and equipment, net				5,098,147		5,098,147
Unamortized debt issue costs				35,405		35,405
Amounts available to debt service funds						
Amounts to be provided for retirement of						
general long-term debt				25,001		25,001
Total assets		24,001		1,241,528		1,514,828
						1,241,528

(Continued)

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

WAGUESPACE & ASSOCIATES
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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Waterworks District No. 1 of the
Parish of Assumption, State of Louisiana
Majorsville, Louisiana

We have audited the accompanying general-purpose financial statements of Waterworks District No. 1 of the Parish of Assumption, State of Louisiana (the District), a component unit of the Assumption Parish Police Jury, as of and for the year ended July 31, 1997, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose 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 general-purpose financial statements referred to above present fairly, in all material aspects, the financial position of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana, as of July 31, 1997, and the results of its operations and the cash flows of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 25, 1997 on our consideration of Waterworks District No. 1 of the Parish of Assumption's internal control structure and a report dated September 25, 1997 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Schedule" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana, a component unit of the Assumption Parish Police Jury. Such information, except for the Schedule of Water Customers, marked "unaudited", on which we express no opinion, is fairly stated in all material respects in relation to such general-purpose financial statements taken as a whole.

Waguespace & Associates (APAC)

Belle Rose, Louisiana
September 25, 1997

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**MATHEWES DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION,
STATE OF LOUISIANA
Mightmore, Louisiana**

GENERAL PURPOSE FINANCIAL STATEMENTS
Year ended July 31, 1997

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**WATERWORKS DISTRICT NO. 2 OF THE
PARISH OF ASSUMPTION,
STATE OF LOUISIANA
Napoleonville, Louisiana**

**GENERAL PURPOSE FINANCIAL STATEMENTS
Year ended July 31, 1977**

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 August 4, 1978

Wagnerpack & Associates (APAC)
Certified Public Accountants
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(504) 475-6000

This report is intended for the information of the management of the District, the Legislative Auditor, and interested state and federal agencies. However, this report is a matter of public record and its distribution is not limited.

Wagstaff & Associates (APAC)

Belle Rose, Louisiana

September 25, 1997

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

The Board of Commissioners
Waterworks District No. 1 of the Parish
of Assumption, State of Louisiana
Poplarville, Louisiana

We have audited the general-purpose financial statements of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana, (the District), a component unit of the Assumption Parish Police Jury, as of and for the year ended July 31, 1997, and have issued our report thereon dated September 25, 1997. 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.

Compliance

As part of obtaining reasonable assurance about whether the District'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 these 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 the District'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 structure 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 sufficiently 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 noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

SUPPLEMENTARY FINANCIAL REPORT

WATERWORKS DISTRICT NO. 1 OF THE
 PARISH OF ASSUMPTION, STATE OF LOUISIANA

(Schedule 2)

Board of Commissioners - Per Diem

Year Ended July 31, 1997

<u>Board Members</u>	<u>Number of Meetings</u>	<u>Per Diem</u>
David J. Wall	12	720
Charles A. Joseph	12	720
Alfred Tompkins	12	720
Harlow Jacobs	12	720
Thomas L. Howard	12	720
Donna K. Robertson	12	720
Bryan Dupas	9	540
Clairford Landry	12	720
Godfrey Napkin	12	720
Vincent Nelson	11	660
Myron Mathison	12	720
		<u>\$ 7,200</u>

WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA

Schedule 5

Metered Water Customers

July 31, 1997
(Unaudited)

At July 31, 1997, the District had 5,803 metered customers as set forth in the District's internal reports.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 4

**Enterprise Fund - Waterworks System
Schedule of Changes in Assets Restricted for Revenue Bond Debt Service**

Year Ended July 31, 1997

	Waterworks Utility Funding Bond and Interest Sinking Fund	Waterworks Utility Funding Bond Revenue Bond Sinking Fund	Waterworks Utility Depreciation and Contingency Fund	Total
Cash and cash equivalents and certificates of deposit at beginning of year	\$ 65,853	\$ 47,188	\$ 186,428	\$ 299,469
Cash receipts:				
Transfers from operating account interest earned	155,794	11,007	12,007	178,808
	<u>28</u>	<u>(4,821)</u>	<u>9,012</u>	<u>13,209</u>
Total cash available	241,123	153,374	197,447	591,944
Cash disbursements:				
Principal payments	44,000	-	-	44,000
Interest payments	213,316	-	-	213,316
Transfers to operating account	<u>316</u>	<u>(4,851)</u>	<u>-</u>	<u>(4,852)</u>
Total disbursements	<u>257,632</u>	<u>(4,851)</u>	<u>-</u>	<u>262,483</u>
Cash and cash equivalents and certificates of deposit at end of year	<u>\$ 83,515</u>	<u>\$ 148,523</u>	<u>\$ 197,447</u>	<u>\$ 429,485</u>

WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA

Schedule 7

Schedule of Revenues and Expenses - Waterworks System
Budget and Actual - Continued

Year Ended July 31, 1997

	Budget	Actual	Variance- Favorable (Unfavorable)
Nonoperating revenues:			
Gain on disposal of equipment	-	2,000	2,000
Miscellaneous	2,000	1,340	(660)
Interest income	60,000	63,972	3,972
Total nonoperating revenues	62,000	67,312	5,312
Nonoperating expenses:			
Interest and amortization expense	216,731	216,902	171
Net income (loss) including All Waterworks revenue	\$ 40,269	\$ 50,738	\$ 10,469

WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA

Schedule 7

Statement of Revenues and Expenses - Waterworks System
Budget and Actual

Year Ended July 31, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Water sales	\$ 1,810,750	\$ 1,815,431	\$ 4,681
Delinquent charges	53,000	55,000	2,000
Other water service charges	60,000	65,100	5,100
Solid waste, garbage, and sewerage collection fee	30,000	35,500	5,500
Total operating revenues	1,953,750	1,971,031	17,281
Operating expenses:			
Salaries	521,700	504,300	17,400
Fringe benefits	80,000	86,625	6,625
Insurance	31,000	64,078	33,078
Group and disability insurance	181,600	188,228	6,628
Retirement plan	5,500	5,520	20
Fir alarm paid to board members	5,500	7,680	2,180
Uniform reimbursements	2,000	1,962	38
Water user fee	20,000	24,781	4,781
Travel and education expenses	6,800	10,034	(4,034)
Substance abuse testing	600	184	416
Transportation expense	21,000	20,600	400
Stationery and office supplies	42,000	37,830	4,170
Chemicals and purification supplies	115,000	114,167	833
Other purification expenses	2,000	1,795	205
Utilities	150,000	150,654	(654)
Unemployment compensation insurance	2,000	2,000	0
Supplies - water meters	1,000	1,426	426
Maintenance and repairs	101,500	98,945	2,555
Telecomuting	3,000	4,234	1,234
Service contracts	35,000	27,845	7,155
Collections expenses	9,000	8,435	565
Communication expense	8,000	9,431	(1,431)
Rent expense	4,500	4,500	0
Professional services, engineering	15,000	28,912	(13,912)
Professional services, legal and accounting	10,000	7,650	2,350
Other expense	8,000	7,664	336
Unallocable amounts	2,000	3,000	(2,000)
Depreciation	—	876,000	(876,000)
Total operating expenses	1,628,500	1,611,687	16,813
Operating income	325,250	359,344	34,094

(Continued)

WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA

Schedule 1

Operating Expenses - Waterworks System - Continued

Year Ended July 31, 1997

Office, general and administrative expenses		
Salaries	\$	196,341
Stationery and office supplies		37,836
Collection expenses		8,433
Communications expense		8,375
Pay roll taxes		15,029
Disability insurance		2,331
Group term life		102,891
Insurance		64,079
Rent of Police Bay, equity in equity		4,900
Rent, other		60
Professional services, legal and accounting		7,650
Professional services, engineering		28,917
Transportation expense		408
Travel and education expense		3,143
Fer fares paid to board members		7,693
Retirement plan		3,544
Office expenses		6,176
Uncollectible accounts		3,000
Uniform reimbursement		1,562
Unemployment compensation insurance		3,688
Maintenance of equipment		8,700
		<u>8,700</u>
Total office, general and administrative expenses	\$	<u>525,018</u>

WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA

Schedule I

Operating Expenses - Waterworks System

Year Ended July 31, 1997

Waterworks System Expenses

Purification and plant expenses:

Salaries, plant personnel	\$	65,670
Payroll taxes		11,787
Communications		733
Chemicals and purification supplies		118,801
Disability insurance		1,979
Maintenance and repairs of plant		48,840
Miscellaneous expenses		495
Other purification expenses		3,595
Retirement plan		31,020
Transportation expenses		680
Travel and education		3,438
Utilities		<u>120,784</u>

Total purification and plant expenses

475,149

Distribution, operation and maintenance expenses:

Salaries	\$	65,670
Payroll taxes		11,787
Communications		1,800
Disability insurance		1,506
Miscellaneous		495
Repairs and maintenance		38,138
Retirement plan		2,586
Service materials		21,043
Supplies and expenses, meter station		1,856
Telephoning		4,293
Transportation expenses		19,760
Travel and education		1,240
Utilities		3,890
Water meter fee		<u>26,787</u>

Total distribution, operation and maintenance expenses

304,614

Total waterworks system expenses:

\$ 779,763

(Continued)

OTHER SUPPLEMENTARY INFORMATION

WATERWORKS DISTRICT NO. 5 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA

Notes to Financial Statements

NOTE 7 - REFINANCING EVENT

On September 15, 1997, the Board of Commissioners adopted a resolution authorizing the issuance and sale of \$1,395,000 of taxable waterworks utility revenue refunding bonds for the purpose of refinancing the district's existing utility revenue Refunding Bonds dated April 6, 1995. In conjunction with the issuance of the bonds, the district will make a cash contribution of approximately \$677,000 from existing funds for purposes of paying prepayments of the refunding bonds. The new bonds are expected to bear interest at an average rate of 7.27% which is substantially less than the current rate of 10% being paid on the existing bonds. Also, the refunding bonds will be paid by year 2006, rather than the year 2009 for the bonds being refinanced.

WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA

Notes to Financial Statements

NOTE K - ADDITIONAL BILLING AND COLLECTION

The District has entered into formal contracts with the Assumption Parish Police Jury, the Village of Napoleonville and the St. Martin, Back Marsh, Apacoma, RIDG Developers, Acacia Sewerage District, Ridgeway Waste and Cypress Village whereby the District, as an agent, bills and collects for solid waste services rendered by the Police Jury and the Village and the sewerage services rendered by the Village and the sewerage districts. The Police Jury pays the District 25 cents per solid waste bill issued and the Village of Napoleonville and St. Martin, Back Marsh, Apacoma, RIDG Developers, Acacia Sewerage Districts, Ridgeway Waste and Cypress Village pay 5% of collections of charges to its residents.

NOTE L - SELF INSURANCE HEALTH PROGRAM

The District participates in a self-insurance health program for employees of the District and the Assumption Parish Police Jury. A third party administrator processes the claims and maintains records of the allowable costs, deductible costs, etc., with the activity of this program being reported in the District's Waterworks System expenses. The District and Police Jury share these expenses in proportion with the respective number of employees covered. Under the program, the District and Police Jury maintain a commercial insurance policy which pays all claims amounting \$200,000 per year per person to \$1,000,000 per year. They also maintain an aggregate stop loss policy which will reimburse the program for period ended August 31, 1997.

NOTE M - SUPPLEMENTAL CASH FLOWS DISCLOSURE

During the year ended July 31, 1997, the area prior fund paid \$228,136 for income expense on revenue bonds outstanding. No amounts were paid for income taxes as the District is a component unit of the Assumption Parish Police Jury and governmental agencies are exempt from federal and Louisiana income taxes.

NOTE N - COMMENTS REGARDING BOND RESOLUTION REQUIREMENTS

Section 9 of the March 22, 1989, revenue bond resolution requires the District to provide revenues in each year sufficient to pay all reasonable and necessary expenses of operating and maintaining the Waterworks System in each year, the principal and interest maturing on the bonds in each year, all reserves or sinking funds or other payments required for such year and all other obligations or indentures payable out of revenues of the System for such year, in total equal to 100% of the largest amount of principal maturing on the bonds in any future fiscal year.

At July 31, 1997, this requirement was met.

All other requirements of the bond resolution have been met.

NOTE O - LITIGATION

At July 31, 1997, the district is involved in various litigation matters all of which are considered by management to be covered and within the limits of insurance coverage. In addition, management is not aware of any unasserted claims.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

NOTE 1 - POST-EMPLOYMENT HEALTH CARE BENEFITS - Continued

The district will pay the percentage of the equivalent premiums for those persons who are retiring at 55 years of age and have the following years of service time.

Years of Service	Waterworks Benefit	Retiree's Share
15-19	80	90
20-29	50	50
30+	75	25

The equivalent premium for the appropriate category will be an exact percent of insurance coverage each year and the retiree must pay the equivalent premium of the appropriate category in order to continue coverage as a retiree. For fiscal year 1996, the cost of the district's portion of this benefit was approximately \$4,405.

NOTE 2 - DEFERRED COMPENSATION PLAN

Employees of the District may participate in the deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans With Respect to Service For State and Local Governments).

The deferred compensation plan is available to all employees of the District. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by the Public Employees Benefit Services Corporation (PEBSICO), an independent entity. Under the terms of an IRC Section 457 deferred compensation plan, all amounts of compensation deferred under the plan, all property and rights purchased with these amounts, and all income attributable to these amounts, property, or rights are (and will) paid or made available to the employee or other beneficiary solely the property and rights of the District (without being restricted to the provisions of benefits under the plan), subject only to the terms of the District's general conditions. 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 amount for each participant. The District believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise. All assets of the plan are reported at fair market value and are administered by an independent entity. As part of its fiduciary role, the District has an obligation of due care in selecting the third party administrator.

The following is a summary of activity in the fund for the year ended July 31, 1997:

Asset balance at August 1, 1996	\$ 60,476
Deferrals of compensation	13,697
Earnings	7,543
Withdrawals	(2,400)
Asset fees and others	(889)
Asset balance at July 31, 1997	<u>\$ 78,427</u>

MAJESTY'S DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA

Notes to Financial Statements

NOTE 11 - PENSION PLAN - Continued

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan B, employees who retire at or after the age of 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final average monthly salary in excess of \$800 for each year of creditable service. Furthermore, employees with at least 30 years of creditable service, but less than 50 years, may take early retirement benefits commencing at or after age 50, with the basic benefit reduced 5 percent for each year retirement precedes age 52, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not wish draw their employee contributions, may retire at the ages specified above, and receive the benefits accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that included financial statements and required supplementary information for the System. That report may be obtained by writing to the Financial Employees' Retirement System, Post Office Box 18418, Baton Rouge, Louisiana 70809-0418, or by calling (504) 388-1761.

Under Plan B, members are required by state statute to contribute 2.0 percent of their annual covered salary in excess of \$1,200 and the Assumption Parish Waterworks District No. 1 is required to contribute at a actuarially determined rate. The current rate is 2.5 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the transactions to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Assumption Parish Waterworks District No. 1 are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:483, the employee contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Assumption Parish Waterworks District's contributions to the System under Plan B for the years ending July 31, 1997, 1996 and 1995, were \$8,110, \$4,977, and \$2,496, respectively, equal to the required contributions for each year.

NOTE 12 - POST-EMPLOYMENT HEALTH CARE BENEFITS

In addition to the retirement benefits described in Note 11, the district provides post-employment health care benefits in accordance with the district's policy. The current district policy regarding the premiums which the district will pay is as follows: