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**WATER DISTRICT NO. 1,
PARISH OF LAFOURCHIE,
STATE OF LOUISIANA**

*Financial Report,
Internal Control and Compliance Reports*

*Fiscal Years Ending
June 30, 1997 and 1996*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, entity and other appropriate public officials. This 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 Oct 15 2001

LEGISLATIVE AUDITOR
Baton Rouge, Louisiana
901-427-6100



**WATER DISTRICT NO. 1, PARISH OF LAFOURCHIE,
STATE OF LOUISIANA**

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*WATER DISTRICT NO. 1, PARISH OF LAFOURCHE,
STATE OF LOUISIANA*

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To the Board of Commissioners
Water District No. 1
Page 2

The audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. Supplementary statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Water District No. 1, Parish of Lafourcade, State of Louisiana. Except for the schedule of Meters Water Customers and the Schedule of Insurance in Force, which were not audited by us and on which we express no opinion, the supplementary statements and schedules have been subjected to the auditing procedures applied in our examination of the general purpose financial statements, and, in our opinion, are fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Stout & Company, LLC

Thibodaux, Louisiana
July 28, 1997



FINANCIAL SECTION



**WATER DISTRICT NO. 1, PARISH OF LAFOURCHE
STATE OF LOUISIANA**

Comparative Balance Sheet
Water Acquisition Fund
June 30, 1993 and 1992

	1993	1992
ASSETS		
CASH AND BANK DEPOSITS	<u>\$ 1,000,000</u>	<u>\$ 1,217,000</u>
Investments	4,000,000	4,000,000
Receivables		
Water sales	368,075	312,000
Utility/water sales	180,000	807,000
Sewerage	4,000	7,000
Other	10,000	11,000
Inventory	200,000	111,000
Prepaid insurance	10,000	30,000
Total current assets	<u>762,075</u>	<u>1,258,000</u>
WATER WORKS ASSETS		
Water works fixed assets	1,014,000	999,000
Water works fixed depreciation	(41,000,000)	(4,000,000)
Water works fixed depreciation reserve	90,000	80,000
Inventory water deposits	600,000	511,000
Employee benefit assets		
Retirement fund assets	<u>11,000,000</u>	<u>1,540,000</u>
PROPERTY, PLANT AND EQUIPMENT		
a portion of a purchase agreement of \$100,000 for 1993 and \$100,000 for 1992	<u>20,000,000</u>	<u>11,000,000</u>
TOTAL ASSETS	<u>\$ 20,000,000</u>	<u>\$ 16,795,000</u>
LIABILITIES AND EQUITIES		
CURRENT LIABILITIES (payable from current assets)		
Accounts payable and accrued expenses	\$ 170,000	\$ 200,000
Accounts payable	80,000	
Due to other entities for water sale collections	90,000	1,000
LONG TERM LIABILITIES (payable from restricted assets)		
Bonds due within one year	90,000	80,000
Interest accrued	100,000	100,000
Construction deposits	600,000	550,000
Employee benefit payable	-	50,000
Total current liabilities	<u>760,000</u>	<u>780,000</u>
LONG TERM DEBT		
Bonds due after one year (accumulated interest of \$100,000 for 1993 and \$1,000,000 for 1992)	<u>11,000,000</u>	<u>6,000,000</u>
Total liabilities	<u>11,760,000</u>	<u>6,780,000</u>
EQUITIES		
Paid-in excess of contributions	1,000,000	1,000,000
Retained earnings		
Retainable debt service	1,000,000	1,100,000
Unreserved	(2,000,000)	(2,100,000)
Total retained earnings	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Total fund equity	<u>1,000,000</u>	<u>1,000,000</u>
TOTAL LIABILITIES AND EQUITIES	<u>\$ 20,000,000</u>	<u>\$ 16,795,000</u>

See Notes to Financial Statements

**WATER DISTRICT NO. 1, PARISH OF LAFOURCHE
STATE OF LOUISIANA**

Comparative Statement of Revenues, Expenses and Changes
in Related Assets - Water Enterprise Fund
For the years ending June 30, 1991 and 1990

	<u>1991</u>	<u>1990</u>
OPERATING REVENUES		
Inletted sales to regular customers	\$ 4,671,047	\$ 4,643,994
Inletted sales to industrial and municipal customers	397,379	488,808
Commission charges and other revenues	218,624	218,993
	<u>5,287,050</u>	<u>5,351,795</u>
OPERATING EXPENSES		
Water purchased for resale	78,128	78,328
Water treatment expenses	3,687,388	3,546,313
Transmission and distribution expenses	1,187,788	983,888
Customer accounts expense	413,999	393,458
Administrative and general expenses	158,363	207,386
Depreciation of utility system	3,173,683	3,183,813
	<u>9,189,739</u>	<u>8,593,396</u>
Increase from operations	<u>187,311</u>	<u>758,401</u>
NON-OPERATING REVENUES		
Investment income	798,126	381,449
Ad Valorem taxes	683,179	683,278
Shared revenues	89,728	88,223
Other income	188,921	15884
	<u>1,559,954</u>	<u>1,265,998</u>
NON-OPERATING EXPENSES		
Interest on bonds	688,694	383,803
Amortization of debt discount and expense	42,653	31,284
Loss on disposition of fixed assets	-	89,132
	<u>731,347</u>	<u>494,219</u>
NET INCREASE	<u>1,015,704</u>	<u>1,030,081</u>
NET ASSETS/LIABILITIES		
Beginning of year	29,235,883	27,833,821
End of year	<u>\$ 30,251,587</u>	<u>\$ 28,710,983</u>

See Notes to Financial Statements

FOR THE YEAR ENDED 31st MARCH 2008, Particulars of Cash Flows
STATE OF COMPANY

Corporate Statement of Cash Flows

Under Category 1 only

For the period ending June 30, 1997 and 1998

	1997	1998
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities:		
Cash receipts from customers	\$ 5,849,000	\$ 5,171,910
Cash payments for supplies for goods and materials	(2,406,000)	(3,400,000)
Cash payments made to employees for services	(2,300,000)	(2,024,000)
Net cash provided (used) by operating activities	1,143,000	1,747,910
Cash flows from noncapital financing activities:		
All interest bank received	603,700	543,070
Revenue Sharing Fund	45,700	55,000
Other noncapital financing income	600,000	4,000
Net cash provided (used) by noncapital financing activities	1,250,400	602,070
Cash flows from capital and related financing activities:		
Payment for sale of capital assets	(500,000)	(2,200,000)
Contribution in Aid of Construction	100,000	100,000
Cash, noncollateralized loans	(70,700)	(20,000)
Share payments	4,000,000	
Proceedings from issue of bonds	800,000	(50,000)
Interest paid on borrowings	(700,000)	(570,000)
Net cash provided (used) for capital and related financing activities	1,400,000	(2,000,000)
Contributions from financing activities:		
Portugal Province of payments, interests and maturity of investments	(3,000,000)	(400,000)
Interest and dividends, investments	700,000	500,000
Net cash provided (used) by financing activities	(2,300,000)	(900,000)
Net income (loss) or a net cash equivalents	1,243,400	(570,000)
Cash and cash equivalents at the beginning of year:	1,079,800	509,800
Net cash and cash equivalents at the end of year	\$ 2,323,200	\$ 4,579,800
Cash and cash equivalents are composed of:		
Cash and cash equivalents at the end of year	1,600,000	1,800,000
Cash and cash equivalents from statistical bank	723,200	779,800
	\$ 2,323,200	\$ 2,579,800
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	100,000	(70,000)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,170,000	1,000,000
Change in assets and liabilities:		
Prepayments increase in receivables	200,000	(50,000)
Accounts receivable in supplies	(200,000)	1,000
Inventory increase in Payable of materials	10,000	(2,000)
Income (loss) or in accounts Payable	(20,000)	(5,000)
Income (loss) or in accounts Payable	20,000	25,000
Income (loss) or in Payable from		
Financial assets	(20,000)	(5,000)
Total Adjustments	1,460,000	1,064,000
Net cash provided (used) by operating activities	\$ 1,540,000	\$ 1,400,000

See Notes to Financial Statements

**WATER DISTRICT NO. 1, PARISH OF LAFOURCHÉ,
STATE OF LOUISIANA**

Notes to Financial Statements

Note 1 ***Summary of Significant Accounting Policies***

Water District No. 1, Parish of Lafourche, State of Louisiana, was created by the Police Jury of the Parish of Lafourche in accordance with the provisions of Act 547 of the Louisiana Legislature.

Water District No. 1's boundaries encompass the entire Parish of Lafourche, except for the City of Thibodaux and the Town of Lockport.

The accounting and reporting policies of the Water District No. 1 conform to generally accepted accounting principles applicable to governments.

Reporting Entity

Water District No. 1, Parish of Lafourche, State of Louisiana, is a component unit of the Lafourche Parish Council as defined by GASB 14. All of its activities are those of an Enterprise Fund, which is one type of Proprietary Fund under the system of fund accounting for governmental agencies.

An Enterprise Fund accounts for those operations which are similar to business enterprises where the intent of the governing body is that the costs of providing a service to the general public be financed primarily through user charges.

Basis of Accounting

The Enterprise Fund is accounted for using the accrual basis of accounting.

Deposits and Investments

Deposits are fully collateralized in accordance with state statute. The District's policy is that all surplus funds will be invested, where practical.

Investments are stated at cost which approximates market.

Inventories

Materials and supplies inventory is valued at cost (first in, first out).

**WATER DISTRICT NO. 1, PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)

Note 1 Summary of Significant Accounting Policy (Continued)

Uncollectible Accounts

In the opinion of management all receivables at June 30, 1997 and 1998 were fully collectible. The opinion is based upon historical experience and a review of receivable balances. No allowance for uncollectible accounts has been provided.

Depreciation of Plant and Equipment

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful service lives principally on the straight-line method. The service lives, by type of asset, are as follows:

Type of Asset	Service Life
Water Plant and Buildings	10 - 44 years
Transmission and Distribution Systems	10 - 44 years
Distribution and Maintenance	10 years
Administration and Office Buildings	44 years
Furniture and Equipment	3 - 8 years
Transportation Equipment	3 years

Interest during construction is not capitalized.

Vacation and Sick Pay

Employees of the Water District No. 1, Parish of Lafourche, State of Louisiana, earn paid vacations of one to five weeks based upon length of employment. Employees are also allowed thirteen days of sick leave and one day personal preference leave each year. Vacation leave does not vest or accumulate. Sick leave does not accumulate, but it vests to a maximum of 34 hours. The balance of sick leave is paid to each employee in December of every year to a maximum of 34 hours per employee.

**WATER DISTRICT NO. 1, PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)

Note 1 Summary of Significant Accounting Policies (Continued)

Statement of Cash Flows

The Water District No. 1, Parish of Lafourche, State of Louisiana adheres to GASB 5, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

For purposes of reporting cash flows, the Water District No. 1, Parish of Lafourche, State of Louisiana, considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Note 2 Deposits and Investments

Deposits

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Louisiana and its agencies that have a market value of not less than the principal amount of the deposits. The Water District's deposits, including certificates of deposit, were fully insured or collateralized as required by the state statutes at June 30, 1997 and 1996. At year end the carrying amount of Water District No. 1, Parish of Lafourche, State of Louisiana, deposits (checking and savings, and time deposit accounts) was \$7,562,868 and \$7,346,100 and the bank balances was \$7,320,581 and \$1,532,799, respectively. Of the total bank balance, \$380,001 and \$205,340 were covered by Federal Depositary Insurance at June 30, 1997 and 1996. The remainder was covered by collateral with a market value of \$8,686,119 and \$1,437,279 for 1997 and 1996 respectively.

Investments

The Water District No. 1, Parish of Lafourche, State of Louisiana, may invest in United States bonds, treasury notes, or certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana, an investment as stipulated in LSA-RS 19:721, or any other federally insured instrument.

**WATER DISTRICT NO. 1, PARISH OF LAFAYETTE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)

Note 2 Deposits and Investments (Continued)

All securities held by The Water District No. 1's investments are Category 2 which includes investments insured or registered, or securities held by the Water District No. 1 or its agent in the Water District No. 1's name.

Investments at June 30, 1997 consisted of:

	Carrying Amount	Market Value
Certificates of Deposit	\$4,900,000	\$4,900,000
FROM RESTRICTED ASSETS:		
U.S. Treasury Obligation	10,000,048	10,000,248
Certificates of deposit	600,000	600,000
	\$15,500,048	\$15,500,248

Investments at June 30, 1996 consisted of:

	Carrying Amount	Market Value
Certificates of Deposit	\$4,100,000	\$4,100,000
FROM RESTRICTED ASSETS:		
U.S. Treasury Obligation	1,800,002	1,800,000
Certificates of deposit	640,000	640,000
	\$6,540,002	\$6,540,000

**WATER DISTRICT NO. 1, PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)

Note 3 **Ad Valorem Taxes**

Taxes are billed by the Parish of Lafourche, Louisiana each November based on the assessed value of property as of the prior January 1, by the Parish Assessor. Bill-d taxes become delinquent on January 1 of the following year. A recertification of all property is required to be completed no less than every four years. The last recertification was completed for the parish as of January 1, 1996. The assessed value for the property on January 1, on which the 1996 levy was based, was \$170,998,680.

The Water District No. 1, Parish of Lafourche, State of Louisiana, shares in tax collections based upon millage. The authorization to levy was granted through Parish elections for the purpose of operating and maintaining the water system for the Water District No. 1. The millage levied for the District for the year June 30, 1997 was 3.99 mills. Tax collected as of June 30, 1997 on the 1996 tax levy was 98%.

WATER DISTRICT NO. 3, PARISH OF LAFOURCHE
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

Year 4 Property, Plant, and Equipment

Description	Balance Jan. 30, 1998	Net Additions (Disposals)	Balance June 30, 1998	Net Additions (Disposals)	Balance June 30, 1999
Land and Right-of-Way	\$ 68,839	\$ 2,521	\$ 71,360	\$ 24,261	\$ 95,621
Water Plant and Building	12,570,860	3,481	12,574,341	4,877	12,579,218
Transmission and Distribution System	29,822,415	(1,884,436)	27,937,979	411,842	28,349,821
Distribution and Maintenance Equipment	442,177	(21,941)	420,236	(2,489)	417,747
Administration and Office Buildings	311,243	-	311,243	-	311,243
Furniture and Equipment	300,000	2,728	302,728	4,823	307,551
Transmission Equipment	219,886	-	219,886	13,867	233,753
Construction Projects In Progress	146,699	158,547	305,246	360,652	665,898
Total Property, Plant, and Equipment, at cost	44,554,134	1,275,323	45,829,457	944,864	46,774,321
Accumulated Depreciation	(14,000,148)	(1,086,111)	(15,086,259)	(1,138,136)	(16,224,395)
Net Property, Plant, and Equipment	\$ 30,553,986	\$ 189,212	\$ 30,743,198	\$ 806,728	\$ 30,549,926

**WATER DISTRICT NO. 1, PARISH OF LAFOURCIE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)

Note 3 Long-Term Debt

A summary of bond transactions of the District for the year ended June 30, 1997 and 1996 follows:

Water Revenue Bonds	
Bonds payable July 1, 1995	\$8,215,500
Bonds retired (Principal)	(1,880,000)
Bonds payable June 30, 1996	5,335,500
Bonds retired (Principal)	(3,154,500)
Bonds payable June 30, 1997	\$14,480,000

Water Revenue Bonds	1996	1997
Consisted of the following:		
\$10,000,000 Water Revenue Bonds dated October 1, 1990 with a maturity date on January 1, 2017 and with interest at 4.2% - 5.7%	\$0	\$10,000,000
\$2,000,000 Water Revenue Bonds dated October 23, 1980 with a final maturity date on January 1, 2005, and with interest at 6%	1,075,500	900,000
\$8,305,000 Water Revenue Bonds dated December 1, 1992 with a final maturity on January 2, 2007, and with interest at 3.85% - 5.83%	4,200,000	3,510,000
TOTAL	\$5,275,500	\$14,480,000

**WATER DISTRICT NO. 1, PARISH OF LAFOURCIE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)

Note 3 *Long-Term Debt (Continued)*

The annual requirements to service all bonds outstanding, including interest payments as of June 30, 1997, are as follows:

Year Ended June 30	Amount
1998	\$1,760,225
1999	1,767,293
2000	1,775,345
2001	1,783,759
2002	1,792,779
2003-2005	5,593,523
2006-2012	4,040,430
2013-2017	4,971,880
TOTAL	\$22,385,232

**WATER DISTRICT NO. 1, PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)

Note 4 *Flow of Funds; Restrictions on Use*

Under the terms of the bond indenture for each issue of Water Revenue Bonds, all income and revenues to be derived from the operation of the system are irrevocably and inexorably pledged in an amount sufficient for the payment of principal and interest on such bonds, and is set aside in the following manner:

All income is periodically deposited in the Revenue Fund to provide for payment of all reasonable and necessary expenses of administering, operating, and maintaining the Water District No. 1, Parish of Lafourche, State of Louisiana.

On or before the 20th day of each month, there is set aside in restricted bank accounts designated as Bond Funds, an amount equal to 10% of the interest due on the next interest payment date and 11% of the principal due on the next principal payment date. Such funds may be used only for the payment of principal and interest installments as they become due. The balances in these accounts are shown as restricted assets titled Water Revenue Bond Current Debt Service Account.

For bonds issued prior to August 1, 1986 there were also set aside into restricted bank accounts, designated as Bond Reserve Fund II, on or before the 20th of each month, an amount equal to at least 20% of the amount deposited into the Bond Funds for the preceding month. Such deposits were continued until the balance equaled the highest combined principal and interest for any succeeding fiscal year. These funds may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond Funds. The maximum requirements for these Bond Reserve Funds were met in a prior year.

New bonds issued October 1, 1986, the establishment and maintenance of the "Reserve Fund - 1986", by transferring from bond proceeds, the sum of \$1,000,000, which will equal the Reserve Fund Requirement. The moneys in the Reserve Fund 1986 shall be retained solely for the purpose of paying the principal of and interest on the Bonds payable.

In addition, there was set aside into a restricted bank account designated as the Removal and Replacement fund, on or before the 20th day of each month, an amount equal to 2% of the gross revenue for the preceding month. In the event that

**WATER DISTRICT NO. 1, PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)

Note 6 *Flow of Funds, Restrictions on Use (Continued)*

The balance in this fund exceeds \$100,000 at the end of the fiscal year, such excess is to be transferred to the Surplus Fund. Money in this fund may be used only for extensions, additions, improvements, renewals, and replacement necessary to properly operate the Water District No. 1, Parish of Lafourche, State of Louisiana. However, money in this fund may also be used to pay principal or interest falling due at any time there is not sufficient money for payment in the other Bond Funds. The balance in this fund shall never be reduced below a minimum of \$15,000. The \$100,000 balance in this fund was accumulated in a prior year.

All of the revenues received in any fiscal year, and not required to be paid in each fiscal year into any of the above noted funds, in excess of 35% of the current fiscal year's budgeted amount of operating expenses, is to be considered surplus and transferred to the Surplus Fund. Such funds are to be used for extensions, additions, improvements, renewals, and replacements to the Water District No. 1.

Note 7 *Pension Plan*

Plan Description and Provisions

All employees of the Water District No. 1, Parish of Lafourche, State of Louisiana are members of the Parishal Employee's Retirement System of Louisiana (PERS) a multiple-employer, defined contribution pension plan. The payroll for employees covered by the PERS was \$1,553,373 and \$1,404,846 for the years ending June 30, 1997 and 1998, respectively.

All members of the Parishal Employee's Retirement System are participants in either Plan A or Plan B according to the provisions of the agreement entered into by their employer. All employees of a participating employer must participate in the same plan.

Water District No. 1 has chosen to participate in Plan A. The principal provisions of Plan A are:

**WATER DISTRICT NO. 1, PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)

Note F Retirement Commitments (Continued)

Retirement Benefits

Members with 10 years of creditable service may retire at age sixty; members with 25 years of service may retire at age fifty-five; members with 30 years of service may retire regardless of age. The retirement allowance is equal to three percent of the member's final compensation multiplied by his years of creditable service; however, any employee who was a member of the supplemental plan only prior to the revision date on the basis of one percent of final compensation plus two dollars per month for each year of service credited prior to the revision date, and three percent of final compensation for each year of service credited after the revision date. All accumulated annual leave for which payment cannot be made in accordance with law and all unused sick leave accumulated at the time of retirement computation purposes. The retirement allowance may not exceed the greater of one hundred percent of member's final salary or the final average compensation.

Disability Benefits

Five years of creditable service are required in order to be eligible for disability benefits. Disabled members receive a normal retirement allowance if eligible. Otherwise, the member receives the lesser of three percent of members final compensation multiplied by his years of service; not to be less than \$1,000; or the normal percentage as defined for retirement benefits multiplied by final compensation multiplied by years of service assuming continued service to age sixty.

Survivor Benefits

Five years of creditable service are required in order to be eligible for survivor benefits. If the member was eligible for normal retirement at the time of death, the surviving spouse receives an automatic option 2 benefit. If the member was not eligible for a normal retirement, the surviving unmarried spouse with minor children receives sixty percent of final compensation; the surviving unmarried spouse with no minor children receives fifty percent of final compensation; minor children with no unmarried spouse receive thirty percent of final compensation and not to exceed a total of sixty percent of final compensation.

**WATER DISTRICT NO. 1, PARISH OF LAFOURCIE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)

Note 7 ***Retirement Commitments (Continued)***

Contribution refunds

Upon withdrawal from service, members not entitled to a retirement allowance are paid a refund of accumulated contributions upon request. Receipt of such a refund cancels all accrued rights in the system.

The "Parochial Employees" Retirement System of Louisiana was established by the Louisiana Legislature on January 1, 1953, by Act 305 of 1953. The system is administered by a Board of Trustees consisting of seven members.

Contribution Requirements

Member contributions, established by Statute at 9.5% of total compensation. Employer contributions are annually determined every year determined by statutory process. From July to December 31, 1996 the employer rate for Plan A was 3.25%. From January 1 to June 30, 1997 the employer rate was 3.25%. Employer and employee contributions for the year ending June 30, 1997 and 1996 were \$116,451 and \$127,183, respectively. In addition, each parish and ex officio tax collector deducts one-fourth of one percent of the aggregate amount of the tax shares to be collected by the tax roll of each respective parish excepting Orleans parish and East Baton Rouge Parish and sends the money to the system on an annual basis.

Note 8 ***Risk Management***

The Water District has purchased commercial insurance to manage risk in the following areas: building and contents, boiler and machinery, general liability, commercial automobile, directors and officers liability coverage, excess directors and officers liability, public official bonding, public employees blanket bond, workman's compensation liability and employee health. There have been no significant reductions in insurance coverage in any area. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

SUPPLEMENTARY INFORMATION
SECTION



**WATER DISTRICT NO. 1, PARISH OF LAFOURGHE
STATE OF LOUISIANA**

Comparative Statement of Operating Expenses
For the years ending June 30, 1997 and 1996

	<u>1997</u>	<u>1996</u>
Water Purchased for Resale	\$ 78,120	\$ 78,520
Water Treatment Expenses		
Operation Expense	474,328	479,495
Power Purchased	607,848	487,318
Chemicals	180,801	180,807
Maintenance Expense	348,737	332,864
Retirement and Hospitalization Expense	123,034	131,148
Total Water Treatment Expenses	1,632,748	1,593,632
Transmission and Distribution Expense		
Operations & Maintenance Expense	1,828,380	178,980
Relocates	80,001	98,885
Retirement and Hospitalization Expense	77,826	87,980
Total Transmission and Distribution Expenses	1,986,207	365,845
Customer Accounts Expense		
Customer Operations Expense	308,575	335,218
Retirement and Hospitalization Expense	51,158	58,248
Total Customers' Accounting and Collection Expense	359,733	393,466
Administration and General Expense		
General Office Salaries	175,738	153,354
General Office Supplies and Expense	54,757	78,475
Outside Services	38,250	36,708
Commissions Per Diem	680	680
Insurance	185,388	188,134
Maintenance - General Property and Equipment	82,288	60,587
Miscellaneous General Expense	21,878	27,081
Retirement and Hospitalization Expense	80,400	78,680
Total Administration and General Expense	625,677	593,667
Depreciation of Utility System	1,172,840	1,400,813
TOTAL OPERATING EXPENSES	\$ 5,096,138	\$ 4,985,248

**WATER DISTRICT NO. 1, PARISH OF LAFOURCHE
STATE OF LOUISIANA**

Statement of Cash Receipts and Disbursements
For the years ending June 30, 1997 and 1998

	Revenue Fund	
	1997	1998
Cash Balance, July 1	\$ 1,040,841	\$ 853,307
Receipts		
From Customers	5,080,718	5,267,087
Interest Earned	379,718	268,087
Transfers from Other Accounts	726,216	885,187
Others	545,808	377,098
	7,732,460	6,807,669
Disbursements		
Operating Expenses	5,542,853	4,823,727
Transfers to Other Accounts	1,853,188	1,885,808
	7,396,041	6,709,535
Cash Balance, June 30	\$ 908,873	\$ 1,040,841

Maintenance and Operating Fund

Cash Balance, July 1	\$ 28,083	\$ 0
Receipts		
Ad Valorem Taxes (Net)	863,045	642,216
Revenue Sharing	48,726	88,233
Total	911,771	730,449
Disbursements		
Transferred to Revenue Fund for Operating Expenses	753,149	682,427
Cash Balance, June 30	\$ 0	\$ 28,083

**WATER DISTRICT NO. 1, PARISH OF LAFOURCHE
STATE OF LOUISIANA**

Statement of Cash Receipts and Disbursements
For the years ending June 30, 1997 and 1996

	Current Fund	
	<u>1997</u>	<u>1996</u>
Cash Balance, July 1	\$4,241,817	\$3,739,427
Revenues		
Interest Earnings	4,808	2,818
Transfer from:		
Revenue Fund	1,772,868	1,089,868
Other	502	328
	<u>1,773,872</u>	<u>1,092,904</u>
Disbursements		
Additions to System and Utility Plant Assets	<u>1,071,080</u>	<u>1,057,424</u>
Cash Balance, June 30	<u>\$4,943,745</u>	<u>\$4,241,817</u>

Summary of Cash and Investments - Current Assets

Revenue Fund	\$826,073	\$1,848,041
Maintenance and Operation Fund	0	28,083
Surplus Fund	4,857,745	4,241,017
Cash on Hand	780	780
Cash on Deposit -		
Collection Agent Accounts	680	680
Cash Held by Fiscal Agent	<u>328</u>	<u>328</u>
Cash & Investments -		
Current Assets	<u>\$6,522,586</u>	<u>\$6,217,989</u>

JUDICIAL DISTRICT NO. 1, PARISH OF LAFOURCHÉ
STATE OF LOUISIANA

Report of Cash Receipts and Disbursements, Appropriations
for the year ending June 30, 1934 and 1935

	Cash Receipts		Cash Disbursements		Contingent Fund	Unexp. Bal. Forward	Balance	Total
	1934	1935	1934	1935				
CASH RECEIPTS	\$ 46.26	\$ -	\$ 1,433.46	\$ -	\$ 100.00	\$ 677.64	\$ 1,611.36	\$ 1,717.62
Receipts								
From citizens	89.71	69.77	68.49	1,000.00			1,068.28	1,068.28
From schools								14.50
From churches								71.10
From other sources								193.34
From State	17.48	58						75.48
From Federal Govt.	28.55							28.55
From other sources	1,081.22							1,081.22
Disbursements	1,038.89	1,053.74	487.1	1,000.00		55.84	1,611.36	1,611.36
Disbursements								
Salaries	84.50						84.50	84.50
Fees	24.50						24.50	24.50
Travel								11.00
Printing & stationery								11.00
Telephone								11.00
Gas & oil				87.10			87.10	87.10
Electricity				48.00			48.00	48.00
Fuel								11.00
Repairs & maintenance								11.00
Traveling expenses								11.00
Miscellaneous								11.00
Total	1,038.89	1,053.74	487.1	1,000.00		55.84	1,611.36	1,611.36
Balance forward								100.00
Total	\$ 1,085.15	\$ 1,123.48	\$ 1,520.56	\$ 1,000.00	\$ 100.00	\$ 677.64	\$ 1,711.36	\$ 1,717.62

**WATER DISTRICT NO. 1, PARISH OF LAFOURCHE
STATE OF LOUISIANA**

June 30, 1997

Schedule of Maturities
\$10,000,000 Water Revenue Bonds, Series 1996
Issued October 1, 1996

Date of Maturity		Amount	Date of Maturity	Amount
	01/01/1998	100,000	01/01/2008	3,500,000
	01/01/1999	80,000	01/01/2009	3,150,000
	01/01/2000	85,000	01/01/2010	500,000
	01/01/2001	85,000	01/01/2011	600,000
	01/01/2002	470,000	01/01/2012	640,000
	01/01/2003	495,000	01/01/2013	600,000
	01/01/2004	530,000	01/01/2014	750,000
	01/01/2005	580,000	01/01/2015	765,000
	01/01/2006	445,000	01/01/2016	810,000
	01/01/2007	475,000	01/01/2017	880,000
			TOTAL	\$10,000,000

Bonds are in denominations of \$5,000 each.

The Bonds maturing January 1, 2008, and thereafter, are callable for redemption at the option of the issuer in full at any time on or after January 1, 2007, or in part in the inverse order of their maturities, and if less than a full maturity then by lot within such maturity, on any Interest Payment Date on or after January 1, 2007, at the redemption price stated herein.

**WATER DISTRICT NO. 1, PARISH OF LAFOURCHE
STATE OF LOUISIANA**

June 30, 1997

Schedule of Maturity
\$2,000,000 Water Revenue Bonds, 1989 Series
(Bond. Order 23, 1989)

Date of Maturity	Amount	Date of Maturity	Amount
01/01/1992	\$27,500	01/01/1994	\$70,000
01/01/1993	42,200	01/01/1995	85,000
01/01/1994	44,700	01/01/1996	90,000
01/01/1995	47,400	01/01/1997	95,000
01/01/1996	50,100	01/01/1998	101,200
01/01/1997	53,200	01/01/1999	107,200
01/01/1998	56,500	01/01/2000	113,200
01/01/1999	59,900	01/01/2001	120,000
01/01/2000	63,500	01/01/2002	127,000
01/01/2001	67,200	01/01/2003	134,400
01/01/2002	71,400	01/01/2004	142,000
01/01/2003	75,600	01/01/2005	150,000
		TOTAL	\$2,000,000

The Bonds shall become due and payable in 24 principal installments as listed above. At the option of the District, the unpaid principal installments, or any portion thereof, may be prepaid on any bond payment date at a redemption price equal to par and accrued interest to the date of redemption.

**WATER DISTRICT NO. 1, PARISH OF LAFOURCHIE
STATE OF LOUISIANA**

June 28, 1997

Schedule of Maturities
\$5,305,000 Water Refunding Bonds, 1997 Series
Dated December 1, 1992

Date of Maturity	Amount	Date of Maturity	Amount
01/01/1994	\$570,000	01/01/1998	\$800,000
01/01/1995	680,000	01/01/1999	850,000
01/01/1996	715,000	01/01/2000	900,000
01/01/1997	750,000	01/01/2001	960,000
		TOTAL	\$5,305,000

The Bonds are issuable as fully registered bonds without coupons in the denominations of a \$5,000 principal amount or any integral multiple thereof within a single maturity, and shall be numbered R-1 upwards.

The Bonds shall not be callable for redemption prior to their stated maturities.

WATER DISTRICT NO. 1, PARISH OF LAFOURCHIE
STATE OF LOUISIANA

June 30, 1997

Schedule of Per Diem and Compensation of Board of Commissioners

During the year ended June 30, 1997 the Board of Commissioners held twelve meetings. Board members were not paid per diem or mileage for the year, except Mr. Harvey Koblitzke, Secretary/Treasurer of the Board, who was paid compensation in the amount of \$600.

Schedule of Meters and Water Customers
(In dollars)

All sales of water are metered. The accounts of the district served 24,648 active metered customers at June 30, 1997.

WATER DISTRICT NO. 1, PARISH OF LAFOURCHE,
STATE OF LOUISIANA

June 30, 1997

Schedule of Construction Projects in Progress

Project	Total Estimated Cost (1)	Cost to Date (2)
Sediment Disposal Project	\$238,000	\$0,489
Construction of Water Lines		
Myrtle Drive, Golden Meadows	293,888	284,276
16" Line South Plant to South of Lockport	500,000	19,300
16" Line South Lockport to Station 280+00	562,708	18,201
16" Line Station 280+00 to Station 440+00	580,000	4,462
16" Line Station 590+00 to Intersectonal	725,000	16,913
Des Allemands	1,290,519	36,500
Water Improvements along US 90 South of Fruit Street	172,514	14,506
Waterline Replacement - Dumas- Bayou Falbe	225,000	6,582
Line & Carbon Leader Replacement	126,880	12,984
Chlorine Building & Plant Windows	105,528	112,713
Valentine Elevated Tank	570,000	5,866
SCADA System Update	75,475	67,982
16" Bayou X-ing Valentine Booster Station	250,000	10,684
Booster Station Pump Upgrade	140,000	10,882
Highway 1000 Booster Station and Tank	492,125	32,580
Larose Elevated Tank	570,000	360
TOTAL	\$6,857,489	\$578,669

(1) Estimated construction cost.

(2) Includes engineering fees.

**WATER DISTRICT NO. 1, PARISH OF LAFOURCHE
STATE OF LOUISIANA**
June 30, 1993

**Schedule of Insurance Policies
(Continued)**

Amount of Policy	Risks Covered	Insurer	Expiration Date
\$ 11,000,000	Building & Contents Replacements cost Insurable \$50,000 Wind Insurable \$ 1,000 ACP Insurable \$1,500 Inland Marine Equipment	Royal Indemnity Insurance Co. Pol. #01 FT 08433	01-01-94
\$ 11,000,000	Boiler & Machinery Liability Insurance	Harford Steam Boiler Inspection & Insurance Company Pol. # 1008 - 100 - 3271 000-00	01-01-94
\$ 1,000,000	General Liability Includes \$1,000 Permitted Employer	YIG Insurance Co. Pol. # 78000040	01-01-94
\$ 1,000,000	Commercial Automobile Liability Coverage \$500,000 Uninsured Motorist	YIG Insurance Co. Pol. # 78000040	01-01-94
\$ 1,000,000	Directors & Officers Liability Coverage Insurable - \$ 5,000	General Star Indemnity Co. Pol. # 074401036	01-01-94
\$ 1,000,000	Extra Directors & Officers Liability	General Star Indemnity Co. Pol. # 180300090	01-01-94
\$ 50,000	Public-Official Bond Election Holdings Secretary-Treasurer	Windsor Surety Company Pol. # 14270004	11-01-97
\$ 50,000	Public-Employees' Welfare Bond (PWB)	Windsor Surety Company Pol. # 142700033	11-01-97
	Standard Workmen's Compensation	General Indemnity Insurance Co. - CEM Pol. # 9102 110000004	04-01-98

*INTERNAL CONTROL
AND
COMPLIANCE SECTION*





STAGNI & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS – CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL STRUCTURE BASED ON AN AUDIT OF
GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Water District No. 1
Parish of Lafourche
State of Louisiana

We have audited the general purpose financial statements of the Water District No. 1, Parish of Lafourche, State of Louisiana, a component unit of the Lafourche Parish Council, as of and for the year ended June 30, 1997, and have issued our report thereon dated July 28, 1997.

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.

The management of Water District No. 1, Parish of Lafourche, State of Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and the transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. However, inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

To the Board of Commissioners
Water District No. 1
Page 2

In planning and performing our audit of the general purpose financial statements of Water District No. 1, Parish of Lafourche, State of Louisiana, for the year ended June 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures. For the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

The consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the management and the Board of Commissioners of the Water District No. 1, Parish of Lafourche, State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Stacy Et Company, LLC

Thibodaux, Louisiana
July 28, 1997





STAGNI & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS - CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT ACCOUNTING STANDARDS**

To the Board of Commissioners
Water District No. 1
Parish of Lafourche
State of Louisiana

We have audited the general purpose financial statements of Water District No. 1, Parish of Lafourche, State of Louisiana, a component of the Lafourche Parish Council, as of and for the year ended June 30, 1997, and have issued our report thereon dated July 28, 1997.

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 financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Water District No. 1, Parish of Lafourche, State of Louisiana, is the responsibility of the Water District No. 1's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, and contracts. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. 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.

This report is intended for the information of management and the Board of Commissioners of Water District No. 1, Parish of Lafourche, State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Stagni & Company, L.L.C.

Thibodaux, Louisiana
July 28, 1997