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***Financial Report***  
***Consolidated Waterworks District No. 1***  
***of the Parish of Terrebonne,***  
***State of Louisiana***  
***June 30, 1999***

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 NOV 03 1999

## TABLE OF CONTENTS

### **Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana**

June 30, 1999

	<u>Exhibits</u>	<u>Page Number</u>
<b>Introductory Section</b>		
Title Page		i
Table of Contents		ii
<b>Financial Section</b>		
Independent Auditor's Report		1 - 2
General Purpose Financial Statements:		
Balance Sheet	A	3 - 4
Statement of Revenues, Expenses and Changes in Retained Earnings (Budget and Actual)	B	5
Statements of Cash Flows	C	6
Notes to Financial Statements	D	7 - 19
Required Supplementary Information:		
Year 2000 Supplementary Information (Unaudited)	E	20 - 21
	<u>Schedules</u>	<u>Page Number</u>
Supplementary Information:		
Schedule of Operating Revenues	1	22
Schedule of Departmental Expenses	2	23 - 28

## TABLE OF CONTENTS

(Continued)

	<u>Schedules</u>	<u>Page Number</u>
<b>Supplementary Information: (Continued)</b>		
Schedule of Non-Operating Revenues (Expenses)	3	29
Schedule of Property, Plant and Equipment	4	30
Schedule of Cash Receipts and Disbursements - Restricted Accounts Required by Revenue Bond Ordinances	5	31
Schedule of Insurance in Force (Unaudited)	6	32
Water Customers (Unaudited)	7	33
<b>Special Reports of Certified Public Accountants</b>		
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the General-Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		34 - 35
Schedule of Findings		36
<b>Reports By Management</b>		
Schedule of Prior Year Findings		37
Management's Correction Action Plan		38

**FINANCIAL SECTION**



Bourgeois Bennett

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,  
Consolidated Waterworks District No. 1 of the  
Parish of Terrebonne, State of Louisiana,  
Houma, Louisiana.

We have audited the accompanying general-purpose financial statements of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended June 30, 1999, 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 the standards applicable to financial audits contained 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 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 general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana as of June 30, 1999, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated August 18, 1999 on our consideration of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The year 2000 supplementary information on pages 20 and 21 is not a required part of the basic financial statements but is 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 supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana is or will become year 2000 compliant, that Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana's year 2000 remediation efforts will be successful in whole or in part, or that parties with which Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana does business are or will become year 2000 compliant.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana taken as a whole. The accompanying financial information listed as supplementary information 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 Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana. Such information, except for the Schedules of Insurance in Force and Water Customers marked "Unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, La.,  
August 18, 1999.

## BALANCE SHEET

### Consolidated Waterworks District No. 1 of the Parish of Terrebonne State of Louisiana

June 30, 1999

#### ASSETS

##### **Current**

Cash and cash equivalents	\$ 5,486,745
Accounts receivable:	
Customers	476,572
Unbilled water sales	571,765
Other	3,441
Interest receivable	2,504
Inventory of materials and supplies	269,870
Prepaid insurance	103,171
Prepaid maintenance	267,075
Deferred charge - bond issuance cost	25,830
Deferred charge - cost of consolidation	8,518
	<hr/>
Total current assets	7,215,491

##### **Restricted**

Meter Deposit Fund:	
Cash and cash equivalents	1,400,735
Revenue Bond Sinking Fund:	
Cash and cash equivalents	859,452
Bond Reserve Fund:	
Cash and cash equivalents	2,268,545
Depreciation and Contingencies Fund:	
Cash and cash equivalents	1,641,309
Construction Fund - 1998:	
Cash and cash equivalents	3,293,420
Interest receivable	867
Unrestricted Construction Fund:	
Cash and cash equivalents	1,771,528
Interest receivable	443
Group Insurance Fund:	
Cash and cash equivalents	229,029
Reimbursement due from insurance company	64,990
	<hr/>
Total restricted assets	11,530,318

##### **Noncurrent**

Prepaid maintenance	496,537
Deferred charge - bond issuance cost	220,020
Deferred charge - cost of consolidation	34,070
	<hr/>
Total noncurrent assets	750,627

##### **Property, Plant and Equipment - Net**

56,893,545

##### Total assets

\$ 76,389,981

See notes to financial statements.

**LIABILITIES**

**Current**

Payable from current assets:	
Accounts payable and accrued expenses	\$ 172,675
Contracts payable	103,986

Total current liabilities payable from current assets	<u>276,661</u>
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Payable from restricted assets:	
Accounts payable and accrued expenses:	
Group Insurance Fund	30,693
Contracts payable:	
Construction Fund - 1998	453,733
Accrued interest on bonds	206,118
Bonds payable within one year (net of \$37,284 unamortized bond discount)	942,716
Meter deposits	<u>1,400,735</u>

Total current liabilities payable from restricted assets	<u>3,033,995</u>
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Total current liabilities	3,310,656
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**Long-term**

Bonded debt (net of \$303,160 unamortized bond discount)	<u>22,346,840</u>
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Total liabilities	<u>25,657,496</u>
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**FUND EQUITY**

<b>Contributed Capital</b>	<u>44,065,622</u>
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**Retained Earnings**

Reserved for:	
Revenue bond debt service	1,209,071
Renewal and replacement	1,641,309
Group insurance	263,326

Total reserves	<u>3,113,706</u>
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Unreserved	<u>3,553,157</u>
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Total retained earnings	<u>6,666,863</u>
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Total fund equity	<u>50,732,485</u>
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Total liabilities and fund equity	<u>\$ 76,389,981</u>
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**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
RETAINED EARNINGS (BUDGET AND ACTUAL)**

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,  
State of Louisiana**

For the year ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>OPERATING REVENUES</b>			
Revenues from water sales and service charges	\$ 9,261,000	\$ 9,421,518	\$ 160,518
Other operating revenues	119,000	115,872	(3,128)
Total operating revenues	<u>9,380,000</u>	<u>9,537,390</u>	<u>157,390</u>
<b>OPERATING EXPENSES</b>			
Personal services	2,838,000	2,732,724	105,276
Supplies and materials	948,800	1,008,150	(59,350)
Other services and charges	2,187,200	2,208,814	(21,614)
Depreciation and amortization	2,174,704	2,174,704	-
Total operating expenses	<u>8,148,704</u>	<u>8,124,392</u>	<u>24,312</u>
Operating income	<u>1,231,296</u>	<u>1,412,998</u>	<u>181,702</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	430,000	526,569	96,569
Bond interest	(877,066)	(877,066)	-
Amortization of bond discount and issuance cost	(66,871)	(66,871)	-
Amortization of cost of consolidation	(8,518)	(8,518)	-
Total non-operating revenue (expenses)	<u>(522,455)</u>	<u>(425,886)</u>	<u>96,569</u>
<b>NET INCOME</b>	<u>\$ 708,841</u>	987,112	<u>\$ 278,271</u>
<b>RETAINED EARNINGS</b>			
Beginning of year		<u>5,679,751</u>	
End of year		<u>\$ 6,666,863</u>	

See notes to financial statements.

**STATEMENT OF CASH FLOWS****Consolidated Waterworks District No. 1 of the Parish of Terrebonne,  
State of Louisiana**

For the year ended June 30, 1999

**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating income	\$ 1,412,998
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,800,226
Amortization - prepaid maintenance	374,478
(Increase) decrease in assets:	
Accounts receivable	154,037
Inventory of material and supplies	48,721
Prepaid expenses	(3,034)
Reimbursement due from insurance company	(49,017)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(84,290)
Meter deposits	79,295
Total adjustments	<u>2,320,416</u>
Net cash provided by operating activities	<u>3,733,414</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition and construction of capital assets	(5,222,066)
Principal paid on outstanding debt	(785,000)
Interest paid on outstanding debt	(1,224,718)
Prepaid maintenance	(208,880)
Net cash used for capital and related financing activities	<u>(7,440,664)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of investments	(2,268,538)
Maturities of investments	4,537,076
Interest received	837,185
Net cash provided by investing activities	<u>3,105,723</u>
Net decrease in cash and cash equivalents	(601,527)

**CASH AND CASH EQUIVALENTS**

Beginning of year	<u>17,552,290</u>
End of year	<u>\$ 16,950,763</u>

**NONCASH OPERATING, CAPITAL AND RELATED FINANCING ACTIVITIES AND INVESTING**

Amortization of bond issuance cost, bond discount and cost of consolidation was \$75,389.

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS****Consolidated Waterworks District No. 1 of the Parish of Terrebonne,  
State of Louisiana**

June 30, 1999

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying general-purpose financial statements conform to generally accepted accounting principles for local governmental units as prescribed by the Governmental Accounting Standards Board. The more significant of the District's accounting policies are described below:

**a) Reporting Entity**

Business interests and the people of Terrebonne Parish expressed strong sentiment for the consolidation of governmental services. Legislation was introduced and passed in the 1992 session of the Louisiana Legislature that allowed for the consolidation of the City of Houma water system, with that of Waterworks District Nos. 1, 2 and 3 of Terrebonne Parish, into a Board of Commissioners that would vary in size from 12 to 18 members. The Act provided that the Parish would create the Consolidated District upon request from the individual water districts. Waterworks District No. 1, by resolution dated February 7, 1994 and Waterworks District Nos. 2 and 3 by resolutions dated January 19, 1994, requested the Terrebonne Parish Consolidated Government (the Parish) to form the Consolidated District. By an ordinance adopted by Terrebonne Parish Consolidated Government on March 23, 1994, the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, Louisiana (the District) was created on July 1, 1994.

In accordance with the implementation of GASB 14, "the Financial Reporting Entity", Consolidated Waterworks District No. 1's financial statements include the accounts of all the District's functions and activities. The criteria used to determine whether component units (separate governmental units, agencies, or nonprofit corporations associated with the District) include appointment of a voting majority, imposition of will, imposition of financial benefit to or burden on the District, and fiscal dependency. The District has determined that no other outside entity meets the above criteria and should be included in its financial statements. It has been determined however based upon the above criteria that the District is a component unit of the Terrebonne Parish Consolidated Government and will be included in its comprehensive financial report for the year ending December 31, 1999.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Fund Accounting**

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The following is the District's Fund:

**PROPRIETARY FUND**

**Enterprise Fund** - The Enterprise Fund is 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 services to the general public on a continuing basis be financed or recorded primarily through user charges. The District's Waterworks System is an Enterprise Fund.

**c) Basis of Accounting**

Basis of accounting refers to when revenues and 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.

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.

**d) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**e) Cash Flows**

Cash and cash equivalents include amounts in regular checking accounts and investments in certificates of deposits with maturities of three months or less.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**f) Accounts Receivables**

The general-purpose financial statements contain no allowance for uncollectible accounts receivable. It is the opinion of management that receivables at June 30, 1999 are collectible and possible bad debt losses are immaterial.

**g) Inventory of Material and Supplies**

Inventory of materials and supplies are valued at average cost.

**h) Restricted Assets and Reserves**

Specific assets are required to be segregated as to use and are therefore identified as restricted assets. Certain assets are restricted pursuant to restrictions arising from various bond indenture agreements. (See note 5)

**i) Fixed Assets**

The Enterprise Fund is accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with the activity are included on the balance sheet. Reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Enterprise Fund operating statements present increases (revenue) and decreases (expenses) in net total assets.

Fixed assets are valued at historical costs. Donated assets are valued at their estimated fair value on the date donated. Interest on bond proceeds used for construction is capitalized.

Depreciation of all exhaustible fixed assets of the Enterprise Fund is charged against its operations. Accumulated depreciation is reported on its balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method.

**j) Prepaid Maintenance**

Prepaid maintenance consists of the cost of painting water tanks which is amortized over a period of five years and filter media for the plant which is amortized over a period of three years.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**k) Accumulated Unpaid Vacation and Sick Leave**

The District accrues benefits in the period they were earned. Full-time employees of the District shall be entitled to vacation with pay and shall accrue vacation time in the following manner:

First year	Five days (40 hours)
Second year through fourteenth year	Ten days (80 hours)
Fifteen years or more	Fifteen days (120 hours)

Employees may not accumulate and carry forward vacation time beyond the year earned. Accumulated vacation leave is due to the employee at the time of termination of employment. Although sick leave accumulates and is available for employees when needed, it does not vest nor is it payable at termination of employment.

**l) Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers, is not utilized by the District.

**m) Bond Discount and Issuance Costs**

Bond discount and issuance costs are being amortized by the interest method.

**n) Deferred Charges - Cost of Consolidation**

These charges represent cost incurred by the Terrebonne Parish Consolidated Government Water Revenue Fund, Waterworks District Nos. 1, 2, and 3 for their efforts towards the creation of the Consolidated Waterworks District No. 1, Terrebonne Parish. These costs are amortized over a period of ten years using the straight line method.

**o) Contracts Payable**

Liability for work performed on contracts is entered as billings are received.

**p) Fund Equity**

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Contributed capital is funds that have been received from capital grants or contributions from developers, customers, or other funds.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**q) Terminology:**

The following funds as reported on the balance sheet include the Meter Deposit Fund, Revenue Bond Sinking Fund, Bond Reserve Fund, Depreciation and Contingencies Fund, Construction Fund - 1998, Construction Fund and Group Insurance Fund. Use of the term fund in these instances is consistent with the language used in the bond covenants and is not intended to convey fund accounting as defined in Note 1c.

**r) GASB Pronouncements:**

Government Accounting Standards Board (GASB) Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," provides that proprietary funds may apply all GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements; Statements and Interpretations of the Financial Accounting Standard Board, (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's) of the Committee on Accounting Procedure. The District has elected to apply only FASB, APB and ARB materials issued on or before November 30, 1989.

**Note 2 - DEPOSITS**

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

State Law requires deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or with a trust company for the account of the political subdivision. In accordance with state law all cash and deposits were collateralized.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent in the District's name.

**Note 2 - DEPOSITS (Continued)**

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution, or its trust department or agent but not in the District's name and deposits which are uninsured or uncollateralized.

The year end bank balances of deposits and the carrying amounts as shown on the balance sheet are as follows:

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	\$300,000	\$ -	\$ 2,042,916	\$ 1,471,240
Certificates of deposit	<u>500,000</u>	<u>-</u>	<u>14,979,373</u>	<u>15,479,373</u>
Totals	<u>\$800,000</u>	<u>\$ -</u>	<u>\$17,022,289</u>	<u>\$16,950,613</u>

At June 30, 1999, cash and certificates of deposit in excess of the FDIC insurance were collateralized by securities held by unaffiliated banks for the account of the depositor. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

A reconciliation of deposits and investments as shown on the Balance Sheet is as follows:

Cash on hand	\$ 150
Carrying amount of deposits	<u>16,950,613</u>
Total	<u>\$16,950,763</u>
Cash and cash equivalents	\$ 5,486,745
Cash and cash equivalents-restricted	<u>11,464,018</u>
Total	<u>\$16,950,763</u>



**Note 3 - BUDGET**

The Board is required by revenue bond resolutions to adopt a line item budget for the District within thirty days of the end of its fiscal year for the following year. The Board adopted a line item budget for the year ended June 30, 1999. All revisions to the budget must be approved by the Board. The budget lapses at year-end.

**Note 4 - PROPERTY, PLANT, AND EQUIPMENT**

A summary of property plant and equipment at June 30, 1999 follows:

	Annual Straight-Line Depreciation <u>Rate</u>	<u>Amount</u>
Land	-	\$ 391,838
Water plant	2% - 20%	19,184,094
Distribution system	2% - 20%	61,046,163
Administrative building	5%	992,283
Plant equipment	10%	410,189
Furniture and equipment	10% - 20%	524,213
Automobiles and trucks	20% - 33%	668,300
Construction in progress	-	<u>4,237,774</u>
 Total		 87,454,854
Less accumulated depreciation		<u>(30,561,309)</u>
 Net property, plant and equipment		 <u>\$ 56,893,545</u>

**Note 5 - LONG-TERM DEBT**

As part of the consolidation, (see note 1a), the three formerly separate water districts refunded all their bonds outstanding by the issuance of Consolidated Waterworks District No. 1 revenue bonds on June 30, 1994 in the amount of \$16,298,540 and additional bonds for construction in the amount of \$2,411,460 for a total of \$18,710,000. The bonds were sold at a discount of \$391,384 and issuance costs of \$234,612. The bonds have an interest rate ranging from 3.4% to 6.0% and are scheduled to mature November 1, 2013.

**Note 5 - LONG-TERM DEBT (Continued)**

In June 1998, the District sold \$8,000,000 of revenue bonds for construction. The bonds were sold at a discount of \$120,464 and issuance costs of \$112,404. The bonds have an interest rate ranging from 3.75% to 4.90% and are scheduled to mature November 1, 2017.

The following is a summary of bond transactions of the District for the year ended June 30, 1999:

	<u>Water Revenue Bonds</u>
Bonds payable at July 1, 1998	\$24,415,000
Bonds retired	<u>(785,000)</u>
Bonds payable at June 30, 1999	23,630,000
Less unamortized bond discount	<u>(340,444)</u>
Net bonds payable at June 30, 1999	<u>\$23,289,556</u>
Long term	\$22,346,840
Current	<u>942,716</u>
Total	<u>\$23,289,556</u>

The annual requirements to amortize all debt outstanding as of June 30, 1999, including interest payments of \$11,678,253 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 980,000	\$ 1,213,798	\$ 2,193,798
2001	1,030,000	1,166,218	2,196,218
2002	1,085,000	1,115,029	2,200,029
2003	1,140,000	1,060,052	2,200,052
2004	1,200,000	1,001,095	2,201,095
2005 - 2009	7,095,000	3,951,635	11,046,635
2010 - 2014	7,725,000	1,829,901	9,554,901
2015 - 2018	<u>3,375,000</u>	<u>340,525</u>	<u>3,715,525</u>
Totals	<u>\$23,630,000</u>	<u>\$11,678,253</u>	<u>\$35,308,253</u>

**Note 5 - LONG-TERM DEBT (Continued)**

**Water Revenue Bonds:**

Under the terms of various bond indentures for outstanding Water Revenue Bonds, the principal and interest is secured and payable solely from a pledge of the income and revenues to be derived from the operation of the District. All revenues must be deposited in the District and required transfers made to the following Funds on a monthly basis after the payment of operating expenses:

**a) Revenue Bond Sinking Fund**

Monthly transfers are required to this Fund in an amount necessary to make the principal and interest payments as they become due. The Fund is restricted for this purpose.

**b) Bond Reserve Fund**

Monies in the amount of \$2,268,545 have been deposited into this fund. This amount is equal to the highest amount of principal and interest due in future years on the District's outstanding water revenue bonds. The Fund is restricted to the payment of principal and interest in case of default.

**c) Depreciation and Contingencies Fund**

Monthly transfers of 5% of gross revenues of the District for the preceding month is required. The Fund is restricted to payments for extensions, additions, improvements, renewals and replacements necessary to properly operate the District. It will also be used to pay principal and interest if there are not sufficient funds in the Revenue Bond Sinking Fund and Bond Reserve Fund.

**d) Bond Requirements**

The accounting requirements of the bond resolution for Water Revenue Bonds, as stated in a) through c) above, have been complied with for the year ended June 30, 1999.

**Note 6 - DEFEASANCE OF DEBT**

Certain proceeds of the Consolidated Waterworks District No. 1 revenue bonds, were transferred to an escrow agent in an irrevocable trust to provide for the future payments on the old bonds of the three formerly separate water districts. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's general-purpose financial statements.

At June 30, 1999, the Waterworks District No. 2 General Obligation Bonds, Series 1989 bonds were paid off.

**Note 7 - CONTRIBUTED CAPITAL**

In connection with the consolidation, described in Note 1a, the consolidating entities transferred \$9,798,282 of cash and investments and \$34,267,340 of other net assets to the Consolidated Waterworks District No. 1 on July 1, 1994. These transfers are recorded as contributed capital which is comprised of the following:

Waterworks District No. 1	\$26,639,274
Waterworks District No. 2	3,803,900
Waterworks District No. 3	7,416,617
City of Houma Water System	<u>6,205,831</u>
Total	<u>\$44,065,622</u>

**Note 8 - DEFINED BENEFIT PENSION PLAN**

**Plan Description** - The District contributes to Plan B of the Parochial Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 205 of the 1952 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1901 through 11:2015, specifically, and other general laws of the State of Louisiana. The System issued a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898.

**Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)**

**Funding Policy** - Plan members are required to contribute 2.00% of their annual covered salary less \$100 per month and the District is required to contribute at an actuarially determined rate. The District's contribution rate is 2.50%. In addition, the System also receives a percentage of tax revenues from various taxing bodies. The contribution requirements of plan members and the District are established and may be amended by state statute. The District's contributions to the System for the years ending June 30, 1999, 1998 and 1997 were \$48,981, \$47,788 and \$30,590, respectively, equal to the required contributions for each year.

**Note 9 - RISK MANAGEMENT**

The District is exposed to risk of loss related to group health benefits, general liability, auto liability, workers compensation and property.

Liabilities are reported when it is probable that a loss has occurred and the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (INBRs). Claim liabilities are the estimated unpaid ultimate costs of settling claims.

The District was self-insured for the first \$15,000 of each claim through November 30, 1998 relating to group health benefits. Effective December 1, 1998, the District is self-insured for the first \$17,500 of each claim. The District was covered under an insurance contract for the excess liability up to \$1,000,000. Any claim in excess of \$1,000,000 is the responsibility of the employee.

At June 30, 1999, the amount of liability was \$30,693. This liability is the District's best estimate based on available information. Changes in the reported liabilities during the past two years are as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimate</u>	<u>Net Claim Payments</u>	<u>Balance at Fiscal Year End</u>
1998	\$34,926	\$146,067	\$148,145	\$32,848
1999	\$32,848	\$335,155	\$337,310	\$30,693

**Note 9 - RISK MANAGEMENT (Continued)**

The District also participates in the Parish's risk management internal service fund for general liability, workers compensation and auto liability. No settlements were made during the year that exceeded the District's insurance coverage. The District pays monthly premiums to the Parish for workers' compensation based on a fixed percentage of payroll. The District's premiums for general liability are based on various factors such as operations and maintenance budget, exposure and claims experience. The premiums for auto liability are based on claims experience, vehicle type and mileage. The Parish handles all claims filed against the District. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described below:

<u>Policy</u>	<u>Coverage Limits</u>
General Liability	\$6,500,000
Workers' Compensation	Statutory
Auto Liability	\$6,250,000

Coverage for claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$122,294 at December 31, 1998, then secondly by the District and other participating funds and agencies. At June 30, 1999, the District had no claims in excess of the above coverage limits.

**Note 10 - CONTRACT COMMITMENTS**

On June 30, 1999, the District had \$3,140,397 in public works contracts of which \$696,187 was uncompleted.

**Note 11 - POSTRETIREMENT HOSPITALIZATION AND LIFE INSURANCE BENEFITS**

The District provides for the payment of hospitalization and life insurance premiums for retired employees as approved by the Board of Commissions. The District will fund the entire premium for all employees retiring with at least twenty years service. A retired employee may provide dependent hospitalization coverage at no cost. The cost of providing these benefits is recognized as an expense as premiums are paid. For the year ended June 30, 1999, those costs amounted to \$7,752.

**Note 11 - POSTRETIREMENT HOSPITALIZATION AND LIFE INSURANCE BENEFITS**

Future liabilities under the District's plan for potentially eligible employees are dependent upon the age and length of service to those employees. The average employee age and service years are not available. At June 30, 1999, the average hospitalization and life insurance costs per retired employee was approximately \$129 per month and the number of retired employees at June 30, 1999 was 5.

The District also reimburses the Parish for the payment of hospitalization and life insurance premiums for certain retired former City of Houma employees. The Parish funds the entire premium for all employees retiring with at least ten years of service or retiring from a formal retirement systems. A retired employee may provide dependent hospitalization coverage at a cost ranging from \$40 to \$49 per month, depending on the date of retirement. The cost of providing these benefits is recognized as an expense to the District when reimbursement is made to the Parish. For the year ended June 30, 1999, those costs amounted to \$7,920. At June 30, 1999 the average hospitalization and life insurance costs per retired employee was approximately \$310 per month and the number of retired employees at June 30, 1999 was 2.

**Note 12 - BOARD MEMBERSHIP AND COMPENSATION OF BOARD OF COMMISSIONERS**

<u>Board Members</u>	Number of Meetings <u>Attended</u>	<u>Payments for</u>		Total <u>Amount</u>
		<u>Meetings Attended</u>	<u>Milcage</u>	
Calvin Authement	19	\$ 570	\$165	\$ 735
Mary Clayton	18	540	17	557
Anthony Fazzio	19	570	22	592
Randy Grow	16	480	46	526
Arlen J. Guidry	21	630	27	657
Warb Pledger	21	630	6	636
Richard P. Porche	19	570	25	595
Amos Usie, Jr.	19	570	77	647
Chester P. Voisin	22	<u>660</u>	<u>281</u>	<u>941</u>
Totals		<u>\$5,220</u>	<u>\$666</u>	<u>\$5,886</u>

**REQUIRED SUPPLEMENTARY INFORMATION**



YEAR 2000 ISSUES**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,  
State of Louisiana**

June 30, 1999  
(Unaudited)

In October 1998, the Governmental Accounting Standards Board (GASB) issued Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*. The provisions of the GASB technical bulletin, effective for financial statements on which the auditor's report is dated after October 31, 1998, require the District to make disclosures about its state of readiness in addressing Year 2000 issues for its internal computer systems and equipment. On March 29, 1999, GASB issued Technical Bulletin 99-1 which amended the previously issued disclosure requirements allowing for the disclosure to be made in the required supplementary information (RSI). *"This note is written pursuant to the Year 2000 Information and Readiness Disclosure Act, Public Law No. 105-271, 112 Statute 2386 (1998)."*

The Year 2000 issue is the result of shortcomings in electronic data-processing systems and other equipment that may adversely affect operations in the year 1999 and beyond.

The following stages have been identified by the GASB as necessary to implement a Year 2000-compliant system:

**Awareness Stage** - In this stage, an organization establishes a budget and project plan (for example, a time line or chart noting major tasks and due dates) for dealing with the Year 2000 issue.

**Assessment Stage** - While in this stage, an organization begins the actual process of identifying all of its systems (preparing an inventory) and individual components of the systems. An organization may decide to review all system components for Year 2000 compliance or, through a risk analysis, identify only mission-critical systems and equipment—systems and equipment critical to conducting operations to check compliance.

**Remediation Stage** - During this stage, an organization actually makes changes to systems and equipment. This stage involves the technical issues of converting existing systems, or switching to compliant systems. Decisions are made on how to make the system or processes Year 2000 compliant, and the required system changes are made.

**Validation/Testing Stage** - At this stage, an organization validates and tests the changes made during the conversion process. The development of test data and test scripts, the running of test scripts, and the review of test results are crucial for this stage of the conversion process to be successful. If the testing results show anomalies, the tested area needs to be corrected and re-tested.

The District has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 issue and that are necessary to conducting District operations.

- The District uses Terrebonne Parish Consolidated Information System Division (the Parish) for its accounting, payroll and billing and collection systems. The Parish is responsible for remediating these systems and is solely responsible for any costs associated with this project.
- An external vendor was engaged to remediate the District's meter reading equipment. The vendor has tested and validated these systems.
- The District operates a water system serving Terrebonne Parish. The District is in the remediation stage with respect to its water distribution system.

Because of the unprecedented nature of the Year 2000 issue, its effects and success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. District Administration cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be year 2000 ready.

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF OPERATING REVENUES****Consolidated Waterworks District No. 1 of the Parish of Terrebonne,  
State of Louisiana**

For the year ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenue from water sales and service charges:			
Customers (net of bad debts - \$30,203)	\$ 9,000,000	\$ 9,138,636	\$ 138,636
Parish of Lafourche	30,000	30,682	682
Service connection fees	186,000	204,900	18,900
Meter installation fees	27,000	28,230	1,230
Penalties - reconnections	18,000	19,070	1,070
	<u>9,261,000</u>	<u>9,421,518</u>	<u>160,518</u>
Total revenue from water sales and services			
Other operating revenues:			
Service agreements:			
Sewerage Districts	79,000	82,113	3,113
Garbage Collections	30,000	31,517	1,517
Unclaimed meter deposit refunds	-	1,033	1,033
Miscellaneous	10,000	1,209	(8,791)
	<u>119,000</u>	<u>115,872</u>	<u>(3,128)</u>
Total other operating revenues			
Total operating revenues	<u>\$ 9,380,000</u>	<u>\$ 9,537,390</u>	<u>\$ 157,390</u>

**SCHEDULE OF DEPARTMENTAL EXPENSES****Consolidated Waterworks District No. 1 of the Parish of Terrebonne,  
State of Louisiana**

For the year ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>ADMINISTRATIVE</b>			
Personal services:			
Salaries	\$ 174,000	\$ 155,069	\$ 18,931
Employee group insurance	37,700	38,028	(328)
Payroll taxes	16,500	16,250	250
Retirement fund	4,400	3,877	523
Total personal services	<u>232,600</u>	<u>213,224</u>	<u>19,376</u>
Supplies and materials:			
Gasoline and oil	1,500	897	603
Office supplies and expense	25,000	29,776	(4,776)
Total supplies and materials	<u>26,500</u>	<u>30,673</u>	<u>(4,173)</u>
Other services and charges:			
Accounting	38,000	25,735	12,265
Attorney	130,000	128,956	1,044
Board meetings	9,000	5,886	3,114
Bond agent fees	2,000	951	1,049
Consulting engineer	20,800	21,046	(246)
Insurance and bonds	21,200	19,415	1,785
Janitorial services	18,500	18,395	105
Publish proceedings	6,000	4,445	1,555
Radio communications	10,000	9,348	652
Repairs and maintenance:			
Equipment and building repairs	18,000	18,100	(100)
Truck and auto repairs	1,000	183	817
Seminars and schools	8,000	8,163	(163)
Telephone	500	198	302
Utilities - office	8,000	7,494	506
Total other services and charges	<u>291,000</u>	<u>268,315</u>	<u>22,685</u>
Total administrative	<u>550,100</u>	<u>512,212</u>	<u>37,888</u>
<b>BILLING AND COLLECTIONS</b>			
Personal services:			
Salaries	175,000	155,239	19,761
Employee group insurance	47,800	55,116	(7,316)
Payroll taxes	18,000	15,822	2,178
Retirement fund	4,400	3,838	562
Total personal services	<u>245,200</u>	<u>230,015</u>	<u>15,185</u>

**Schedule 2  
(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>BILLING AND COLLECTIONS (Continued)</b>			
Supplies and materials:			
Gasoline and oil	1,500	897	603
Office supplies and expense	13,000	11,816	1,184
Total supplies and materials	<u>14,500</u>	<u>12,713</u>	<u>1,787</u>
Other services and charges:			
Data processing	40,000	32,415	7,585
Insurance and bonds	26,000	24,914	1,086
Postage	92,000	86,502	5,498
Repairs and maintenance:			
Truck and auto repairs	1,000	508	492
Seminars and schools	500	313	187
Telephone	8,000	7,475	525
Total other services and charges	<u>167,500</u>	<u>152,127</u>	<u>15,373</u>
Total billing and collections	<u>427,200</u>	<u>394,855</u>	<u>32,345</u>
<b>METER READING</b>			
Personal services:			
Salaries	295,000	288,863	6,137
Employee group insurance	118,000	105,442	12,558
Payroll taxes	30,600	29,806	794
Retirement fund	7,500	7,153	347
Total personal services	<u>451,100</u>	<u>431,264</u>	<u>19,836</u>
Supplies and materials:			
Gasoline and oil	14,000	9,568	4,432
Office supplies and expense	1,000	714	286
Small tools	3,000	2,604	396
Total supplies and materials	<u>18,000</u>	<u>12,886</u>	<u>5,114</u>
Other services and charges:			
Insurance and bonds	50,000	48,515	1,485
Radio communications	1,000	220	780
Repairs and maintenance:			
Equipment and building repairs	500	2,870	(2,370)
Meter parts and repair	2,000	363	1,637
Truck and auto repairs	10,000	8,892	1,108
Total other services and charges	<u>63,500</u>	<u>60,860</u>	<u>2,640</u>
Total meter reading	<u>532,600</u>	<u>505,010</u>	<u>27,590</u>

**Schedule 2  
(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>WAREHOUSE AND METER SHOP</b>			
Personal services:			
Salaries	73,000	76,690	(3,690)
Employee group insurance	17,500	12,971	4,529
Payroll taxes	7,600	7,751	(151)
Retirement fund	2,000	1,881	119
Total personal services	<u>100,100</u>	<u>99,293</u>	<u>807</u>
Supplies and materials:			
Gasoline and oil	200	107	93
Meter repair parts	9,000	9,670	(670)
Office supplies and expenses	2,000	1,166	834
Small tools	500	98	402
Warehouse supplies	19,000	19,059	(59)
Total supplies and materials	<u>30,700</u>	<u>30,100</u>	<u>600</u>
Other services and charges:			
Freight	1,000	1,010	(10)
Insurance and bonds	10,000	9,746	254
Repairs and maintenance:			
Equipment and building repairs	3,000	2,574	426
Total other services and charges	<u>14,000</u>	<u>13,330</u>	<u>670</u>
Total warehouse and meter shop	<u>144,800</u>	<u>142,723</u>	<u>2,077</u>
<b>ENGINEERING</b>			
Personal services:			
Salaries	219,200	183,024	36,176
Employee group insurance	65,000	36,320	28,680
Payroll taxes	22,600	19,526	3,074
Retirement fund	5,500	4,623	877
Total personal services	<u>312,300</u>	<u>243,493</u>	<u>68,807</u>
Supplies and materials:			
Computer supplies	5,000	4,884	116
Gasoline and oil	7,000	5,382	1,618
Office supplies and expenses	3,000	1,815	1,185
Total supplies and materials	<u>15,000</u>	<u>12,081</u>	<u>2,919</u>
Other services and charges:			
Insurance and bonds	23,000	20,578	2,422
Mobile phones	2,200	1,088	1,112
Radio communications	200	152	48

**Schedule 2  
(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>ENGINEERING (Continued)</b>			
Other services and charges: (Continued)			
Repairs and maintenance:			
Truck and auto repairs	5,000	4,217	783
Seminars and schools	9,000	3,534	5,466
Total other services and charges	<u>39,400</u>	<u>29,569</u>	<u>9,831</u>
Total engineering	<u>366,700</u>	<u>285,143</u>	<u>81,557</u>
<b>OPERATIONS</b>			
Other services and charges:			
Utilities	<u>158,000</u>	<u>163,082</u>	<u>(5,082)</u>
<b>MAINTENANCE AND FIELD CREWS</b>			
Personal services:			
Salaries	505,000	509,405	(4,405)
Employee group insurance	127,000	120,274	6,726
Payroll taxes	53,000	53,544	(544)
Retirement fund	12,800	12,697	103
Total personal services	<u>697,800</u>	<u>695,920</u>	<u>1,880</u>
Supplies and materials:			
Chemicals	3,000	3,863	(863)
Gasoline and oil	11,000	9,972	1,028
Office supplies and expenses	1,000	980	20
Small tools	9,500	10,121	(621)
Total supplies and materials	<u>24,500</u>	<u>24,936</u>	<u>(436)</u>
Other services and charges:			
Freight	500	32	468
Insurance and bonds	88,000	86,326	1,674
Mobile phones	1,000	680	320
Radio communications	700	1,446	(746)
Repairs and maintenance:			
Equipment repairs - field	40,000	46,543	(6,543)
Truck and auto repairs	20,000	23,847	(3,847)
Waterline maintenance	450,000	508,131	(58,131)
Seminars and schools	2,000	725	1,275
Uniforms	3,000	3,039	(39)
Total other services and charges	<u>605,200</u>	<u>670,769</u>	<u>(65,569)</u>
Total maintenance and field crews	<u>1,327,500</u>	<u>1,391,625</u>	<u>(64,125)</u>



**Schedule 2  
(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>WATER PLANT</b>			
Personal services:			
Salaries	510,000	521,543	(11,543)
Employee group insurance	113,700	121,621	(7,921)
Payroll taxes	52,500	53,415	(915)
Retirement fund	12,700	12,904	(204)
Total personal services	<u>688,900</u>	<u>709,483</u>	<u>(20,583)</u>
Supplies and materials:			
Chemicals	660,000	728,813	(68,813)
Computer supplies	2,000	15	1,985
Fuel for generator	10,000	8,908	1,092
Gasoline and oil	7,000	5,284	1,716
Office supplies and expense	4,800	5,042	(242)
Raw water	116,000	113,001	2,999
Small tools	1,500	1,368	132
Warehouse supplies	6,000	6,593	(593)
Total supplies and materials	<u>807,300</u>	<u>869,024</u>	<u>(61,724)</u>
Other services and charges:			
Freight	2,000	1,350	650
Insurance and bonds	142,000	138,632	3,368
Lab analysis	1,000	420	580
Repairs and maintenance:			
Plant maintenance	170,000	190,715	(20,715)
Tractor repairs	4,000	2,631	1,369
Truck and auto repairs	6,000	6,400	(400)
Seminars and schools	4,000	2,658	1,342
Telephone	7,000	6,446	554
Uniforms	1,000	1,106	(106)
Utilities	464,000	460,703	3,297
Total other services and charges	<u>801,000</u>	<u>811,061</u>	<u>(10,061)</u>
Total water plant	<u>2,297,200</u>	<u>2,389,568</u>	<u>(92,368)</u>
<b>BAC-T-LAB</b>			
Personal services:			
Salaries	81,800	81,375	425
Employee group insurance	17,600	18,235	(635)
Payroll taxes	8,500	8,414	86
Retirement fund	2,100	2,008	92
Total personal services	<u>110,000</u>	<u>110,032</u>	<u>(32)</u>

**Schedule 2  
(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>BAC-T-LAB (Continued)</b>			
Supplies and materials:			
Computer supplies	500	203	297
Gasoline and oil	1,800	1,972	(172)
Lab supplies	9,000	12,932	(3,932)
Office supplies and expense	1,000	630	370
Total supplies and materials	<u>12,300</u>	<u>15,737</u>	<u>(3,437)</u>
Other services and charges:			
Freight	400	156	244
Insurance and bonds	14,000	11,963	2,037
Janitorial services	5,500	6,072	(572)
Lab analysis	5,000	-	5,000
Repairs and maintenance:			
Equipment and building repairs	7,000	5,923	1,077
Truck and auto repairs	3,700	4,103	(403)
Seminars and schools	5,000	4,490	510
Telephone	1,000	995	5
Utilities	6,000	5,999	1
Total other services and charges	<u>47,600</u>	<u>39,701</u>	<u>7,899</u>
Total bac-t-lab	<u>169,900</u>	<u>165,470</u>	<u>4,430</u>
Totals	<u>\$ 5,974,000</u>	<u>\$ 5,949,688</u>	<u>\$ 24,312</u>
<b>OPERATING EXPENSES</b>			
Personal services	\$ 2,838,000	\$ 2,732,724	\$ 105,276
Supplies and materials	948,800	1,008,150	(59,350)
Other services and charges	2,187,200	2,208,814	(21,614)
Totals	<u>\$ 5,974,000</u>	<u>\$ 5,949,688</u>	<u>\$ 24,312</u>

**SCHEDULE OF NON-OPERATING REVENUES (EXPENSES)****Consolidated Waterworks District No. 1 of the Parish of Terrebonne,  
State of Louisiana**

For the year ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Investment income	\$ 430,000	\$ 526,569	\$ 96,569
Bond interest	(877,066)	(877,066)	-
Amortization of bond discount and issuance cost	(66,871)	(66,871)	-
Amortization of cost of consolidation	<u>(8,518)</u>	<u>(8,518)</u>	<u>-</u>
 Total non-operating revenues (expenses)	 <u>\$ (522,455)</u>	 <u>\$ (425,886)</u>	 <u>\$ 96,569</u>

SCHEDULE OF PROPERTY, PLANT AND EQUIPMENTConsolidated Waterworks District No. 1 of the Parish of Terrebonne  
State of Louisiana

June 30, 1999

	Annual Depreciation Rate	Balance July 1, 1998	Additions	Transfers	Retirements	Balance June 30, 1999	Accumulated Depreciation June 30, 1999	Net Book Value
Land	-	\$ 358,713	\$ 33,125	\$ -	\$ -	\$ 391,838	\$ -	\$ 391,838
Water plant	2% - 20%	18,985,645	84,206	114,243	-	19,184,094	7,511,843	11,672,251
Distribution system	2% - 20%	59,169,757	541,080	1,335,326	-	61,046,163	21,476,766	39,569,397
Administrative building	5%	992,283	-	-	-	992,283	518,573	473,710
Plant equipment	10%	359,960	56,549	-	6,320	410,189	219,885	190,304
Furniture and equipment	10% - 20%	500,705	36,854	-	13,346	524,213	352,103	172,110
Automobiles and trucks	20% - 33%	662,035	71,342	-	65,077	668,300	482,139	186,161
Construction in progress	-	991,957	4,695,386	(1,449,569)	-	4,237,774	-	4,237,774
Totals		\$ 82,021,055	\$ 5,518,542	\$ -	\$ 84,743	\$ 87,454,854	\$ 30,561,309	\$ 56,893,545

**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS -  
RESTRICTED ACCOUNTS REQUIRED BY REVENUE BOND ORDINANCES**

**Consolidated Waterworks District No.1 of the Parish of Terrebonne,  
State of Louisiana**

For the year ended June 30, 1999

	Total	Revenue Bond Sinking Fund	Bond Reserve Fund	Depreciation and Contingencies Fund	Construction Fund - 1998	Unrestricted Construction Fund
Cash, cash equivalents, and investments July 1, 1998	\$ 12,956,755	\$ 706,424	\$ 2,268,545	\$ 1,399,148	\$ 6,890,788	\$ 1,691,850
Receipts:						
Transfers from the District	2,685,128	2,162,746		522,382	-	-
Interest earned	370,499	-		-	290,821	79,678
Total receipts	3,055,627	2,162,746		522,382	290,821	79,678
Total assets available	16,012,382	2,869,170	2,268,545	1,921,530	7,181,609	1,771,528
Disbursements:						
Retirement of matured bonds	785,000	785,000		-	-	-
Payment of matured interest coupons	1,224,718	1,224,718		-	-	-
Capital improvements	4,168,410	-		280,221	3,888,189	
Total disbursements	6,178,128	2,009,718		280,221	3,888,189	
Cash and cash equivalents, June 30, 1999	\$ 9,834,254	\$ 859,452	\$ 2,268,545	\$ 1,641,309	\$ 3,293,420	\$ 1,771,528

SCHEDULE OF INSURANCE IN FORCEConsolidated Waterworks District No. 1 of the Parish of Terrebonne,  
State of Louisiana

June 30, 1999

(Unaudited)

Insurer	Type of Coverage	Amount of Insurance	Expiration Date
Terrebonne Parish Consolidated Government	Automobile liability	\$ 6,250,000	Not applicable
Terrebonne Parish Consolidated Government	General liability	\$ 6,500,000	Not applicable
Terrebonne Parish Consolidated Government	Workers' compensation	Statutory	Not applicable
Zurich American Insurance Co.	Combined building & personal property	\$ 48,534,859	May 17, 2000
TIG Insurance Co.	Hull coverage on sludge dredge	\$ 83,650	June 27, 2000
CNA Financial Insurance Co.	Public employee dishonesty, theft, disappearance & destruction	\$ 20,000 - 25,000	May 17, 2000
Security Insurance Co. of Hartford	Computer hardware and software	\$ 204,570	May 17, 2000
Security Insurance Co. of Hartford	Contractor's equipment	\$ 10,600	May 17, 2000

**WATER CUSTOMERS**

**Consolidated Waterworks District No. 1  
of the Parish of Terrebonne,  
State of Louisiana**

June 30, 1999

(Unaudited)

Records maintained by the District indicated 37,027 water customers at June 30, 1999.

There were no unmetered customers.

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**





Bourgeois Bennett

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

To the Board of Commissioners,  
Consolidated Waterworks District No. 1 of the  
Parish of Terrebonne, State of Louisiana,  
Houma, Louisiana.

We have audited the general-purpose financial statements of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana, (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended June 30, 1999, and have issued our report thereon dated August 18, 1999. 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 general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or

more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

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

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, La.,  
August 18, 1999.



**REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS**

### **Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana**

For the year ended June 30, 1999

#### **Section I Internal Control and Compliance Material to the General-Purpose Financial Statements**

##### **Internal Control**

No material weaknesses were reported during the audit for the year ended June 30, 1998.  
No reportable conditions were reported during the audit for the year ended June 30, 1998.

##### **Compliance**

No compliance findings material to the general-purpose financial statements were noted during the audit for the year ended June 30, 1998.

#### **Section II Internal Control and Compliance Material to Federal Awards**

Consolidated Waterworks District No. 1 of the Parish of Terrebonne did not receive federal awards during the year ended June 30, 1998.

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 1998.

**MANAGEMENT'S CORRECTIVE ACTION PLAN**

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,  
State of Louisiana**

For the year ended June 30, 1999

**Section I Internal Control and Compliance Material to the General-Purpose Financial Statements**

**Internal Control**

No material weaknesses were reported during the audit for the year ended June 30, 1999.  
No reportable conditions were reported during the audit for the year ended June 30, 1999.

**Compliance**

No compliance findings material to the general-purpose financial statements were noted during the audit for the year ended June 30, 1999.

**Section II Internal Control and Compliance Material to Federal Awards**

Consolidated Waterworks District No. 1 of the Parish of Terrebonne did not receive federal awards during the year ended June 30, 1999.

**Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 1999.