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**ST. MARY PARISH WATER AND SEWER COMMISSION NO. 2
STATE OF LOUISIANA
FINANCIAL REPORT
YEAR ENDED
SEPTEMBER 30, 2000**

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

Release Date: 4-22-04

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 3
STATE OF LOUISIANA

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
St. Mary Parish Water and Sewer
Commission No. 3,
State of Louisiana
Bossierette, Louisiana 70344

We have audited the accompanying financial statements of the St. Mary Parish Water and Sewer Commission No. 3, State of Louisiana, a component unit of the St. Mary Parish Government, as of and for the year ended September 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the 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. An audit includes examining, on a test basis, evidence supporting the accounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the St. Mary Parish Water and Sewer Commission No. 3, State of Louisiana as of September 30, 2003, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

For the year ended September 30, 2003, the St. Mary Parish Water and Sewer Commission No. 3 has implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB Statement No. 34 creates new basic financial statements for reporting on the commission's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information in individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements. The commission also implemented GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Section No. 36, Certain Financial Statement Note Disclosures*.

In accordance with Government Auditing Standards, we have also issued our report dated February 27, 2004, on our consideration of the St. Mary Parish Water and Sewer Commission No. 3, State of Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The St. Mary Parish Water and Sewer Commission No. 3, State of Louisiana has not presented management's discussion and analysis that the Government Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the St. Mary Parish Water and Sewer Commission No. 3, State of Louisiana's basic financial statements. The accompanying financial information listed as "Other Supplementary Information" in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the St. Mary Parish Water and Sewer Commission No. 3. Such information 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 financial statements taken as a whole.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion on the financial statements of St. Mary Parish Water and Sewer Commission No. 3, State of Louisiana.

Forster, Charvot & Taylor
Certified Public Accountants

Franklin, Louisiana
February 27, 2004

BASIC FINANCIAL STATEMENTS

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 1
STATE OF LOUISIANA

BALANCE SHEETS
SEPTEMBER 30, 2003 and 2002

ASSETS	<u>2003</u>	<u>2002</u>
Current assets:		
Cash	\$ 411,800	\$ 383,788
Accounts receivable	20,833	20,744
Unbilled accounts receivable	4,119	5,234
Accrued interest receivable	267	338
Prepaid expenses	<u>8,912</u>	<u>8,891</u>
Total current assets	<u>445,931</u>	<u>418,995</u>
Restricted assets:		
Revenue bond fund	8,894	8,894
Revenue bond reserve fund	21,840	20,593
Water system depreciation and contingency fund	20,980	18,480
Customer deposits	<u>3,890</u>	<u>1,890</u>
Total restricted assets	<u>55,604</u>	<u>49,757</u>
Property and equipment:		
Cost	3,868,435	3,841,434
Less: accumulated depreciation	<u>(1,841,733)</u>	<u>(1,230,233)</u>
Total property and equipment	<u>2,026,702</u>	<u>2,611,201</u>
Other assets:		
Bond issue costs, net of amortization	<u>8,528</u>	<u>8,821</u>
Total other assets	<u>8,528</u>	<u>8,821</u>
Total assets	<u>\$ 3,018,734</u>	<u>\$ 3,088,824</u>

The accompanying notes are an integral part of this statement.
See the accompanying independent auditor's report.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 3
STATE OF LOUISIANA

BALANCE SHEETS (CONTINUED)
SEPTEMBER 30, 2000 and 2001

LIABILITIES AND FUND EQUITY	<u>2000</u>	<u>2001</u>
Current liabilities:		
Accounts payable	\$ 21,658	\$ 15,921
Accrued and withheld payroll taxes	1,681	1,033
Accrued wages	3,536	3,284
Deferred revenues	989	10,886
Due to St. Mary Parish Government	<u>1,968</u>	<u>5,325</u>
Total current liabilities	<u>29,832</u>	<u>36,449</u>
Current liabilities (payable from restricted assets):		
Revenue bonds payable - current portion	8,129	8,764
Accrued interest payable	3,983	3,634
Customer deposits payable	<u>3,056</u>	<u>3,480</u>
Total current liabilities (payable from restricted assets)	<u>15,168</u>	<u>15,878</u>
Non-current liabilities:		
Revenue bonds payable, net of current portion	<u>383,131</u>	<u>312,839</u>
Total liabilities	<u>788,131</u>	<u>675,166</u>
Fund equity:		
Investment in capital assets, net of related debt	2,188,404	2,243,996
Restricted	93,314	47,966
Unrestricted	<u>403,746</u>	<u>388,236</u>
Total restricted earnings	<u>2,685,464</u>	<u>2,780,198</u>
Total liabilities and fund equity	<u>\$ 3,013,754</u>	<u>\$ 3,068,023</u>

The accompanying notes are an integral part of this statement.
See the accompanying independent auditor's report.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 1
STATE OF LOUISIANA

STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Operating revenues		
Water sales	\$ 109,853	\$ 111,630
Sewer sales	75,683	79,373
Connection and installation fees	-	2,443
Garbage collection fees	8,583	7,135
Miscellaneous revenues	3,009	8,366
Total operating revenues	<u>197,028</u>	<u>208,947</u>
Operating expenses	<u>452,413</u>	<u>345,054</u>
Operating loss	<u>(255,385)</u>	<u>(136,107)</u>
Non-operating revenues/expenses:		
Ad valorem property tax revenues	174,124	188,449
Interest income	8,893	12,804
Other non-operating revenues	-	12,543
Interest expense	<u>(15,379)</u>	<u>(15,807)</u>
Total non-operating revenues/expenses	<u>167,638</u>	<u>198,009</u>
Capital contributions	<u>28,088</u>	<u>45,115</u>
Change in net assets	(84,660)	7,129
Net assets, beginning of year	<u>2,708,092</u>	<u>2,692,062</u>
Net assets, end of year	<u>2,623,432</u>	<u>2,700,191</u>

The accompanying notes are an integral part of this statement.
See the accompanying independent auditor's report.

**ST. MARY PARISH WATER AND SEWER COMMISSION NO. 1
STATE OF LOUISIANA**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Cash received from customers	\$ 288,604	\$ 211,668
Cash paid to suppliers and others	(238,553)	(191,133)
Cash paid to employees and commissions	(81,781)	(71,285)
Net cash used by operating activities	<u>(131,730)</u>	<u>(50,750)</u>
Cash flows from non-capital financing activities:		
Ad valorem property taxes	<u>174,124</u>	<u>139,489</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(21,087)	(49,481)
Contributions from St. Mary Parish Council	36,986	41,216
Principal paid on revenue bond obligations	(7,341)	(8,489)
Interest paid on revenue bond obligations	(17,842)	(14,182)
Increase in customer meter deposits	<u>1,528</u>	<u>588</u>
Net cash used by capital and related financing activities	<u>(21,088)</u>	<u>(28,748)</u>
Cash flows from investing activities:		
Interest earned on investments	<u>9,958</u>	<u>32,182</u>
Net increase in cash and equivalents	<u>32,483</u>	<u>64,452</u>
Cash and equivalents, beginning of year	<u>403,594</u>	<u>337,111</u>
Cash and equivalents, end of year	<u>\$ 436,077</u>	<u>\$ 401,563</u>
Classified as:		
Current assets	\$ 411,460	\$ 383,798
Restricted assets	<u>24,617</u>	<u>17,765</u>
Total	<u>\$ 436,077</u>	<u>\$ 401,563</u>

The accompanying notes are an integral part of this statement.
See the accompanying independent auditor's report.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 1
STATE OF LOUISIANA

STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 2001 AND 2002

	<u>2001</u>	<u>2002</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating loss	\$ (233,303)	\$ (372,573)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	111,453	108,625
Amortization of bond issue costs	388	388
Increase in accounts receivable	(189)	(1,687)
Decrease in unbilled accounts receivable	792	381
Increase in prepaid expenses	(829)	(2,174)
Increase (decrease) in accounts payable	6,923	(1,849)
Increase (decrease) in accrued and withheld taxes	348	(188)
Increase in accrued wages	368	1,772
Increase (decrease) in deferred revenues	(9,022)	10,000
Increase in due to St. Mary Parish Government	3,618	3,271
Total adjustments	<u>111,672</u>	<u>117,624</u>
Net cash used by operating activities	<u>\$ (121,631)</u>	<u>\$ (254,949)</u>

The accompanying notes are an integral part of this statement.
See the accompanying independent auditor's report.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 3
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

INTRODUCTION

St. Mary Parish Water and Sewer Commission No. 3 was created by the St. Mary Parish Government on June 25, 1991. The purpose of the commission is to establish, acquire, construct, maintain and operate a waterworks and sewer system for the benefit of the people of the Parish. The commission was formed to consolidate the operations of the St. Mary Parish Waterworks District No. 7 and the St. Mary Parish Sewerage District No. 18.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general purpose component unit financial statements of the St. Mary Parish Water and Sewer Commission No. 3 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied in governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

The commission is a component unit of the St. Mary Parish Government, the financial reporting entity. The parish government is financially accountable for the commission because it appoints a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the commission and do not present information on the parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The St. Mary Parish Water and Sewer Commission No. 3 is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

The Commission has implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*. The accounting and financial reporting treatment applied in a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as the time liabilities are incurred.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 1
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2003

The Enterprise Fund uses the following practices in recording certain revenues and expenses:

Revenues

Fees for water and sewer services are recognized when earned. All valuation taxes are recorded in the year that they are received. Connection and service fees are recognized when received. Interest income is recognized when earned. Unbilled utility services receivables are recorded at year-end. All other revenues are recorded when received.

Expenses

All expenses are recognized in the period that the liabilities are incurred.

E. BUDGETS

The commission did not adopt a formal budget for the year ended September 30, 2003. The commission operates as an enterprise fund; therefore, it is not subject to use in its violation of the Louisiana Local Government Budget Act per LRS 39:1361.

F. INCUMBRANCES

Incumbance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies, are recorded in order to reserve that portion of the applicable appropriation, is not employed by the commission.

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the commission may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the commission may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; otherwise, they are classified as cash equivalents.

H. INTEREST RECEIVABLE

Interest on investments is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

I. PREPAID EXPENSES

Payments made to vendors for services that will benefit periods beyond September 30, 2003, are recorded as prepaid expenses. At September 30, 2003, prepaid expenses were recorded as \$0,922.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 3
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2003

J. RESTRICTED ASSETS

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The Revenue Bond Fund is used to segregate resources accumulated for the annual debt service payment. The Revenue Bond Reserve Fund is used to report resources set aside to make up potential future deficiencies in the revenue bond account. The Depreciation and Contingency Fund is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. Restricted assets are also set aside for repayment of refundable customer deposits.

K. PROPERTY, PLANT & EQUIPMENT

Fixed assets of the commission are included on the balance sheet of the fund. Interest costs incurred during construction are capitalized. Fixed assets used in the proprietary fund type operations are valued at historical cost. Infrastructure fixed assets consisting of the waterworks system and sewer system are capitalized along with other fixed assets. Depreciation of all refundable fixed assets used by the proprietary fund type operations is charged as an expense against operations. Fixed assets on the balance sheet are net of accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the various assets as follows:

Water Supply Facilities	18 - 40 Years
Water and Sewer Treatment Facilities	20 - 40 Years
Water Distribution Facilities	40 Years
Furniture, Equipment, and Vehicles	3 - 7 Years

L. CAPITALIZATION OF INTEREST COSTS

Interest costs incurred by the commission during the construction of an asset for its own use are subject to capitalization based on the guidelines established by FAS-34 (Capitalization of Interest Cost).

M. BOND ISSUE COST

Bond issue costs are deferred and amortized over the life of the bond using the straight-line method.

N. VACATION, SICK LEAVE BENEFITS AND PENSION PLAN PARTICIPATION

The commission currently employs two full-time employees and one part-time employee. The employees earn two weeks of paid vacation and one week of sick leave per year. The commission implemented a SIBPLI retirement plan for its employees during the year. Under the plan, the commission matches an employee's deferrals dollar for dollar up to three percent of the employee's wages. The commission's matching contributions for the year ended September 30, 2003 was \$1,266.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 3
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2003

G. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the Enterprise Fund.

F. FUND EQUITY

Contributed Capital

Grants, reimbursements, or shared revenues received that are restricted for the acquisition or construction of capital assets are recorded as contributed capital and included in investments in capital assets, net of related debt on the balance sheet. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired from such contributions.

Contributed capital at September 30, 2003 consisted of the following amounts:

St. Mary Parish Government	\$ 1,414,784
State of Louisiana	290,000
LSDE, Rural Development	<u>100,000</u>
	<u>\$ 1,804,784</u>

Reserves

Reserves represent those portions of fund equity legally segregated for a specific future use.

G. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make certain estimates and assumptions. These estimates affect the reported amounts of assets and liabilities.

NOTE 2 CASH AND CASH EQUIVALENTS

At September 30, 2003, the commission has cash and cash equivalents (book balances) totaling \$463,567, as follows:

Demand deposits	\$ 18,471
Time deposits	<u>445,096</u>
	<u>\$ 463,567</u>

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

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 3
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2000

NOTE 3: CASH AND CASH EQUIVALENTS (CONTINUED)

is mutually acceptable to both parties. At September 30, 2000, the commission has \$471,310 in deposits (collected bank balances). These deposits are secured from risk by \$140,310 of federal deposit insurance and \$300,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (CLASS Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 38:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the commission that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3: RECEIVABLES

The commission records water and sewer revenues in the month the services are rendered. The commission uses the allowance method of accounting for uncollectible accounts receivable. At September 30, 2000, the allowance for uncollectible accounts receivable totaled \$14,940. At September 30, 2000, the commission has net accounts receivable of \$26,450.

NOTE 4: AD VALOREM TAXES

The commission's property tax is levied in October of each year on the assessed value of property within the commission's taxing area. Taxes are due and payable by December 31. The taxes are delinquent on January 1, at which time an enforceable lien attaches to the property. The taxes are collected on behalf of the commission by the Sheriff and then remitted to the commission. Most of the taxes are actually received by the commission in January and February. The tax rate for the year ended December 31, 2000 was ten mills on the dollar of the assessed valuation of all taxable property in the general boundaries of the commission. These taxes are to be used for the purpose of maintaining and operating the water and sewer facility.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 3
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2003

NOTE 5 PROPERTY, PLANT & EQUIPMENT

A summary of property, plant and equipment follows:

	Balance Sept. 30, 2002	Additions (Decreases)	Balance Sept. 30, 2003
Land	\$ 104,237	\$ -	\$ 104,237
Water Supply Facility	408,130	-	408,130
Water Treatment & Storage Facility	484,687	12,006	496,693
Water Distribution Facility	651,283	-	651,283
Sewer System Facility	2,134,594	-	2,134,594
Transportation Equipment	21,619	-	21,619
Equipment	28,107	12,946	41,053
Office Equipment	3,598	3,035	6,633
	<u>3,891,416</u>	<u>27,987</u>	<u>3,919,403</u>
Less: Accumulated Depreciation	<u>(1,228,272)</u>	<u>(111,452)</u>	<u>(1,339,724)</u>
Total	<u>\$ 2,663,144</u>	<u>\$ (83,465)</u>	<u>\$ 2,579,679</u>

..Depreciation expense related to the utilization of fixed assets for the year ending September 30, 2003 was \$111,451.

NOTE 6 DUES TO OTHER GOVERNMENTS:

Due to St. Mary Parish Government

The commission imposes a monthly collection service charge of \$6.50 per month for each residence from which solid waste is collected, as imposed by St. Mary Parish Government Ordinance No. 1175. The commission remits each month all garbage service charges collected to the St. Mary Parish Government, less a 10% collection fee on all charges, plus a 40-cent collection fee per customer who does not receive water services. As September 30, 2003, the balance due to the St. Mary Parish Government is \$4,281.

Additionally, the Commission charges a monthly fee of \$2 per month for each residence with water service for mosquito abatement as imposed by the St. Mary Parish Government. The commission remits each month all mosquito abatement fees collected to the St. Mary Parish Government. As September 30, 2003, the balance due to the St. Mary Parish Government is \$1,666.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 1
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2003

NOTE 7 - CHANGES IN REVENUE BONDS PAYABLE

The following is a summary of bond transactions of the commission for the year ended September 30, 2003:

Bonds Payable, September 30, 2002	\$ 121,200
Bonds Issued	-
Bonds Retired	<u>(7,891)</u>
Bonds Payable, September 30, 2003	<u>\$ 113,309</u>

Bonds payable at September 30, 2002, are comprised of the following issues:

\$200,000 Waterworks Revenue Bonds dated April 1, 1988, due in annual installments of \$17,787, including principal and interest through April 1, 2008, interest at 9%	\$ 200,000
\$120,000 Waterworks Revenue Bonds dated November 5, 1997, due in monthly installments of \$275.60 including principal and interest beginning on December 5, 1999 through November 5, 2027, interest at 4.875%	<u>113,309</u>
	<u>\$ 313,309</u>

The annual requirements to amortize all debt outstanding as of September 30, 2002 is \$150,362, including interest payments of \$216,860 and is payable as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Amount</u>
2004	\$ 24,678
2005	24,678
2006	24,678
2007	24,678
2008	24,678
2009-2027	<u>627,912</u>
	<u>\$ 815,262</u>

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 2
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2003

NOTE 4: FLOW OF FUNDS: RESTRICTION ON USE OF REVENUES

Under the terms of the bond indenture on the outstanding Revenue Bonds dated April 1, 1980 and November 3, 1997, all income and revenue (hereinafter referred to as revenues) of every nature, earned or derived from the operation of the commission, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following funds:

Revenue Fund

Revenues earned from the operation of the commission shall be deposited daily into a "Revenue Fund". This fund will pay all reasonable and necessary expenses of administering, operating and maintaining the commission.

Revenue Bond Fund

Each month, there will be set aside into a fund called the "Revenue Bond Fund" an amount constituting 10% of the next maturity installment of principal and interest on the outstanding bond. Such transfer shall be made by the 15th of each month and shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments.

Bond Reserve Fund

Funds in the amount of \$100 will be set aside each month into a "Bond Reserve Fund" until there shall have been accumulated in the fund an amount equal to the maximum principal and interest requirements in any one maturity year. Such amounts may be used only for the payments of maturing bonds and interest for which sufficient funds are not on deposit in the Reserve Fund and which there would otherwise be a default.

Depreciation and Contingency Fund

Funds in the amount of \$175 will also be set aside each month into a "Depreciation and Contingency Fund". Money in this fund may be used to care for extensions, additions, improvements, renewals and replacement necessary to properly operate the commission. Money in this fund may also be used to pay the principal of and interest on the bonds falling due any time there is not sufficient money for payment on the other bond funds.

All revenues received in any fiscal year and not required to be paid during such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

NOTE 9: LEASES

The commission had no material capital or operating leases at September 30, 2003.

NOTE 10: LITIGATION

There is no litigation pending against the commission at September 30, 2003.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 3
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2003

NOTE 11 RISK MANAGEMENT

The Commission is exposed to various risks of loss related to fire, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The Commission is insured up to policy limits for each of the above risks. There were no significant changes in coverages, retentions, or limits during the year ended September 30, 2003. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

**ST. MARY PARISH WATER AND SEWER COMMISSION NO. 3
STATE OF LOUISIANA**

**SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

**SCHEDULE OF CHANGES IN ASSETS RESTRICTED
FOR REVENUE AND BOND DEBT SERVICE**

This schedule is presented in order to provide a detail of accounting in the restricted asset bank accounts. (Schedule 1)

SCHEDULE OF OPERATING EXPENSES

These schedules are presented to provide a detailed breakdown of the operating expenses for the year ended September 30, 2003 and 2002. (Schedule 2)

**SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN
ACCUMULATED DEFICIT (BY DEPARTMENT)**

These schedules are presented to provide additional information on the operating income or (loss) of the water and sewer departments as required by U.S. Department of Agriculture. (Schedules 3 and 4)

COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1978 Session of the Louisiana Legislature. Louisiana Revised Statute Section 38:19 provides for each board member to receive a per diem not to exceed \$60 for each meeting they attend, up to and including 12 meetings each year and for each special meeting not to exceed 12 per year. (Schedule 5)

ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 5
STATE OF LOUISIANA

SCHEDULE OF CHANGES IN ASSETS
RESTRICTED FOR REVENUE BOND DEBT SERVICE
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Revenue Bond Fund	Revenue Bond Reserve Fund	Depreciation and Contingency Fund	Total
Cash, September 30, 2002	\$ 4,294	\$ 20,193	\$ 12,480	\$ 47,967
Cash Receipts	13,181	1,248	2,180	26,609
Total Cash Available	26,681	21,841	24,660	73,182
Cash Disbursements:				
Interest Payments	(11,875)	-	-	(11,875)
Bond Payments	(5,915)	-	-	(5,915)
Cash, September 30, 2003	\$ 9,891	\$ 21,841	\$ 24,660	\$ 56,392

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 5
STATE OF LOUISIANA

SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2001 and 2002

	2001	2002
Advertising	\$ 913	\$ -
Associations	299	299
Bond debt expense	3,798	3,333
Bank charges	103	-
Cash over and short	-483	-
Chemicals	12,636	9,446
Commissions per diem	3,680	3,760
Continuing education	893	-
Depreciation	111,493	108,625
Don	120	843
Employee pension	1,994	-
Insurance	29,961	31,781
Inspection fees	1,740	1,800
Licenses and fees	343	3,891
Professional fees	44,568	44,991
Miscellaneous	3,028	2,623
Office expense	4,448	7,178
Payroll taxes	3,188	4,808
Postage	4,379	4,284
Plant equipment	625	-
Repairs and maintenance	73,702	52,402
Supplies	718	433
Telephone	3,237	4,595
Travel	3,654	6,374
Utilities	29,416	27,102
Wages	73,902	66,182
	<u>412,411</u>	<u>382,968</u>
Total	<u>412,411</u>	<u>382,968</u>

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 3
STATE OF LOUISIANA

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN ACCUMULATED DEFICIT (BY DEPARTMENT)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Water Department	Sewer Department	Total
Operating Revenues:			
Water sales	\$ 309,833	\$ -	\$ 309,833
Sewer sales	-	75,683	75,683
Garbage collection fees	8,383	-	8,383
Miscellaneous	5,819	-	5,819
Total operating revenues	<u>324,035</u>	<u>75,683</u>	<u>399,718</u>
Operating Expenses:			
Advertising	811	-	811
Amortization	399	-	399
Bad debt expense	760	3,008	3,768
Chemicals	9,559	6,957	16,516
Commissions per client	1,730	1,730	3,460
Contracting education	495	518	1,013
Depreciation	41,888	68,364	110,252
Discs	180	58	238
Employee pension	1,641	314	1,955
Insurance	27,631	32,558	60,189
Inspection fees	-	1,748	1,748
Miscellaneous	3,499	409	3,908
Office expense	6,178	81	6,259
Payroll taxes	3,988	1,392	5,380
Postage	4,196	78	4,274
Professional fees	39,250	9,887	49,137
Rental equipment	-	810	810
Repair and maintenance	23,631	51,071	74,702
Supplies	778	-	778
Telephone	4,488	741	5,229
Travel expense	2,118	2,738	4,856
Utilities	11,358	18,866	30,224
Wages	32,387	18,231	50,618
Total operating expenses	<u>314,668</u>	<u>198,251</u>	<u>512,919</u>
Operating income (loss)	<u>(90,633)</u>	<u>(122,568)</u>	<u>(213,201)</u>
Non-operating Revenues (Expenses):			
Ad valorem property taxes	174,124	-	174,124
Interest income	9,897	-	9,897
Interest expense	(16,739)	-	(16,739)
Total non-operating revenues (expenses)	<u>167,282</u>	<u>-</u>	<u>167,282</u>
Net income (loss)	<u>76,649</u>	<u>(122,568)</u>	<u>(45,919)</u>
Accumulated deficit, Beginning of Year	<u>(4,834)</u>	<u>(109,654)</u>	<u>(114,477)</u>
Accumulated deficit, End of Year	<u>\$ 71,800</u>	<u>\$ (152,222)</u>	<u>\$ (80,422)</u>

**ST. MARY PARISH WATER AND SEWER COMMISSION NO. 3
STATE OF LOUISIANA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN ACCUMULATED DEFICIT (BY DEPARTMENT)
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Water Department</u>	<u>Sewer Department</u>	<u>Total</u>
Operating Revenues:			
Water sales	\$ 115,650	\$ -	\$ 115,650
Sewer sales	-	70,171	70,171
Conservation and fertilization fees	2,815	-	2,815
Garbage collection fees	7,231	-	7,231
Miscellaneous	5,358	-	5,358
Total operating revenues	<u>138,054</u>	<u>70,171</u>	<u>208,225</u>
Operating Expenses:			
Amortization	399	-	399
Bond debt expense	610	1,700	2,311
Chemicals	3,493	4,641	8,134
Comminution gas plant	2,888	2,888	5,776
Depreciation	41,170	66,410	107,580
Debt	863	-	863
Insurance	21,270	14,211	35,481
Inspection fees	183	1,335	1,518
Licenses and fees	1,276	600	1,876
Professional fees	34,296	3,343	37,639
Publications	2,873	-	2,873
Office expense	4,753	427	5,180
Payroll taxes	3,529	1,498	5,027
Postage	4,284	-	4,284
Repairs and maintenance	34,788	21,697	56,485
Supplies	433	-	433
Telephones	3,811	414	4,225
Traffic expense	4,780	1,674	6,454
Utilities	11,523	14,677	26,200
Wages	35,686	13,584	49,270
Total operating expenses	<u>218,763</u>	<u>136,731</u>	<u>355,494</u>
Operating income (loss)	<u>(80,709)</u>	<u>(66,560)</u>	<u>(147,269)</u>
Non-operating Revenues (Expenses):			
Ad valorem property taxes	135,840	-	135,840
Interest income	12,664	-	12,664
Other non-operating income	12,241	-	12,241
Interest expense	(15,807)	-	(15,807)
Total non-operating revenues expenses	<u>144,938</u>	<u>-</u>	<u>144,938</u>
Net income (loss)	<u>(35,771)</u>	<u>(66,560)</u>	<u>(102,331)</u>
Accumulated deficit, Beginning of Year	<u>(15,268)</u>	<u>(611,277)</u>	<u>(626,545)</u>
Accumulated deficit, End of Year	<u>\$ (51,039)</u>	<u>\$ (677,837)</u>	<u>\$ (728,876)</u>

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 3
STATE OF LOUISIANA

SCHEDULE OF BOARD MEMBERS
AND COMPENSATION RECEIVED
FOR THE YEAR ENDING SEPTEMBER 30, 2000

<u>NAME</u>	<u>POSITION</u>	<u>ATTENDED</u>	<u>COMPENSATION</u>
Rogael Rodriguez	President	10	\$ 500
Walter Edwards	Secretary	10	540
Edward Patrick	Board Member	10	530
River Greider	Board Member	10	540
William Stuy	Board Member	10	540
Foggy Lipscomb	Board Member	10	500
Cleveland Forrest	Board Member	10	<u>590</u>
			<u>\$ 3,460</u>

INTERNAL CONTROL AND COMPLIANCE

GUIDRY, CHAUVIN & TAYLOR

CERTIFIED PUBLIC ACCOUNTANTS
A FIDELITY NATIONAL ACCOUNTING CORPORATION
P. O. BOX 1088 • 1010 MAIN STREET
BRANDON, LOUISIANA 70002

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FAX • 504-333-0300

Report on Compliance and on Internal Control Over Financial Reporting Issued on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Commissioners
St. Mary Parish Water and Sewer Commission No. 2
State of Louisiana
Bossierie, Louisiana

We have audited the financial statements of the St. Mary Parish Water and Sewer Commission No. 2, State of Louisiana, (the Commission), a component unit of the St. Mary Parish Government, as of and for the year ended September 30, 2003, and have issued our report thereon dated February 27, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the commission's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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 commission'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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the commission's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in Schedule B, Management's Corrective Action Plan for Current Year Audit Findings, Section 1, at item 1003-1.

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 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable condition described above as item 1003-1 is considered to be a material weakness.

St. Mary Parish Water and Sewer Commission No. 3
Report on Compliance and on Internal Control
Page Two

This report is intended solely for the information and use of the commission's management, others within the organization, the St. Mary Parish Government and regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Grady, Charwin & Taylor
Certified Public Accountants

Franklin, Louisiana
February 27, 2008

**ST. MARY PARISH WATER AND SEWER COMMISSION NO. 3
STATE OF LOUISIANA**

**OTHER SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

**SCHEDULE OF INSURANCE - UNAUDITED
(Schedule A)**

This schedule is prepared in accordance with the requirements of U. S. Department of Agriculture.

**SCHEDULE OF WATER RATES AND NUMBER OF CUSTOMERS - UNAUDITED
(Schedule B)**

This schedule is prepared in accordance with the requirements of U. S. Department of Agriculture.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Schedule C)**

This schedule lists all prior year audit findings.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Schedule D)**

This schedule lists all current year audit findings and questioned costs.

**MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR CURRENT AUDIT FINDINGS
(Schedule E)**

This schedule provides the corrective action plan for current year audit findings.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 1
STATE OF LOUISIANA

SCHEDULE OF INSURANCE - UNAUDITED
SEPTEMBER 30, 2001

<u>NAME OF INSURER</u>	<u>INSURANCE</u>	<u>AMOUNT OF INSURANCE</u>	<u>EXPIRATION DATE</u>
Transit Property Casualty	Workmen's Compensation Each accident Policy limit Each employee	\$ 100,000 \$ 900,000 \$ 100,000	1/15/2004
General Use Indemnity Company	Directors & Officers Liability Each Occurrence' Aggregate	\$ 1,000,000 \$ 1,000	6/11/2004
Reliance Insurance Company	General Liability Each occurrence Aggregate Auto Liability	\$ 1,000,000 \$ 2,000,000 \$ 500,000	1/22/2004
	Property		
	114 Parish Hwy 30	\$ 500,000	Building
	118D Parish Hwy 30	\$ 100,000	Building
	118C Parish Hwy 30	\$ 10,000	Building
	118D Parish Hwy 30	\$ 21,000	Lift Station
	Sewer Treatment - Hwy 30	\$ 100,000 \$ 14,000 \$ 10,000	Building Contents Metal Steel
		\$ 100,000	Lift Station
		\$ 20,000	Fences
	673 Cypresswood Road	\$ 62,500	Plant
		\$ 1,000	Lift Station

This schedule was not audited by us and,
accordingly, we do not express an opinion on it.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 3
STATE OF LOUISIANA

SCHEDULE OF WATER RATES AND
NUMBER OF CUSTOMERS - UNAUDITED
FOR THE YEAR ENDED SEPTEMBER 30, 2003

WATER RATES BY USER GROUP:

<u>METER SIZE</u>	<u>USAGE</u>	<u>CHARGE</u>
Residential 3/4"	0 - 1,000 gallons	\$ 0.00 minimum
	1,001 - 5,000 gallons	2.50 per thousand
	5,001 - 10,000 gallons	1.50 per thousand
	over 10,000 gallons	1.15 per thousand
Large Commercial 1" to 2"	0 - 10,000 gallons	\$ 25.00 minimum
	over 10,000 gallons	1.15 per thousand

NUMBER OF CUSTOMERS:

At September 30, 2003, there were 616 metered water customers of the St. Mary Parish Water and Sewer Commission No. 3, compared to 313 metered customers at September 30, 2002. There were 14 commercial customers and 610 residential customers.

This schedule was not audited by us and, accordingly, we do not express an opinion on it.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 3
STATE OF LOUISIANA

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2000

Ref. No.	Fiscal Year Finding Initially Covered	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken
Section I - Internal Control and Compliance Material to the Financial Statements:				
2000-1	1999	Inadequate segregation of accounting functions	Partially	See management's corrective action plan (Schedule E)

Section II - Management Letter:

None

This schedule was not audited by us and, accordingly, we do not express an opinion on it.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 5
STATE OF LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended September 30, 2000

Summary of Auditor's Results:

Auditor's Report-Financial Statements

An unqualified opinion has been issued on the St. Mary Parish Water and Sewer Commission No. 5's financial 7's financial statements as of and for the year ended September 30, 2000.

Reportable Condition-Financial Reporting

There was a reportable condition in internal control over financial reporting noted during the audit. It has been referenced as Item 10B1-1 in Section I of Management's Corrective Action Plan. (Schedule B)

Material Noncompliance-Financial Reporting

There were no material instances of noncompliance noted during the audit.

FEDERAL AWARDS

At September 30, 2000, the St. Mary Parish Water and Sewer Commission No. 5, did not meet the requirements to have a single audit in accordance with OMB Circular A-133. Therefore this section is not applicable.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 3
STATE OF LOUISIANA

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Ref No.	Description of Findings
Section I - Internal Control and Compliance Material to the Financial Statements:	
2000-1 Inadequate Segregation of Accounting Functions:	
	<p><i>Condition:</i> The commission's accounting system does not provide for adequate segregation of duties in the areas of cash receipts, cash disbursements, billing and account reconciliation.</p>
	<p><i>Criteria:</i> Internal controls should be in place to provide reasonable assurance that funds are not misappropriated and that the commission is in compliance with rules and regulations.</p>
	<p><i>Effect:</i> Because of the inadequate segregation of accounting functions, the commission could be placing themselves at risk. Funds could be misappropriated and lease and grant contracts could be overlooked.</p>
	<p><i>Recommendation:</i> The commission has made several attempts to segregate some of its accounting functions. However, all pertinent functions have not been segregated. They have hired an independent bookkeeper to reconcile bank accounts, provide billing statements, and to compile monthly financial statements. The commission has also contracted with a local convenience store to collect its revenues and deposit them into the bank account.</p>
	<p><i>Response:</i> We concur with the recommendation. However, the commission is not able to fully correct this weakness due to the limited number of commission personnel working for the commission and for the outside accounting service.</p>