

WATERWORKS DISTRICT NO. 3 OF THE
PARISH OF ST. BERRY, STATE OF LOUISIANA

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	1
Balance Sheets	2 - 3
Statements of Revenues, Expenses and Changes in Accumulated Deficit	4
Statements of Cash Flow	5 - 6
Notes to Financial Statements	7 - 14
Supplemental Information	15
Schedule of Changes in Assets Restricted for Revenue Bond Debt Service	16
Schedules of Operating Expenses	17
Schedule of Insurance - Unaudited	18
Schedule of Water Rates and Number of Customers - Unaudited	19
Schedule of Board Members and Compensation Received	20
Independent Auditors' Report Required By Government Auditing Standards	21
Independent Auditors' Report on Internal Control Structure	22 - 24
Independent Auditors' Report on Compliance with Laws and Regulations	25

WATERWORKS DISTRICT NO. 3 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 1996

Water System Depreciation and Contingency Fund

Funds in the amount of \$70 will also be set aside each month into a "Water System Depreciation and Contingency Fund". Money in this fund may be used to care for waterworks, additions, improvements, renewals and replacement necessary to properly operate the waterworks system. 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 in the other bond funds.

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

NOTE 3. SUBSEQUENT EVENTS

The District is in the process of applying for funds to be provided from the Rural Economic Utilization Services (REUS) on the basis of a water loan not to exceed \$125,000 and a grant not to exceed \$200,000 at an interest rate not exceeding 5.25% per annum. Annual debt service on such an issue of bonds maturing over 40 years will not exceed \$7,248.30. These funds will be used for the purpose of acquiring and constructing improvements and extensions to the waterworks system of the District and purchasing the Greater Community Water System, a work of public improvement for the District.

As of the audit report date, this transaction had not been finalized.

WATERWORKS DISTRICT NO. 7 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

BALANCE SHEETS (CONTINUED)
SEPTEMBER 30, 1996 AND 1995

LIABILITIES AND FUND EQUITY	<u>1996</u>	<u>1995</u>
Current Liabilities:		
Accounts payable	\$ 7,943	\$ 4,722
Accrued and withheld payroll taxes	383	600
Accrued wages	395	306
Other current liabilities	323	326
Due to St. Mary Parish Sewer District #10	3,846	4,403
Due to St. Mary Parish Council	<u>3,220</u>	<u>3,182</u>
Total Current Liabilities	<u>19,820</u>	<u>18,539</u>
Current Liabilities Payable from Restricted Assets:		
Revenue bonds payable - Current portion	5,562	5,297
Accrued interest payable	7,248	6,743
Customer deposits payable	<u>1,500</u>	<u>800</u>
Total Current Liabilities Payable from Restricted Assets	<u>14,310</u>	<u>12,840</u>
Non-current Liabilities:		
Revenue bonds payable	<u>238,206</u>	<u>208,439</u>
Total Liabilities	<u>267,922</u>	<u>239,699</u>
Fund Equity:		
Contributed Capital	<u>953,533</u>	<u>953,533</u>
Accumulated Deficit:		
Reserved for Workers' Fund Retirement	9,134	9,096
Reserved for renewal and replacement	8,401	7,500
Unreserved	<u>(248,328)</u>	<u>(239,343)</u>
Total Accumulated Deficit	<u>(230,793)</u>	<u>(222,747)</u>
Total Fund Equity	<u>722,740</u>	<u>730,786</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 535,182</u>	<u>\$ 510,485</u>

Subject to the comments contained in the Independent Auditors' report and notes to financial statements which are an integral part hereof

METROCORE DISTRICT NO. 3 OF THE
PARISH OF ST. BERRY, STATE OF LOUISIANA

STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN ACCUMULATED DEFICIT
FOR THE YEARS ENDED SEPTEMBER 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
Operating Revenues:		
Meter sales	\$ 98,108	\$ 98,150
Service connection and meter installation fees	4,148	4,280
Garbage Collection Fee	5,377	5,560
Miscellaneous	5,354	5,895
Bad Debt Recovery	<u>8,538</u>	<u> </u>
Total Operating Revenues	<u>127,525</u>	<u>113,295</u>
Operating Expenses	<u>129,829</u>	<u>118,198</u>
Operating Income (Loss)	<u>2,696</u>	<u>15,097</u>
Non-Operating Revenues (Expenses):		
Interest Income	1,490	1,445
Interest Expense	<u>(12,345)</u>	<u>(12,607)</u>
Total Non-Operating Revenues (Expenses)	<u>(10,855)</u>	<u>(11,162)</u>
Net Loss	(8,159)	(6,065)
Accumulated Deficit, Beginning of Year	<u>(322,777)</u>	<u>(286,712)</u>
Accumulated Deficit, End of Year	<u>\$ (330,936)</u>	<u>\$ (322,777)</u>

Subject to the comments contained in the independent Auditors' report and notes to financial statements which are an integral part hereof

WATERBOURNE DISTRICT NO. 7 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 1996 and 1995

	1996	1995
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ 2,638	\$ 114,840
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:		
Depreciation	38,171	34,848
Amortization of bond issue costs	285	288
(Increase) Decrease in accounts receivable	(5,565)	6,912
(Increase) Decrease in unutilized accounts receivable	82	(203)
(Increase) Decrease in accrued interest receivable	(5)	-
(Increase) Decrease in prepaid expenses	1	134
Increase (Decrease) in accounts payable	2,819	(904)
Increase (Decrease) in accrued & withheld payroll taxes	1179	97
Increase (Decrease) in accrued wages	49	242
Increase (Decrease) in other current liabilities	(3)	(20)
Increase (Decrease) in due to St. Mary Sewer Dist., 10	(448)	(313)
Increase (Decrease) in due to St. Mary Parish Council	138	(2,188)
Increase (Decrease) in accrued interest payable	507	(133)
Increase (Decrease) in customer deposits payable	100	(150)
Net Cash Provided by Operating Activities	38,381	28,832
Cash Flows from Capital and Related Financing Activities:		
Acquisition of capital assets	(3,796)	(984)
Principal paid on revenue bond maturities	(5,948)	(5,978)
Interest paid on revenue bond maturities	(12,185)	(12,689)
Net Cash Used for Capital and Related Financing Activities	(22,930)	(29,651)

WETTERHOKE DISTRICT NO. 7 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 1996 AND 1995
(continued)

Cash Flows from Investing Activities:		
Interest earned on investments	<u>1,420</u>	<u>1,628</u>
Net Cash Provided by Investing Activities	<u>1,420</u>	<u>1,628</u>
Net Increase in Cash and Cash Equivalents	13,952	5,475
Cash and Cash Equivalents at Beginning of Year	<u>86,850</u>	<u>81,375</u>
Cash and Cash Equivalents at End of Year	<u>\$ 100,802</u>	<u>\$ 86,850</u>
Classified as:		
Current Assets	\$ 89,858	\$ 87,346
Restricted Assets	<u>11,044</u>	<u>29,508</u>
Total	<u>\$ 100,802</u>	<u>\$ 86,850</u>

Subject to the comments contained in the Independent Auditors' report and notes to financial statements which are an integral part hereof

WATERWORKS DISTRICT NO. 7 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1988

INTRODUCTION

Waterworks District No. 7 of the Parish of St. Mary, State of Louisiana was created by Ordinance No. 838 of the St. Mary Parish Police Jury, on March 9, 1973, for the purpose of establishing, acquiring, constructing, maintaining and operating a waterworks system for the benefit of the people of the District.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the St. Mary Parish Water District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to 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

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Council is the financial reporting entity for St. Mary Parish. The financial reporting entity consists of (a) the primary government (Parish Council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that inclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Government Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. Mary Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. This criterion includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the parish council to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the parish council.

WATERWORKS DISTRICT NO. 7 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 1996

2. Organizations for which the parish council does not appoint a voting majority but are fiscally dependent on the parish council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the parish council appoints a voting majority of the board and can impose its will on the District, the District was determined to be a component unit of the St. Mary Parish Council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the parish council, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The St. Mary Parish Water District 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 accounting and financial reporting treatment applied to 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 is included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. The Enterprise Fund uses the following practices in recording certain revenues and expenses:

REVENUES

Fees for water services are recognized when earned. Connection and service fees are recognized when received. Interest income is recognized when earned. Unbilled utility services receivables are recorded at year end.

WATERWORKS DISTRICT NO. 7 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

NOTICE TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 1996

Expenses

All expenses are recognized when they are incurred.

K. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. DEFERRED EXPENSES

Payments made to vendors for services that will benefit periods beyond September 30, 1996, are recorded as prepaid expenses.

G. 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 Water System 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.

H. PROPERTY, PLANT & EQUIPMENT

The accounting and reporting treatment applied to property, plant, and equipment and long-term liabilities associated with a fund are determined by its measurement focus.

Proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with their activity are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components.

WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 1998

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

Water Supply Facilities	10 - 40 Years
Water Treatment and Storage Facilities	25 - 40 Years
Water Distribution Facilities	40 Years
Furniture, Equipment, and Vehicles	3 - 7 Years

I. BOND ISSUE COST

Bond issue costs are amortized over the life of the bond on the straight-line method.

J. VACATION, SICK LEAVE ACCRUAL AND PENSION PLAN PARTICIPATION

The District currently employs one full-time employee. The employee earns one week of paid vacation, sick leave benefits are not provided. The District does not maintain a pension plan for its employee.

K. FUND EQUITY

Contributed Capital

Grants, settlements, or shared revenues received that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. 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, 1998 and 1995 consisted of the following amounts:

St. Mary Parish Council	\$147,513
State of Louisiana	350,000
Farmer's Home Administration	169,800
Total	\$667,313

RESERVES

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

WATERWORKS DISTRICT NO. 7 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 1996

NOTE 2. CASH AND INTEREST-BEARING DEPOSITS

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 1996, the District has cash and interest-bearing deposits (bank balances) totaling \$100,882, as follows:

Demand Deposits		\$ 35,549
Interest-bearing demand deposits		<u>65,333</u>
Total		<u>\$100,882</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. Deposit balance (bank balances) at September 30, 1996, was \$107,221. At year end, deposits were entirely covered by federal depository insurance.

NOTE 3. FUND DEFICITS

At September 30, 1996, the uninsured retained earnings deficit totals \$388,328.

NOTE 4. RECEIVABLES

The District records water sales revenue in the month the services are rendered. The District uses the allowance method of accounting for uncollectible accounts receivable. At September 30, 1996 the district has water receivables of \$13,187.

NOTE 5. PROPERTY, PLANT & EQUIPMENT

A summary of property, plant and equipment follows:

	1996	1995
Land	\$ 5,688	\$ 5,688
Water Supply Facility	84,084	84,084
Water Treatment & Storage Facility	488,887	488,887
Water Distribution Facility	683,619	683,619
Equipment	10,923	9,238
Transportation Equipment	2,153	2,153
Office Equipment	4,538	4,378
Over	<u>1,257,833</u>	<u>1,213,687</u>
Accumulated Depreciation	<u>821,421</u>	<u>412,329</u>
Total	<u>\$ 2,084,142</u>	<u>\$ 1,796,117</u>

WATERWORKS DISTRICT NO. 7 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

BALANCE SHEETS
SEPTEMBER 30, 1996 AND 1995

ASSETS	1996	1995
Current Assets:		
Cash	\$ 48,488	\$ 57,346
Accounts receivable (Net of allowance for bad debts of \$ 8,494 and \$10,972)	13,307	7,802
Unbilled accounts receivable	4,500	4,882
Accrued Interest Receivable	14	0
Prepaid expenses	1,351	1,352
Due from St. Mary Sewer District, Inc	400	400
Total Current Assets	89,540	71,822
Restricted Assets:		
Revenue Bond Fund	8,874	8,874
Revenue Bond Reserve Fund	13,850	12,158
Water System Depreciation and Contingency Fund	8,400	7,565
Customer Deposits	1,880	988
Total Restricted Assets	31,384	29,585
Property, Plant & Equipment:		
Cost	1,217,633	1,213,633
Accumulated depreciation	(851,882)	(827,300)
Total Property, Plant & Equipment (net of accumulated depreciation)	365,751	386,333
Other Assets:		
Deposits	923	923
Bond issue cost (net of amortization of \$4,143 and \$1,898)	8,712	6,897
Total Other Assets	9,635	7,820
 TOTAL ASSETS	 \$ 1,024,661	 \$ 1,024,661

Subject to the comments contained in the Independent
and notes to financial statements which are an integral part hereof

WATERWORKS DISTRICT NO. 7 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 1996

The annual requirements to amortize all debt outstanding as of September 30, 1996, including interest payments of \$182,014 are as follows:

<u>Year Ending</u> <u>September 30</u>	<u>General</u> <u>Obligation</u>
1996	17,787
1997	17,787
1998	17,787
1999	17,787
2000	17,787
2001-2029	<u>334,529</u>
Total	\$ 423,868

NOTE 6. FLOW OF FUNDS: RESTRICTION ON USE OF WATERWORKS REVENUES

Under the terms of the bond indenture on the outstanding Waterworks Revenue Bonds dated April 1, 1989, all income and revenue (hereinafter referred to as revenues) of every nature, earned or derived from the operation of the Waterworks System, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following funds:

Water Revenue Fund

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

Water Revenue Bond Fund

Each month, there will be set aside into a fund called the "Water Revenue Bond Fund" an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bond. Such transfer shall be made by the 28th 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.

Water Bond Reserve Fund

Funds in the amount of \$75 will be set aside each month into a "Water 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 payment of maturing bonds and interest for which sufficient funds are not on deposit in the Water Reserve Fund and which there would otherwise be a default.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Reportable Conditions

Segregation of duties

Several attempts have been made to segregate duties in the area of cash receipts, cash disbursements, billings, bookkeeping, and monthly financial report preparation. These efforts have been successful, but the District should understand that all pertinent accounting functions have not been segregated. The limited number of personnel of the District and its outside accounting services currently prevents correction of this weakness.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the component unit 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 internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matter involving the internal control structure and its operation that we consider to be a material weakness as defined above. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of the Waterworks District No. 3 of the Parish of St. Mary, State of Louisiana, for the year ended September 30, 1996.

Material Weakness

We consider the above reportable condition concerning segregation of duties to be a material weakness.

SUPPLEMENTAL INFORMATION

WATERWORKS DISTRICT NO. 7 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

SCHEDULE OF CHANGES IN ASSETS
RESTRICTED FOR REVENUE BOND DEBT SERVICE
FOR THE YEARS ENDED SEPTEMBER 30, 1994 AND 1995

	MAYOR REVENUE BOND FUND	MAYOR REVENUE BOND FUND	DEPRECIATION AND CONTINGENCY FUND	TOTAL
Cash, September 30, 1994	8,894	13,258	6,700	28,852
Cash Receipts	<u>17,787</u>	<u>500</u>	<u>840</u>	<u>19,127</u>
Total Cash Available	26,681	13,758	7,540	48,179
Cash Disbursements:				
Interest Payments	(12,709)	-	-	(12,709)
Bond Payments	<u>(5,038)</u>	<u>-</u>	<u>-</u>	<u>(5,038)</u>
Cash, September 30, 1995	\$ 8,934	\$ 13,758	\$ 7,540	\$ 28,894
Cash Receipts	<u>17,787</u>	<u>500</u>	<u>840</u>	<u>19,127</u>
Total Cash Available	26,721	14,258	8,380	49,359
Cash Disbursements:				
Interest Payments	(11,840)	-	-	(11,840)
Bond Payments	<u>(5,941)</u>	<u>-</u>	<u>-</u>	<u>(5,941)</u>
Cash, September 30, 1996	\$ 8,934	\$ 13,058	\$ 8,428	\$ 28,134

WATERWORKS DISTRICT NO. 7 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
Amortization	\$ 288	\$ 288
Bad Debt	-	7,384
Chemicals	5,414	5,258
Commissions For Sales	3,488	3,840
Depreciation	34,172	34,045
Insurance	8,153	6,877
Professional Fees	28,971	30,723
Miscellaneous	2,437	80
Office Expense	3,769	2,528
Payroll Taxes	3,428	3,293
Postage	3,779	3,511
Repairs and Maintenance	3,255	14,483
Supplies	371	51
Telephone	3,557	2,688
Travel	3,049	3,038
Utilities	7,397	8,246
Wages	<u>18,715</u>	<u>17,282</u>
Total	<u>\$ 119,812</u>	<u>\$ 138,155</u>

WATERLOO DISTRICT NO. 7 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

SCHEDULE OF INSURANCE - UNAUDITED
SEPTEMBER 30, 1996

NAME OF INSURER	INSURANCE	AMOUNT OF INSURANCE	EXPIRATION DATE
Louisiana Workers Compensation Corp.	Workers's Compensation	\$ 100,000	Continuous
Reliance Insurance Company	Public Official Bond	\$ 15,000	01/22/97
Reliance Insurance Company	General Liability		
	Auto Insurance	\$1,000,000	01/22/97
	Aggregate	\$2,000,000	
	Auto Liability	\$ 500,000	
Reliance Insurance Company	Property:		
	216 Parish Hwy. 30	\$ 300,000	Building
	216B Parish Hwy. 30	\$ 185,000	Building
	216C Parish Hwy. 30	\$ 10,000	Building
	216D Parish Hwy. 30	\$ 27,415	Lift-Station
	Water Treatment- Hwy. 10	\$ 100,000	Building
		\$ 14,000	Contents
		\$ 10,000	Metal Shed
		\$ 100,000	Lift-Station
		\$ 20,000	Trucks
	672 Cypressport Road	\$ 82,500	Plant
		\$ 2,000	Lift-Station

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

WATERWORKS DISTRICT NO. 7 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

SCHEDULE OF WATER RATES AND
NUMBER OF CUSTOMERS - UNAUDITED
FOR THE YEAR ENDED SEPTEMBER 30, 1994

WATER RATES BY USER GROUP:

<u>METER SIZE</u>	<u>USAGE</u>	<u>CHARGE</u>
Residential 3/4"	0 - 2,800 gallons	\$ 9.00 minimum
	2,801 - 5,600 gallons	2.50 per thousand
	5,601 - 10,800 gallons	1.50 per thousand
	over 10,800 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, 1994, there were 178 metered water customers of the Waterworks District Number 7, compared to 271 metered customers at September 30, 1993. There were 18 commercial customers and 362 residential customers.

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

WATSONVILLE DISTRICT NO. 7 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

SCHEDULE OF BOARD MEMBERS
AND COMPENSATION RECEIVED
FOR THE YEAR ENDED SEPTEMBER 30, 1996

<u>NAME</u>	<u>POSITION</u>	<u>ATTENDED</u>	<u>COMPENSATION</u>
Raphael Rodriguez	President	12	\$ 720
Wilfred Edwards	Secretary	11	660
Kivern Brooksler	Board Member	12	720
William Stacy	Board Member	12	720
Wallace Stacy	Board Member	11	<u>660</u>
TOTAL COMPENSATION			<u>\$ 3,480</u>

**Independent Auditors' Reports Required
by Government Auditing Standards**

The following independent auditor's reports on compliance and internal control are presented in compliance with the requirements of Government Auditing Standards (Standards for Audit of Government Organizations, Programs, Activities, and Functions), issued by the Comptroller General of the United States and the Louisiana Governmental Audit Guide, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

NO. 000000
FORM NO. 000000

**Independent Auditors' Report on Internal Control Structure
Based on an Audit of General Purpose Financial Statements Performed
in Accordance with Government Auditing Standards**

Board of Commissioners
Waterworks District No. 7 of the
Parish of St. Mary, State of Louisiana
Jeanerette, Louisiana 70544

We have audited the general purpose financial statements of the Waterworks District No. 7 of the Parish of St. Mary, State of Louisiana, as of and for the year ended September 30, 1994, and have issued our report thereon dated January 18, 1997.

We have conducted our audit in accordance with generally accepted auditing standards and 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.

The management of the Waterworks District No. 7 of the Parish of St. Mary, State of Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the effectiveness of the design and operation of policy and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Waterworks District No. 7 of the Parish of St. Mary, State of Louisiana for the year ended September 30, 1994, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained and understanding of the design of relevant policies and procedures and whether they have been placed in operation. And we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of Waterworks District No. 7 of the Parish of St. Mary, State, of Louisiana, in a separate letter dated January 10, 1997.

This report is intended for the use of management of the District, the Legislative Auditor of the State of Louisiana, and the management of St. Mary Parish. However, this report is a matter of public record and its distribution is not limited.

Andy A. Clouston

Certified Public Accountant

Franklin, Louisiana
January 10, 1997



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PARISHES DISTRICT NO. 7 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

FINANCIAL STATEMENTS

SEPTEMBER 30, 1936

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 APR 02 1997 1

WATERWORKS DISTRICT NO. 7 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 1996

Depreciation expense related to the utilization of fixed assets for the years ending September 30, 1996 and 1995 was \$28,171 and \$24,845, respectively.

NOTE 6. DUE TO OTHER GOVERNMENTS

Due to St. Mary Parish Sewer District #10

The district bills and collects the sewer fees for residents on their billing register who are also residents of Sewer District #10. The district remits 100% of all sewer collections to the sewer district at the end of each month. At September 30, 1996 the balance due to the St. Mary Parish Sewer District #10 is \$3,965.

Due to St. Mary Parish Council

The district 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 Council Ordinance No. 3171. The district remits each month all garbage service charges collected to the St. Mary Parish Government, less a 10% collection fee on all charges, plus a 41 cent collection fee per customer who does not receive water services. At September 30, 1996 the balance due to the St. Mary Parish Council is \$3,348.

NOTE 7. CHANGED IN REVENUE BONDS PAYABLE

The following is a summary of bond transactions of the District for the years ended September 30, 1996 and 1995:

Bonds Payable at September 30, 1994	\$ 264,874
Bonds Retired	<u>15,010</u>
Bonds Payable at September 30, 1995	249,864
Bonds Retired	<u>15,240</u>
Bonds Payable at September 30, 1996	<u>\$ 234,624</u>

Bonds payable at September 30, 1996, are comprised of the following issues:

\$300,000 Wastewater Revenue Bonds dated April 1, 1980; due in annual installments of \$17,787, including principal interest through April 1, 2000; interest at 5%	<u>\$ 241,688</u>
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January 10, 1997

The Board of Commissioners
Waterworks District No. 7 of the
Parish of St. Mary, State of Louisiana
125 West Pershing
New Iberia, Louisiana 70560

Re: Management Letter

Gentlemen:

This letter offers suggestions and comments based on observations made during our examination of the District's component unit financial statements for the fiscal year ended September 30, 1996. We are forwarding copies of our report and this letter to the Legislative Auditor as required by Louisiana law.

The following item requires comment:

1. As mentioned in prior years' management letters, the District has been unable to meet the revenues test as required by the bond resolution. The bond resolution requires that revenues be provided, after paying all reasonable and necessary expenses of administering, operating and maintaining the water system, at least equal to 120% of the largest amount of principal and interest maturing in any future year. For fiscal year September 30, 1996 the required amount of revenues to be provided is \$21,144. The audit report shows the District with a net loss of \$8,816 for this year, therefore, they are not meeting the requirements of the revenues test. This test will continue to be applied until the outstanding bond issue is retired in 2020.

No other matters requiring comment have been noted by us, except as mentioned in our separate reports on compliance and internal control.

We would like to thank the District's board, staff, and accountants for their cooperation in the conduct of this audit.

Very truly yours,

Gaudry & Chauvin

Gaudry & Chauvin, CPAs

GURRY & CHAPMAN
CERTIFIED PUBLIC ACCOUNTANTS
1000 PINEBARK DRIVE, SUITE 200, MONROE, LOUISIANA 70132
P. O. BOX 1000 - SUITE 200, MONROE
FRANKLIN, LOUISIANA 70544

STATE OF LOUISIANA
OFFICE OF STATE AUDIT
1000 PINEBARK DRIVE, SUITE 200
MONROE, LOUISIANA 70132

MONROE, LOUISIANA
JAN 10 1997

**Independent Auditors' Report on Compliance
Based on an Audit of the General Purpose Financial
Statements Performed in Accordance with Government Auditing Standards**

Board of Commissioners
Waterworks District No. 7 of the
Parish of St. Mary, State of Louisiana
Jeanerette, Louisiana 70544

We have audited the general purpose financial statements of the Waterworks District No. 7 of the Parish of St. Mary, State of Louisiana, a component unit of St. Mary Parish, as of and for the year ended September 30, 1996, and have issued our report thereon dated January 10, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations and contracts applicable to Waterworks District No. 7 of the Parish of St. Mary, State of Louisiana is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of District's compliance with certain provisions of laws, regulations and contracts. However, the objective was not our audit was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

We noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated January 10, 1997.

This report is intended for the use of management of the District, the legislative Auditor of the State of Louisiana, and the management of St. Mary Parish. However, this report is a matter of public record and its distribution is not limited.

Gurry & Chapman
Certified Public Accountants

Franklin, Louisiana
January 10, 1997

GUERRY & CHALVIN
CERTIFIED PUBLIC ACCOUNTANTS
MEMBER NATIONAL ACCOUNTING CORPORATION
P. O. BOX 4008 - (2ND FLOOR) -
MONROE, LOUISIANA, U.S.A.

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Waterworks District No. 7 of the
Parish of St. Mary, State of Louisiana
Baton Rouge, Louisiana 70804

We have audited the accompanying general purpose financial statements of the Waterworks District No. 7, a component unit of the St. Mary Parish Council, State of Louisiana, as of September 30, 1936, and for the year then ended. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. 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 general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Waterworks District No. 7 of the Parish of St. Mary, State of Louisiana as of September 30, 1936, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements. Such information, except for the portion 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.

Guerry & Chalvin
Certified Public Accountants

Franklin, Louisiana
January 10, 1937