

## SUPPLEMENTARY INFORMATION

# ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1

## Schedule of Compensation Paid to Board Members For the Year Ended December 31, 1995

The schedule of compensation paid to the board of commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1978 Session of the Louisiana Legislature. Louisiana Revised Statute 33:7833 limits compensation paid to board members, with the approval of the board, for per diem and travel allowance to an amount not to exceed \$3000 per month.

Drey Acosta	10,000
Ervin Bailey, President	3,000
Stanley Daigle	3,000
John Debever	3,000
Esten Smith	<u>3,000</u>
	<u>\$18,000</u>

Supplemental schedule will be sent.

**ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1**

**Schedule of Operating Expenses  
For Year Ended December 31, 1995 and 1994**

	1995	1994
<b>SALARIES AND RELATED BENEFITS</b>		
Salaries	\$ 54,541	\$ 56,899
Payroll Taxes	4,783	4,320
	<u>61,324</u>	<u>61,179</u>
<b>SUPPLIES AND MATERIALS</b>		
Office Supplies	1,045	1,973
Postage	1,883	1,614
Equipment Rental	1,750	1,683
	<u>4,678</u>	<u>5,127</u>
<b>OTHER SERVICES AND CHARGES</b>		
Maintenance and Repair	4,358	3781
Legal and Professional Fees	9,162	12501
Commission	797	738
Public Notices	275	388
Bank Charges	344	231
Insurance	12,899	10798
Clean	388	192
Casual Labor	-	381
Telephone	2,699	2155
Utilities	2,081	1288
Commissioner's For Oem	15,000	14,875
Services	154	187
	<u>47,998</u>	<u>47,389</u>
<b>PLANT OPERATIONS</b>		
Maintenance	10,093	20,498
Supplies	7,521	8,814
Utilities	27,887	33,411
	<u>45,501</u>	<u>58,723</u>
<b>DEPRECIATION</b>	128,821	128,842
	<u>\$ 268,229</u>	<u>\$ 301,399</u>

Subject to independent auditor's report.

**REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

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

Members of the Board of Commissioners  
St. Martin Parish Water and Sewer Commission No. 1  
Stephensville, Louisiana

We have audited the component unit financial statements of St. Martin Parish Water and Sewer Commission No. 1 as of and for the year ended December 31, 1995, and have issued our report thereon dated February 27, 1996.

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 component unit financial statements are free of material misstatement.

The board of commissioners of St. Martin Parish Water and Sewer Commission No. 1 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 the board 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 the board of commissioners' authorization and recorded properly to permit the preparation of component unit 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 policies and procedures may deteriorate.

In planning and performing our audit of the component unit financial statements of St. Martin Parish Water and Sewer Commission No. 1 for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express an opinion.

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 judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of the board of commissioners in the component unit financial statements.

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 the 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. Reportable conditions and material weaknesses are presented in the reportable conditions and material weaknesses section of this financial report. A reportable condition involving the internal control structure and its operation, which we also consider to be a material weakness as defined above, is presented in the reportable conditions and material weaknesses section of this financial report. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the component unit financial statements of St. Martin Parish Water and Sewer Commission No. 1 for the year ended December 31, 1999.

In the prior audit as of and for the year ended December 31, 1994, reportable conditions relating to reconciliation of subsidiary ledgers to control accounts, approval of non-standard journal entries and certain payments for accrued vacation were reported. These findings have been satisfactorily resolved by the board of commissioners.

This report is intended for the information of the Board of Commissioners, the St. Martin Parish Police Jury and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*Blanchard ; St. Louis, MO*

February 27, 1999

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

Members of the Board of Commissioners  
St. Martin Parish Water and Sewer Commission No. 1  
Stephensville, Louisiana

We have audited the component unit financial statements of St. Martin Parish Water and Sewer Commission No. 1 as of and for the year ended December 31, 1986, and have issued our report thereon dated February 27, 1988.

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 component unit financial statements are free of material misstatement.

Compliance with laws, regulations, and contracts, applicable to St. Martin Parish Water and Sewer Commission No. 1 is the responsibility of the board of commissioners of St. Martin Parish Water and Sewer Commission No. 1. As part of obtaining reasonable assurance about whether the component unit financial statements are free of material misstatement, we performed tests of the Commission's compliance with certain provisions of laws, regulations, and contracts. However, the objective of our audit of the component unit financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

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

This report is intended for the information of the Board of Commissioners, the St. Martin Parish Police Jury, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*Authentic & Pertinent (CA)*

February 27, 1988

**REPORTABLE CONDITIONS AND MATERIAL WEAKNESSES**



# ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1

Schedule of Reportable Conditions and Material Weaknesses  
For the Year Ended December 31, 1995

## MATERIAL WEAKNESS

### Segregation of Duties

**Condition:** The number of individuals in the commission's financial and accounting department preclude adequate segregation of duties.

**Criteria:** Internal control structures are designed and implemented to provide for proper recording of transactions, the timely detection of errors, and the preparation of financial statements in accordance with generally accepted accounting principles.

**Cause:** The cause of the condition is a failure in the design of the internal control structure.

**Effect:** The effect of the condition is that errors and/or irregularities, which may be material to the component unit financial statements taken as a whole, may occur and not be timely detected.

**Recommendation:** We recommend that the commission consider implementing procedures, such as secondary controls, which may provide for the timely detection of errors and/or irregularities.

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**ST. MARTIN PARISH  
WATER AND SEWER COMMISSION NO. 1**

Financial Report

For the Years Ended December 31, 1985 and 1984

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 7-28-86

**ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1****C O N T E N T S**

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## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Commissioners  
St. Martin Parish Water and Sewer Commission No. 1  
Stephensville, Louisiana

We have audited the accompanying component unit financial statements of St. Martin Parish Water and Sewer Commission No. 1, a component unit of the St. Martin Parish Police Jury, as of December 31, 1995 and 1994 and for the years then ended as listed in the foregoing table of contents. These component unit financial statements are the responsibility of the Board of Commissioners of St. Martin Parish Water and Sewer Commission No. 1. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audits 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 component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Commissioners, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to in the first paragraph present fairly, in all material respects the financial position of St. Martin Parish Water and Sewer Commission No. 1 as of December 31, 1995 and 1994, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated February 27, 1996 on our consideration of the internal control structure of St. Martin Parish Water and Sewer Commission No. 1 and a report dated February 27, 1996 on its compliance with laws and regulations.

Our audits were made for the purposes of forming an opinion on the component unit financial statements taken as a whole. The accompanying supplementary information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the component unit financial statements of St. Martin Parish Water and Sewer Commission No. 1. Such information has been subjected to the auditing procedures applied in the audits of the component unit financial statements and, in our opinion, are fairly presented in all material respects in relation to the component unit financial statements taken as a whole.

*Richard J. Thibodeaux*

February 27, 1999

**COMPONENT UNIT FINANCIAL STATEMENTS**

**ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1**

**Balance Sheet  
December 31, 1990 and 1984**

**ASSETS**

	1990	1984
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents (Note 2)	\$ 204,763	\$ 212,684
Accounts Receivable	1,574	3,098
Ad Valorem Taxes Receivable (Note 3)	180,595	142,247
Due from Other Governmental Units	740	2,134
Prepaid Expenses	8,238	8,188
Restricted Assets (Note 4):		
Cash (Note 2)	181,869	302,710
Ad Valorem Taxes Receivable (Note 3)	258,917	353,121
Total Current Assets	<u>647,735</u>	<u>774,882</u>
<b>PROPERTY, PLANT, AND EQUIPMENT (Note 5)</b>	<b>3,287,422</b>	<b>3,414,548</b>
<b>OTHER ASSETS</b>		
Deferred Bond Issue Costs (Note 6)	23,438	23,244
Deposits	715	715
Total Other Assets	<u>24,153</u>	<u>23,959</u>
<b>Total Assets</b>	<b>\$ 4,129,344</b>	<b>\$ 4,213,408</b>

**LIABILITIES AND FUND EQUITY**

**LIABILITIES**

<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 3,482	\$ 1,908
Accrued Liabilities	12,880	8,588
Payable from Restricted Assets:		
Current Maturities of Long Term Debt (Note 6)	128,417	118,553
Accrued Interest	47,594	51,441
Deduction from Ad Valorem Taxes	7,680	8,084
Refundable Deposits	3,485	3,588
Total Current Liabilities	<u>293,658</u>	<u>193,214</u>
<b>LONG-TERM DEBT (Note 6)</b>		
General Obligation Refunding Bonds Payable	1,844,345	1,965,023
Revenue Bonds Payable	858,808	872,248
Total Long Term Debt	<u>2,703,153</u>	<u>2,837,271</u>
Total Liabilities	<b>3,208,648</b>	<b>3,219,675</b>
<b>FUND EQUITY</b>		
Contributed Capital (Note 8)	158,207	158,678
Retained Earnings:		
Reserved for Bond Retirement (Note 10)	225,570	224,659
Designated (Note 11)	54,842	83,114
Unreserved and Undesignated (Note 12)	1,534,843	1,423,888
Total Retained Earnings	<u>1,815,255</u>	<u>1,731,761</u>
Total Fund Equity	<u>1,025,892</u>	<u>1,064,492</u>
Total Liabilities and Fund Equity	<b>\$ 4,129,344</b>	<b>\$ 4,213,408</b>

The accompanying notes are an integral part of this statement.

**ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1**

**Statement of Revenues, Expenses, and Changes in Retained Earnings  
For Year Ended December 31, 1995 and 1994**

	1995	1994
<b>OPERATING REVENUES</b>		
Ad Valorem Taxes	\$ 132,878	\$ 145,001
Sewer User Fees	89,709	73,998
Water Maintenance Fees	9,448	8,230
Total Operating Revenues	<u>232,035</u>	<u>227,229</u>
<b>OPERATING EXPENSES</b>		
Salaries and Related Benefits	61,304	61,119
Supplies and Materials	4,355	5,193
Other Services and Charges	47,898	47,369
Plant Operations	45,501	58,723
Depreciation	128,821	128,843
Total Operating Expenses	<u>288,679</u>	<u>301,247</u>
Operating Loss	<u>(56,644)</u>	<u>(74,018)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Ad Valorem Taxes	217,603	208,297
Bad Debts	-	(3,693)
Bond Interest and Fiscal Charges	(148,731)	(162,499)
Bond Issue Costs	(1,888)	(1,888)
Interest Income	14,185	11,180
Total Non-Operating Revenues (Expenses)	<u>60,179</u>	<u>49,097</u>
Net Income (Loss)	<u>26,528</u>	<u>(24,921)</u>
Depreciation on Fixed Assets Acquired by Contributed Capital	<u>17,033</u>	<u>17,033</u>
Increase (Decrease) in Retained Earnings	<u>43,561</u>	<u>(7,888)</u>
Retained Earnings, Beginning	<u>1,741,760</u>	<u>1,749,648</u>
Retained Earnings, Ending	<u>\$ 1,785,321</u>	<u>\$ 1,741,760</u>

The accompanying notes are an integral part of this statement.



**ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1**

**Statement of Cash Flows**  
**For Year Ended December 31, 1995 and 1994**

	1995	1994
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Fees	\$ 82,413	\$ 79,548
Cash Received from Taxes	134,720	147,557
Cash Paid for Goods and Services	(180,502)	(117,598)
Cash Paid to Employees	(54,103)	(58,291)
Net Cash Provided by Operating Activities	<u>62,488</u>	<u>61,216</u>
<b>CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES</b>		
Cash Received from Taxes	181,311	200,950
Cash Purchases of Equipment	569	-
Principle Paid on Bonds	(117,073)	(112,478)
Interest Paid on Bonds	(140,747)	(154,478)
Fiscal Charges Paid	(388)	(512)
Net Cash Used for Capital and Financing Activities	<u>(74,877)</u>	<u>(67,958)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received on Cash and Cash Equivalents	<u>13,795</u>	<u>11,150</u>
Net Increase in Cash	1,390	401
Cash and Cash Equivalents and Restricted Cash, Beginning	<u>413,274</u>	<u>414,873</u>
Cash and Cash Equivalents and Restricted Cash, Ending	\$ <u>414,664</u>	\$ <u>415,274</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Loss	\$ (63,697)	\$ (73,584)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities		
Depreciation	128,821	128,042
Allowances for Uncollectibles	1,059	184
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	1,678	(1,090)
(Increase) Decrease in Ad Valorem Taxes Receivable	(79,317)	2,372
(Increase) Decrease in Due from Other Governmental Units	1,588	(1,407)
(Increase) Decrease in Prepaid Expenses	(170)	(2,762)
Increase (Decrease) in Accounts Payable	5,864	(1,184)
Increase (Decrease) in Accrued Liabilities	2,970	1,357
Increase (Decrease) in Refundable Sewer Deposits	(215)	(185)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ <u>62,488</u>	\$ <u>61,216</u>

The accompanying notes are an integral part of this statement.

# ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1

## Notes to Financial Statements

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

St. Martin Parish Water and Sewer Commission No. 1, State of Louisiana (hereinafter the Commission) was created under the provisions of Louisiana Revised Statutes 33:7831 by ordinance issued by the St. Martin Parish Police Jury on March 2, 1963. The provision of the ordinance, for such purposes, were effective January 1, 1963.

The Commission is authorized to operate, maintain, improve, extend and/or dispose of all works and facilities for water, sewer, and sewage treatment or disposal facilities and systems within the boundaries of Police Jury Ward 6 of St. Martin Parish.

The Commission is governed by a board of five commissioners appointed by the St. Martin Parish Police Jury.

The financial statements of the Commission 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.

The more significant of the Commission's accounting policies are described below.

#### **Reporting Entity**

As the governing authority of the parish, for reporting purposes, the St. Martin Parish Police Jury is the financial reporting entity for St. Martin Parish. The financial reporting entity consists of (a) the primary government (police jury), (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 exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. Martin Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

- Appointing a voting majority of an organization's governing body, and
  - The ability of the police jury to impose its will on that organization and/or
  - The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
- Organizations for which the police jury does not appoint a voting majority but are financially dependent on the police jury.

# ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1

## Notes to Financial Statements

- 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 police jury appoints the Commission's governing body, the Commission was determined to be a component unit of the St. Martin Parish Police Jury, the financial reporting entity. The accompanying component unit financial statements present information only on the funds maintained by the Commission and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

### Fund Accounting

The Commission 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 (a) 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), or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

### 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

All ad valorem taxes are recorded in the year the taxes are due and payable. Ad Valorem taxes are assessed on a calendar year basis, become due in November of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February of the fiscal year.

Sewer User fees are recorded in the month the charges are due and payable. Sewer user fees are generally billed within the first week of the month and become delinquent on the last day of the month.

Interest earnings are susceptible to accrual and are recorded when earned.

Substantially all other revenues are recorded when received.

#### EXPENSES

Expenditures are recorded at the time the related liabilities are incurred.

# ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1

## Notes to Financial Statements

### Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest bearing demand deposits. Cash equivalents include amounts in time deposits having a maturity of three months or less when purchased. 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 and national banks having their principal offices in Louisiana.

### Prepaid Expenses

The Commission records prepayments, such as insurance, as an asset on the balance sheet and systematically recognizes an expense ratably over the term of the prepayment.

### Restricted Assets

Certain proceeds of enterprise fund 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.

### Fixed Assets

Fixed assets are recorded at cost or, if contributed property, at their estimated fair value at time of contribution. Infrastructure fixed assets consisting of the water distribution and sewerage system are capitalized along with other fixed assets. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation of all exhaustible fixed assets used by enterprise funds is charged as an expense against operations; and accumulated depreciation is reported on the balance sheet. Depreciation rates based provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	20 years
Office Equipment	5 years
Machinery and Equipment	5-7 years
Improvements Other than Buildings	10 years
Sewerage Treatment Plant	40 years
Water Distribution System	40 years

The recognition of depreciation begins upon placement of the asset into useful operation.

### Capitalized Interest

The Commission capitalizes net interest costs and interest earned as part of the cost of constructing various water and sewer projects when material.

### Bad Debts

Uncollectible amounts due from ad valorem taxes are recognized as bad debts through the establishment of an allowance account at the time information becomes available indicating the uncollectibility of the receivable.

# ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1

## Notes to Financial Statements

### Compensated Absences

Employees of the commission earn from seven and one-half to thirteen and one-half days of vacation and seven and one-half to thirteen and one-half days of sick leave each year, depending on length of service with the commission. All unused vacation and sick leave shall be carried forward to the succeeding fiscal year.

At December 31, 1995 employees of the commission have accumulated \$5,201 of vacation and sick leave benefits. This amount is included as a component of accrued liabilities on the balance sheet.

### NOTE 2 - CASH AND CASH EQUIVALENTS

At December 31, 1995, the commission has cash and cash equivalents and restricted cash (bank balances) totaling \$418,662, as follows:

Petty Cash	\$	100
Demand Deposits		47,228
Time deposits		<u>369,334</u>
		<u>\$ 418,662</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits for the resulting bank balances must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1995, the Commission has \$418,528 in deposits (bank balances). These deposits are secured from risk by \$182,020 of federal deposit insurance and \$237,508 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 2).

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 ten days of being notified by the Commission. Yet the depositing bank has failed to pay deposited funds upon demand.

**ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1**

**Notes to Financial Statements**

**NOTE 3 - AD VALOREM TAXES**

The following is a summary of authorized and levied ad valorem tax millages:

	<u>Authorized/ Levied Millage</u>
<b>Districts:</b>	
<b>Maintenance-</b>	
St. Martin Parish Sewerage District No. 1	5.11
St. Martin Parish Waterworks District No. 2	5.00
<b>Special Assessment-</b>	
St. Martin Parish Sewerage District No. 1	5.17
<b>Bond and Interest-</b>	
St. Martin Parish Sewerage District No. 1	18.75
St. Martin Parish Waterworks District No. 2	7.25

Levied millages for bond and interest taxes are restricted to payment of principal and interest on general obligations refunding bonds and reported as non-operating revenue on the statement of revenues, expenses and changes in retained earnings.

Ad valorem taxes for the maintenance and special assessment millages are reported as operating revenue on the statement of revenues, expenses and changes in retained earnings.

Total taxes of \$225,239 were levied on property having assessed taxable valuations totaling \$8,943,873. At December 31, 1995, ad valorem taxes receivable consisted of the following:

	<u>Non- Residential</u>	<u>Residential</u>	<u>Total</u>
Ad Valorem Taxes Receivable	\$ 185,410	\$ 214,890	\$ 400,300
Allowance for Uncollectible	<u>(16,000)</u>	<u>(9,870)</u>	<u>(25,870)</u>
	<u>\$ 169,410</u>	<u>\$ 205,020</u>	<u>\$ 374,430</u>

# ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1

## Notes to Financial Statements

### NOTE 4 - COMPONENTS OF RESTRICTED ASSETS

At December 31, 1995, the following comprise restricted assets:

	Cash	All return Taxes Payable	Total
<b>St. Martin Parish Sewerage District No. 1</b>			
General Obligation Refunding Bonds	\$ 55,111	\$ 71,668	\$ 126,779
Revenue Bond & Interest Sinking Fund	43,804		43,804
Revenue Bond Reserve Fund	13,203		13,203
Depreciation and Contingency Fund	15,014		15,014
Special Assessment	44,808		44,808
Retainable Deposits	2,790		2,790
	<u>252,530</u>	<u>71,668</u>	<u>324,198</u>
<b>St. Martin Parish Waterworks District No. 2</b>			
General Obligation Refunding Bonds	52,017	57,129	\$ 109,146
Retainable Deposits	625		625
	<u>52,642</u>	<u>57,129</u>	<u>\$ 109,771</u>
	<u>\$ 305,172</u>	<u>\$ 128,797</u>	<u>\$ 433,969</u>

### NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

The following is a summary of the Commission's fixed assets at December 31, 1995:

Land	\$ 91,117
Buildings	65,697
Office Equipment	18,968
Machinery and Equipment	40,116
Improvements other than Buildings	791
Sewerage Treatment Plant	3,204,127
Water Distribution System	3,128,728
	<u>4,593,542</u>
Less: Accumulated Depreciation	<u>13,312,120</u>
	<u>\$ 3,281,422</u>

Depreciation expense for the year ended December 31, 1995 totaled \$126,321.

### NOTE 6 - DEFERRED BOND ISSUE COSTS

As described in Note 8, the Commission issued general obligation refunding bonds, series 1991 and revenue bonds in previous years. Expenses, primarily legal fees, were incurred in connection with the issuance of the bonds. Accounting Principle Board Statement 21 requires such costs to be reported as deferred charges on the balance sheet and amortized from the date of sale until the maturity of the obligation.

# ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1

## Notes to Financial Statements

A) December 31, 1995, the Commission has unamortized deferred bond issue costs as follows:

Bond Issue Costs-	
General Obligation Refunding Bonds, Series 1991	\$ 18,399
Revenue Bonds	<u>15,371</u>
	33,770
Amortization Recognized	<u>11,229</u>
	<u>\$ 22,541</u>

For the year ended December 31, 1995, amortization recognized for the general obligation refunding bonds, series 1991 and the revenue bonds totaled \$1,378 and \$613, respectively.

### NOTE 7 - PENSION PLAN

Substantially all employees of the Commission are members of the Parochial Employees Retirement System of Louisiana (System), a multiple-employer (cost-sharing), public employee retirement system (PERSL) controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the Commission are members of Plan A.

All permanent employees working at least twenty-eight hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age sixty with at least ten years of creditable service, or at or after age fifty-five with at least twenty-five years of creditable service, or at any age with at least thirty years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to three per cent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1990, the benefit is equal to one per cent of final average salary plus twenty-four dollars for each year of supplemental-plan-only service earned before January 1, 1990. Final average salary is the employee's average salary over the thirty-six consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

Contributions to the System include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.



**ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1**

**Notes to Financial Statements**

The following provides certain disclosures for the Commission and the retirement system that are required by GASB Codification Section 920.126:

Year Ended December 31, 1995

	<u>PLAN A</u>	
Total Current-year payroll		\$ 58,541
Total current-year covered payroll		\$ 47,641
<b>Contributions:</b>		
<b>Required by statute:</b>		
Employee	9.50%	\$ 4,507
Employer	<u>8.00%</u>	<u>3,788</u>
<b>Total</b>	<u>17.50%</u>	<u>\$ 8,295</u>
<b>Actual:</b>		
Employee	9.50%	\$ 4,507
Employer	<u>8.00%</u>	<u>3,788</u>
<b>Total</b>	<u>17.50%</u>	<u>\$ 8,295</u>

Year Ended December 31, 1994

<b>Retirement System</b>	
Net Assets	\$ 587,626,304
Pension benefit obligation	<u>(551,558,555)</u>
Unfunded pension benefit obligation	<u>\$ 36,067,749</u>

The pension benefit obligation is presented as of December 31, 1994 because the December 31, 1995 information is not available. The pension benefit obligation is a standardized measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rated benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The System does not make separate measurements of assets and pension benefit obligations for individual employers.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's December 31, 1994, comprehensive annual financial report. The commission does not guarantee the benefits granted by the System.

# ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1

## Notes to Financial Statements

### NOTE B - LONG TERM DEBT

On April 23, 1987, St. Martin Parish Waterworks District No. 2 issued \$655,000 in General Obligation Refunding Bonds, Series 1987 to defease 4045,000 of 1983 General Obligation bonds.

On September 28, 1991, St. Martin Parish Sewerage District No. 1 issued 4000,000 in General Obligation Refunding Bonds, Series 1991 to defease 1985,000 of 1983 General Obligation Bonds.

On July 18, 1992, St. Martin Parish Sewerage District No. 1 issued \$1,000,000 of Sewer Revenue Bonds to the United States Department of Agriculture's Farmers Home Administration (FARM).

The following is a summary of bond transactions of the Commission for the year ended December 31, 1995:

	General Obligation Refunding	Revenue	Total
Bond payable at January 1, 1995	\$ 1,240,919	\$ 585,399	\$ 1,826,318
1995 Bond payments	(195,000)	(12,000)	(207,000)
1995 Amortization of Bond Discount	4,285	_____	4,285
Bonds Payable at December 31, 1995	<u>\$ 1,129,264</u>	<u>\$ 573,399</u>	<u>\$ 1,702,663</u>

Current maturities of long term debt are as follows:

General Obligation Refunding Bonds-	
Series 1987	\$ 50,000
Series 1991	86,000
	<u>136,000</u>
Revenue Bonds	\$ 566,663
	<u>\$ 702,663</u>

# ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1

## Notes to Financial Statements

General obligation refunding bonds outstanding at December 31, 1995 consist of the following individual issues:

### District Bonds:

St. Martin Parish Sewerage District No. 1 - \$800,000 serial bonds, Series 1991, due in annual principal installments ranging from \$15,000 to \$120,000 through March 2003, interest rate is variable from 7.5% to 12.0% per annum	\$810,000
St. Martin Parish Waterworks District No. 2 - \$535,000 serial bonds, Series 1997, due in annual principal installments ranging from \$18,000 to \$60,000 through June 2003, interest rate is variable from 5.5% to 6.25% per annum	535,000 1,595,000
Less: Unamortized Discount	(1,302,751) <u>\$1,042,249</u>

The general obligation refunding bonds constitute general obligations of St. Martin Parish Sewerage District No. 1 and St. Martin Parish Waterworks District No. 2. The Commission is bound under the terms of its creating ordinance to comply with all provisions of law and the resolutions adopted April 23, 1987 and September 5, 1997 authorizing the issuance of the general obligation refunding bonds of St. Martin Parish Sewerage District No. 1 and St. Martin Parish Waterworks District No. 2, respectively. The resolutions and provisions of law require the Commission to impose and collect annually a tax on all the property subject to taxation within the territorial limits of the respective districts, sufficient to pay the principal of and interest on the bonds falling due each year.

In accordance with Louisiana Revised Statute 28:660 the Commission is legally restricted from incurring long-term bonded debt in excess of 25% of the assessed value of taxable property. At December 31, 1995, the statutory limit is \$2,235,948 and the outstanding bonded debt funded by ad valorem taxes total \$1,150,000.

Revenue bonds payable at December 31, 1995 consist of the following individual issue:

### District Bonds:

St. Martin Parish Sewerage District No. 1 - \$1,000,000 serial bond payable to FHHA due in annual installments of \$75,000 through July 2022, interest rate at 6.375% per annum	\$ 825,225
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The Revenue Bonds constitute a special obligation of the St. Martin Parish Sewerage District No. and are secured and payable in principal and interest to the Farmers Home Administration exclusively by a pledge of the income and revenues derived or to be derived from the operation of the system.

# ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1

## Notes to Financial Statements

The bond resolution adopted May 6, 1981 authorizing the issuance of the Sewer Revenue Bonds provide that the revenue of the system are to be used first to pay all reasonable and necessary expenses of operating and maintaining the system and second to establish and maintain certain sinking and reserve funds. These funds include a Revenue Bond and Interest Sinking Fund to which one-twelfth of the total amount of principal and interest falling due in the ensuing year is transferred; a Revenue Bond Reserve Fund to which five percent of the amount paid into the Revenue and Interest Sinking Fund is transferred until such time as there has been accumulated a sum equal to the highest principal and interest falling due in any year; and a Depreciation and Contingency Fund to which a fixed amount is transferred to cover depreciation, extensions, additions, improvements, and replacements necessary to operate the system.

Transfers to the sinking and reserve funds are required on a monthly basis. No amounts may be withdrawn or transferred, with the exception of bond principal and interest payments, without the prior written consent of the Parish's Home Administration.

The resolution also contains certain provisions requiring the commission to fix and maintain such rates and collect such fees which will provide revenues, after paying all reasonable and necessary expenses of operating and maintaining the system, at least equal to 120 percent of the largest amount of principal and interest maturing on the bonds. For the year ended December 31, 1995, revenues generated by the system, including ad valorem tax revenues totaled \$222,887; operating and maintenance expenses totaled \$78,900. The calculated revenue bond coverage based upon the largest amount of principal and interest maturing on the bonds being \$76,900 was 188 percent.

The annual requirements to amortize all debt outstanding as of December 31, 1995, including interest payable of 4390,495 for the general obligation refunding bonds and 41,891,802 for the revenue bonds are as follows:

Year Ending December 31	General		
	Obligation Refunding	Program	Total
1996	\$ 152,366	\$ 76,900	\$ 229,266
1997	169,815	76,900	246,715
1998	191,560	76,900	268,460
1999	197,385	76,900	274,285
2000	197,216	76,900	274,116
2001-2005	562,091	382,900	944,991
2006-2010	-	382,900	382,900
2011-2015	-	382,900	382,900
2016-2020	-	382,900	382,900
Thereafter	-	193,527	193,527
	<u>\$ 1,590,495</u>	<u>\$ 2,088,027</u>	<u>\$ 3,678,522</u>

# ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1

## Notes to Financial Statements

### NOTE 12 - CONTINGENCIES

The Commission operates a sewerage plant which is regulated by the Department of Environmental Quality and the Environmental Protection Agency. In the opinion of the Board of Commissioners, all applicable regulations have received full compliance, however, due to the complexity of the regulations, differing interpretations of the regulations by DED and/or the EPA may result in instances of noncompliance.

The commission currently has a class action lawsuit pending in district court. The lawsuit is seeking unspecified awards for damages sustained by plaintiffs in connection with the Belle River sewer expansion project. In the opinion of the Commission's legal counsel, the impact of the lawsuit is currently undeterminable.