

COMMUNICATIONS SECTION
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**PARISH OF IBERVILLE, LOUISIANA
WATERWORKS DISTRICT NO. 3**

ANNUAL FINANCIAL REPORT

MARCH 31, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 6-16-04

PARISH OF IBERVILLE, LOUISIANA--WATERWORKS DISTRICT NO. 3
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To the Board of Waterworks Commissioners of the
Parish of Iberville, Louisiana - Waterworks District No. 3

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the business-type activities of the Parish of Iberville, Louisiana - Waterworks District No. 3, a component unit of the Iberville Parish Council, as of and for the year ended March 31, 2004, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

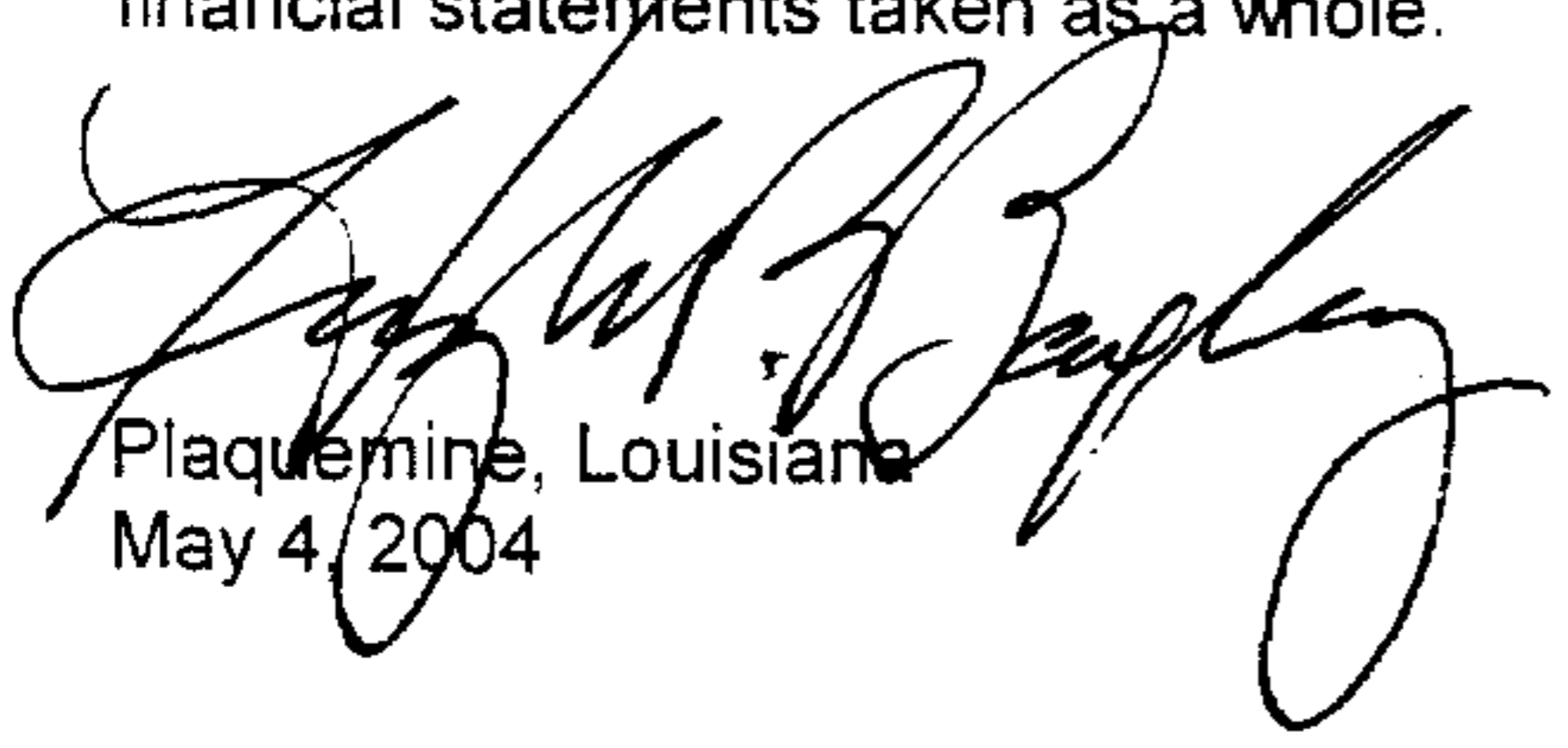
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Parish of Iberville, Louisiana - Waterworks District No. 3 as of March 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 4, 2004, on our consideration of the Parish of Iberville, Louisiana - Waterworks District No. 3's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 Management's Discussion and Analysis on pages 5 through 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

INDEPENDENT AUDITORS' REPORT (continued)

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Parish of Iberville, Louisiana - Waterworks District No. 3. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Plaquemine, Louisiana
May 4, 2004

REQUIRED SUPPLEMENTARY INFORMATION

Managements Discussion and Analysis

Managements Discussion and Analysis

As management of the Iberville Parish Water District No. 3, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended March 31, 2004.

Financial Highlights

- The assets of the Iberville Parish Water District No. 3 exceeded its liabilities at the close of the most recent fiscal year by \$3,706,359 (*net assets*). Of this amount, \$238,206 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The District's total net assets increased by \$505,795. The increase is due to more efficient management of the districts resources. Revenues and other sources increased by \$449,474. The primary reason for the increase in revenue was the capital contribution by Georgia Gulf on the Water Well projects. Expenses and other uses decreased by almost \$13,919. The fall in expenses are related to more efficient chemical treatment, a reduction in administrative costs and more efficient use of the treatment plant.
- The District's total debt decreased by \$112,753 due to the retirement of principal on four revenue bonds.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Iberville Parish Water District No. 3's basic financial statements. The District's basic financial statements comprise two components: 1) proprietary fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Proprietary Fund Financial Statements

Proprietary funds provide the same type of information as the conventional government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate

information for the water operation, which is considered to be the only major fund of Iberville Water District No. 3.

The *proprietary fund financial statements* are designed to provide readers with a broad overview of Iberville Parish Water District No. 3's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of revenues expenditures and changes in net assets* present information showing how the entity's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*

The business-type activities of the Iberville Water District No. 3 are conducted through the Iberville Parish Council Utility Department and they include only water operations. The district has no component units or separate fund types.

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Iberville Parish Water District No. 2, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District uses only the only enterprise fund types of proprietary funds.

An *Enterprise fund* is a proprietary fund type used to report an activity for which a fee is charged to external users for the consumption and/or purchase of goods or services.

The basic proprietary fund financial statements can be found on pages 13-16 of this report

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-24 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Parish of Iberville, Louisiana, Waterworks District No. 3's progress in funding its obligations. Other supplementary information can be found on page 26-32 of this report.

Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Iberville Parish Water District No. 3, assets exceeded liabilities by \$3,706,359 at the close of the most recent fiscal year.

By far the largest portion of the District's net assets (81 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens. Consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it is not an expendable resource. The resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Iberville Parish Water District No. 3

Table 1

Net Assets

	<u>Business - type activities</u>	
	<u>2004</u>	<u>2003</u>
Current and other assets	\$ 995,849	\$ 967,065
Capital assets	<u>5,475,337</u>	<u>514,2029</u>
Total assets	<u>6,471,186</u>	<u>6,109,094</u>
Long-term liabilities outstanding	2,474,898	2,587,651
Other liabilities	<u>289,929</u>	<u>320,879</u>
Total liabilities	<u>2,764,827</u>	<u>2,908,530</u>
Net assets:		
Invested in capital assets, net		
Of related debt	3,000,439	2,554,378
Restricted	467,714	426,492
Unrestricted	<u>238,206</u>	<u>219,694</u>
Total net assets	<u>\$ 3,706,359</u>	<u>\$ 3,200,564</u>

A portion of Iberville Parish Water District No. 3's net assets \$467,714 (13 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$238,206 (6 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Iberville Parish Water District No. 3 was able to report positive balances in its net assets. The same situation held true for the prior fiscal year.

Key elements of this increase are as follows:

Iberville Parish Water District No. 3

Table 2
Changes in Net assets

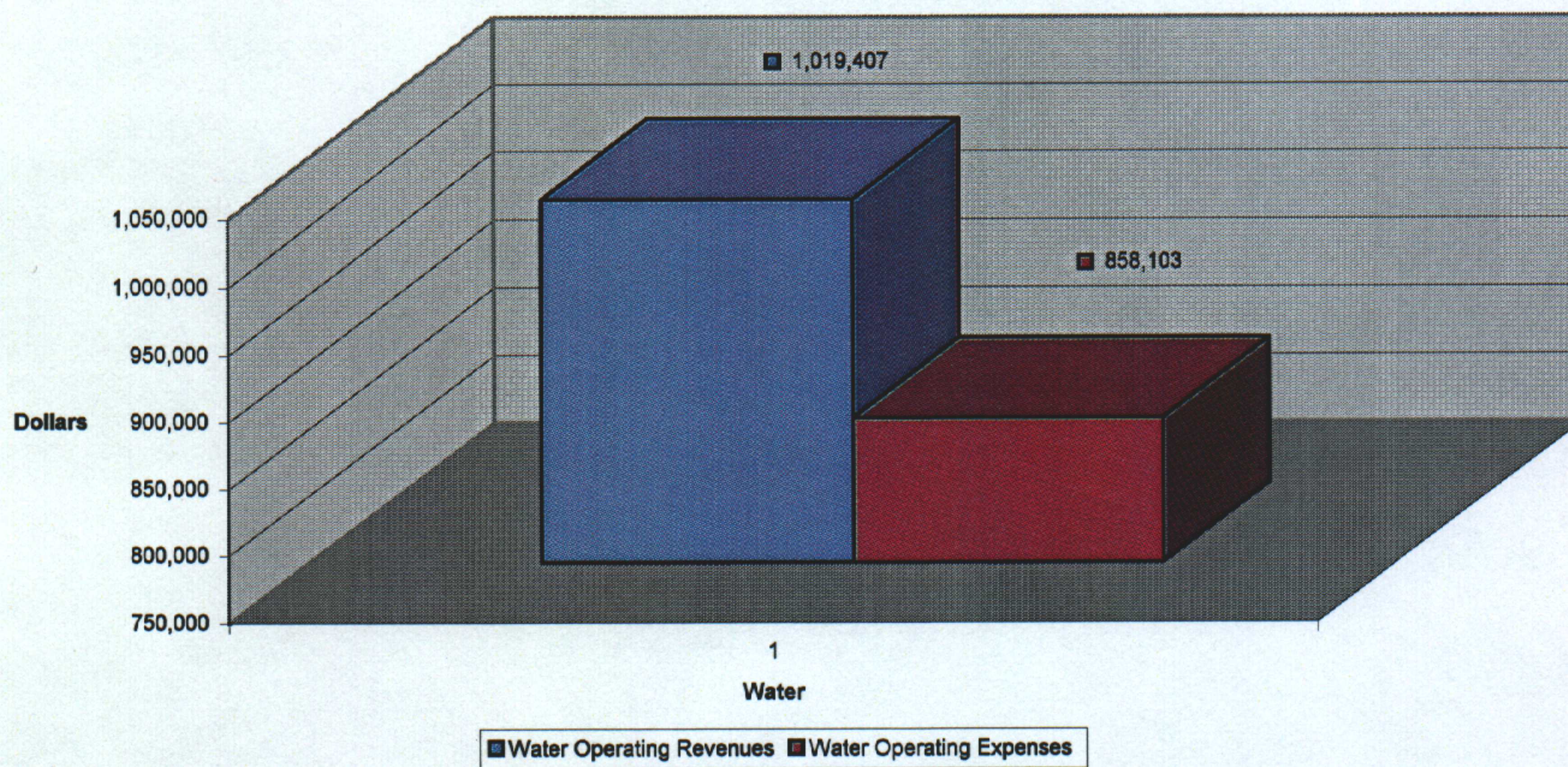
	<u>Business - type activities</u>	
	<u>2004</u>	<u>2003</u>
Revenues		
Program revenues		
Charges for services	1,019,407	956,380
Operating grants - Federal	0	0
Capital contributions	469,760	78,790
Other general revenues	<u>18,181</u>	<u>22,704</u>
Total Revenues	<u>1,507,348</u>	<u>1,057,874</u>
Other expenditures	1,784	1,784
Interest on long term debt	141,666	149,349
Water	<u>858,103</u>	<u>864,339</u>
Total Expenses	<u>1,001,553</u>	<u>1,015,472</u>
Increase (decrease) in net		
Assets	505,795	42,402
Net Assets Beginning	<u>3,200,564</u>	<u>3,158,162</u>
Net Assets Ending	<u>3,706,359</u>	<u>3,200,564</u>

The government's total net assets increased by \$505,795. The increase is due to more efficient management of the districts resources. Revenues and other sources increased by \$449,474. Expenses and other uses decreased by almost \$13,919. At the same time, depreciation increased, and major maintenance programs were completed.

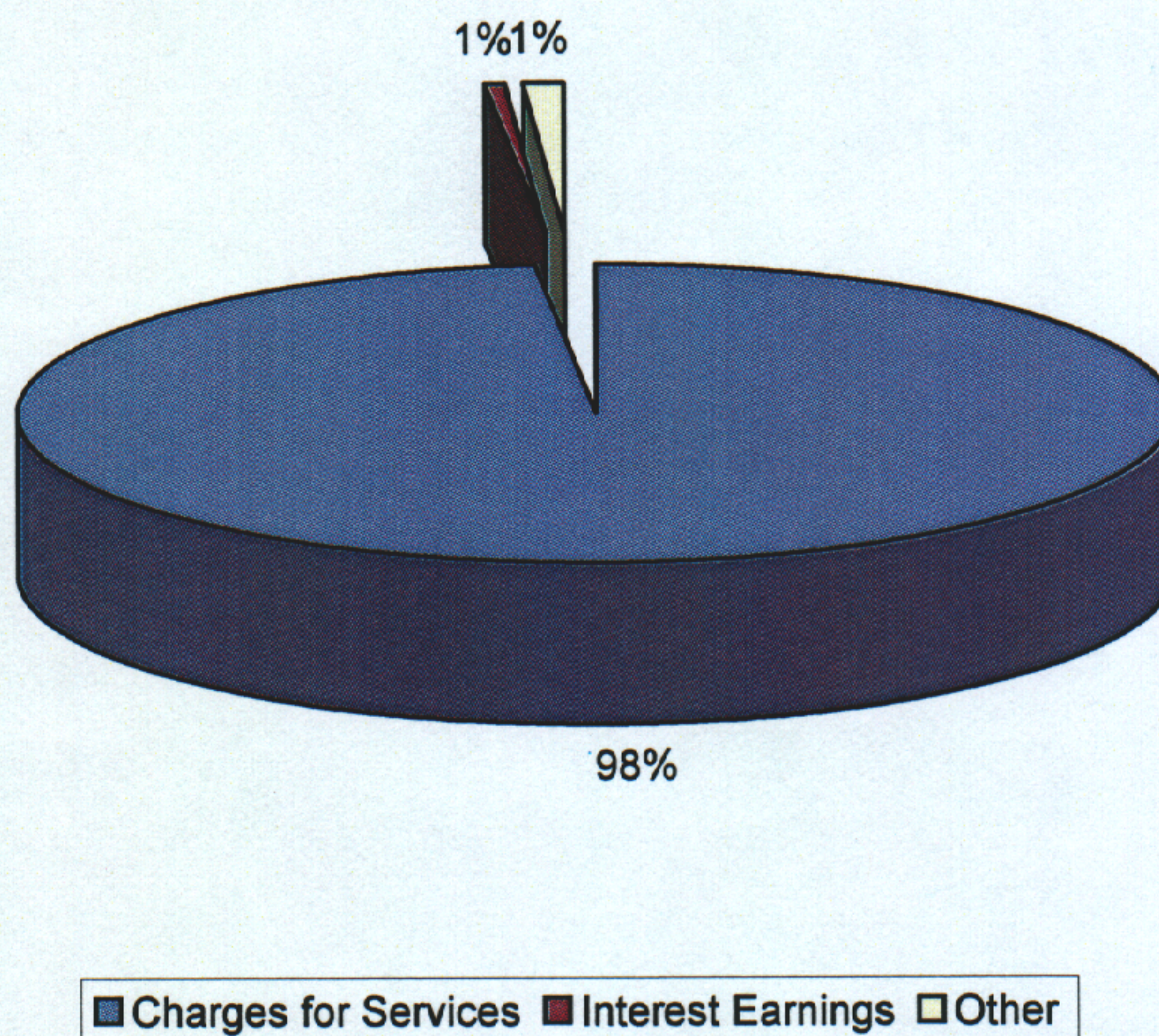
The Water district received \$15,419 and \$454,341 capital contributions from their customers and Georgia Gulf Corporation. The grant and contributed capital are related to the completion of various infrastructure projects to address water concerns. The difference in a non-operating grant and contributed capital is a restriction on the use of the funds.

Other factors concerning the finances of this fund have already been addressed in the discussion of the Iberville Parish Water District No. 3's business-type activities.

**Iberville Parish Water District No. 3
2004 Expenses and Program Revenues - Business Type Activities**



Revenues by Source - Business Type Activities



Capital Asset and Debt Administration

Capital assets

The Iberville Parish Water District No. 3's investment in capital assets for its business type activities as of March 31, 2004, amounts to \$5,475,337 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment. The total increase in the Iberville Parish Water District No.3's investment in capital assets for the current fiscal year was \$333,308.

Major capital asset events during the current fiscal year included the following:

Iberville Parish Water District No. 3

Table 3

Water District No. 3 - Capital Assets (Net of depreciation)

	<u>Business - type activities</u>	
	<u>2004</u>	<u>2003</u>
Land	\$ 35,401	\$ 35,425
Buildings and system	<u>5,439,936</u>	<u>5,106,604</u>
Total	<u>\$ 5,475,337</u>	<u>\$ 5,142,029</u>

Additional information on the Iberville Parish Water District No. 3's capital assets can be found on page 28 of this report.

Long-term debt

At the end of the current fiscal year, the Iberville Parish Water District No. 3 had total debt outstanding of \$2,474,898 comprised entirely of revenue bonds for which the district is liable.

Iberville Parish Water District No. 3

Table 4

Iberville Parish Council - Outstanding Debt General Obligation and Revenue Bonds

	<u>Business - type activities</u>	
	<u>2004</u>	<u>2003</u>
Revenue Bonds	\$ 2,474,898	\$ 2,587,651
Total	<u>\$ 2,474,898</u>	<u>\$ 2,587,651</u>

Additional information on the Iberville Parish Water District No. 3's long-term debt can be found on pages 19-21 of this report.

Economic Factors and Next Years Rates:

- The parish is heavily dependent upon the chemical industry. Iberville Water District No. 3 has begun supplying water to Georgia Gulf Corp. during the 2003 calendar year. This has increased operating revenue by an average of \$10,000/month. Georgia Gulf provided contributed capital for the District to provide them with water.
- The district has not increased rates since 1999 and did not propose a rate increase for 2004.

These factors were considered in preparing the Iberville Parish Water District No. 3's budget for the 2004 fiscal year.

During the current fiscal year, unrestricted net assets increased by \$18,512 to \$238,206. As a proprietary fund type, the district is not required to adopt a budget. It is anticipated that positive unrestricted net assets will avoid the need to raise taxes or charges during the 2004- 05 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Iberville Parish Water District No. 3's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Iberville Parish Water District No. 3, Iberville Parish Council, Office of the Finance Director, P. O. Box 389, Plaquemine, LA 70764

BASIC FINANCIAL STATEMENTS

EXHIBIT A

PARISH OF IBERVILLE, LOUISIANA--WATERWORKS DISTRICT No. 3
BALANCE SHEET--ASSETS
MARCH 31, 2004

	<u>March 31, 2004</u>
ASSETS	
Current Assets	
Cash	\$ 79,329
Accounts receivable (net of allowance for doubtful accounts of \$2,330 at March 31, 2004)	140,639
Other	22,340
	<u>242,308</u>
Restricted Assets	
Revenue bond fund	156,916
Revenue bond reserve fund:	
Cash	118,267
Savings	211,262
Revenue bond replacement and extension fund:	
Cash	31,912
Depreciation and contingency fund, savings	75,243
Customer deposits:	
Cash	13,382
Savings	106,277
	<u>713,259</u>
Plant	
Water distribution system	2,605,153
Wells, tank and equipment	1,668,192
Water treating plant	3,252,606
	<u>7,525,951</u>
Less accumulated depreciation	<u>(2,086,015)</u>
	5,439,936
Land and rights of way	33,800
Unamortized cost of leased land	1,601
	<u>5,475,337</u>
Other Assets	
Unamortized debt expense	40,282
	<u>40,282</u>
TOTAL ASSETS	<u><u>\$ 6,471,186</u></u>

The accompanying notes are an integral part of this statement.

EXHIBIT A
CONT.

PARISH OF IBERVILLE, LOUISIANA--WATERWORKS DISTRICT No. 3
BALANCE SHEET--LIABILITIES AND NET ASSETS
MARCH 31, 2004

	<u>March 31,</u> <u>2004</u>
LIABILITIES AND FUND EQUITY	
Current Liabilities	
Payable from current assets:	
Accounts payable	\$ 43,721
Taxes payable	663
	<u>44,384</u>
Payable from restricted assets:	
Current portion of revenue bonds	110,536
Accrued interest payable	16,290
Customers' meter deposits	99,286
Other	19,433
	<u>245,545</u>
	<u>289,929</u>
Long-Term Liabilities	
Waterworks revenue bonds, dated April 1970 (net of current maturities)	315,000
Waterworks revenue bonds, dated February 1983 (net of current maturities)	18,845
Waterworks revenue bonds, dated August 1992 (net of current maturities)	1,744,208
Waterworks revenue bonds, dated April 1999 (net of current maturities)	396,845
	<u>2,474,898</u>
TOTAL LIABILITIES	<u>2,764,827</u>
NET ASSETS	
Invested in capital assets, net of related debt	3,000,439
Restricted Net Assets:	
Reserved for revenue bond interest and retirement, system replacement and extension and construction	467,714
Unrestricted Net Assets	238,206
TOTAL NET ASSETS	<u>3,706,359</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,471,186</u>

The accompanying notes are an integral part of this statement.

EXHIBIT B

**PARISH OF IBERVILLE, LOUISIANA--WATERWORKS DISTRICT No. 3
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS--
ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2004**

	March 31, 2004
OPERATING REVENUES	
Sale of water	\$ 992,723
Forfeited discounts	17,829
Connection and service fees	8,855
	1,019,407
OPERATING EXPENSES	
Contract operations	267,033
Repairs and maintenance	49,497
Depreciation	160,293
Power charges	55,720
Insurance	33,761
Board fees	5,400
Telephone	2,426
Professional fees	12,700
Office expenses and supplies	11,317
Amortization of land lease	74
Miscellaneous	19,053
Water treating chemical	98,705
Water plant operators	124,453
Workman's compensation	3,379
Recording secretary	3,600
Bad debt expense	10,692
	858,103
OPERATING INCOME	161,304
NON-OPERATING REVENUES	
Other	10,653
Interest on investments	7,528
	18,181
NON-OPERATING EXPENSES	
Revenue bond interest	141,666
Amortization of deferred debt expense	1,784
	143,450
(LOSS) INCOME BEFORE CONTRIBUTIONS	36,035
CAPITAL CONTRIBUTIONS	469,760
CHANGES IN NET ASSETS	505,795
TOTAL NET ASSETS, BEGINNING	3,200,564
TOTAL NET ASSETS, ENDING	\$ 3,706,359

The accompanying notes are an integral part of this statement.

PARISH OF IBERVILLE, LOUISIANA--WATERWORKS DISTRICT No. 3
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2004

	<u>March 31, 2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,039,220
Cash payments for goods and services	(736,040)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>303,180</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACITIVITES	
Customer deposits received	12,627
Refunding of customer deposits	(9,137)
Other miscellaneous	(48)
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>3,442</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Miscellaneous	10,653
Acquisition of capital assets	(493,626)
Principal paid on revenue bond maturities and land note	(108,889)
Capital contributed by subdividers	469,760
Interest paid on revenue bonds and land note	(141,666)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(263,768)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	7,528
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>7,528</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	50,382
CASH AND CASH EQUIVALENTS--BEGINNING OF YEAR	<u>742,206</u>
CASH AND CASH EQUIVALENTS--END OF YEAR	<u><u>\$ 792,588</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 161,304
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	160,367
Changes in operating assets and liabilities:	
Accounts and miscellaneous receivables	(6,108)
Other assets	25,921
Accounts payable - Georgia Gulf	(26,630)
Accounts payable	(10,392)
Taxes payable	(832)
Accrued interest payable	(450)
Total adjustments	<u>141,876</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 303,180</u></u>

The accompanying notes are an integral part of this statement.

PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The Water District No. 3, of the Parish of Iberville, Louisiana, was created by an ordinance of the Iberville Parish Police Jury in 1971. The governing authority of the District consists of six members of a Board of Commissioners appointed to five-year terms by the Parish Council.

Basis of Presentation

The accompanying financial statements of the Water District No. 3 of the Parish of Iberville, Louisiana have been prepared in conformity with accounting principles generally accepted in the United States of America 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.

Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. In conformance with GASB Codification Section 2100, the District is a component unit of the Iberville Parish Council. The accompanying basic financial statements present only the transactions of the Water District No. 3 of the Parish of Iberville, Louisiana.

Fund Structure

Water District No. 3 of the Parish of Iberville, Louisiana, a component unit of the Parish, is an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges.

Method of Accounting

On April 1, 2001, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 34 (Statement 34) "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.*" Statement 34 established standards for external reporting for all state and local governmental entities which includes a statement of net assets, a statement of activities and changes in net assets and a statement of cash flows. It requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the unspent related debt proceeds at year-end. The portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt, rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - The component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The adoption of Statement 34 had no effect on the basic financial statements except for the classification of net assets in accordance with Statement 34 and the reflection of capital contributions as a change in net assets.

The Water District utilizes the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred. Revenues for utility services are accrued through year-end.

Revenue Billings

Utility customers are billed throughout the month in cyclical billings by route. Revenues are accrued at year end from the date of last billing.

Plant

Plant and equipment are recorded at cost and depreciation is computed on the straight-line method over estimated useful lives of 8-50 years.

The cost of customers' service line extensions is billed to the customer and the proceeds are credited to contributed capital.

Amortization of Deferred Charges:

The cost of leased land is being amortized over the lease term from 3 to 50 years, on a straight-line basis.

Amortization of deferred debt expense is computed over the life of the bond issue, on a straight-line basis.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Accordingly, all restricted cash and time deposits are considered cash and cash equivalents.

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS**

NOTE B - BONDS PAYABLE

Waterworks Revenue Bonds Dated April, 1970

The U.S. Department of Housing and Urban Development is the holder of water revenue bonds dated April 1, 1970, which amounted to \$1,000,000. The bonds bear interest at the rate of 5%, payable semi-annually on April 1st and October 1st of each year. They mature serially as shown in the following schedule.

WATERWORKS REVENUE BONDS DATED APRIL 1970

BONDS MATURING IN FISCAL YEAR	SERIAL BOND NUMBERS	TOTAL MATURITIES
2005	129-137	\$ 45,000
2006	138-146	45,000
2007	147-156	50,000
2008	157-166	50,000
2009	167-177	55,000
2010	178-188	55,000
2011	189-200	60,000
TOTALS		\$ 360,000

The bonds are callable at par plus a premium of 4%, except that the call premium reduces one 1/4 of 1% each year after the tenth year, on or after which date there shall be no premium on bonds called.

Waterworks Revenue Bonds Dated February 10, 1983

The U.S. Department of Agriculture Farmers Home Administration is the holder of a second water revenue bond dated February 10, 1983. The bond is a single, fully registered bond, without coupons, and bears interest at the rate of 5% per annum. The bond is payable in annual installments of \$35,480, including interest, beginning February 10, 1984, and annually thereafter through February 10, 2007. Any installments for the payment of principal thereon may be paid prior to the due date at a price of par and accrued interest to the date of prepayment. Payments on the bond shall be applied first to interest due through the date of payment, and then to principal.

The bond is payable in annual installments as follows:

Amount due February 10, 2005 (interest only) \$2,587

Amount due February 10, 2005-2007
(principal and interest) \$106,440

PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS

NOTE B - BONDS PAYABLE (CONTINUED)

Waterworks Revenue Bonds, Series 1991, Dated August 21, 1992

The U.S. Department of Agriculture Farmers Home Administration (FHA) is the holder of two water revenue bonds dated August 21, 1992. The bonds are fully registered, without coupons, and bear interest at a rate of 5.625% per annum. The bonds are payable in annual installments of \$127,600, including interest, beginning February 10, 1993 and annually thereafter through February 10, 2033. Any installments for the payment of principal thereon may be paid prior to the due date at a price of par and accrued interest to the date of prepayment. Payments on the bond shall be applied first to interest through date of payment, and then to principal.

The bonds are payable in annual installments as follows:

Amount due February 10, 2005 (interest only)	\$99,682
Amount due February 10, 2005 - 2033 (principal & interest)	\$3,700,400

Waterworks Revenue Bonds Dated April 5, 1999

The U.S. Department of Agriculture Farmers Home Administration is the holder of a water revenue bond dated April 5, 1999. The bond is a single, fully registered bond, without coupons, and bears interest at the rate of 4.875% per annum. The bond is payable in annual installments of \$23,800, including interest, beginning February 10, 2000, and annually thereafter through February 10, 2040. Any installments for the payment of principal thereon may be paid prior to the due date at a price of par and accrued interest to the date of prepayment. Payments on the bond shall be applied first to interest due through the date of payment, and then to principal.

The bond is payable in annual installments as follows:

Amount due February 10, 2005 (interest only)	\$19,075
Amount due February 10, 2005 - 2040 (principal & interest)	\$856,800

PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS

NOTE C - FLOW OF FUNDS - RESTRICTIONS ON USE

Under the terms of the bond indentures on outstanding Water Utility Bonds dated April 1, 1970, February 10, 1983, August 21, 1992, and April 5, 1999, all income and revenue (hereinafter referred to as revenue) of every nature, earned or derived from operations of the Utility System are pledged and dedicated to the retirement of said bonds, and are to be set aside into the "Water System Revenue Fund." Such revenues shall be expended and used only in the manner and order specified below:

The first charge against the Water System Revenue Fund shall be the payment of reasonable and necessary expenses incurred in the current operation and maintenance of the system.

Each month, there will be set aside into a fund called the "Water System Revenue Bond and Interest Sinking Fund" an amount constituting no less than 1/12 of the next maturing installment of principal and interest on the outstanding 1970, 1983, 1992 and 1999 bonds, respectively. Such transfers 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. In fiscal 2003 all transfers were properly made for the 1970, 1983, and 1992 bonds.

In accordance with the 1970 bond issue, there shall also be set aside into a "Water Revenue Bond Reserve Fund" an amount equal to 20% of that sum transferred to the Water System Revenue Bond and Interest Sinking Fund until such time as the funds and/or investments in the Water Revenue Bond Reserve Fund shall equal \$72,000. With respect to the 1983, 1992, and 1999 bond resolution, the amount to be set aside each month into the Water Revenue Bond Reserve Fund shall be 5% of the sum required to be transferred each month into the Sinking Fund for each of the 1970, 1983, 1992, and 1999 bond issues as stated above. Payments shall continue until the highest annual debt service amount on the combined bond issues, including principal and interest payable in any future fiscal year, is accumulated.

Money in the Reserve Fund may be used solely for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Water Revenue Bond Fund and as to which there would otherwise be a default.

In connection with the 1970 bond issue, funds were also set aside into a "Water Replacement and Extension Fund" by monthly transfers of \$300. The payments were to continue until the amount of \$36,000 is on deposit in the fund and said fund was, thereafter, to be maintained in said amount. Money in this fund may be used for the purpose of paying the cost of unusual and extraordinary maintenance, repairs, replacements, and extensions and of paying the cost of improvements to the system which will either enhance its revenue-producing capacity or provide a higher degree of service. Money in this fund may also be used to pay principal or interest on the bonds falling due and to maintain the required debt service of \$72,000.

The 1983 and 1992 bond issues also established a "Depreciation and Contingency Fund" into which monthly transfers of \$1,146 are to be made. The funds may be used for the same purpose as the Water Replacement and Extension Fund mentioned above. The 1999 bond issue established a "Depreciation and Contingency Fund" as well. Any balance in the Water System Revenue Fund may be used for the purpose of acquiring for cancellation the outstanding Water Revenue Bonds or for any other lawful purpose.

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS**

NOTE D - CAPITAL CONTRIBUTIONS

Analysis of changes in contributions for March 31 year ends are as follows:

	<u>CUSTOMERS</u>
	<u>2004</u>
Balance, beginning of year	\$ 769,114
Add: Contributions from customers	15,419
Balance, end of year	<u>\$ 784,533</u>
	 <u>FHA</u>
	<u>2004</u>
Balance, beginning of year	\$ 1,300,000
Add: Contributions from customers	-
Balance, end of year	<u>\$ 1,300,000</u>
	 <u>STATE GRANT</u>
	<u>2004</u>
Balance, beginning of year	\$ 59,302
Add: Contributions from customers	-
Balance, end of year	<u>\$ 59,302</u>
	 <u>IBERVILLE</u>
	<u>PARISH</u>
	<u>COUNCIL</u>
	<u>2004</u>
Balance, beginning of year	\$ 32,248
Add: Contributions from customers	-
Balance, end of year	<u>\$ 32,248</u>
	 <u>GEORGIA</u>
	<u>GULF</u>
	<u>2004</u>
Balance, beginning of year	\$ 65,590
Add: Contributions from customers	454,341
Balance, end of year	<u>\$ 519,931</u>

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS**

NOTE E - CASH AND CASH EQUIVALENTS

For reporting purposes, cash and cash equivalents include cash, demand deposits, time deposits and certificates of deposit. Under state law, the Parish of Iberville, Louisiana - Waterworks District No. 3, may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the Union, or the laws of the United States. Further, the Parish of Iberville, Louisiana - Waterworks District No. 3 may invest in the deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

For the year ended March 31, 2003, the Parish of Iberville, Louisiana - Waterworks District No. 3 entered into a fiscal agency contract with a commercial bank domiciled within the Parish. The contract provided that all deposits are to be in Super NOW (negotiable orders of withdrawal) accounts paying a market rate of interest which approximates the interest rate on 13 week U.S. Treasury Bills. The contract called for 100% participation by the Bank of Commerce.

Under the contract, the Bank of Commerce acted as the servicing bank or agent for all deposits and withdrawals of the District. At March 31, 2004, the Parish of Iberville, Louisiana - Waterworks District No. 3 had bank balances totaling \$823,950.

The Bank of Commerce maintains an account in the name of the Parish of Iberville, Louisiana - Waterworks District No. 3 and thus has federal deposit insurance for that account in the amount of \$100,000 for checking, savings, and investments. Any excess of deposits over federal deposit insurance must be secured under state law by the pledge of bank-owned securities. The market value of the pledged securities plus the federal deposit insurance must at all times be at least equal to the amount on deposit with the banks. These pledged securities are held in the name of the pledging banks in an independent custodial bank that is mutually acceptable to the parties involved.

The following is a summary of cash and cash equivalents of the Parish of Iberville, Louisiana - Waterworks District No. 3 in the fiscal agency contract at March 31, 2004, with the related federal deposit insurance and pledged securities:

	Bank Balances March 31, 2004	FDIC Insurance	Balances Uninsured
Cash	\$823,950	\$100,000	\$723,950
Uncollateralized - Securities pledged and held by custodial banks in the name of fiscal agent banks at fair market value, at March 31, 2004			1,002,030
Excess of FDIC insurance and pledged securities over cash at March 31, 2004			\$278,080

PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS

NOTE E - CASH AND CASH EQUIVALENTS (CONTINUED)

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 banks to advertise and sell the pledged securities within ten (10) days of being notified by the District that the fiscal agency bank(s) has (have) failed to pay deposited funds upon demand.

NOTE F - INTEREST COSTS

There were no interest costs capitalized during the current period.

NOTE G - CHANGES IN AMOUNT INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT

The change in amounts invested in capital assets, net of related debt can be summarized as follows:

Balance at March 31, 2003	\$ 2,554,378
Change in capital assets	333,308
Change in related debt	<u>112,753</u>
Balance at March 31, 2004	<u><u>\$ 3,000,439</u></u>

NOTE H - LITIGATION

The Waterworks District No. 3 is involved in a suit with George Nolan Henson, Sr. According to the District's legal counsel, exposure is minimal to the District in reference to the alleged claims.

SUPPLEMENTARY INFORMATION

SCHEDULE 1

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
COMMENTS ON OPERATIONS OF WATER UTILITY SYSTEM
MARCH 31, 2004**

Revenues are derived from the sale of water at the following rates that were effective October 1998:

Residential rates

First 2,000 gallons or less per month	\$11.60 (minimum)
Over 2,000 gallons	\$3.00 per 1,000 gallons

Small commercial rates

First 2,000 gallons or less per month	\$15.60 (minimum)
Over 2,000 gallons	\$3.15 per 1,000 gallons

Large commercial rates

First 10,000 gallons per month or less	\$26.00 (minimum)
Over 10,000 gallons	\$3.30 per 1,000 gallons

Customer statistics relative to water billed and number of customers for the year ended March 31, 2004 are as follows:

	<u>2004</u>
Water Revenue	\$ 992,723
Quantity of water sold (in thousand gallons)	251,908
Average number of customers billed	2,937
Average quantity of water used per customer (in thousand gallons)	85.77
Annual average per customer	\$ 338.01
Average revenue per thousand gallons sold	\$ 3.94
Operating cost of operations per 1,000 gallons sold	\$ 3.41
Average net cost of operations per 1,000 gallons sold	\$ 3.90

There were 2,841 residential and 117 commercial water utility customers at March 31, 2004.

SCHEDULE 2

PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
 SCHEDULE OF CHANGES IN ASSETS RESTRICTED FOR REVENUE BOND DEBT SERVICE
 FOR THE YEAR ENDED MARCH 31, 2004

	REVENUE BOND FUND	RESERVE ACCOUNT	REPLACEMENT AND EXTENSION ACCOUNT	DEPRECIATION AND CONTINGENCY FUND
BALANCE, March 31, 2003	\$ 154,035	\$ 318,520	\$ 28,029	\$ 75,303
Transfer from unrestricted cash	252,130	9,344	3,600	13,752
Transfer from restricted cash	-	(1,378)	-	(14,465)
Interest earned (including accrued interest receivable)	1,756	3,043	283	653
Bonds retired	(108,889)	-	-	-
Bond interest paid during year	(142,116)	-	-	-
BALANCE, March 31, 2004	\$ 156,916	\$ 329,529	\$ 31,912	\$ 75,243
RECAP OF ENDING BALANCE				
Cash	\$ -	\$ 118,267	\$ 31,912	\$ -
Savings	156,916	211,262	-	75,243
BALANCE, March 31, 2004	\$ 156,916	\$ 329,529	\$ 31,912	\$ 75,243

SCHEDULE 3

PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
 PLANT ASSETS AND DEPRECIATION
 MARCH 31, 2004

	ASSETS				ACCUMULATED DEPRECIATION			
	Balance March 31, 2003	Additions	Disposals	Balance March 31, 2004	Balance March 31, 2003	Additions	Disposals	Balance March 31, 2004
Construction in progress	\$ 65,590	\$ 454,364	\$ 519,954	\$ -	\$ -	-	\$ -	\$ -
Water distribution system	2,067,771	537,362	-	2,605,153	848,507	48,291	-	896,798
Wells, tanks and equipment	1,646,358	21,834	-	1,668,192	451,089	46,950	-	498,039
Water treating plant	3,252,606	-	-	3,252,606	626,126	65,052	-	691,178
TOTAL	\$ 7,032,325	\$ 1,013,580	\$ 519,954	\$ 7,525,951	\$ 1,925,722	\$ 160,293	\$ -	\$ 2,086,015

SCHEDULE 4

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
YEAR ENDED MARCH 31, 2004**

<u>Board Member</u>	<u>Amount</u>
Ernest Hedges, Jr.	\$ 1,080
Carey Haydel	900
Leroy Pugh	1,200
Irma Jarvis	1,080
Rickey Breaux	1,140
Total Compensation to Board Members	<u>\$ 5,400</u>

PRINCIPAL OFFICERS

Principal officers of the District are as follows:

President	Ernest Hedges, Jr.
Vice-President	Leroy Pugh
Secretary	Irma Jarvis
Treasurer	Rickey Breaux

SCHEDULE 5

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
INSURANCE IN FORCE
MARCH 31, 2004
(Unaudited)**

Insurance in force at March 31, 2004 was as follows:

(a) Commercial General Liability:	
General Aggregate Limit (Other Than Products-Completed Operations)	\$1,000,000
Products-Completed Operations Aggregate Limit	1,000,000
Personal and Accidental Injury Limit	1,000,000
Each Occurrence Limit	1,000,000
Fire Damage Limit (Any One Fire)	50,000
Medical Expense Limit (Any One Person)	5,000
 (b) Automobile Liability;	
Combined Single Limit	1,000,000
 (c) Property Damage	
<u>27080 A&B River Road, White Castle, LA</u>	
Warehouse	44,400
Chlorinator Bldg.	7,300
Pumps & Equipment	7,300
<u>27710 Hwy 405, White Castle, LA</u>	
250,000 gallon tank	259,800
<u>63501 Belleview Road, Plaquemine, La.</u>	
100,000 gallon tank	129,900
<u>113 Hwy. 404 - Choctaw Tank</u>	
100,000 gallon tank	129,900
<u>3701 (A) Hwy. 404, White Castle, LA</u>	
Booster Station	36,400
<u>27352 River Road, White Castle, LA</u>	
Pumps & Equipment	31,200
Chlorinator	56,000
<u>65200 Belleview Road, Plaquemine, La.</u>	
Building	1,155,000
Personal Property	71,000
Fence	15,900
 (d) Blanket Employee Dishonesty	250,000

The above schedule of insurance coverage is intended only as a descriptive summary and the independent accountants express no opinion as to the adequacy of such coverage.

Board of Waterworks Commissioners of the Parish
of Iberville, Louisiana - Waterworks District No. 3

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

We have audited the financial statements of the business-type activities of the Parish of Iberville, Louisiana - Waterworks District No. 3, a component unit of Iberville Parish Council as of and for the year ended March 31, 2004, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 4, 2004. We conducted our audits 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

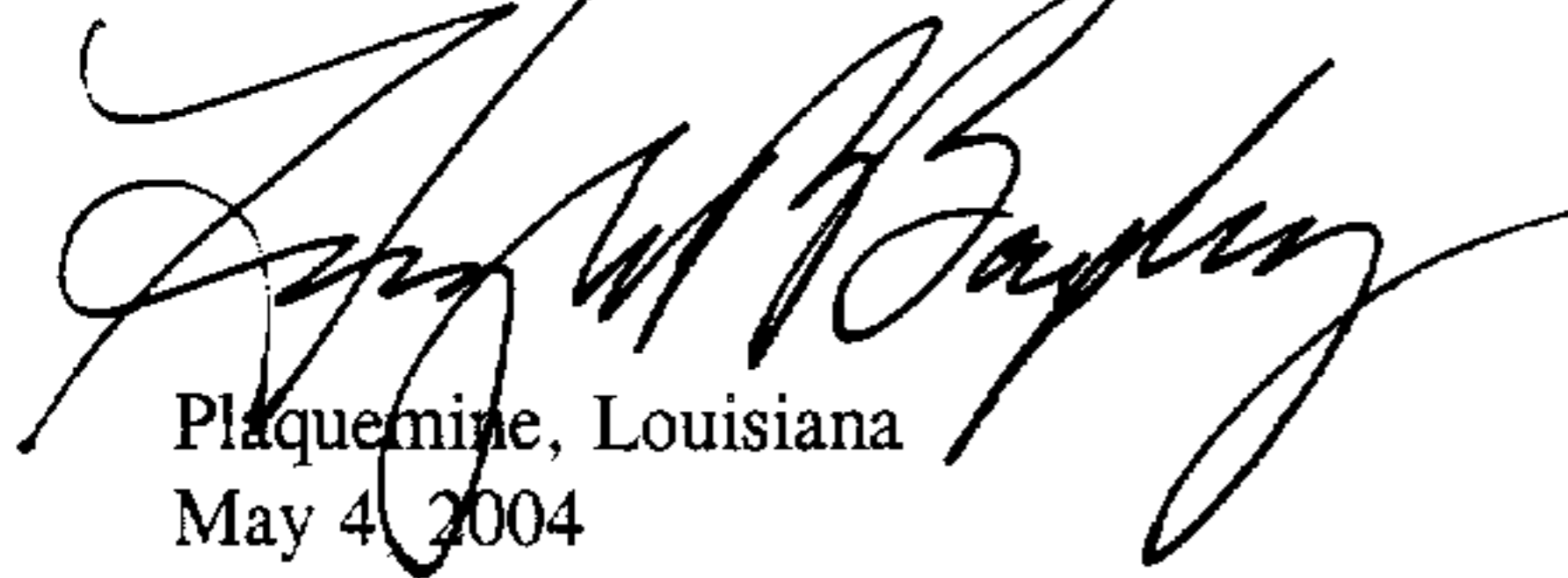
As part of obtaining reasonable assurance about whether the Parish of Iberville, Louisiana - Waterworks District No. 3's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Parish of Iberville, Louisiana - Waterworks District No. 3's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS (CONTINUED)**

This report is intended for the information and use of management, the Legislative Auditors, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Plaquemine, Louisiana
May 4, 2004