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**WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA**

FINANCIAL STATEMENTS

Year Ended September 30, 1968

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 or court.

Release Date: 11/12 4 1969

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INDEPENDENT AUDITOR'S REPORT

The Board of Supervisors
Waterworks District No. 4
of the Parish of St. Mary,
State of Louisiana

We have audited the accompanying general purpose financial statements of the Waterworks District No. 4 of the Parish of St. Mary, State of Louisiana, a component unit of the St. Mary Parish Council as of and for the year ended September 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's officials. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material aspects, the financial position of the Waterworks District No. 4 of the Parish of St. Mary, State of Louisiana, as of September 30, 1998, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 12, 1998 on our consideration of the District's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Waterworks District No. 4 of the Parish of St. Mary, State of Louisiana. Such information, except for that 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.

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the Waterworks District No. 4 of the Parish of St. Mary, State of Louisiana.

Marshall Allen B. Brinkley
A Corporation of Certified Public Accountants

Monroe City, Louisiana
November 02, 1998

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

WATERWORKS (DISTRICT NO. 4)
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups
September 30, 1998

	Governmental Fund Type		Proprietary Fund Type Enterprise
	Debt Service	Capital Projects	
ASSETS AND OTHER DEBITS			
Cash	\$ -	\$ -	\$ 33,589
Interest-bearing deposits, at cost	36,378	1,793,878	668,351
Receivables:			
Accounts	-	81,843	81,227
Accounts interest	-	1,181	-
Unpaid insurance	-	-	14,178
Other	-	-	-
Restricted assets:			
Interest-bearing deposits, at cost	-	-	56,353
Property, plant and equipment	-	-	4,899,867
Accumulated depreciation	-	-	(2,151,565)
Construction in progress	-	-	189,418
Amount available in debt service fund	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
Total assets and other debits	\$ 36,378	\$ 1,875,721	\$ 2,884,208

The accompanying notes are an integral part of this statement.

Account Group	Current/Long-Term Debt	Totals	
		(Millions of Dollars Only)	
		1996	1997
\$	-	\$ 15,589	\$ 54,894
-	-	1,889,354	2,100,813
-	-	164,270	81,828
-	-	1,181	3,583
-	-	14,128	12,284
-	-	-	-
-	-	90,313	51,945
-	-	(4,488,867)	4,111,691
-	-	(2,153,900)	(2,850,164)
-	-	180,448	88,741
28,523	28,523	2,729	3,729
<u>2,118,475</u>	<u>2,118,475</u>	<u>2,262,421</u>	
<u>\$ 2,145,000</u>	<u>26,811,815</u>	<u>\$ 6,421,100</u>	

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups - Continued
September 30, 1998

	Governmental Fund Type		Proprietary Fund Type Enterprise
	Debt Service	Capital Projects	
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 31,680
Bank overdraft	-	-	11,254
Accrued liabilities	-	-	1,407
Due to St. Mary Parish Council	-	-	9,133
Due to Sewerage District #7	-	-	3,284
Due to City of Franklin	-	-	308
Due to Waterworks and Sewerage District #5	-	-	1,886
Payable from restricted assets - Contractor's deposits	-	-	96,622
Long-term debt - General obligation bonds payable	-----	-----	-----
Total liabilities	-----	-----	133,560
Fund equity:			
Contributed capital	-	-	1,985,356
Retained earnings - Unreserved	-	-	693,290
Total balance - Reserved for debt service Unreserved	26,525	-	-
Designated for subsequent period's expenditures	-----	1,875,962	-----
Total fund equity	26,525	1,875,962	2,679,646
Total liabilities and fund equity	\$ 26,525	\$ 1,875,962	\$ 2,813,206

The accompanying notes are an integral part of this statement.

Account Group	Total	
	(Monomachia Only)	
	1986	1987
\$ -	\$ 31,686	\$ 25,188
-	11,294	-
-	1,887	17,156
-	8,132	8,694
-	2,264	2,123
-	318	882
-	1,898	-
-	56,832	52,153
<u>2,145,080</u>	<u>2,145,080</u>	<u>2,215,698</u>
<u>2,145,080</u>	<u>2,208,248</u>	<u>2,201,026</u>
-	1,995,516	1,681,642
-	691,390	717,625
-	28,529	7,128
-	1,875,435	2,113,697
-	4,291,215	4,580,142
<u>\$ 2,145,080</u>	<u>\$6,831,821</u>	<u>\$6,821,142</u>

**WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA**

**Combined Statement of Revenues, Disburseures, and Changes in Fund Balance -
All Governmental Fund Types
Year Ended September 30, 1998**

	Debt Service	Capital Projects	Total (Miscellaneous Only) 1998
Revenues:			
Taxes - all revenues	\$ 204,484	\$ -	\$ 204,484
Interest	2,428	96,738	99,166
Total revenues	206,912	96,738	303,650
Expenditures:			
Current -			
General government			
Administrative	3,790	38	3,828
Debt service -			
Principal retirement	93,688	-	93,688
Interest and fiscal charges	129,113	-	129,113
Total expenditures	226,591	38	226,729
Excess (deficiency) of revenues over expenditures	19,321	58,700	78,021
Fund balance, beginning	7,319	2,171,897	2,179,216
Residual equity transfers to enterprise fund	-	(281,513)	(281,513)
Fund balance, ending	\$ 26,522	\$ 1,890,384	\$ 1,916,906

The accompanying notes are an integral part of this statement.

**WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA**

**Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings
Proprietary Fund Type
Years Ended September 30, 1998 and 1997**

	<u>Enterprise Fund</u>	
	<u>1998</u>	<u>1997</u>
Operating revenues		
Water sales	\$855,230	\$ 585,493
Installation	15,865	15,247
Fees/charges	18,537	48,503
Miscellaneous	115,246	21,871
Total operating revenues	1,104,878	671,114
Operating expenses		
Salaries	278,822	283,598
Physical taxes	21,878	23,004
Chemicals	87,349	68,486
Utilities	65,875	69,013
Insurance	884,276	84,851
Repairs and maintenance	129,553	136,548
Depreciation	127,286	187,687
Other	80,882	71,081
Total operating expenses	1,631,521	880,658
Operating loss	(526,643)	(209,544)
Nonoperating revenues (or losses):		
Taxes - ad valorem	168,340	164,363
Interest income	7,000	9,800
Sale of assets	6,500	-
Intergovernmental revenues:		
State revenue sharing	21,780	20,550
Total nonoperating revenues	194,160	194,713
Net loss	(332,483)	(114,831)
Retained earnings, beginning	211,621	326,452
Retained earnings, ending	(20,862)	211,621

The accompanying notes are an integral part of this statement.

**WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA**

Comparative Statements of Cash Flows
Presulatory Fund Type
Years Ended September 30, 1998 and 1997

	Fiscal Year	
	1998	1997
Cash Flows From operating activities:		
Operating loss	\$(204,543)	\$(296,690)
Adjustments to reconcile the operating loss to net cash used by operating activities:		
Depreciation	(27,286)	(27,481)
Change in current assets and liabilities:		
Increase in accounts receivable	(11,693)	(9,036)
Increase in other assets	(1,526)	(691)
Increase in accounts payable and accrued expenses	(2,528)	6,787
Increase in customer deposits	4,489	(3,680)
Total adjustments	<u>121,623</u>	<u>(115,781)</u>
Net cash used by operating activities	<u>\$(82,920)</u>	<u>\$(181,270)</u>
Cash Flows From noncapital financing activities:		
All income taxes	148,838	164,383
State revenue sharing received	21,793	21,533
Net cash provided by noncapital financing activities	<u>170,631</u>	<u>185,916</u>
Cash Flows from capital and related financing activities:		
Acquisition of utility property, plant and equipment	(294,241)	(241,241)
Sale of plant & equipment	4,532	-
Residual equity transfers	(254,292)	(221,187)
Net cash used by capital and related activities	<u>(543,999)</u>	<u>(462,408)</u>
Cash Flows from investing activities:		
Purchase of interest-bearing deposits	(91,088)	(90,088)
Proceeds from the maturities of interest-bearing deposits	98,088	98,088
Interest received on interest-bearing deposits	7,016	5,583
Net cash provided by investing activities	<u>13,996</u>	<u>13,583</u>
Net increase (decrease) in cash and cash equivalents	<u>6,772</u>	<u>(1,894)</u>
Cash and cash equivalents, beginning of year	<u>184,296</u>	<u>186,190</u>
Cash and cash equivalents, end of year	<u>\$191,068</u>	<u>\$184,296</u>

(Continued)

**WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. BERNARD,
STATE OF LOUISIANA**

**Comparative Statements of Cash Flows (Continued)
Proprietary Fund Type
Years Ended September 30, 1998 and 1997**

	Expenditures	
	1998	1997
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash - unrestricted	\$54,884	\$ 68,567
Interest-bearing deposits - noncollateralized	79,717	70,843
Interest-bearing deposits - restricted	50,945	48,278
Less: Interest-bearing deposits with a maturity over three months	(165,800)	(165,000)
Total cash and cash equivalents	<u>\$80,746</u>	<u>142,688</u>
Cash and cash equivalents, end of period -		
Cash - unrestricted	35,989	54,884
Interest-bearing deposits - noncollateralized	668,251	79,717
Interest-bearing deposits - restricted	56,335	51,945
Less: Interest-bearing deposits with a maturity over three months	(158,800)	(165,000)
Total cash and cash equivalents	<u>\$602,775</u>	<u>141,546</u>
Net increase (decrease)	<u>\$520,029</u>	<u>\$ (1,042)</u>

The accompanying notes are an integral part of this statement.

**WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA**

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana, which is a component unit of the St. Mary Parish Council, was created by an ordinance of the St. Mary Parish Council (formerly Police Jury). The District operates under a Board of Commissioners. The purpose of the District is to provide water utility service to residents within its boundaries.

The accounting and reporting policies of the Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:213 and to the industry audit guide, *Quality of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

A. Change in Reporting Entity

This report includes all funds which are controlled by or dependent on the District Executive and Legislative Branches (the Board of Commissioners). Control by or dependence on the District was determined on the basis of budget adoption, issuing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

The District is a component unit of the Parish of St. Mary. Although the Parish does not provide facilities or financing, it does exercise some control over operations.

B. Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the manner by which spending activities are controlled. The various funds are grouped, in the general purpose financial statements in this report, into three generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUNDS -

Debt service fund

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital projects fund

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

PROPRIETARY FUNDS-

Enterprise fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District's enterprise fund is the Utility Fund.

C. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus, and only current assets and current liabilities are generally included on their balance sheets.

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet.

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water Utility:	
System	58 years
Equipment	8 years

**WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA**

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting

The proprietary fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Unbilled utility service receivables, resulting from utility services rendered between the date of meter reading and billing and the end of the month, are estimated and recorded at year end.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available to net current assets. All valuation taxes are recorded in the year in which taxes are assessed. Interest income is recorded when earned, and substantially all other revenues are recorded when received.

E. Statement of Cash Flows

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

F. Bad Debts

Uncollectible amounts due for customers' utility receivables are recognized as bad debts by direct write-off at the time collection becomes unlikely which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible accounts receivable was made due to immateriality.

G. Vacation and Sick Leave

On November 21, 1993, the District adopted an annual vacation and sick leave policy for all full time employees. Vacation varies with the length of service and cannot be carried forward. Sick leave is accrued at a rate of one day per month and is allowed to accumulate up to twelve days. No sick leave is payable on termination. Any liability the District might have in this regard at September 30, 1993, is considered immaterial; therefore, no liability has been recorded in the general purpose financial statements.

H. Interest-Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market.

I. Proprietary Fund-Type Accounting

Proprietary fund types follow generally accepted accounting principles (GAAP) prescribed by the Governmental Accounting Standards Board and all applicable FASB pronouncements.

**SEATTLEWORKERS DISTRICT NO. 8
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA**

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capitalization of Interest Expense

It is the policy of the District to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. There was no interest capitalized during the fiscal year ended September 30, 1998.

K. Comparative Data

Comparative total data for the prior year have been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in the District's financial position and operations.

L. Total Columns - Memorandum Only

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds during the reporting period.

NOTE 2 MEETING EXPENSE

Meeting expense paid to the Board of Supervisors for the year ending September 30, 1998, is as follows:

V. J. St. Hilaire	\$	583
Wily Welch, Jr.		583
Harold Barwell		583
Donald Henry		579
Edward Oliver (resigned October 1997)		-
Kayla Truhan (appointed November 1997)		583
		2,828
		\$ 2,828

**WATERWORKS DISTRICT NO. 6
OF THE PARISH OF St. MARY,
STATE OF LOUISIANA**

Notes to Financial Statements

NOTE 3 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, 1998, the District has cash and interest-bearing deposits (book balances) totaling \$2,081,476, as follows:

Demand deposits	\$ 41,540
Money market and savings accounts	244,934
Time deposits	<u>1,795,002</u>
Total	<u>\$2,081,476</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, on the maturity date (book balance) 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. Deposit balances (book balances) at September 30, 1998, are secured as follows:

Bank balances	\$2,186,552
Federal deposit insurance	393,940
Pledged securities (Category 3)	<u>1,337,158</u>
Total federal insurance and pledged securities	<u>\$3,917,650</u>
Unsecured deposits at September 30, 1998	<u>\$ 1,163,826</u>

Pledged securities in Category 3 includes insured or unguaranteed investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the District's name. Even though the pledged securities are considered uncollateralized (Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 4 RESTRICTED ASSETS

Restricted assets consists of cash pledged for customer deposits collected and retained.

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF St. MARY,
STATE OF LOUISIANA

Notes to Financial Statements

NOTE 5 CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions of the Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana, for the year ended September 30, 1998:

Bonds payable, October 1, 1997	\$2,215,000
Bonds retired	<u>100,000</u>
Bonds payable, September 30, 1998	<u>\$2,115,000</u>

Bonds payable at September 30, 1998 is composed of the following individual issues:

General obligation bonds:

\$2,115,000 1995 Revenue bonds due in annual installments of \$25,000 to \$195,000 through March 1, 2015; interest rate of 8 percent per annum; payable by levy and collection of ad valorem taxes

\$2,115,000

The annual requirements to amortize all debt outstanding as of September 30, 1998, including interest payments of \$1,143,313, are as follows:

Year Ending September 30,	General Obligations
1999	\$ 148,390
2000	166,615
2001	180,190
2002	194,313
2003	187,990
2004-2015	<u>2,319,667</u>
	<u>\$3,288,157</u>

NOTE 6 AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the District in September or October and are actually billed to taxpayers in November or December. Delinquent taxes become delinquent on January 1 of the following year. The St. Mary Parish Board bills and collects property taxes for the District using the assessed values determined by the tax assessors of St. Mary Parish.

For the year ended September 30, 1998, 10.28 mills were authorized. Total taxes levied were \$183,144. There was no taxes receivable at September 30, 1998.

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to Financial Statements

NOTE 7 PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant and equipment at September 30, 1998 follows:

Land	\$ 6,906
Systems	2,946,299
Equipment	<u>1,845,682</u>
	4,898,887
Less: Accumulated depreciation	<u>(2,132,963)</u>
Net proprietary fund type property, plant and equipment	<u>\$ 2,765,924</u>

NOTE 8 RETIREMENT COMMITMENTS

All full-time employees of the Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana, participate in the Parishial Employees' Retirement System of Louisiana (Plan H). This system is a multiple-employer public retirement system (PERS) and is controlled and administered by a separate board of trustees. Pertinent information relative to this plan follows:

Parishial Employees' Retirement System -

Plan members are required to contribute 2.0 percent of their annual covered salary to the system while the District is required to contribute the statutory rate of 1.0 percent of the total annual covered salary. The District's contributions to the system for the years ended September 30, 1998, 1997 and 1996 were \$7,105, \$41,375, and \$7,789 respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Parishial Employees' Retirement System, P. O. Box 10619, Baton Rouge, Louisiana 70809-0619.

NOTE 9 PENDING LITIGATION

The District is presently not involved in any litigation.

NOTE 10 YEAR 2000 COMPLIANT

The District has contacted its software vendor and will purchase an available update that will extend the life of its software into the twenty-first century.

**SUPPLEMENTAL
INFORMATION**

**INTERNAL CONTROL
AND
COMPLIANCE REPORTS**

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

The Board of Supervisors
Watawoka District No. 6
of the Parish of St. Mary,
State of Louisiana

We have audited the financial statements of the Watawoka District No. 6 of the Parish of St. Mary, State of Louisiana, a component unit of the St. Mary Parish Council as of and for the year ended September 30, 1998, and have issued our report thereon dated November 12, 1998. We have conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Watawoka District No. 6 of the Parish of St. Mary, State of Louisiana'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 these 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 is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings and Questioned Costs as item 98-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Watawoka District No. 6 of the Parish of St. Mary, State of Louisiana'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. However, we noted a certain matter involving the internal control over financial reporting, and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with accepted levels of management on the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 98-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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. Our consideration of the internal control over financial reporting, would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses, as defined above. However, we believe the reportable conditions described above as #6-1 is a material weakness.

This report is intended for the information of the District's management. However, this report is a matter of public record and its distribution is not limited.

Deloitte *Waters* & *Beaudin*
A Corporation of Certified Public Accountants

Moogan City, Louisiana
November 12, 1998

OTHER SUPPLEMENTARY INFORMATION

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Comparative Schedules of Other Operating Expenses
Category Fund
Years Ended September 30, 1998 and 1997

	1998	1997
Other expenses		
Advertising	\$ 659	\$ 1,325
Attorney's compensation	5,415	5,129
Bad debts	335	1,319
Meeting expense	2,695	2,699
Engineering	8,480	8,480
Legal and accounting	8,284	8,279
Miscellaneous	11,362	5,453
Office supplies	12,780	15,118
Retirement	7,185	5,991
Rates and use taxes	14,777	15,846
Supplies	14,206	5,666
Travel expense	7,084	7,581
 Total other expenses	 \$ 99,582	 \$ 12,691

WATERWORKS DISTRICT NO. 4
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA.

Schedule of Number of Utility Customers
(Unmated)
September 30, 1908

Records maintained by the District indicated the following number of water customers were being served during the month of September:

1908	2270
1907	2259

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Schedule of Insurance in Force
(Attachment)
September 30, 1985

<u>Description of Coverage</u>	<u>Coverage Amounts</u>	
Comprehensive general liability, bodily injury and property damage/combined single limit	\$	100,000
Fidelity bonds -		
Ralph LaBlanc		10,000
Mary Ann Blanchard		1,000
Motor trucker		1,000
Independent agent		1,000
Public officials and employers errors and omissions		2,000,000
Workers's compensation -		statutory
Employer liability		100,000
Business auto (fleet and non-fleet)		200,000
Building, plant, and equipment		1,741,518

WELLSFARGO DISTRICT NO. 6
OF THE PARISH OF ST. BERRY,
STATE OF LOUISIANA

Schedule of Interest-Bearing Deposits
September 30, 1998

	<u>Term</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Proprietary Fund:				
Operating assets -				
Savings	N/A	N/A	various	<u>\$ 149,151</u>
Restricted assets -				
Insured money market	N/A	N/A	various	6,150
Certificate of deposit -				
Illinois Bank	180 Days	1/31/99	5.88%	<u>58,000</u>
				<u>58,150</u>
Total proprietary fund				<u>213,301</u>
Debt Service Fund:				
Insured money market	N/A	N/A	various	<u>26,515</u>
Total debt service fund				<u>26,515</u>

(Cont. next)

WATERWORKS DISTRICT NO. 5
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Schedule of Interest-Bearing Deposits - Continued
September 30, 1998

	<u>Term</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Capital Projects - Fund				
Certificate of deposit - St. Mary Bank	365 days	10/10/98	5.20%	100,000
Certificate of deposit - St. Mary Bank	365 days	02/1/99	4.90%	100,000
Certificate of deposit - St. Mary Bank	365 days	12/10/98	5.20%	100,000
Certificate of deposit - St. Mary Bank	325 days	01/09/99	5.20%	100,000
Certificate of deposit - St. Mary Bank	360 days	01/09/99	5.20%	100,000
Certificate of deposit - St. Mary Bank	365 days	2/10/99	5.20%	100,000
Certificate of deposit - St. Mary Bank	360 days	3/10/99	5.20%	100,000
Certificate of deposit - St. Mary Bank	365 days	4/10/99	5.20%	100,000
Certificate of deposit - St. Mary Bank	360 days	6/10/99	5.20%	100,000
Certificate of deposit - St. Mary Bank	360 days	7/10/99	5.20%	100,000
Certificate of deposit - St. Mary Bank	365 days	8/04/99	4.90%	100,000
Certificate of deposit - St. Mary Bank	360 days	9/01/99	5.20%	100,000
Certificate of deposit - St. Mary Bank	365 days	9/15/99	5.20%	100,000
Certificate of deposit - St. Mary Bank	365 days	9/01/98	5.20%	100,000
Certificate of deposit - St. Mary Bank	365 days	01/01/99	5.20%	100,000
Certificate of deposit - St. Mary Bank	365 days	01/01/99	5.10%	45,000
Interest money market				
Total capital projects fund	N/A	N/A	various	<u>1,825,000</u>
				<u>1,730,000</u>
Total - all funds				<u>\$ 3,082,000</u>

WATERWORKS DISTRICT NO. 8
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Summary Schedule of Prior Year Findings
September 30, 1998

99-1 Finding: Inadequate Segregation of Accounting Functions

Status: This finding is unresolved. See current year finding 98-1.

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Schedule of Findings and Questioned Costs
September 30, 1998

Part I: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report -- Financial Statements

An unqualified opinion has been issued on Waterworks District No. 6's financial statements as of and for the year ended September 30, 1998.

Reportable Conditions -- Financial Statements

One reportable condition in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as Item 98-1 in Part 2 and is considered material weakness.

Material Noncompliance -- Financial Reporting

There was one material instance of noncompliance noted during the audit of the financial statements and is shown as Item 98-2 in Part 2.

Part 2: Findings Relating to an Audit in Accordance with Government Auditing Standards

98-1 Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of accounting personnel, the District did not have adequate segregation of functions within the accounting systems.

Recommendation:

Based upon the size of the operation and the cost benefit of additional personnel it may not be feasible to achieve complete segregation of duties.

98-2 Uninsured Deposits

Finding:

The District had funds on deposit in local financial institutions which were not insured by federal deposit insurance or the pledge of securities from the depository institution's investment portfolio. This is a violation of LA R.S. 38:1221-1223.

Recommendation:

The District should contact the depository institutions holding the uninsured deposits and require that the depository institution pledge investment securities from its investment portfolio as an amount sufficient to secure the District's funds on deposit.

SEWERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Management's Corrective Action Plan For Current Year Findings
September 28, 1998

Response to Finding 88-1:

No response is considered necessary.

Response to Finding 88-2:

A program to manually maintain bank balances will be implemented. This program will monitor bank balances at mid-month as well as month end to ensure funds are adequately secured.