

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
May 31, 1956

Board Member	Amount	Number of Residues
Jack Bernellie	\$ 700	14
Wayne Doolittle	500	14
Jesse Jones, Sr.	850	14
John J. Lejeune, Jr.	700	14
M. A. Piche	700	14
David Franklin	700	14
Eugene H. Thibodeau, Jr.	<u>700</u>	14
 Total Board Members	 \$4,300	
Carl Hillier (Superintendent)	300	14
Jan Smith (Sec./Treasurer)	<u>300</u>	14
 Total Per Diem	 <u>\$5,200</u>	

10. MAJOR CUSTOMERS

During the year the District had two major customers, each of whose purchases exceeded 50% of total sales. Sales to these customers were as follows:

Cobot Corporation	\$ 125,561
Columbian Chemical Company	<u>89,200</u>
Total	<u>\$ 214,761</u>

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

PROPRIETARY FUND - ENTERPRISE FUND

Statements of Cash Flows
For the Years Ended May 31, 1988 and 1989

	1988	1989
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ (238,870)	\$ (242,088)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:		
Depreciation	188,803	144,319
Changes in Assets & Liabilities:		
(Increase) Decrease in Accounts Receivable - Water Billings	(22,541)	0
(Increase) Decrease in Interest Receivable	(802)	(305)
(Increase) Decrease in Taxes Receivable	(488)	(113)
(Increase) Decrease in Due from Other Governmental - Writs	(21,094)	-
(Increase) Decrease in Amortized Bond Issue Cost	(1,157)	1,281
(Increase) Decrease in Prepaid Expenses	1,145	(12,858)
Increase (Decrease) in Accounts Payable	-	(28)
Increase (Decrease) in Accrued Expenses	(1,343)	(512)
Increase (Decrease) in Water Refler Deposits	(1,445)	(827)
Increase (Decrease) in Due to Other Governmental Agencies	(8,098)	(70,833)
NET CASH (USED) BY OPERATING ACTIVITIES	(158,838)	(223,088)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Ad-valorem Taxes	284,233	343,418
State Revenue Sharing	8,137	8,841
Miscellaneous Income	12,620	523
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	304,990	352,782
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:		
Acquisition of Fixed Assets	(255,404)	(12,615)
Sale of Fixed Assets	-	237
Proceeds from Issuance of General Obligation Bonds	600,000	-
Repayments of Public Improvement & General Obligation Bonds	(88,000)	(65,000)
Increase (Decrease) in Current Liabilities Payable From Restricted Assets	12,388	670
(Increase) Decrease in Interest Receivable - Restricted Assets	(5,231)	(892)
Interest Earned on Restricted Funds	28,487	8,828
Interest Paid on Long-Term Debt	(108,088)	(75,724)
NET CASH (USED) FOR CAPITAL & RELATED FINANCING ACTIVITIES	(218,850)	(147,312)

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

PROPRIETARY FUND - ENTERPRISE FUND

Statement of Cash Flows (Continued)
For the Years Ended May 31, 1995 and 1994

	<u>1995</u>	<u>1994</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Earned on Operating Funds	<u>12,813</u>	<u>7,835</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>12,813</u>	<u>7,835</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	378,750	(9,018)
CASH AND CASH EQUIVALENTS AT MAY 31, 1995	<u>702,000</u>	<u>711,564</u>
CASH AND CASH EQUIVALENTS AT MAY 31, 1994	<u>\$1,080,750</u>	<u>\$ 702,000</u>

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

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

Notes to the Financial Statements
May 31, 1986

INTRODUCTION

Waterworks District No. 5 of the Parish of St. Mary, State of Louisiana was created by Ordinance No. 508 of the St. Mary Parish Police Jury, on September 5, 1954, for the purpose of establishing, acquiring, constructing, maintaining and operating a waterworks system for the benefit of the people of the district. The District is governed by a board of seven members which are appointed by the St. Mary Parish Council. The board meets each month on the third Tuesday at the Waterworks District office. The members receive a per diem of \$50 for each meeting attended. At May 31, 1986, there were approximately 1,500 customers receiving service.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general purpose component unit financial statements of the St. Mary Parish Water District #5 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied in governmental units. The governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Council is the financial reporting entity for St. Mary Parish. The financial reporting entity consists of (a) the primary government (parish council) (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that 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 St. Mary Parish Council 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:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the parish council to impose its will on that organization and/or

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

Notes to the Financial Statements (Continued)
May 31, 1996

4. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the parish council.
5. Organizations for which the parish council does not appoint a voting majority but are fiscally dependent on the parish council.
6. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the parish council is financially accountable, appoints the board and has the ability to impose its will on the water district, it was determined to be a component unit of the St. Mary Parish Council. The financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The St. Mary Parish Water District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund is included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. The Enterprise Fund uses the following practices in recording certain revenues and expenses:

Revenues. Water sales and service and collection fees are recorded when earned. Ad valorem and state revenue sharing taxes are recorded in the year the taxes are due and payable. Interest income is recorded when earned. All other revenues are recorded when received.

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

Notes to the Financial Statements (Continued)
May 31, 1996

[REDACTED] Expenditures are recorded in the period that the liabilities are incurred.

C. CASH AND CASH EQUIVALENTS

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

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

F. ACCOUNTS RECEIVABLE

The District records water sales revenue in the month the services are rendered. As May 31, 1996, accounts receivables were recorded as \$75,206.

The financial statements contain no allowance for uncollectible accounts receivable. Based on the opinion of management, receivables are collectible and possible bad debt losses are immaterial.

G. PREPAID EXPENSES

Payments made to vendors for services that will benefit periods beyond May 31, 1996, are recorded as prepaid expenses. As May 31, 1996, prepaid expenses were recorded as \$23,018.

H. 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. The "water deposit fund" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The "construction fund" account is used to report those proceeds of bond issuances that are restricted for use in construction.

I. FIXED ASSETS

Fixed assets used in the proprietary fund type operations are valued at historical costs. Infrastructure fixed assets consisting of the waterworks system are capitalized along with other fixed assets. Depreciation of all exhaustible fixed assets used by the proprietary fund type operations is charged as an expense against operations. Fixed assets on the balance sheet are net of accumulated depreciation. Depreciation is computed using the

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

Notes to the Financial Statements (Continued)
May 31, 1996

straight-line method based on the estimated useful lives of the various assets.

J. COMPENSATED ABSENCE

The district has the following policy relating to vacation and sick leave:

Permanent employees shall earn vacation and sick leave. An employee shall be authorized annual leave in the following manner; effective with his/her anniversary date:

Years of Service	Annual Leave
Less than 1 year	0 work days
1-5 years	10 work days
6-10 years	15 work days
11-20 years	20 work days
21 or more years	25 work days

Unused vacation leave can only be carried to the following calendar year when an employee is denied part of his leave because of an emergency.

Sick leave shall be earned at the rate of 1 day per month, up to 12 days per year. An employee may accrue up to 120 days of sick leave.

No liability has been accrued for compensated absences on the financial statements because the amount is immaterial.

K. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the Enterprise Fund.

L. RETAINED EARNINGS

Reserves represent those portions of retained earnings whose expenditure is limited to a specified future use.

2. CASH AND CASH EQUIVALENTS

At May 31, 1996, the District has cash and cash equivalents (book balances) totaling \$1,050,760, as follows:

General deposits	\$ 190,000
Time deposits	<u>860,760</u>
Total	<u>\$1,050,760</u>

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

Notes to the Financial Statements (Continued)
May 31, 1986

The deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the 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 in a holding or custodial bank that is mutually acceptable to both parties. As May 31, 1986, the district has \$1,112,463 in deposits (collected bank balances). These deposits are secured from risk by \$400,000 of federal deposit insurance and \$7,054,596 of pledged securities held by the custodial bank in the name of the fiscal agent bank (SWAB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 35:1529 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.

3. DUE FROM OTHER GOVERNMENTAL UNITS

The water district purchased an office building on July 20, 1985. The water district paid the entire purchase price of \$45,000, then entered into an agreement to sell one-half interest in the building for \$22,500 to the St. Mary Parish Sewer District #5. The debt is to be repaid at \$250 per month at 6% interest beginning August 1, 1985 and ending July 1, 2005. At May 31, 1986 the balance due from Sewer District #5 was \$25,094.

4. AD VALOREM TAXES

The District's property tax is levied in October of each year on the assessed value of property within the District's taxing area. Taxes are due and payable by December 31. The taxes are delinquent on January 1, at which time an enforceable lien attaches to the property. The taxes are collected on behalf of the District by the Sheriff and then remitted to the District. Most of the taxes are actually received by the District in January and February. The tax rate for the year ended December 31, 1986 was 4.03 per \$1,000 for maintenance and operations and 3.96 per \$1,000 for bond and interest payments.

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

Notes to the Financial Statements (continued)
May 31, 1996

5. CHANGES IN GENERAL FIXED ASSETS

The following is a summary of changes in general fixed assets:

	Balance May 31, 1995	Additions	Deprac- tions	Balance May 31, 1996
Construction in Progress	\$ -	\$ 217,157	-	\$ 217,157
Land	22,237	-	-	22,237
Water plant & lines prior to 6-1-75	1,410,004	-	-	1,410,004
New water treatment plant	1,149,684	-	-	1,149,684
New water line construction	2,848,536	-	-	2,848,536
Office building	71,104	22,580	-	93,684
Furniture & equipment	123,853	685	-	124,538
Trucks	37,671	18,162	3,682	52,151
Sub-total	5,667,045	255,484	3,682	5,918,847
Less accumulated depreciation	2,278,842	148,482	3,682	2,430,906
Total	<u>\$3,388,203</u>	<u>\$ 107,002</u>	<u>\$ -</u>	<u>\$3,495,205</u>

Depreciation expense related to the utilization of fixed assets for the year ended May 31, 1996, is \$148,482.

6. LONG-TERM DEBT

The following is a summary of the District's long-term debt transactions for the year ended May 31, 1996:

Bonds Payable at June 1, 1995	Public Improvement Bonds
Bonds returned	\$ 1,125,000
Bonds issued	185,000
Bonds Payable at May 31, 1996	<u>\$ 1,310,000</u>

Bonds payable at May 31, 1996 are comprised of the following individual issues:

Property Tax Bonds:

\$800,000 Public Improvement Bonds, dated April 1, 1990, final maturity date April 1, 2010, interest rate 6.75 to 10%	\$785,000
\$485,000 Public Improvement Bonds, dated April 1, 1994, final maturity date April 1, 2003, interest rate 4.5%	\$525,000

Independent Auditors' Reports Required
by Government Auditing Standards

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

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

Notes to the Financial Statements (Continued)
May 31, 1998

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 or amended by state statute.

The System issues an annual publicly available Financial report that includes Financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 10878, Baton Rouge, Louisiana 70808-0878, or by calling (504) 328-3381.

Funding Policy. Under Plan B, members are required by state statute to contribute 2.0 percent of their annual covered salary in excess of \$1,000 and the district is required to contribute at an actuarially determined rate. The current rate is 1.0 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the district are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:703, 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. The district's contributions to the System under Plan B for the years ending May 31, 1995, 1994, and 1993 were \$2,480, \$3,050, and \$3,700, respectively, equal to the required contributions for each year.

9. COMPENSATION PAID BOARD MEMBERS

The following schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 56 of the 1978 Session of the Louisiana Legislature. Louisiana Revised Statute Section 3018 provides for each board member to receive a per diem not to exceed \$50 for each meeting they attend, up to and including 24 meetings each year and for each special meeting not to exceed 12 per year. The St. Mary Parish Water District #2 pays per diem of \$50 per meeting.

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

PROPRIETARY FUND - ENTERPRISE FUND

Balance Sheets (Continued)
 May 31, 1999 and 1998

<u>LIABILITIES AND RETAINED EARNINGS</u>	<u>1999</u>	<u>1998</u>
Current Liabilities		
Payable from current assets:		
Accrued expense	7,031	4,372
Water meter deposits	10,958	15,421
Due to other governmental agencies	-	8,898
Total payable from current assets	<u>17,989</u>	<u>28,691</u>
Payable from restricted assets:		
Sinking Fund for Public Improvement Bonds:		
Bonds payable within one year	109,000	88,000
Interest payable	29,157	11,013
Water meter deposits	<u>42,883</u>	<u>37,288</u>
Total payable from restricted assets	<u>181,040</u>	<u>136,301</u>
Total Current Liabilities	<u>199,029</u>	<u>265,020</u>
Long-term Liabilities		
Bond debt	<u>1,250,000</u>	<u>1,000,000</u>
Total Liabilities	<u>1,449,029</u>	<u>1,265,020</u>
Retained Earnings		
Reserved for:		
Bonded indebtedness	334,089	-
Capital improvements	254,050	193,938
Unreserved	<u>2,450,176</u>	<u>2,838,185</u>
Total Retained Earnings	<u>2,838,295</u>	<u>3,032,123</u>
TOTAL LIABILITIES AND RETAINED EARNINGS	<u>14,287,524</u>	<u>14,297,143</u>

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

SUPPLEMENTARY INFORMATION

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

PROPRIETARY FUND TYPE - ENTERPRISE FUND

Statement of Operating Expenses
For the Year Ended May 31, 1998

	<u>1998</u>	<u>1997</u>
OPERATING EXPENSES		
Personal Services:		
Salaries	\$287,458	\$232,483
Hospitalization Insurance	39,688	41,735
Payroll taxes	25,448	29,647
Retirement	<u>2,403</u>	<u>2,627</u>
Total Personal Services	<u>354,997</u>	<u>306,492</u>
Supplies and Materials:		
Chemicals	41,843	44,303
Office expense	9,699	8,895
Postage	<u>4,362</u>	<u>4,258</u>
Total Supplies and Materials	<u>55,904</u>	<u>57,456</u>
Other Service and Charges:		
Accounting fees	5,150	5,150
Board meetings	6,100	5,100
Consulting engineer	1,170	2,011
Dues and subscription	-	-
Education	785	2,282
Insurance-general	57,581	68,730
Maintenance-water system	28,696	28,246
Maintenance-water plant	15,224	28,688
Miscellaneous	185	847
Professional fees	4,438	-
Truck maintenance	18,138	7,848
Utilities	<u>43,821</u>	<u>45,822</u>
Total Other Services and charges	<u>179,821</u>	<u>186,813</u>
Depreciation	<u>169,801</u>	<u>164,219</u>
TOTAL OPERATING EXPENSES	\$693,522	\$624,798

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

May 31, 1980

Bonded Indebtedness
General Obligation Bonds
Dated April 1, 1980

Maturity	Bond Numbers	Yearly Payments			Bonds Outstanding
		Principal	Interest	Total	
1988			25,257	25,257	25,257
1990	20 to 25	30,000	49,015	79,015	675,000
1994	26 to 31	30,000	49,225	79,225	645,000
1998	32 to 38	30,000	45,763	75,763	610,000
2000	39 to 45	30,000	41,408	71,408	575,000
2001	46 to 53	40,000	36,000	76,000	535,000
2002	54 to 61	40,000	30,000	70,000	495,000
2003	62 to 70	45,000	23,015	68,015	455,000
2004	71 to 80	50,000	16,150	66,150	400,000
2005	81 to 91	50,000	10,015	60,015	345,000
2006	92 to 103	60,000	2,050	62,050	285,000
2007	104 to 115	60,000	1,850	61,850	225,000
2008	116 to 129	60,000	1,300	61,300	155,000
2009	130 to 144	75,000	5,225	80,225	80,000
2010	145 to 160	80,000	2,800	82,800	-
Totals		\$ 325,000	\$ 433,605	\$ 1,158,605	

Original issue dated April 1, 1980, for \$680,000.
Paying Agent, Ruston State Bank & Trust Company, Ruston, Louisiana.

This obligation was incurred for the purpose of constructing and acquiring extensions and improvements to the waterworks treatment plant and distribution system for said Waterworks District No. 5 of the Parish of St. Mary.

The bonds are secured by a special tax to be imposed on all property subject to taxation within the territorial limits of Waterworks District No. 5 of the Parish of St. Mary, State of Louisiana, sufficient in amount to pay the principal and interest as they severally mature, with option of prior payment.

The bonds shall be callable for redemption in full at any time on or after April 1, 2008, or in part on any interest payment date on or after April 1, 2000, in the inverse order of their maturities.

WATERWORKS DISTRICT NO. 5 OF THE
PARISH OF St. Mary, STATE OF LOUISIANA

May 31, 1986

Refunded Indebtedness
General Obligation Bonds
dated April 1, 1984

Maturity	Bond Maturity	Yearly Payments			Bonds Outstanding
		Principal	Interest	Total	
1986			8,212	8,212	365,000
1987	87 to 85	45,000	15,412	60,412	320,000
1988	86 to 84	45,000	13,387	58,387	275,000
1989	85 to 84	50,000	11,290	61,290	225,000
2090	84 to 84	50,000	9,000	59,000	175,000
2091	83 to 84	50,000	6,750	56,750	125,000
2092	82 to 84	60,000	4,375	64,375	65,000
2093	77 to 89	65,000	1,483	66,483	-
Totals		<u>\$ 365,000</u>	<u>\$ 68,149</u>	<u>\$ 433,149</u>	

Original issue dated April 1, 1984, for \$445,000.

Paying Agent, St. Mary Bank & Trust Company, Franklin, Louisiana.

This obligation was incurred for the purpose of advance refunding the callable maturities of the District's outstanding General Obligation Bonds, series 1983, which mature June 1, 1984 to June 1, 2003, inclusive, and for paying costs of issuance of the bonds. The refunded bonds are being refunded in order to reduce the annual debt service on the District's general obligation indebtedness and to produce present value savings.

The bonds are secured by a special tax to be imposed on all property subject to taxation within the territorial limits of Waterworks District No. 5 of the Parish of St. Mary, State of Louisiana, sufficient in amount to pay the principal of and interest and redemption premium, if any, on the bonds falling due each year.

All of the proceeds of the refunded bonds and the interest earnings thereon, have been applied to the purposes for which the Refunded Bonds were issued; constructing and acquiring extensions and improvements to the waterworks system of the District.

The bonds shall not be callable for redemption prior to maturity.

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

May 31, 1985

Indexed Indebtedness
General Obligation Bonds
dated September 1, 1985

Maturity	Bond Maturity	Yearly Payments			Bonds Outstanding
		Principal	Interest	Total	
1995					600,000
1996	1 to 9	45,000	18,000	63,000	555,000
1997	10 to 18	58,000	13,000	71,000	515,000
1998	20 to 28	50,000	20,000	70,000	470,000
1999	30 to 40	55,000	27,000	82,000	420,000
2000	41 to 51	55,000	24,000	79,000	345,000
2001	52 to 63	60,000	20,000	80,000	285,000
2002	64 to 76	65,000	17,000	82,000	220,000
2003	77 to 90	70,000	13,000	83,000	150,000
2004	91 to 105	75,000	9,000	84,000	75,000
2005	106 to 120	75,000	4,500	79,500	-
Totals		\$600,000	\$127,500	\$727,500	

Original issue dated September 1, 1985, for \$600,000.
Issuing Agent, St. Mary Bank & Trust Co., Franklin, Louisiana.

This obligation was incurred for the purpose of constructing and acquiring improvements to the water treatment plant and for constructing extensions and improvements to the water distribution system, and paying the costs incurred in connection with the issuance of the Certificates.

The certificates shall be secured by and payable as to principal and interest solely from a pledge and dedication of the excess of annual revenues of the issuer above statutory, necessary and usual charges in each of the fiscal years during which the Certificates are outstanding. Until the Certificates shall have been paid in full in principal and interest, the Governing authority must budget annually a sum of money sufficient to pay the Certificates and the interest thereon as they respectively mature, including any principal and/or interest theretofore matured and then unpaid and to pay and collect in each year taxes and to collect other revenues, sufficient to pay the principal and interest.

Those certificates maturing on September 1, 1989, and thereafter, shall be callable for redemption by the issuer in full at any time on or after September 1, 1989, or in part in the inverse order of their maturities, and if less than a full maturity, then by a lot within such maturity, on any interest payment date on or after September 1, 1989, at the principal amount thereof and accrued interest to the date fixed for redemption.

GURDY & CHAMIN
CERTIFIED PUBLIC ACCOUNTANTS
A FIRM ORGANIZED UNDER THE LAWS OF MISSISSIPPI
P. O. BOX 500 - BOCA RATON, FLORIDA
FRANKLIN, LOUISIANA BRANCH

202 - 488-0272
704 N. W. 5th Street

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED
ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Waterworks District No. 5 of the
Parish of St. Mary, State of Louisiana
Covington, Louisiana 70322

We have audited the general purpose financial statements of the Waterworks District No. 5 of the Parish of St. Mary, State of Louisiana, a component unit of St. Mary Parish, as of and for the year ended May 31, 1996, and have issued our report thereon dated October 3, 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 financial statements are free of material misstatement.

compliance with laws and regulations applicable to Waterworks District No. 5 of the Parish of St. Mary, State of Louisiana is the responsibility of the Waterworks District No. 5's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Waterworks District No 5 of the Parish of St. Mary, State of Louisiana's compliance with certain provisions of laws and regulations. However, the objective of our audit of the general purpose 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 management of the District, the Legislative Auditor of the State of Louisiana, and the management of the St. Mary Parish Council. However, this report is a matter of public record and its distribution is not limited.

Gurdy & Chamin
Certified Public Accountants

October 3, 1996
Franklin, Louisiana

St. Mary Watership No. 5
Report on Internal Control Structure
Page Three

This report is intended for the information of the management of the Watership District No. 5, the St. Mary Parish Council and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Baudry J. Clouston

Certified Public Accountant

October 7, 1988
Franklin, Louisiana

St. Mary Waterworks No. 5
Report on Internal Control Structure
Page Two

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 management in the general purpose financial statements.

Inadequate Segregation of Accounting Functions

Findings:

Due to the small number of employees, the Waterworks District No. 5 did not have adequate segregation of functions within the accounting system.

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.

Response:

No response is considered necessary.

A material weakness is a reportable condition in which the design or operation of one or more of the 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 general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matter involving the internal control structure and its operation that we consider to be a material weakness as defined above. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of the St. Mary Parish Waterworks No. 5, for the year ended May 31, 1988.

Material Weakness

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

QUERRY & CHAUVIN
CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Waterworks District No. 5 of the
Parish of St. Mary, State of Louisiana
Centerville, Louisiana

We have audited the accompanying general purpose financial statements of the Waterworks District No. 5 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 May 31, 1986. These general purpose financial statements are the responsibility of the Waterworks District No. 5 of the Parish of St. Mary, State of Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Waterworks District No. 5 of the Parish of St. Mary, State of Louisiana as of May 31, 1986, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. 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.

Querry & Chauvin
Certified Public Accountants

October 7, 1986
Monroe, Louisiana

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

Notes to Financial Statements (Continued)
May 31, 1995

\$500,000 Public Improvement Bonds, dated September 1, 1985,
Final maturity date September 1, 2005. Interest rate 8% \$500,000

The following is a schedule of future debt service requirements including interest
of \$700,870 as of May 31, 1995:

Year	<u>Amount</u>
1996	\$ 86,489
1997	222,127
1998	214,972
1999-2003	1,103,195
2004-2006	587,525
2009-2010	166,622
Total	<u>\$2,370,938</u>

F. METER DEPOSITS

As authorized under Louisiana Revised Statutes, funds amounting to \$42,894 have been restricted in the Meter Deposit Fund for the purchase of water meters. Funds in the amount of \$13,886 not available in restricted assets are recorded as payable from current assets.

G. PENSION PLAN

Plan Description. Substantially all employees of the St. Mary Parish Waterworks District are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan 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. All employees of the district are members of Plan B.

All permanent employees working at least 28 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 B, employees who retire at or after age 62 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary in excess of \$700 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62. In any case, monthly retirement benefits paid under Plan B cannot exceed the lesser of 100 percent of final-average salary or \$70 multiplied by total years of creditable service. Final-average salary is the employee's average salary over the 30 consecutive or joined months that produce the highest average. Employees who terminate with at least

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LEGISLATIVE AUDITOR
STATE OF LOUISIANA

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**WATERBURY DISTRICT NO. 5 OF THE PARISH
OF ST. HENRY, STATE OF LOUISIANA**

Financial Statements

For the Year Ended May 31, 1986

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the workmen, or reviewed, orally 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 DEC 18 1986

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

PROPRIETARY FUND - ENTERPRISE FUND

Statement of Revenues, Expenses,
and Changes in Retained Earnings
For the Years Ended May 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Operating Revenues		
charges for services:		
Water sales	\$ 420,226	\$ 325,386
Service fees	20,366	17,509
Collection fees	<u>51,888</u>	<u>15,895</u>
Total Operating Revenues	<u>492,512</u>	<u>358,890</u>
Operating Expenses		
Personal services and related benefits	314,991	300,892
Supplies and materials	55,908	57,244
Other services and charges	179,821	194,875
Depreciation	<u>160,921</u>	<u>144,372</u>
Total Operating Expenses	<u>691,721</u>	<u>697,383</u>
Operating Loss	<u>(199,209)</u>	<u>(338,493)</u>
Non-operating Revenues (Expenses)		
Ad valorem taxes - maintenance	153,214	165,210
Ad valorem taxes - debt retirement	137,959	158,488
State revenue sharing	8,137	8,891
Investment income	41,896	14,824
Miscellaneous income	12,500	523
Bond interest	<u>(182,888)</u>	<u>(15,179)</u>
Total Non-operating Revenues (Expenses)	<u>248,222</u>	<u>285,523</u>
Net Income (Loss)	49,013	(52,970)
Retained Earnings, Beginning of Year	<u>3,032,143</u>	<u>3,085,113</u>
Retained Earnings, End of Year	<u>\$3,081,156</u>	<u>\$2,932,143</u>

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