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

Financial Statements

For the Year Ended May 31, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, orally and other appropriate public officials. The report is available for public inspection at the Ector House of the Legislative Auditor and, when appropriate, at the office of the parish clerk of court.

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Revised Date: JAN 27 1998

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**CUDRY & CHAMVIN**  
CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
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**INDEPENDENT AUDITORS' REPORT**

Board of Commissioners  
Waterworks District No. 3 of the  
Parish of St. Mary, State of Louisiana  
Catahoula, Louisiana

We have audited the accompanying general purpose financial statements of the Waterworks District No. 3 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, 1997. These general purpose financial statements are the responsibility of the Waterworks District No. 3 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. These 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. 3 of the Parish of St. Mary, State of Louisiana as of May 31, 1997, and the results of its operations and the cash flows for the year then ended in conformity with generally accepted accounting principles.

St. Mary Networks No. 3  
Independent Auditor's Report  
Page Two

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.

*David J. Chauvin*

Certified Public Accountant

November 8, 1997  
Franklin, Louisiana

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

PROPRIETARY FUND - ENTERPRISE FUND

Balance Sheets  
May 31, 1997 and 1996

ASSETS	<u>1997</u>	<u>1996</u>
<b>Current Assets</b>		
Cash	\$ 392,789	\$ 316,897
Accounts receivable-water billings	78,878	19,306
Interest receivable	508	1,860
State revenue sharing tax receivable	253	706
Prepaid expenses	<u>18,269</u>	<u>27,018</u>
<b>Total Current Assets</b>	<u>490,197</u>	<u>425,817</u>
<b>Non-Current Assets</b>		
Due from Other Governmental Units	19,314	23,094
Deferred charges - Unamortized bond issue cost	<u>16,121</u>	<u>18,292</u>
<b>Total Non-Current Assets</b>	<u>35,435</u>	<u>41,386</u>
<b>Restricted Assets</b>		
Water Deposit Fund:		
Cash	44,893	41,186
Interest receivable	328	898
Slaking Fund for Public Improvement Bonds:		
Cash	122,845	123,645
Interest receivable	1,082	494
Capital Additions & Contingencies Fund:		
Cash	70,372	46,938
Interest receivable	2,177	35
Construction Fund:		
Cash	104,383	549,295
Interest receivable	<u>4,254</u>	<u>4,883</u>
<b>Total Restricted Assets</b>	<u>502,354</u>	<u>728,381</u>
Waterworks System, Plant and Equipment (net of accumulated depreciation)	<u>1,681,279</u>	<u>1,555,450</u>
<b>TOTAL ASSETS</b>	<u>24,723,001</u>	<u>24,384,962</u>

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

SECRETARY FUND - ESTERROISE FUND

Balance Sheets (Continued)  
May 31, 1997 and 1996

	<u>1997</u>	<u>1996</u>
<b>LIABILITIES AND RETAINED EARNINGS</b>		
Current Liabilities		
Payable from current assets:		
Accrued expense	851	2,371
Water meter deposits	13,318	13,886
Due to other governmental agencies	<u>5,302</u>	<u>      </u>
Total payable from current assets	<u>20,471</u>	<u>16,257</u>
Payable from restricted assets:		
Sinking Fund for Public Improvement Bonds:		
bonds payable within one year	128,000	120,000
Interest payable	18,848	20,157
Water meter deposits	<u>82,013</u>	<u>82,293</u>
Total payable from restricted assets	<u>228,861</u>	<u>222,450</u>
Total Current Liabilities	<u>249,332</u>	<u>238,707</u>
Long-term Liabilities		
bond debt	<u>1,827,000</u>	<u>1,828,000</u>
Total Liabilities	<u>2,076,332</u>	<u>2,066,707</u>
Retained Earnings		
Reserved for:		
Bonded indebtedness		
Capital improvements	300,166	404,136
Unreserved	<u>1,702,110</u>	<u>1,828,166</u>
Total Retained Earnings	<u>1,992,276</u>	<u>2,232,302</u>
<b>TOTAL LIABILITIES AND RETAINED EARNINGS</b>	<b><u>\$4,068,608</u></b>	<b><u>\$4,309,009</u></b>

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

WATERBURY DISTRICT NO. 6 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, 1997 and 1996

	<u>1997</u>	<u>1996</u>
Operating Revenues		
Charges for services:		
Water sales	\$ 446,958	\$ 428,228
Service fees	38,203	20,316
Collection fees	22,222	31,386
Total Operating Revenues	<u>487,383</u>	<u>480,930</u>
Operating Expenses		
Personal services and related benefits	324,018	324,993
Supplies and materials	53,217	55,928
Other services and charges	185,547	179,825
Depreciation	144,068	248,887
Total Operating Expenses	<u>706,850</u>	<u>809,633</u>
Operating Loss	<u>(219,467)</u>	<u>(328,703)</u>
Non-operating Revenues (Expenses)		
Ad valorem taxes - maintenance	170,546	153,094
Ad valorem taxes - debt retirement	147,596	132,069
State revenue sharing	8,460	8,167
Investment income	32,464	41,898
Miscellaneous income	12,300	20,940
Good interest	(128,072)	(120,068)
Total Non-operating Revenues (Expenses)	<u>223,300</u>	<u>246,200</u>
Net Income (Loss)	43,833	17,497
Retained Earnings, Beginning of Year	<u>3,838,225</u>	<u>3,820,728</u>
Retained Earnings, End of Year	<u>\$3,882,058</u>	<u>\$3,838,225</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. 3 OF THE  
PARISH OF ST. MARY, STATE OF LOUISIANA

PROPRIETARY FUND - WATERWORKS FUND

Statements of Cash Flow  
For the Years Ended May 31, 1997 and 1996

	1997	1996
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (221,730)	\$ (238,610)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	144,569	143,407
Changes in Assets & Liabilities:		
(Increase) Decrease in Accounts Receivable - Water Billings	11,983	123,141
(Increase) Decrease in Interest Receivable	1,182	(911)
(Increase) Decrease in Taxes Receivable	483	(483)
(Increase) Decrease in Due from Other Governmental Units	1,783	121,044
(Increase) Decrease in Unamortized Bond Issue Cost	2,171	17,187
(Increase) Decrease in Prepaid Expenses	7,094	3,143
Increase (Decrease) in Accrued Expenses	(1,000)	12,341
Increase (Decrease) in Water Meter Deposits	1771	11,443
Increase (Decrease) in Due to Other Governmental Agencies	9,302	18,066
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>(52,026)</b>	<b>(154,619)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Ad-Valorem Taxes	221,162	284,225
State Revenue Sharing	8,450	8,137
Miscellaneous Income	12,300	12,500
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>241,912</b>	<b>304,862</b>



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, 1997 and 1996

	<u>1997</u>	<u>1996</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING</b>		
<b>ACTIVITIES:</b>		
Acquisition of Fixed Assets	(269,887)	(289,474)
Sale of Fixed Assets	-	-
Proceeds from Issuance of General Obligation Bonds	-	800,019
Repayments of Public Improvements & General Obligation Bonds	(120,000)	166,010
Increase (Decrease) in Current Liabilities Payable from Restricted Assets	1,407	13,939
(Decrease) Increase in Interest Receivable - Restricted Assets	(827)	19,210
Interest Earned on Restricted Funds	14,397	29,887
Interest Paid on Long-Term Debt	(188,072)	(280,069)
<b>NET CASH (USED) FOR CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<u>1478,852</u>	<u>216,081</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest Earned on Operating Funds	<u>17,088</u>	<u>32,810</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>17,088</u>	<u>32,810</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>1495,940</u>	<u>248,891</u>
<b>CASH AND CASH EQUIVALENTS AT MAY 31, 1996</b>	<u>3,988,790</u>	<u>380,000</u>
<b>CASH AND CASH EQUIVALENTS AT MAY 31, 1997</b>	<u>5,484,730</u>	<u>628,891</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, 1997

## INTRODUCTION

Waterworks District No. 5 of the Parish of St. Mary, State of Louisiana was created by Ordinance No. 593 of the St. Mary Parish Police Jury, on September 3, 1994, 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. As May 31, 1997, there were approximately 1,000 customers receiving service.

### 1. 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 all the primary government (parish council) (O) organizations for which the primary government is financially accountable, and all 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:

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

Notes to the Financial Statements (Continued)  
May 31, 1987

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the parish council to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the parish council.
2. Organizations for which the parish council does not appoint a voting majority but are fiscally dependent on the parish council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the parish council 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.

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

Notes to the Financial Statements (Continued)  
May 31, 1997

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.

**EXPENSES.** Expenditures are recorded in the period that the liabilities are incurred.

E. 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. These 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. At May 31, 1997, accounts receivables were recorded as \$76,875.

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.

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

Notes to the Financial Statements (Continued)  
May 31, 1997

**C. PREPAID EXPENSES**

Payments made to vendors for services that will benefit periods beyond May 31, 1997, are recorded as prepaid expenses. At May 31, 1997, prepaid expenses were recorded as \$19,864.

**D. 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 repairs and replacements. The "construction fund" account is used to report those proceeds of bond issuances that are restricted for use in construction.

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

**F. 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
6-15 years	15 work days
16-25 years	20 work days
26 or more years	25 work days

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
May 31, 1997

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.

2. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the Enterprise Fund.

1. RETAINED EARNINGS

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

2. CASH AND CASH EQUIVALENTS

At May 31, 1997, the District has cash and cash equivalents (bank balances) totaling \$984,053, as follows:

Demand deposits	\$	5,874
Time Deposits		<u>978,179</u>
Total		<u>\$ 984,053</u>

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. At May 31, 1997, the district has \$978,179 in deposits (collected bank balances). These deposits are secured from risk by \$206,374 of federal deposit insurance and \$771,805 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 1).

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

Notes to the Financial Statements (Continued)  
May 31, 1997

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GSNB Statement 3, Louisiana Revised Statute 19:1229 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.

3. DEBT FROM OTHER GOVERNMENTAL UNITS

The water district purchased an office building on July 29, 1995. The water district paid the entire purchase price of \$45,880, then entered into an agreement to sell one-half interest in the building for \$32,580 to the St. Mary Parish Sewer District #5. The debt is to be repaid at \$180 per month at 8% interest beginning August 1, 1995 and ending July 1, 2005. At May 31, 1997 the balance due from Sewer District #5 was \$19,311.

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, 1996 was 4.62 per \$1,000 for maintenance and operations and 2.84 per \$1,000 for bond and interest payments.

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

Notes to Financial Statements (Continued)  
May 31, 1997

5. CHANGES IN GENERAL FIXED ASSETS

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

	Balance May 31, 1996	Additions	Deprac- tations	Balance May 31, 1997
Construction in Progress	\$ 217,287	\$ 252,963	-	\$ 470,250
Lead	22,237	-	-	22,237
Water plants & lines prior to 8-1-75	1,410,824	-	-	1,410,824
New water treatment plant	1,162,486	-	-	1,162,486
New water lines and meters	2,833,734	12,962	-	2,846,696
Office building	99,824	-	-	99,824
Furniture & equipment	123,648	1,913	-	125,561
Trucks	43,221	-	-	43,221
Sub-Total	5,913,257	269,858	-	6,183,115
Less accumulated depreciation	<u>2,381,287</u>	<u>148,562</u>	<u>-</u>	<u>2,529,849</u>
Total	<u>\$3,531,970</u>	<u>\$121,296</u>	<u>\$ -</u>	<u>\$3,653,266</u>

Depreciation expense related to the utilization of fixed assets for the year ended May 31, 1997, is \$144,963.

6. LONG-TERM DEBT

The following is a summary of the District's long-term debt transactions for the year ended May 31, 1997:

	Public Improvement Bonds
Bonds Payable at June 1, 1995	\$ 1,410,000
Bonds matured	(220,000)
Bonds Issued	-
Bonds Payable at May 31, 1996	<u>\$ 1,190,000</u>

Bonds payable at May 31, 1997 are comprised of the following individual issues:



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

Notes to Financial Statements (Continued)  
May 31, 1987

Property Tax Bonds:

\$508,000 Public Improvement Bonds, dated April 1, 1990, final maturity date April 1, 2010, interest rate 6.75 to 10% \$694,000

\$445,000 Public Improvement Bonds, dated April 1, 1994, final maturity date April 1, 2003, interest rate 4.5% \$320,000

\$600,000 Public Improvement bonds, dated September 1, 1995, final maturity date September 1, 2005, interest rate 6% \$500,000

The following is a schedule of future debt service requirements including interest of \$599,225 as May 31, 1987:

Year	Amount
1987	\$ 87,427
1988	214,812
1989	320,313
2000-2004	1,844,393
2005-2009	487,080
2010	<u>82,180</u>
Total	<u>\$2,846,225</u>

7. WATER DEPOSITS

As authorized under Louisiana Revised Statutes, funds amounting to \$45,013 have been restricted in the Meter Deposit Fund for the purchase of water meters. Funds in the amount of \$13,315 not available in restricted assets are recorded as payable from current assets.

8. 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 non-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.

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

Notes to the Financial Statements (Continued)  
May 31, 1997

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 A, 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 2 percent of their final-average salary in excess of \$150 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 3% multiplied by total years of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established 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 34619, Baton Rouge, Louisiana 70899-4619, or by calling (504) 528-1361.

Funding Policy: Under Plan A, members are required by state statute to contribute 3.0 percent of their annual covered salary in excess of \$1,200 and the district is required to contribute at an actuarially determined rate. The current rate is 1.2 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 12:103, the employer

PARISHES DISTRICT NO. 2 OF THE  
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements (CONTINUED)  
May 31, 1997

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, 1997, 1996, and 1995 were \$1,500, \$2,400, and \$1,500, 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. 54 of the 1978 Session of the Louisiana Legislature. Louisiana Revised Statute Section 3819 provides for each board member to receive a per diem not to exceed \$40 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 #3 pays per diem of \$50 per meeting.

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

Notes to the Financial Statements (Continued)  
May 31, 1987

Board Member	Amount	Number of Meetings
Jack Benedicetto	\$ 850	17
Wayne Deslattes	750	16
Jesse Jones, Sr.	800	16
John J. Lejaunie, Jr.	850	17
H. A. Panko	800	16
David Franklin	800	16
Eugene H. Thibodaux, Jr.	<u>750</u>	14
 Total Board Members	 \$5,550	
Jemie Miller (Superintendent)	750	15
Carl Miller (Superintendent)	800	16
Jan Smith (Sec./Treasurer)	<u>850</u>	17
 Total Per Diem	 <u>\$7,950</u>	

10. MAJOR CUSTOMERS

During the year the District had two major customers, each of whose purchases exceeded 10% of total sales. Sales to these customers were as follows:

Cabot Corporation	\$ 143,425
Columbian Chemical Company	<u>46,488</u>
Total	<u>\$ 189,913</u>

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

PROPRIETARY FUND TYPE - ENTERPRISE FUND

Statement of Operating Expenses  
For the Year Ended May 31, 1997

	<u>1997</u>	<u>1996</u>
<b>OPERATING EXPENSES</b>		
Personal Services:		
Salaries	\$282,575	\$287,400
Hospitalization Insurance	16,587	16,880
Payroll Taxes	31,941	35,400
Retirement	<u>3,335</u>	<u>2,800</u>
Total Personal Services	<u>328,810</u>	<u>324,950</u>
Supplies and Materials:		
Chemicals	41,000	41,840
Office expense	3,500	9,400
Postage	<u>4,573</u>	<u>4,200</u>
Total Supplies and Materials	<u>51,213</u>	<u>55,900</u>
Other Service and Charges:		
Accounting fees	3,150	9,200
Board meetings	1,950	6,200
Consulting engineer	1,778	1,370
Dues and subscription	213	-
Education	1,054	700
Insurance-general	51,128	57,500
Maintenance-water system	16,438	28,000
Maintenance-water plant	11,055	16,550
Miscellaneous	270	200
Professional fees	2,771	4,400
Track maintenance	7,541	10,100
Utilities	<u>48,465</u>	<u>45,800</u>
Total Other Services and Charge	<u>199,860</u>	<u>270,800</u>
Depreciation	<u>168,000</u>	<u>168,000</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>\$716,824</u></b>	<b><u>\$809,750</u></b>

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

May 31, 1937

Bonded Indebtedness  
General Obligation Bonds  
dated April 1, 1930

MATURITY	Bond		Bond's Payments			Bonds Outstanding
	Number	Face	Principal	Interest	Total	
1937				31,787	31,787	478,011
1938	24 to 31	38,000	38,000	44,323	76,323	442,011
1939	32 to 38	38,000	38,000	41,753	76,753	370,011
1940	39 to 45	38,000	38,000	41,400	76,400	328,011
1941	46 to 53	49,000	49,000	38,810	78,810	289,011
1942	54 to 61	49,000	49,000	34,080	78,080	245,011
1943	62 to 70	45,000	45,000	33,075	78,075	202,011
1944	71 to 80	50,000	50,000	29,750	79,750	152,011
1945	81 to 91	55,000	55,000	26,975	81,975	90,011
1946	92 to 103	60,000	60,000	22,850	82,850	7,011
1947	104 to 115	60,000	60,000	17,880	77,880	
1948	116 to 128	70,000	70,000	13,380	83,380	
1949	129 to 144	75,000	75,000	9,225	84,225	
1950	145 to 160	80,000	80,000	3,800	83,800	
<b>Totals</b>		<b>800,000</b>	<b>800,000</b>	<b>300,350</b>	<b>1,100,350</b>	

Original issue dated April 1, 1930, for \$800,000.

Paying Agent, Eastern State Bank & Trust Company, Eastern, 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 copies of prior payments.

The bonds shall be callable for redemption in full at any time on or after April 1, 1938, or in part on any interest payment date on or after April 1, 1938, in the inverse order of their maturities.

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

May 31, 1997

Refunded Indebtedness  
General Obligation Bonds  
Dated April 1, 1994

Maturity	Bond Numbers	Yearly Payments			Bonds Outstanding
		Principal	Interest	Total	
1997			7,300	7,300	120,000
1998	38 to 44	45,000	13,387	58,387	375,000
1999	38 to 44	50,000	11,258	61,258	325,000
2000	44 to 54	50,000	9,008	59,000	175,000
2001	55 to 64	50,000	6,758	56,758	125,000
2002	65 to 78	50,000	4,278	54,278	65,000
2003	79 to 88	<u>62,000</u>	<u>1,482</u>	<u>63,482</u>	
Totals		<u>\$ 320,000</u>	<u>\$ 53,325</u>	<u>\$ 373,325</u>	

Original issue dated April 1, 1994, 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 1993, which mature June 1, 1994 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. 3 of the Parish of St. Mary, State of Louisiana, sufficient to assure 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.

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

May 11, 1997

Borrowed Indebtedness  
Revenue Bonds  
Dated September 1, 1985

Maturity	Bond Numbers	Yearly Payments			Bonds Outstanding
		Principal	Interest	Total	
1996					585,000
1997	18 to 19	50,000	14,880	64,880	595,000
1998	20 to 20	50,000	20,100	80,100	455,000
1999	30 to 40	55,000	27,180	82,180	400,000
2000	41 to 51	55,000	24,800	79,800	345,000
2001	52 to 63	45,000	20,700	65,700	285,000
2002	64 to 75	35,000	17,100	52,100	225,000
2003	77 to 90	20,000	13,200	33,200	150,000
2004	91 to 105	25,000	9,000	34,000	75,000
2005	106 to 120	28,000	4,500	32,500	-
<b>Totals</b>		<b>\$518,000</b>	<b>\$160,780</b>	<b>\$678,780</b>	

Original issue dated September 1, 1985, for \$638,000.  
Paying 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 may 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 buy and collect in each year taxes and to collect other revenues sufficient to pay the principal and interest.



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

May 31, 1977  
(CONT.)

Those certificates maturing on September 1, 1978, and thereafter, shall be callable for redemption by the issuer in full at any time on or after September 1, 1979, or in part in the inverse order of their maturation, and if less than a full maturity, then by a lot within such maturity, on any interest payment date on or after September 1, 1978, at the principal amount thereof and accrued interest to the date fixed for redemption.

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.

214-882-0770  
FAX 214-882-0788

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

Board of Commissioners  
Waterworks District No. 5 of the  
Parish of St. Mary, State of Louisiana  
Cottleville, Louisiana 70812

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, for the year ended May 31, 1997, and have issued our report thereon dated November 4, 1997.

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

The management of the Waterworks District No. 5 of the Parish of St. Mary, State of Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policy and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Waterworks District No. 5 of the Parish of St. Mary, State of Louisiana for the year ended May 31, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed

in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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

#### Inadequate Segregation of Accounting Functions

##### Finding:

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 accounts 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, 1994.

Material Weakness

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

This report is intended for the information of the management of the Waterworks District No. 3, the St. Mary Parish Council and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*Bruce P. Starnin*  
Certified Public Accountant

November 8, 1997  
Franklin, Louisiana

**CHERRY & CHALVIN**  
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A PROFESSIONAL ACCOUNTING CORPORATION  
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**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  
Coveterville, Louisiana 70522

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, 1993, and have issued our report thereon dated November 5, 1993.

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 objectives 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.

*Barney C. Chalvin*  
Certified Public Accountant

November 6, 1993  
Frasher, Louisiana