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**WATER DISTRICT NO. 1,
OF THE PARISH
OF LAFOURCHE,
STATE OF LOUISIANA**

*Financial Report,
Internal Control and Compliance Report*

*Fiscal Years Ending
June 30, 1999 and 1998*

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

Release Date SEP 29 1999

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**WATER DISTRICT NO. 1,
OF THE PARISH
OF LAFOURCHE,
STATE OF LOUISIANA**

*Financial Report,
Internal Control and Compliance Report*

*Fiscal Years Ending
June 30, 1989 and 1990*

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Release Code SEP 29 1989



STANDARD & COMPANY, LLC

**WATER DISTRICT NO. 1, OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

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**WATER DISTRICT NO. 1, OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

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FINANCIAL SECTION

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners
Water District No. 1 of the Parish of Lafourche
State of Louisiana

We have audited the accompanying general-purpose financial statements of Water District No. 1 of the Parish of Lafourche, State of Louisiana, a component unit of the Lafourche Parish Council, as of and for the years ended June 30, 1999 and 1998, as listed in the financial section of the table of contents. These general-purpose financial statements are the responsibility of Water District No. 1 of the Parish of Lafourche, 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 general-purpose financial statements are free of material misstatement. An audit 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 respects, the financial position of Water District No. 1 of the Parish of Lafourche, State of Louisiana, as of June 30, 1999 and 1998, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 3, 1999 on our consideration of Water District No. 1 of the Parish of Lafourche, State of Louisiana's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

To the Board of Commissioners
Water District No. 1 of the Parish of Lafourche
State of Louisiana
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Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. Supplementary statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of Water District No. 1 of the Parish of Lafourche, State of Louisiana. Except for the schedule of Metered Water Customers and the Schedule of Insurance in Force, which were not audited by us and on which we express no opinion, the supplementary statements and schedules have been subjected to the auditing procedures applied in our examination of the general-purpose financial statements, and, in our opinion, are fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

Stagni & Company

Thibodaux, Louisiana
August 3, 1999



**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Comparative Balance Sheet
Water Distribution Fund
June 30, 1999 and 1998

	1999		1998	
CURRENT ASSETS				
Cash and cash equivalents		<u>\$ 1,228,224</u>		<u>\$ 1,788,888</u>
Investment		1,000,000		1,000,000
Receivables:				
Water sales		482,250		397,800
Unbilled water sales		335,418		262,512
Accounts		7,000		6,179
Other		338,800		12,289
Inventory		327,848		282,541
Prepaid insurance		88,000		83,750
Total current assets		<u>3,807,338</u>		<u>3,865,759</u>
DEFERRED ASSETS (cash and investments)				
Water revenue bond (unpaid) 2000 bonds received		3,818,267		3,875,000
Water revenue bond future debt service revenue account		4,825,432		5,724,233
Water revenue bond noninterest account		100,000		100,000
Customer water deposits		671,500		664,800
Total deferred assets		<u>9,415,200</u>		<u>10,364,033</u>
PROPERTY, PLANT AND EQUIPMENT				
at cost/less accumulated depreciation at 6/30/99/6/30/98 less asset liability, net for 1999		<u>23,890,140</u>		<u>26,527,113</u>
TOTAL ASSETS		<u>\$ 14,042,678</u>		<u>\$ 14,652,905</u>
LIABILITIES AND FUND EQUITY				
CURRENT LIABILITIES (noninterest-bearing deposits)				
Accounts payable and accrued expenses	\$ 1,000		\$ 123,492	
Contracts and savings payable		183,878		164,826
Due to other entities for water sale collection		65,000		71,887
CURRENT LIABILITIES (interest-bearing non-interest-bearing)				
Bonds due within one year		1,044,700		1,011,888
Interest accrued		176,333		204,897
Customer water deposits		371,700		344,700
Total current liabilities		<u>1,593,733</u>		<u>1,662,387</u>
LONG TERM DEBT				
Bonds due after one year (net of unamortized discount at 6/30/99 for 1999 and 6/30/98 for 1998)		<u>11,004,138</u>		<u>11,808,709</u>
Payables		1,884,770		1,917,000
FUND EQUITY				
Contributions in aid of construction		6,688,800		1,718,000
Retained Earnings:				
Reversal by debt service		1,770,000		1,767,280
Reserve		32,864,717		32,034,000
Total retained earnings		<u>34,635,517</u>		<u>35,519,280</u>
Total fund equity		<u>41,314,317</u>		<u>41,247,560</u>
TOTAL LIABILITIES AND FUND EQUITY		<u>\$ 14,042,678</u>		<u>\$ 14,652,905</u>

See Notes to Financial Statements.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Comparative Statement of Revenues, Expenses and Changes
in Retained Earnings - Water Enterprise Fund
For the years ending June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
OPERATING REVENUES		
Metered sales to regular customers	\$ 5,448,517	\$ 5,125,852
Metered sales to industrial and municipal customers	380,205	301,117
Connection charges and other revenues	278,585	245,780
	<u>6,107,307</u>	<u>5,749,692</u>
OPERATING EXPENSES		
Water purchased for resale	82,389	70,813
Water treatment expenses	1,747,508	1,688,345
Transmission and distribution expenses	1,185,345	708,710
Customer accounts expenses	471,318	418,029
Administrative and general expenses	601,400	526,024
Depreciation of utility system	1,424,079	1,421,334
	<u>5,322,247</u>	<u>4,933,814</u>
Income from operations	<u>785,060</u>	<u>815,878</u>
NON-OPERATING REVENUE		
Investment income	725,543	701,219
Art historian's taxes	601,890	728,086
Shared revenue	48,768	48,820
Other income	228,240	87,391
	<u>1,604,441</u>	<u>1,565,516</u>
NON-OPERATING EXPENSES		
Interest on bonds	783,318	754,589
Amortization of debt discount and expense	48,335	48,595
(Minor) loss on disposition of fixed assets	(745)	(8,588)
	<u>782,808</u>	<u>794,596</u>
NET INCOME	<u>1,607,693</u>	<u>1,086,898</u>
RETAINED EARNINGS		
Beginning of year	32,001,823	30,754,789
End of year	<u>\$ 33,609,516</u>	<u>\$ 31,841,687</u>

See Notes to Financial Statements.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Comparative Statement of Cash Flow
Water Supply Fund
For the years ending June 30, 1999 and 1998

	1999	1998
Net Change (Decrease) in Cash and Cash Equivalents		
Cash flows from operating activities:		
Cash received from customers	\$ 3,004,870	\$ 3,700,000
Cash payments for supplies for pumps and meters	(2,041,767)	(1,000,000)
Cash payments made in advance for services	(2,113,000)	(1,000,000)
Net cash provided (used) by operating activities	(1,149,897)	(2,900,000)
Cash flows from capital financing activities:		
All capital bonds received	87,000	700,000
Revenue distributed	(9,700)	40,000
Other non-capital financing income	(28,000)	87,000
Net cash provided (used) by capital financing activities	(12,700)	827,000
Cash flows from capital and related financing activities:		
(Revaluation) sale of capital assets	(2,179,500)	(1,000,000)
Construction in progress	175,771	100,000
(Decrease) loss of non-current assets	740	8,000
Bond proceeds		
Principal paid on various bond maturities	(201,000)	(200,000)
Interest paid on various bonds	(178,000)	(200,000)
Net cash provided (used) by capital and related financing activities	(2,304,029)	(2,492,000)
Cash flows from investing activities:		
Payments in excess of proceeds from sale and		
purchase of investments	1,400,700	1,000,000
Interest and dividends on investments	70,000	70,000
Net cash provided (used) by investing activities	1,470,700	1,070,000
Net increase (decrease) in cash and cash equivalents	\$ 103,881	\$ 1,007,000
Cash and cash equivalents at the beginning of year	1,672,000	2,000,000
Total cash and cash equivalents at the end of year	\$ 1,775,881	\$ 3,007,000
Cash and cash equivalents are composed of:		
Cash and cash equivalents at the end of year	\$ 1,609,000	\$ 1,700,000
Cash and cash equivalents from restricted assets:		
Water improvement fund/deferred service account	170,000	180,000
Customer credit deposits	40,000	—
	\$ 1,819,000	\$ 1,880,000
Recognition of operating income in net cash provided by operating activities:		
Depreciation (Protein Data)	\$ 300,000	\$ 300,000
Adjustments to non-cash spending/income:		
Fuel costs provided by operating activities:		
Depreciation	1,400,000	1,400,000
Changes in assets and liabilities:		
(Decrease) decrease in receivables	(40,000)	(50,000)
(Decrease) decrease in inventory	(50,000)	(50,000)
(Decrease) decrease in prepaid insurance	400	(1,000)
Increase (Decrease) in accounts payable	(40,000)	(40,000)
Increase (Decrease) in contracts and advance payable	(50,000)	50,000
Increase (Decrease) in customer deposits	20,000	20,000
Increase (Decrease) in payable non-restricted assets	—	50,000
Total adjustments	1,380,000	1,370,000
Net cash provided (used) by operating activities	\$ 1,000,000	\$ 1,000,000

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements

Note 1 ***Summary of Significant Accounting Policies***

Water District No. 1 of the Parish of Lafourche, State of Louisiana, (Water District No. 1) was created by the Police Jury of the Parish of Lafourche in accordance with the provisions of Act 343 of the Louisiana Legislature.

Water District No. 1's boundaries encompass the entire Parish of Lafourche, except for the City of Thibodaux and the Town of Lockport.

The accounting and reporting policies of the Water District No. 1 conform to generally accepted accounting principles applicable to governments.

Reporting Entity

Water District No. 1 is a component unit of the Lafourche Parish Council as defined by GASB 14. All of its activities are those of an Enterprise Fund, which is one type of Proprietary Fund under the system of fund accounting for governmental agencies.

An Enterprise Fund accounts for those operations that are similar to business enterprises where the intent of the governing body is that the costs of providing a service to the general public is financed primarily through user charges.

Basis of Accounting

The Enterprise Fund is accounted for using the accrual basis of accounting.

Deposits and Investments

Deposits are fully collateralized in accordance with state statutes. The District's policy is that all surplus funds will be invested, where practical.

Investments are stated at cost, which approximates market.

Inventories

Materials and supplies inventory is valued at cost (first in, first out).

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)

Note 1 Summary of Significant Accounting Policies (Continued)

Uncollectible Accounts

In the opinion of management all receivables at June 30, 1999 and 1998 were fully collectible. The opinion is based upon historical experience and a review of receivable balances. No allowance for uncollectible accounts has been provided.

Depreciation of Plant and Equipment

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful service lives principally on the straight-line method. The service lives, by type of asset, are as follows:

Type of Asset	Service Life
Water Plant and Buildings	50 - 60 years
Transmission and Distribution Systems	50 - 60 years
Distribution and Maintenance	50 years
Administration and Office Buildings	44 years
Furniture and Equipment	7 - 8 years
Transportation Equipment	3 years

Interest during construction is not capitalized.

Vacation and Sick Pay

Employees of the Water District No. 1 earn paid vacations of one to five weeks based upon length of employment. Employees are also allowed fourteen days of sick leave and one day personal preference leave each year. Vacation leave does not vest or accumulate. Sick leave does not accumulate, but it vests to a maximum of 34 hours. The balance of sick leave is paid to each employee in December of every year to a maximum of 34 hours per employee.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)

Note 1 **Summary of Significant Accounting Policies (Continued)**

Statement of Cash Flows

For purposes of reporting cash flows, the Water District No. 1 considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Note 2 **Deposits and Investments**

Deposits

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Louisiana and its agencies that have a market value of not less than the principal amount of the deposits. The Water District's deposits, including certificates of deposit, were fully insured or collateralized as required by the state statutes at June 30, 1999 and 1998. At year end the carrying amount of Water District No. 1's deposits (checking and savings, and time deposit accounts) was \$6,834,804 and \$7,646,619 and the bank balance was \$6,648,144 and \$7,804,879, respectively. Of the total bank balance, \$338,878 and \$303,710 were covered by Federal Depositary Insurance at June 30, 1999 and 1998. The remainder was covered by collateral with a market value of \$7,373,685 and \$8,588,626 for 1999 and 1998 respectively.

Investments

The Water District No. 1, Parish of Lafourche, State of Louisiana, may invest in United States bonds, treasury notes, or certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana, an investment as stipulated in LSA-RS 38:1211, or any other federally insured investment.

All investments held by The Water District No. 1's investments are considered in credit risk Category 1 which includes investments insured or registered, or securities held by the Water District No. 1 or its agent in the Water District No. 1's name.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHER,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)

Note 2 **Deposits and Investments (Continued)**

Investments at June 30, 1999 consisted of:

	Carrying Amount	Market Value
Certificates of Deposit	\$1,800,000	\$1,800,000
Investments in LAMP	1,031,970	1,036,964
FROM RESTRICTED ASSETS:		
U.S. Treasury Obligations	4,825,433	4,514,490
Certificates of deposit	666,900	666,000
	\$8,324,303	\$8,017,454

Investments at June 30, 1998 consisted of:

	Carrying Amount	Market Value
Certificates of Deposit	\$6,100,000	\$6,100,000
FROM RESTRICTED ASSETS:		
U.S. Treasury Obligations	8,013,173	8,127,630
Certificates of deposit	540,000	540,000
	\$14,653,173	\$14,767,630

Note 3 **Ad Valorem Taxes**

Each November based on the assessed value of property as of the prior January 1 the Parish Assessor of Lafourche sends ad valorem tax bills. Billed taxes become delinquent on January 1 of the following year. A revaluation of all property is

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)

Note 3 *ad* **Business Taxes (continued)**

required to be completed no less than every four years. The last reevaluation was completed for the parish as of January 1, 1998. The assessed value for the property on January 1, on which the 1999 and 1998 levy was based, was \$200,285,290 and \$192,549,600 respectively.

The Water District No. 1 shares in tax collections based upon millage. The authorization to levy was granted through Parish elections for the purpose of operating and maintaining the water system for the Water District No. 1. The millage levied for the District for the year June 30, 1999 and 1998 was 3.98 mills. Tax collected as of June 30, 1999 and 1998 on the 1998 and 1997 tax levy was 97% and 90% respectively.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHÉ
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)

Note 4 **Equipment, Plant, and Equipment.**

Description	Balance June 30, 1987	Net Additions (Deductions)	Balance June 30, 1988	Net Additions (Deductions)	Balance June 30, 1988
Land and Right-of-Way	\$ 498,250	\$ 0,079	\$ 498,329	\$ 0,079	\$ 498,408
Water Plant and Building	(2,088,708)	0,079	(2,088,629)	0,079	(2,088,550)
Transmission and Distribution Systems	31,700,007	184,376	31,884,383	184,376	32,068,759
Depreciation and Maintenance Reserve	617,720	94,668	712,388	94,668	807,056
Administration and Office Buildings	54,517	0,000	54,517	0,000	54,517
Furniture and Equipment	247,480	15,778	263,258	15,778	279,036
Transportation Equipment	240,883	80,834	321,717	80,834	402,551
Construction Projects in Progress	600,874	3,340,548	3,941,422	3,340,548	7,281,970
Total Property, Plant, and Equipment, at cost	46,379,711	3,885,379	50,265,090	3,885,379	54,150,469
Accumulated Depreciation	(19,178,489)	(1,381,262)	(20,559,751)	(1,381,262)	(21,941,013)
Net Property, Plant, and Equipment	\$ 27,201,222	\$ 1,474,117	\$ 28,675,339	\$ 1,474,117	\$ 32,209,456

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)

Note 3 Long-Term Debt

A summary of bond transactions of the District for the year ended June 30, 1999 and 1998 follows:

Water Revenue Bonds	
Bonds payable July 1, 1997	\$74,499,000
Bonds retired (Principal)	(891,200)
Bonds payable June 30, 1999	73,608,800
Bonds retired (Principal)	(1,037,300)
Bonds payable June 30, 1999	\$72,471,500

Water Revenue Bonds		1999	1998
Consisted of the following:			
\$70,000,000 Water Revenue Bonds dated October 1, 1996 with a maturity date on January 1, 2017 and with interest at 4.2% - 5.7%	\$9,040,000	\$9,000,000	
\$2,000,000 Water Revenue Bonds Dated October 23, 1998 with a final maturity date on January 1, 2005, and with interest at 6%	771,500	676,800	
\$6,385,000 Water Revenue Bonds dated December 1, 1992 with a final maturity on January 2, 2001, and with interest at 4.95% - 5.63%	1,860,000	2,710,000	
TOTAL:	\$12,471,500	\$12,386,800	

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)

Note 5 Long-Term Debt (Continued)

The annual requirements to amortize all bonds outstanding, including interest payments as of June 30, 1999 and 1998, are as follows:

Year Ended June 30, 1999	Amount
2000	1,775,345
2001	1,783,750
2002	1,155,775
2003	1,153,483
2004	1,154,455
2005-2009	4,699,220
2010-2014	4,460,958
2015-2017	2,717,623
TOTAL	\$18,857,713

Year Ended June 30, 1998	Amount
1999	\$1,767,223
2000	1,775,345
2001	1,783,750
2002	1,150,775
2003	1,153,483
2004-2008	4,940,637
2009-2013	4,220,430
2014-2017	3,633,699
TOTAL	\$20,625,005

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCIE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)

Note 6 *Bond of Funds Restrictions on Use*

Under the terms of the bond indenture for each issue of Water Revenue Bonds, all income and revenues to be devoted from the operation of the system are irrevocably and inseparably pledged in an amount sufficient for the payment of principal and interest on such bonds, and is set aside in the following manner:

All revenue is periodically deposited in the Revenue Fund to provide for payment of all reasonable and necessary expenses of administering, operating, and maintaining the Water District No. 1.

On or before the 20th day of each month, there is set aside in restricted bank accounts designated as Bond Fund, an amount equal to 1% of the interest due on the next interest payment date and 1/12 of the principal due on the next principal payment date. Such funds may be used only for the payment of principal and interest installments as they become due. The balances in these accounts are shown as restricted assets titled Water Revenue Bond Current Debt Service Account.

For bonds issued prior to August 1, 1988 there were also set aside into restricted bank accounts, designated as Bond Reserve Fund B, on or before the 20th of each month, an amount equal to at least 20% of the amount deposited into the Bond Fund for the preceding month. Such deposits were continued until the balance equaled the highest combined principal and interest for any outstanding fiscal year. These funds may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond Fund. The minimum requirements for these Bond Reserve Funds were met in a prior year.

For bonds issued October 1, 1996, the establishment and maintenance of the "Reserve Fund - 1996", by transferring from bond proceeds, the sum of \$1,000,000, which will equal the Reserve Fund Requirement. The money in the Reserve Fund 1996 shall be retained solely for the purpose of paying the principal of and interest on the bonds payable.

In addition, there was set aside into a restricted bank account designated as the Renewal and Replacement fund, on or before the 20th day of each month, an amount equal to 5% of the gross revenue for the preceding month. In the event that the balance in this fund exceeds \$100,000 at the end of the fiscal year,

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)

Note 6 *Flow of Funds: Restrictions on Use (Continued)*

such excess is to be transferred to the Surplus Fund. Money in this fund may be used only for extensions, additions, improvements, renewals, and replacement necessary to properly operate the Water District No. 1, Parish of Lafourche, State of Louisiana. However, money in this fund may also be used to pay principal or interest falling due at any time there is not sufficient money for payment in the other fund funds. The balance in this fund shall never be reduced below a minimum of \$15,000. The \$100,000 balance in this fund was accumulated in a prior year.

All of the revenues received in any fiscal year, and not required to be paid in such fiscal year into any of the above noted funds, in excess of 25% of the current fiscal year's budgeted amount of operating expenses, is to be considered surplus and transferred to the Surplus Fund. Such funds are to be used for extensions, additions, improvements, renewals, and replacements to the Water District No. 1.

Note 7 *Pension Plan*

Plan Description and Description

All employees of the Water District No. 1, Parish of Lafourche, State of Louisiana are members of the Parochial Employee's Retirement System of Louisiana (PERS) a multiple-employer, defined benefit pension plan. The payroll for employees covered by the PERS was \$1,701,424 and \$1,558,817 for the years ending June 30, 1999 and 1998, respectively. The total payroll for employees of the Water District No. 1 for the years ending June 30, 1999 and 1998 was \$1,711,268 and \$1,558,813.

All members of the Parochial Employee's Retirement System are participants in either Plan A or Plan B according to the provisions of the agreement entered into by their employer. All employees of a participating employer must participate in the same plan.

Water District No. 1 has chosen to participate in Plan A. The principal provisions of Plan A are:

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)

Note 7 Retirement Commitments (Continued)

Retirement Benefits

Members with 10 years of creditable service may retire at age sixty; members with 25 years of service may retire at age fifty-five; members with 30 years of service may retire regardless of age. The retirement allowance is equal to three percent of the member's final compensation multiplied by his years of creditable service; however, any employee who was a member of the supplemental plan only prior to the revision date on the basis of one percent of final compensation plus two dollars per month for each year of service credited prior to the revision date, and three percent of final compensation for each year of service credited after the revision date. All accumulated annual leave for which payment cannot be made in accordance with law and all unused sick leave accumulated at the time of retirement computation purposes. The retirement allowance may not exceed the greatest of one hundred percent of member's final salary or the final average compensation.

Disability Benefits

Five years of creditable service are required in order to be eligible for disability benefits. Disabled members receive a normal retirement allowance if eligible. Otherwise, the member receives the lesser of three percent of member's final compensation multiplied by his years of service not to be less than fifteen, or the normal percentage as defined for retirement benefits multiplied by final compensation multiplied by years of service assuming continued service to age sixty.

Survivor Benefits

Five years of creditable service are required in order to be eligible for survivor benefits. If the member was eligible for normal retirement at the time of death, the surviving spouse receives an automatic option 2 benefit. If the member was not eligible for a normal retirement, the surviving unmarried spouse with minor children receives sixty percent of final compensation; the surviving unmarried spouse with no minor children receives fifty percent of final compensation; minor children with no unmarried spouse receive thirty percent of final compensation each not to exceed

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)

a total of sixty percent of final compensation.

Note 7 **Retirement Commitments (Continued)**

Pending Policy

Upon withdrawal from service, members not entitled to a retirement allowance are paid a refund of accumulated contributions upon request. Receipt of such a refund entails all accrued rights in the system.

The Parochial Employees' Retirement System of Louisiana was established by the Louisiana Legislature as of January 1, 1953, by Act 205 of 1952. A Board of Trustees consisting of seven members administers the system.

Member contributions are established by State Statute at 9.5% of total compensation. Employer contributions are annually determined every year determined by statutory process. For December 31, 1998 - (latest available) the rate for Plan A was 3.25% . Employee and employer contributions for the year ending June 30, 1999 were \$156,575 and \$154,858, and for June 30, 1998 were \$141,422 and \$120,660, respectively. In addition, each sheriff and its office tax collector deducts one-fourth of one percent of the aggregate amount of the tax shown to be collected by the tax roll of each respective parish excepting Orleans parish and then Baton Rouge Parish and remits the money to the system on an annual basis.

Note 8 **Risk Management**

The Water District No. 1 has purchased commercial insurance to manage risk in the following areas: building and contents, boiler and machinery, general liability, commercial automobile, directors and officers liability coverage, excess directors and officers liability, public official bonding, public employees market bond, workers's compensation liability and employee health. There have been no significant reductions in insurance coverage in any area. Settlement amounts have not exceeded insurance coverage for the stated year in the three prior years.

SUPPLEMENTARY INFORMATION
SECTION

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

Comparative Statement of Operating Expenses
For the years ending June 30, 1959 and 1958

	1959	1958
Water Purchased for Resale	\$ 50,380	\$ 78,870
Water Treatment Expenses		
Operation Expense	415,805	386,754
Power Purchased	581,601	586,408
Chemicals	204,280	211,511
Maintenance Expense	374,750	365,185
Retirement and Hospitalization Expense	141,408	128,624
Total Water Treatment Expenses	1,717,844	1,668,482
Transmission and Distribution Expense		
Operations & Maintenance Expense	597,051	593,877
Retirement	72,980	73,589
Retirement and Hospitalization Expense	95,538	83,144
Total Transmission and Distribution Expense	765,569	750,610
Customer Accounts Expense		
Customer Operations Expense	404,575	386,832
Retirement and Hospitalization Expense	58,741	52,267
Total Customer Accounts and Collection Expense	463,316	439,099
Administrative and General Expense		
General Office Salaries	184,463	181,307
General Office Supplies and Expense	25,840	27,824
Outside Services	86,758	85,738
Commissions Per Diem	-	360
Interest	174,729	173,954
Maintenance - General Property and Equipment	161,124	77,623
Miscellaneous General Expense	34,843	30,194
Retirement and Hospitalization Expense	20,411	30,371
Total Administrative and General Expense	687,368	658,314
Depreciation of Utility System	1,424,070	1,421,744
TOTAL OPERATING EXPENSES	\$ 4,582,247	\$ 4,527,614

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

Statement of Cash Receipts and Disbursements
For the years ending June 30, 1999 and 1998

Revenue Fund

	<u>1999</u>	<u>1998</u>
Cash Balance, July 1	\$ 1,080,201	\$ 829,075
Receipts		
From Customers	5,851,213	5,789,847
Interest Earned	100,130	319,360
Transfers from Other Accounts	859,729	774,951
Others	780,478	857,926
	<u>7,791,550</u>	<u>7,762,124</u>
Disbursements		
Operating Expenses	6,816,902	6,085,815
Transfers to Other Accounts	851,711	3,718,840
	<u>7,668,613</u>	<u>9,804,655</u>
Cash Balance, June 30	<u>\$ 1,191,347</u>	<u>\$ 1,866,521</u>

Maintenance and Operating Fund

Cash Balance, July 1	\$ 7	\$ 0
Receipts		
Ad Valorem Taxes (PAE)	801,913	720,800
Revenue Sharing	48,786	80,818
Total	<u>850,701</u>	<u>801,618</u>
Disbursements		
Transferred to Revenue Fund for Operating Expenses	<u>851,711</u>	<u>720,328</u>
Cash Balance, June 30	<u>\$ 7</u>	<u>\$ 7</u>

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

Statement of Cash Receipts and Disbursements
For the years ending June 30, 1999 and 1998

Surplus Fund	<u>1999</u>	<u>1998</u>
Cash Balance, July 1	\$5,826,025	\$4,987,766
Revenues		
Interest Earned	10,458	5,041
Transfer from:		
Revenue Fund	1,153,890	1,718,698
Construction Fund	5,288,585	1,885,033
	<u>6,452,933</u>	<u>3,608,772</u>
Disbursements		
Additions to System and Utility Plant Assets	<u>7,052,818</u>	<u>7,458,000</u>
Cash Balance, June 30	<u>\$5,226,734</u>	<u>\$5,826,025</u>

Summary of Cash and Investments - Current Assets

Revenue Fund	\$1,181,247	\$1,191,247
Maintenance and Operation Fund	-	-
Surplus Fund	-	-
Cash on Hand	5,226,734	5,826,026
Cash on Deposit -	780	780
Collection Agent Accounts	808	808
Cash held by Fiscal Agent	8	225
Cash and Temporary Cash Investments - Current Assets	<u>\$5,426,539</u>	<u>\$7,818,081</u>

**SEWER CONTRACT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

Statement of Cash Receipts and Disbursements - Summary Sheet
For the period ending June 30, 1979 and 1978

Capital Expenses	Cash Disbursements		Cash Available for Disbursements	Cash Available for Disbursements	Cash Available for Disbursements	Cash Available for Disbursements	Cash Available for Disbursements
	1979	1978					
Balance	\$ 100.00	\$ 1,000.00	\$ 1,100.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
Interest	50.00	50.00	100.00	50.00	50.00	50.00	50.00
Operating Expenses	100.00	100.00	200.00	100.00	100.00	100.00	100.00
Depreciation	100.00	100.00	200.00	100.00	100.00	100.00	100.00
Other	100.00	100.00	200.00	100.00	100.00	100.00	100.00
Total Disbursements	350.00	350.00	700.00	350.00	350.00	350.00	350.00
Balance	\$ 650.00	\$ 650.00	\$ 650.00	\$ 650.00	\$ 650.00	\$ 650.00	\$ 650.00
Operating Income	100.00	100.00	200.00	100.00	100.00	100.00	100.00
Interest Income	100.00	100.00	200.00	100.00	100.00	100.00	100.00
Other Income	100.00	100.00	200.00	100.00	100.00	100.00	100.00
Total Income	300.00	300.00	600.00	300.00	300.00	300.00	300.00
Balance	\$ 950.00	\$ 950.00	\$ 950.00	\$ 950.00	\$ 950.00	\$ 950.00	\$ 950.00
Operating Expenses	100.00	100.00	200.00	100.00	100.00	100.00	100.00
Interest	100.00	100.00	200.00	100.00	100.00	100.00	100.00
Other	100.00	100.00	200.00	100.00	100.00	100.00	100.00
Total Disbursements	300.00	300.00	600.00	300.00	300.00	300.00	300.00
Balance	\$ 650.00	\$ 650.00	\$ 650.00	\$ 650.00	\$ 650.00	\$ 650.00	\$ 650.00
Operating Income	100.00	100.00	200.00	100.00	100.00	100.00	100.00
Interest Income	100.00	100.00	200.00	100.00	100.00	100.00	100.00
Other Income	100.00	100.00	200.00	100.00	100.00	100.00	100.00
Total Income	300.00	300.00	600.00	300.00	300.00	300.00	300.00
Balance	\$ 950.00	\$ 950.00	\$ 950.00	\$ 950.00	\$ 950.00	\$ 950.00	\$ 950.00

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

June 30, 1999

Schedule of Maturities

\$19,000,000 Water Revenue Bonds, Series 1999

Dated October 1, 1996

Date of Maturity	Amount	Date of Maturity	Amount
01/01/1998	300,000	01/01/2008	3,000,000
01/01/1999	80,000	01/01/2009	3,500,000
01/01/2000	85,000	01/01/2010	500,000
01/01/2001	85,000	01/01/2011	600,000
01/01/2002	430,000	01/01/2012	640,000
01/01/2003	495,000	01/01/2013	680,000
01/01/2004	530,000	01/01/2014	720,000
01/01/2005	560,000	01/01/2015	760,000
01/01/2006	445,000	01/01/2016	810,000
01/01/2007	475,000	01/01/2017	860,000
		TOTAL	\$19,000,000

Bonds are in denominations of \$5,000 each.

The Bonds maturing January 1, 2008, and thereafter, are callable for redemption at the option of the issuer to call at any time on or after January 1, 2007, or in part in the inverse order of their maturities, and if less than a full maturity then by lot within each maturity, on any Interest Payment Date on or after January 1, 2007, at the redemption price stated herein.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHIE
STATE OF LOUISIANA**

June 30, 1989

Schedule of Maturity
\$2,600,000 Water Revenue Bonds, 1980 Series
Dated: October 23, 1988

Date of Maturity	Amount	Date of Maturity	Amount
01/01/1982	\$7,500	01/01/1994	\$79,900
03/01/1983	42,200	03/01/1995	85,000
01/01/1984	44,700	01/01/1996	90,000
01/01/1985	47,400	01/01/1997	95,500
01/01/1986	50,200	01/01/1998	101,200
01/01/1987	53,000	01/01/1999	107,200
03/01/1988	55,500	03/01/2000	113,700
01/01/1989	59,000	01/01/2001	120,300
01/01/1990	63,300	01/01/2002	127,300
01/01/1991	67,300	01/01/2003	134,400
01/01/1992	71,400	01/01/2004	141,500
01/01/1993	75,600	01/01/2005	148,700
		TOTAL	\$2,600,000

The Bonds shall become due and payable in 34 principal installments as listed above. At the option of the District, the unpaid principal installments, or any portion thereof, may be prepaid on any bond payment date at a redemption price equal to par and accrued interest to the date of redemption.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

June 30, 1999

Schedule of Maturities
\$5,305,000 Water Expanding Bonds, 1992 Series
[Date: December 1, 1999]

Date of Maturity	Amount	Date of Maturity	Amount
01/01/1994	\$450,000	01/01/1996	\$500,000
01/01/1995	600,000	01/01/1999	\$50,000
01/01/1996	715,000	01/01/2000	900,000
01/01/1997	750,000	02/01/2000	\$50,000
		TOTAL	\$5,305,000

The Bonds are issuable as fully registered bonds without coupons in the denominations of a \$5,000 principal amount or any integral multiple thereof within a single maturity, and shall be numbered K-1 upwards.

The Bonds shall not be callable for redemption prior to their stated maturities.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

June 30, 1999

Schedule of Per Diem and Compensation of Board of Commissioners

During the year ended June 30, 1999 the Board of Commissioners held twelve meetings. Board members were not paid per diem or mileage for the year except for Mr. Harvey Rebichaux, Secretary/Treasurer of the Board, who was paid compensation in the amount of \$1,000.

**Schedule of Metered Water Customers
(Gallons)**

All sales of water are metered. The records of the district reveal 25,000 active metered customers at June 30, 1999.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

June 30, 1999

Summary of Construction Projects in Progress

Project	Total	
	Estimated 1/1/99 - 5/31/99	Actual 6/1/99 - 5/31/99
10" Bypass Pipe Valves, Bayou	271,254	177,254
Highway 2088 Bypass Station & Tank	255,025	23,500
18" Line Station 440+00 to Station 298+00	719,749	719,749
18" Line Station 280+00 to Intersected	229,402	229,402
15" Line Intersected to Lagoon	65,421	59,421
Lagoon Elevated Tank	38,282	-
Valves, Bypass Station Tank	174,551	174,551
Valves, Bypass Crossing	223,149	211,649
18" Line Intersected to Lagoon Tank	584,117	584,117
Contract 1 Sewer Plant	1,019,218	489,713
Lagoon Hard-Spig Improvements	65,144	65,144
Contract 2 Sewer Replacement	170,000	156,814
Lower Carbon Footing Replacement	111,294	111,294
Electric Building and Windows	111,684	111,684
Secondary Station Pump Upgrade	138,408	138,408
Replacement of Air-locks Valve	99,158	99,158
Painting of Sides and Tanks	287,800	24,688
Demolition East Intersected Tanks	47,730	55,700
Install Fire Hydrant	66,471	27,148
Water Meter Program	283,730	244,710
Two Additional Hydrants	1,417,109	881,816
Sludge Disposal Project	228,000	0,000
12" Waterline Extension along Live Oak Street	5,000	-
6" Waterline Extension along Tiger Drive	21,211	-
Intersected Canal in Lagoon Water Tank	630,800	-
Grading Basin Improvements	145,000	-
Installation of Culverts	49,733	-
12" Waterline Extension along Hwy 80	25,682	-
Lagoon Valley & North Plant Service Pump	56,792	-
Total	4,408,154	4,888,661

(1) Estimated construction cost.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

June 30, 1999

**Schedule of Insurance in Force
(Unaudited)**

<u>Amount of Policy</u>	<u>Risks Covered</u>	<u>Insurer</u>	<u>Expiration Date</u>
\$ 17,151,152	Building & Contents Replacement cost Deductible \$10,000 (fixed) Deductible \$ 5,000 ACP Deductible \$2,500 (total Marine Equipment)	Royal Indemnity Insurance Co. Pol. #RHT 311753	01-01-00
\$ 10,000,000	Boiler & Machinery Limit of Insurance	Hartford Steam Boiler Inspection & Insurance Company Pol. # FSP- 3571448	01-01-00
\$ 2,000,000	General Liability Includes \$ 0,000 Premium Share/ary	TIG Insurance Co. Pol. # 37608545	01-01-00
\$ 1,000,000	Commercial Automobile Liability Coverage \$500,000 Uninsured Motorist	TIG Insurance Co. Pol. # 37608545	01-01-00
\$ 1,000,000	Directors & Officers Liability Coverage Deductible - \$ 5,000	General Star Indemnity Co. Pol. # YAS11356	01-01-00
\$ 50,000	Public Official Bond Harvey Robitouse Secretary-Treasurer	Western Surety Company Pol. # 14273808	12-01-99
\$ 50,000	Public Employees Benefit Bond (PEBB)	Western Surety Company Pol. # 14274023	12-01-99
	Standard Workmen's Compensation	Transcontinental Insurance Co. - CAN Pol. # WCC10630554	01-01-00

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

YEAR 2000 DISCLOSURE

December 31, 1998

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

The Water District No. 1 has contracted with a computer consultant in fiscal year 1999 for evaluation and assistance in developing a comprehensive plan for updating their computer systems and related software for year 2000 compliance. Based on the evaluation the Water District No. 1 has replaced all of their computer systems with new hardware that is year 2000 compliant. Testing and validation of new or upgraded software will be completed by December 31, 1999.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that Water District No. 1 is or will be Year 2000 ready, that the Water District No. 1's remediation efforts will be successful in whole or in part, or that the parties with whom Water District No. 1 does business will be year 2000 ready.

INTERNAL CONTROL
AND
COMPLIANCE SECTION



STAGNI & COMPANY, LLC

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

To the Board of Commissioners
Water District No. 1 of the Parish of LaFourche,
State of Louisiana

We have audited the general-purpose financial statements of the Water District No. 1, as of and for the year ended June 30, 1998, and have issued our report thereon dated August 3, 1999. 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.

Compliance

As part of obtaining reasonable assurance about whether the Water District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Water District No. 1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements

To the Board of Commissioners
Water District No. 1
Page 2

is 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. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

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

Sturm & Company

Thibodaux, Louisiana
August 3, 1999



**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 1999

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general-purpose financial statements of the Water District No. 1, Parish of Lafourche, Louisiana for the year ended June 30, 1999.
2. No reportable conditions relating to the audit of the financial statements are reported in the Report on Compliance and Internal Control over Financial Reporting Based on an Audit of General Purpose Financial Statements in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the Waterworks District No. 1, Lafourche Parish, Louisiana were disclosed during the audit.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

NOT APPLICABLE

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

Schedule of Prior Year Findings
For the Year Ended June 30, 1999

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
NONE	
SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
NOT APPLICABLE	
SECTION III - MANAGEMENT LETTER	
NONE	

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

**Management's Corrective Action Plan
For the Year Ended June 30, 1999**

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
NONE NECESSARY	
SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
NOT APPLICABLE	
SECTION III - MANAGEMENT LETTER	
NONE NECESSARY	