

OFFICIAL
FILE COPY

DO NOT SIGN OUT

EXACT INFORMATION
COPIES FROM THE
TOP AND PLACE
CHECK IN FILE

RECEIVED
SEP 10 1998
BOOKING ROOM

47940572
3231
36

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

*Financial Report,
Internal Control and Compliance Report*

*Fiscal Years Ending
June 30, 1998 and 1997*

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

Release Date: SEP 30 1998



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

TABLE OF CONTENTS

<u>FINANCIAL SECTION</u>	Page
Independent Auditor's Report	1
General Purpose Financial Statements:	
Comparative Balance Sheet	3
Comparative Statement of Revenues, Expenses and Changes in Retained Earnings	4
Comparative Statement of Cash Flows	5
Notes to Financial Statements	6
<u>SUPPLEMENTARY INFORMATION SECTION</u>	
Comparative Statement of Operating Expenses	18
Statements of Cash Receipts and Disbursements:	
Revenue Fund	19
Maintenance and Operating Fund	19
Surplus Fund	20
Restricted Assets	21
Schedule of Maturities	22
Schedule of Pay Items and Compensation of Board of Commissioners	25
Schedule of Metered Water Customers (Unaudited)	25
Schedule of Construction Projects in Progress	26
Schedule of Insurance in Force (Unaudited)	27

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

TABLE OF CONTENTS, (CONTINUED)

INTERNAL CONTROL AND COMPLIANCE SECTION	Page
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General-Purpose Financial Statements Performed in Accordance with Government Auditing Standards	28
Schedule of Findings and Questioned Costs	30

FINANCIAL SECTION



STAGNI & COMPANY, LLC

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 then ended June 30, 1998 and 1997, 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. These 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, 1998 and 1997, 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 18, 1998 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
Page 3

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.

Singer & Company

Tulahoma, Louisiana
August 18, 1998



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

Comparative Balance Sheet
Water Enterprise Fund
June 30, 1998 and 1997

	ASSETS	
	<u>1998</u>	<u>1997</u>
CURRENT ASSETS		
Cash and cash-equivalents	\$ 1,700,000	\$ 1,620,000
Investments	2,000,000	4,000,000
Receivables:		
Water sales	554,000	549,070
Unbilled water sales	243,770	581,700
Inventory	47,900	48,000
Other	12,000	50,271
Prepayments	262,071	288,000
Prepaid expenses	80,000	87,500
Equipment assets	<u>7,680,701</u>	<u>8,060,000</u>
NET FUND ASSETS (liabilities excluded)		
Water construction contract debt service amount	1,870,000	1,044,070
Water reserves (unbilled debt service reserve account)	8,740,701	10,500,000
Water construction contingency amount	100,000	500,000
Customer credit deposits	800,000	507,444
Total reserved assets	<u>11,510,701</u>	<u>12,551,514</u>
PROPERTY, PLANT AND EQUIPMENT		
at cost/less accumulated depreciation		
original cost, less 1998 and 1997 hold for 1997	<u>23,487,700</u>	<u>23,487,700</u>
TOTAL ASSETS	<u>\$44,000,000</u>	<u>\$46,078,700</u>
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES (payable from current assets)		
Accounts payable and accrued expenses	\$ 411,900	\$ 500,000
Contracts and purchase orders	500,000	45,000
Due to other entities for water rate collections	2,187	28,177
CURRENT LIABILITIES (payable from restricted assets)		
Reserve for water rate year	1,020,000	99,120
Interfund account	354,000	386,574
Customer credit deposits	844,700	917,000
Total current liabilities	<u>2,730,600</u>	<u>2,302,700</u>
LONG TERM DEBT		
Bonds due after one year plus of unamortized discount of \$4,000,000 for 1998 and \$4,000,000 for 1997	31,000,000	31,000,000
Total liabilities	<u>\$4,000,000</u>	<u>\$4,000,000</u>
FUND EQUITY		
Contributions in kind of construction	1,710,000	1,710,000
Reserve Earnings:		
Reserved for debt service	1,700,000	1,700,000
Unreserved	30,754,000	30,000,000
Total retained/earnings	<u>32,454,000</u>	<u>31,700,000</u>
Total fund equity	<u>\$2,710,000</u>	<u>\$2,000,000</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$44,000,000</u>	<u>\$46,078,700</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 1997**

	<u>1999</u>	<u>1997</u>
OPERATING REVENUES		
Metered sales to regular customers	\$ 5,125,862	\$ 4,671,817
Metered sales to industrial and municipal customers	381,117	381,213
Connection charges and other revenues	241,708	216,874
	<u>5,748,687</u>	<u>5,269,904</u>
OPERATING EXPENSES		
Water purchased for resale	70,642	70,128
Water treatment expenses	1,893,548	1,687,298
Transmission and distribution expenses	796,718	1,187,798
Customer accounts expenses	419,029	417,691
Administration and general expenses	598,894	593,563
Depreciation of utility system	1,421,144	1,572,643
	<u>4,970,775</u>	<u>5,195,123</u>
Income from operations	<u>877,912</u>	<u>107,281</u>
NON-OPERATING REVENUE		
Investment income	751,278	748,128
Ad Valorem taxes	728,080	663,125
Shared revenue	48,900	49,720
Other income	67,381	288,581
	<u>1,816,289</u>	<u>1,539,554</u>
NON-OPERATING EXPENSES		
Interest on bonds	754,589	865,434
Amortization of debt discount and expense	48,388	47,487
(Gain) less on disposition of fixed assets	(8,282)	-
	<u>794,695</u>	<u>912,921</u>
NET INCOME	<u>1,048,906</u>	<u>1,043,784</u>
RETAINED EARNINGS		
Beginning of year	30,264,708	30,218,985
End of year	<u>\$ 31,313,614</u>	<u>\$ 31,262,769</u>

See Notes to Financial Statements.

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

Comprehensive Statement of Cash Flows
Water Enterprise Fund
For the years ending June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
OPERATING (DECREASE) INCREASE AND OTHER CURRENT FUND		
Cash flow from operating activities:		
Cash received from customers	\$ 3,755,200	\$ 3,879,000
Cash payments for repairs for assets and services	(1,950,000)	(2,484,000)
Cash payments made to employees for salaries	(1,560,755)	(1,583,250)
Net cash provided (used) by operating activities	<u>244,445</u>	<u>811,750</u>
Cash flows from noncapital financing activities:		
Net interest (expense) received	120,000	487,100
Revenue sharing grant	89,000	49,700
Other noncapital financing income	47,000	100,000
Net cash provided (used) by noncapital financing activities	<u>256,000</u>	<u>636,800</u>
Cash flow from capital and related financing activities:		
Proceeding sale of capital assets	1,200,000	(2,077,875)
Contribution in kind of capital assets	166,000	111,000
Grant (Loss on refinanced bonds)	9,000	
Grant proceeds		10,000,000
Principal paid on borrowings (amortization)	(204,000)	(200,000)
Interest paid on various bonds	(873,000)	(773,000)
Net cash provided (used) for capital and related financing activities	<u>14,000</u>	<u>1,069,125</u>
Cash flow from investing activities:		
Purchase of various equipment and other assets	1,800,000	(2,800,000)
Interest and dividends on investments	101,500	700,000
Net cash provided (used) by investing activities	<u>1,901,500</u>	<u>(2,099,000)</u>
Net increase (decrease) in cash and cash equivalents	1,151,945	1,408,675
Cash and cash equivalents at the beginning of year	<u>2,104,000</u>	<u>1,274,000</u>
Total cash and cash equivalents at the end of year	<u>\$ 3,255,945</u>	<u>\$ 2,682,675</u>
Cash and cash equivalents are composed of:		
Cash and cash equivalents at the start of year	\$ 1,700,000	\$ 1,070,000
Cash and cash equivalents from investment cash:	1,555,945	1,612,675
	<u>\$ 3,255,945</u>	<u>\$ 2,682,675</u>
Reconciliation of operating income to net cash provided by operating activities:		
(Operating income plus)		
Adjustments to recover operating income to net cash provided by operating activities:		
Depreciation	1,401,000	1,100,000
Changes in assets and liabilities:		
Increase (decrease) in receivables	80,000	200,000
Increase (decrease) in inventory	100,000	27,000
Increase (decrease) in prepayments	17,000	10,000
Increase (decrease) in accounts payable	(20,000)	(27,000)
Increase (decrease) in contract and earnings payable	400,000	
Increase (decrease) in customer deposits	97,000	20,000
Increase (decrease) in payable from awarded assets	17,000	200,000
Total adjustments	<u>1,895,000</u>	<u>1,680,000</u>
Net cash provided (used) by operating activities	<u>\$ 2,682,675</u>	<u>\$ 1,882,675</u>

See Notes to Financial Statements

**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 Lakeport.

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.

Inventory

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, 1998 and 1997 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	10 - 44 years
Transmission and Distribution System	10 - 44 years
Distribution and Maintenance	10 years
Administration and Office Buildings	44 years
Furniture and Equipment	7 - 8 years
Transportation Equipment	5 years

Interest during construction is not capitalized.

Vacation and Sick Pay

Employees of the Water District No. 1 are paid vacations of one to five weeks based upon length of employment. Employees are also allowed thirteen 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, 1998 and 1997. At year end the carrying amount of Water District No. 1's deposits (checking and savings, and time deposit accounts) was \$7,644,034 and \$7,562,890 and the bank balance was \$7,804,879 and \$1,120,081, respectively. Of the total bank balance, \$382,710 and \$382,841 were covered by Federal Depositary Insurance at June 30, 1998 and 1997. The remainder was covered by collateral with a market value of \$6,582,666 and \$2,686,119 for 1998 and 1997 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 L.S.A-RS 39:1271, or any other Federally insured investment.

All investments held by The Water District No. 1's investments are 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 LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)

Note 2 Deposits and Investments (Continued)

Investments at June 30, 1998 consisted of:

	Carrying Amount	Market Value
Certificates of Deposit	\$5,490,000	\$5,490,000
FROM RESTRICTED ASSETS:		
U.S. Treasury Obligation	8,813,173	8,137,000
Certificates of deposit	840,000	840,000
	\$8,813,173	\$8,787,000

Investments at June 30, 1997 consisted of:

	Carrying Amount	Market Value
Certificates of Deposit	\$4,000,000	\$4,000,000
FROM RESTRICTED ASSETS:		
U.S. Treasury Obligation	10,386,248	10,382,248
Certificates of deposit	655,995	655,995
	\$15,062,244	\$15,037,248

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 required to be completed no less than every four years. The last revaluation was

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

Notes to Financial Statements (Continued)

Note 3 *Ad Valorem Taxes (continued)*

completed for the parish as of January 1, 1995. The assessed value for the property on January 1, on which the 1997 and 1998 levy was based, was \$192,545,680 and \$170,998,680 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, 1998 and 1997 was 2.98 mills. Tax collected as of June 30, 1998 and 1997 on the 1997 and 1998 tax levy was 95% and 99% respectively.

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

Notes to Financial Statements (Continued)

Note 4 Property, Plant and Equipment

Description	Balance June 30, 2016	Net Assets (Depreciation)	Balance June 30, 2017	Net Assets (Depreciation)	Balance June 30, 2017
Land and Right of Way	\$ 841,766	\$ 26,553	\$ 868,289	\$ 5,379	\$ 873,668
Water Plant and Building	12,585,721	6,577	12,589,198	1,242	12,590,440
Transmission and Distribution System Equipment	22,655,125	427,582	23,082,607	274,370	23,356,977
Installation and Maintenance Equipment	422,228	(5,483)	416,745	15,488	432,233
Administration and Office Buildings	171,517	-	171,517	-	171,517
Furniture and Equipment	343,433	4,225	347,658	15,766	363,424
Transmission Equipment	228,888	12,887	241,690	25,894	267,584
Construction Projects in Progress	271,028	285,028	556,056	2,246,645	1,309,582
Total Property, Plant, and Equipment, at cost	42,758,682	644,545	43,403,211	2,892,751	46,295,962
Accumulated Depreciation	(11,819,215)	(1,126,174)	(12,945,389)	(7,267,265)	(15,212,654)
Net Property, Plant, and Equipment	\$ 30,939,467	\$ (481,629)	\$ 30,457,822	\$ 2,125,486	\$ 31,083,308

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

Notes to Financial Statements (Continued)

Item 5 Long-Term Debt

A summary of bond transactions of the District for the year ended June 30, 1998 and 1997 follows:

Water Revenue Bonds	
Bonds payable July 1, 1995	\$5,335,500
Bonds added	10,000,000
Bonds retired (Principal)	(545,500)
Bonds payable June 30, 1997	14,490,000
Bonds retired (Principal)	661,200
Bonds payable June 30, 1998	\$13,508,800

Water Revenue Bonds	1998	1997
Consisted of the following:		
\$10,000,000 Water Revenue Bonds dated October 1, 1996 with a maturity date on January 1, 2017 and with interest at 4.2% - 5.7%	\$9,500,000	\$10,000,000
\$2,000,000 Water Revenue Bonds dated October 23, 1996 with a final maturity date on January 1, 2005, and with interest at 8%	875,800	950,000
\$5,335,000 Water Revenue Bonds dated December 1, 1992 with a final maturity on January 2, 2001, and with interest at 4.95% - 5.63%	2,710,000	3,510,000
TOTAL	\$13,508,800	\$14,560,000

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

Notes to Financial Statements (Continued)

Note 3 Long-Term Debt (Continued)

The annual requirements to amortize all bonds outstanding, including interest payments as of June 30, 1998 and 1997, are as follows:

Year Ended June 30, 1998	Amount
1998	\$1,787,200
2000	1,775,245
2001	1,783,766
2002	1,150,773
2003	1,153,483
2004-2008	4,949,037
2009-2013	4,229,430
2014-2017	3,833,888
TOTAL	\$20,625,009

Year Ended June 30, 1997	Amount
1998	\$1,780,235
1999	1,767,293
2000	1,775,345
2001	1,783,766
2002	1,150,773
2003-2007	5,049,529
2008-2012	4,090,430
2013-2017	4,513,887
TOTAL	\$22,386,232

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

Notes to Financial Statements (Continued)

Note 6 *Flow of Funds; Restrictions on Use*

Under the terms of the bond indentures for each issue of Water Revenue Bonds, all income and revenues to be derived 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 1/6 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, 1986 there were also set aside into restricted bank accounts, designated as Bond Reserve Fund II, on or before the 20th of each month, an amount equal to at least 20% of the amount deposited into the Bond Funds for the preceding month. Such deposits were continued until the balance equaled the highest combined principal and interest for any succeeding 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 Funds. The maximum 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 \$11,000,000, 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 Reserve 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 *Plan of Assets, 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 bond 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 named funds, in excess of 37% 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 Provisions

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 contribution pension plan. The payroll for employees covered by the PERS was \$1,359,827 and \$1,533,132 for the years ending June 30, 1996 and 1997, respectively. The total payroll for employees of the Water District No. 1 for the years ending June 30, 1996 and 1997 was \$1,358,073 and \$1,567,751.

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 LAFOURCIE,
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 members 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 a total of sixty percent of final compensation.

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

Notes to Financial Statements (Continued)

Note 7 **Retirement Commitments (Continued)**

Funding 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 cancels all accrued rights in the system.

The Parishwide Employees' Retirement System of Louisiana was established by the Louisiana Legislature on January 1, 1953, by Act 785 of 1952. A Board of Trustees consisting of seven members administers the system.

Member contributions are established by State Statute at 9.3% of total compensation. Employer contributions are actuarially determined every year determined by statutory process. For December 31, 1997 (latest available) the rate for Plan A was 7.75% . Employee and employer contributions for the year ending June 30, 1998 were \$147,422 and \$120,886, and for June 30, 1997 were \$166,451 and \$127,193, respectively. In addition, each sheriff and ex officio 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 East 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 current year or 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, 1999 and 1997

	<u>1999</u>	<u>1997</u>
Water Purchased for Resale	\$ 70,652	\$ 78,120
Water Treatment Expenses		
Operation Expense	395,734	414,520
Power Purchased	693,438	607,049
Chemicals	215,171	193,881
Maintenance Expense	305,180	348,737
Retirement and Hospitalization Expense	128,504	127,034
Total Water Treatment Expenses	<u>1,638,026</u>	<u>1,697,201</u>
Transmission and Distribution Expense		
Operations & Maintenance Expense	602,677	1,008,380
Relatives	23,689	66,801
Retirement and Hospitalization Expense	62,144	77,825
Total Transmission and Distribution Expenses	<u>788,510</u>	<u>1,152,986</u>
Customer Accounts Expense		
Customer Operations Expense	388,822	389,875
Retirement and Hospitalization Expense	52,367	51,418
Total Customer Accounting and Collection Expense	<u>441,189</u>	<u>441,293</u>
Administrative and General Expense		
General Office Salaries	181,267	176,738
General Office Supplies and Expense	27,824	28,757
Outside Services	40,718	35,352
Commissions Per Diem	300	608
Insurance	175,854	180,588
Maintenance - General Property and Equipment	77,823	77,801
Miscellaneous General Expense	30,954	24,575
Retirement and Hospitalization Expense	20,271	28,482
Total Administrative and General Expense	<u>656,879</u>	<u>653,802</u>
Depreciation of Utility System	1,401,344	1,172,945
TOTAL OPERATING EXPENSES	<u>\$ 4,927,614</u>	<u>\$ 5,305,782</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, 1998 and 1997

Revenue Fund

	<u>1998</u>	<u>1997</u>
Cash Balance, July 1	\$ 620,873	\$ 1,040,841
Receipts		
From Customers	5,780,847	5,085,778
Interest Earned	310,368	319,770
Transfers from Other Accounts	774,351	735,348
Others	887,808	843,030
	<u>7,753,754</u>	<u>7,263,826</u>
Disbursements		
Operating Expenses	5,085,815	5,582,653
Transfers to Other Accounts	1,718,648	1,813,180
	<u>6,804,463</u>	<u>7,395,833</u>
Cash Balance, June 30	<u>\$ 1,089,201</u>	<u>\$ 820,674</u>

Maintenance and Operating Fund

Cash Balance, July 1	\$ 0	\$ 28,083
Receipts		
Ad Valorem Taxes (Net)	728,082	803,345
Homestead Sharing	80,095	48,722
Total	<u>808,177</u>	<u>852,067</u>
Disbursements		
Transferred to Revenue Fund for Operating Expenses	<u>778,185</u>	<u>723,949</u>
Cash Balance, June 30	<u>\$ 30,000</u>	<u>\$ 28,083</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, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Revenue Fund		
Cash Balance, July 1	\$4,897,740	\$4,241,817
Revenues		
Interest Earned	3,041	4,898
Transfer from:		
Revenue Fund	1,718,698	1,770,898
Construction Fund	1,555,000	
Other		300
	<u>3,228,718</u>	<u>1,771,814</u>
Disbursements		
Addition to System and Utility Plant Assets	<u>3,454,389</u>	<u>1,001,098</u>
Cash Balance, June 30	<u>\$2,672,075</u>	<u>\$4,897,740</u>

Summary of Cash and Investments - Current Assets

Revenue Fund	\$1,098,201	\$828,878
Maintenance and Operation Fund	7	5
Supply Fund	5,826,075	4,897,740
Cash on Hand	700	780
Cash on Deposit -		
Collection Agent Accounts	800	800
Cash held by Fiscal Agent	225	225
Cash and Temporary Cash Investments - Current Assets	<u>\$8,999,808</u>	<u>\$8,049,877</u>

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

Financial Policy Manual and Exhibits - Financial Statements
For the year ending June 30, 1991 and 1990

	Current Year Balance Forward June 30, 1991		Current Year Balance Forward June 30, 1990		Current Year Revenue		Current Year Expenses		Current Year Net Change		Balance June 30, 1991		Balance June 30, 1990	
Operating Activities														
Operating														
Revenue														
Water	1,075,000	1,000,000	1,075,000	1,000,000	600,000	600,000	600,000	600,000	0	0	1,075,000	1,000,000		
Electricity	2,000	1,800	2,000	1,800	1,000	1,000	1,000	1,000	0	0	2,000	1,800		
Gas	10,000	10,000	10,000	10,000	5,000	5,000	5,000	5,000	0	0	10,000	10,000		
Maintenance	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	0	0	1,000,000	1,000,000		
Depreciation	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	0	0	1,000,000	1,000,000		
Other	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	0	0	1,000,000	1,000,000		
Total Operating	1,085,000	1,011,800	1,085,000	1,011,800	1,615,000	1,615,000	1,615,000	1,615,000	0	0	1,085,000	1,011,800		
Capital														
Revenue	50,000	50,000	50,000	50,000	0	0	0	0	0	0	50,000	50,000		
Expenses	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	0	0	0	0		
Total Capital	0	0	0	0	0	0	0	0	0	0	50,000	50,000		
Other														
Revenue	0	0	0	0	0	0	0	0	0	0	0	0		
Expenses	0	0	0	0	0	0	0	0	0	0	0	0		
Total Other	0	0	0	0	0	0	0	0	0	0	0	0		
Total Operating and Capital	1,085,000	1,011,800	1,085,000	1,011,800	1,615,000	1,615,000	1,615,000	1,615,000	0	0	1,085,000	1,011,800		
Other														
Revenue	0	0	0	0	0	0	0	0	0	0	0	0		
Expenses	0	0	0	0	0	0	0	0	0	0	0	0		
Total Other	0	0	0	0	0	0	0	0	0	0	0	0		
Total Operating, Capital and Other	1,085,000	1,011,800	1,085,000	1,011,800	1,615,000	1,615,000	1,615,000	1,615,000	0	0	1,085,000	1,011,800		
Other														
Revenue	0	0	0	0	0	0	0	0	0	0	0	0		
Expenses	0	0	0	0	0	0	0	0	0	0	0	0		
Total Other	0	0	0	0	0	0	0	0	0	0	0	0		
Total Operating, Capital and Other	1,085,000	1,011,800	1,085,000	1,011,800	1,615,000	1,615,000	1,615,000	1,615,000	0	0	1,085,000	1,011,800		

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

June 30, 1998

Schedule of Maturities
\$18,000,000 Water Revenue Bonds, Series 1996
Dated October 1, 1996

Date of Maturity	Amount	Date of Maturity	Amount
01/01/1998	\$80,000	01/01/2008	\$700,000
01/01/1999	80,000	01/01/2009	535,000
01/01/2000	85,000	01/01/2010	505,000
01/01/2001	85,000	01/01/2011	600,000
01/01/2002	470,000	01/01/2012	640,000
01/01/2003	485,000	01/01/2013	680,000
01/01/2004	500,000	01/01/2014	720,000
01/01/2005	580,000	01/01/2015	765,000
01/01/2006	645,000	01/01/2016	810,000
01/01/2007	475,000	01/01/2017	860,000
		TOTAL	\$18,000,000

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 in full 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 prices stated herein.

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

June 30, 1988

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

Date of Maturity	Amount	Date of Maturity	Amount
01/01/1982	57,500	01/01/1994	575,000
01/01/1983	42,500	01/01/1995	65,000
01/01/1984	44,700	01/01/1996	90,000
01/01/1985	47,000	01/01/1997	95,500
01/01/1986	50,500	01/01/1998	101,200
01/01/1987	53,500	01/01/1999	107,400
01/01/1988	56,500	01/01/2000	113,700
01/01/1989	59,000	01/01/2001	120,500
01/01/1990	62,500	01/01/2002	127,700
01/01/1991	65,500	01/01/2003	135,400
01/01/1992	71,400	01/01/2004	143,500
01/01/1993	75,600	01/01/2005	152,100
		TOTAL	\$2,000,000

The Bonds shall become due and payable in 24 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, 1998

Schedule of Maturities
\$6,385,000 Water Refunding Bonds, 1992 Series
Dated December 1, 1992

Date of Maturity	Amount	Date of Maturity	Amount
01/01/1994	\$650,000	01/01/1998	\$800,000
01/01/1995	600,000	01/01/1999	850,000
01/01/1996	715,000	01/01/2000	900,000
01/01/1997	750,000	01/01/2001	950,000
		TOTAL	\$6,385,000

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 B-1 upwards.

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

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

June 30, 1998

Schedule of Per Diem and Compensation of Board of Commissioners

During the year ended June 30, 1998 the Board of Commissioners held twelve meetings. Board members were not paid per diem or mileage for the year, except Mr. Harvey Robichaux, Secretary/Treasurer of the Board, who was paid compensation in the amount of \$300.

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

All sales of water are metered. The records of the district reveal 15,469 active metered customers at June 30, 1998.

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

June 30, 1988

Schedule of Construction Projects in Progress:

Valentine Elevated Tank	\$	853,688	\$	377,183
60" Bayou King Valentine Source		271,264		21,264
Highway 8098 Station Station A Tank		829,625		21,580
60" Line South Plant to South of Lockport		171,573		265,261
60" Line South Lockport to Station 148+00		586,143		453,814
60" Line Station 188+00 to Station 480+00		781,274		55,891
60" Line Station 440+00 to Station 580+00		111,269		48,130
60" Line Station 580+00 to Inmanwood		764,264		48,516
60" Line Inmanwood to Larcos		885,280		15,263
Intersecting Canal crossing		714,713		
Larcos Elevated Tank		963,380		4,893
Valentine Bayou Crossing and Valve		443,126		1,345
South Water Plant High Rate Expansion		2,211,184		1,865
Line Carbon Filter Replacement		134,899		12,999
Chlorine Building and Windows		113,482		113,482
Access Station Pump Upgrade		134,480		48,334
Waterline Replacement South-Bayou Valve		295,894		222,172
Water Improvement Mangrove Subdivision		1,114,445		78,413
Replacement of Abutment Valves		99,264		89,264
6" Line Extension along 8th Street		42,115		42,115
Revenue Domestic Plant		2,800		2,800
Myrtle Street Project		288,718		288,718
Line & Reservoir Valves		1,412,339		121,022
Slope Improvement Project		219,800		6,499
Total	\$	13,652,368	\$	1,646,317

(1) Estimated construction cost.

(2) Includes engineering fees.

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

June 30, 1995

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

<u>Amount of Policy</u>	<u>Risks Covered</u>	<u>Insurer</u>	<u>Expiration Date</u>
\$ 17,181,000	Building & Contents Replacement cost Deductible \$10,000 Wind Deductible \$ 5,000 ACP Deductible \$2,500 Inland Marine Equipment	Royal Indemnity Insurance Co. Pol. BRHT 300430	01-01-99
\$ 15,000,000	Boiler & Machinery Limit of Insurance	Hartford Steam Boiler Inspection & Insurance Company Pol. # FDP-SL 3671440-90	01-01-99
\$ 2,000,000	General Liability Includes \$ 5,000 Premises Burglary	TIG Insurance Co. Pol. # 37908840	01-01-99
\$ 1,000,000	Commercial Automobile Liability Coverage \$500,000 Uninsured Motorist	TIG Insurance Co. Pol. # 37908840	01-01-99
\$ 1,000,000	Directors & Officers Liability Coverage Deductible - \$ 5,000	General Star Indemnity Co. Pol. # 0140517000	01-01-99
\$ 50,000	Public Official Bond Mayor/Policeman Secretary/Treasurer	Western Surety Company Pol. # 14270800	12-01-95
\$ 50,000	Public Employees Blanket Bond (PERB)	Western Surety Company Pol. # 14274000	12-01-95
	Standard Workman's Compensation	Transcontinental Insurance Co. - GAH Pol. # WCIC158538504	01-01-99

*INTERNAL CONTROL
AND
COMPLIANCE SECTION*



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 18, 1998. 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 these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that 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 structure elements does not reduce to a relatively low level the

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

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

This report is intended for the information of management, federal auditing agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Stagni & Company

Thibodaux, Louisiana
August 18, 1998



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

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 1998**

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, 1998.
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 non-compliance 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