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STATE OF MISSISSIPPI

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NATURAL BRIDGE DISTRICT NO. 5 OF THE PARISH
OF ST. MARK, STATE OF MISSISSIPPI

Financial Statements

For the Year Ended May 31, 1938

Under provisions of state law, this report is a public document. A copy of this report has been furnished to the auditor, or receiver, clerk and other appropriate public officials. The report is available for public inspection at the State Department of Archives and Records, when appropriate, at the office of the parish clerk of court.

Release Date 11/22/38

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GLENNY E. CHARLAIN
COMPTROLLER GENERAL
OFFICE OF THE COMPTROLLER
STATE OF LOUISIANA
225 N. PINE ST. SUITE 1000
MONROE, LOUISIANA 70002

1988-1989
ANNUAL REPORT

INTERIM AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of the Waterworks District No. 5 of the Parish of St. Mary, State of Louisiana, a component unit of the St. Mary Parish Council, as of and for the year ended May 31, 1988, as listed in the table of contents. These general purpose financial statements are the responsibility of the Waterworks District No. 5 of the Parish of St. Mary, State of Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Waterworks District No. 5 of the Parish of St. Mary, State of Louisiana as of May 31, 1988, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose 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 general purpose financial statements of the Waterworks District No. 5. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Quidley and Charvin
Certified Public Accountants

Franklin, Louisiana
October 8, 1968

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

PROPRIETARY FUND - ENTERPRISE FUND

Balance Sheets
May 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
ASSETS		
Current Assets		
Cash	\$ 433,794	\$ 351,784
Accounts receivable-water billings	70,877	76,875
Interest receivable	587	508
State revenue sharing tax receivable	44	253
Prepaid expenses	<u>23,852</u>	<u>38,284</u>
Total Current Assets	<u>529,121</u>	<u>447,704</u>
Non-Current Assets		
Due from other governmental Units	27,418	39,313
Deferred charges - Unamortized bond issue cost	<u>13,953</u>	<u>16,123</u>
Total Non-Current Assets	<u>41,371</u>	<u>55,436</u>
Restricted Assets		
Water Deposit Fund:		
Cash	49,388	44,483
Interest receivable	1,004	328
Sinking Fund for Public Improvement Bonds:		
Cash	149,624	132,845
Interest receivable	873	1,082
Capital Additions & Contingencies Fund:		
Cash	86,605	70,293
Interest receivable	2,898	1,171
Construction Fund:		
Cash	272,683	304,383
Interest Receivable	<u>343</u>	<u>4,254</u>
Total Restricted Assets	<u>582,332</u>	<u>558,419</u>
Waterworks System, Plant and Equipment (net of accumulated depreciation)	<u>3,402,322</u>	<u>3,491,232</u>
TOTAL ASSETS	<u>\$4,513,812</u>	<u>\$4,125,852</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

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

SECRETARY FUND - ENTERPRISE FUND

Balance Sheets (Continued)
May 31, 1988 and 1987

	<u>1988</u>	<u>1987</u>
LIABILITIES AND RETAINED EARNINGS		
Current Liabilities		
Payable from current assets:		
Accounts payable	1,523	-
Accrued expense	897	951
Water meter deposits	18,508	13,215
Due to other governmental agencies	9,688	9,308
Total payable from current assets	<u>20,616</u>	<u>22,474</u>
Payable from restricted assets:		
Sinking Fund for Public Improvement Bonds:		
Bonds payable within one year	136,008	155,800
Interest payable	27,127	28,644
Water meter deposits	38,325	40,823
Total payable from restricted assets	<u>201,460</u>	<u>225,267</u>
Total Current Liabilities	<u>222,076</u>	<u>247,741</u>
Long-term Liabilities		
Bonds Payable	1,288,028	1,438,280
Total Liabilities	<u>1,510,104</u>	<u>1,685,921</u>
Retained Earnings		
Reserved for:		
Bonded indebtedness		
Capital improvements	363,488	380,368
Unreserved	2,844,813	2,702,710
Total Retained Earnings	<u>3,208,301</u>	<u>3,083,078</u>
TOTAL LIABILITIES AND RETAINED EARNINGS	<u>\$4,718,405</u>	<u>\$4,768,999</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

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

SECRETARY FUND - ENTERPRISE FUND

Statement of Revenues, Expenses,
and Changes in Retained Earnings
For the Years Ended May 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Operating Revenues		
Charges for services:		
Water sales	\$ 455,263	\$ 439,383
Service fees	27,885	36,309
Late payment fees	8,343	8,175
Collection fees	<u>32,828</u>	<u>32,395</u>
Total Operating Revenues	<u>524,319</u>	<u>516,262</u>
Operating Expenses		
Personnel services and related benefits	393,888	394,858
Supplies and materials	67,813	83,257
Other services and charges	188,868	175,547
Depreciation	<u>182,318</u>	<u>164,082</u>
Total Operating Expenses	<u>732,887</u>	<u>717,744</u>
Operating Loss	<u>(208,568)</u>	<u>(201,482)</u>
Non-operating revenues (Expenses)		
All valuer's fees - maintenance	183,128	173,846
All valuer's fees - debt retirement	184,815	147,594
State revenue sharing	8,582	8,498
Investment income	43,745	31,448
Miscellaneous income	4,787	31,898
Bond interest	<u>(82,011)</u>	<u>(118,072)</u>
Total Non-operating Revenues (Expenses)	<u>332,392</u>	<u>273,212</u>
Net Income (Loss)	123,824	71,730
Retained Earnings, Beginning of Year	<u>3,983,876</u>	<u>3,912,146</u>
Retained Earnings, End of Year	<u>\$3,235,872</u>	<u>\$3,983,876</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

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

PROPRIETARY FUND - ENTERPRISE FUND

Statements of Cash Flows
For the Years Ended May 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ (204,422)	\$ (221,700)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	169,216	144,869
Changes in Assets & Liabilities:		
(Increase) Decrease in Accounts Receivable - Water Billings	8,798	11,489
(Increase) Decrease in Interest Receivable	(89)	1,152
(Increase) Decrease in Taxes Receivable	287	481
(Increase) Decrease in Due from Other Governmental Units	1,993	1,783
(Increase) Decrease in Unamortized Bond Issue Cost	2,179	2,171
(Increase) Decrease in Prepaid Expenses	(1,848)	7,054
Increase (Decrease) in Accounts Payable	1,524	-
Increase (Decrease) in Accrued Expenses	(144)	11,088
Increase (Decrease) in Water Meter Deposits	(2,708)	1971
Increase (Decrease) in Due to Other Governmental Agencies	_____329	_____2,302
NET CASH (USED) BY OPERATING ACTIVITIES	<u>_____ (28,725)</u>	<u>_____ (59,026)</u>
CASH FLOWS FROM MUNICIPAL FINANCING ACTIVITIES:		
Ad-Valorem Taxes	226,040	228,162
State Revenue Sharing	8,542	8,482
Miscellaneous Income	_____4,382	_____12,302
NET CASH PROVIDED BY MUNICIPAL FINANCING ACTIVITIES	<u>_____ 238,962</u>	<u>_____ 248,946</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

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

PROPRIETARY FUND - ENTERPRISE FUND

Statements of Cash Flows (Continued)
For the Years Ended May 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING		
ACTIVITIES:		
Acquisition of Fixed Assets	100,8501	(268,067)
Sale of Fixed Assets	-	-
Proceeds from Issuance of General Obligation		
Bonds	-	-
Repayments of Public Improvement & General		
Obligation Bonds	(325,0800)	(320,600)
Increase (Decrease) in Current Liabilities		
Payable from Restricted Assets	1,061	1,487
(Decrease) Decrease in Interest		
Receivable - Restricted Assets	2,718	(527)
Interest Earned on Restricted Funds	24,268	14,387
Interest Paid on Long-Term Debt	<u>(83,011)</u>	<u>(260,833)</u>
NET CASH (USED) FOR CAPITAL & RELATED		
FINANCING ACTIVITIES	<u>(124,332)</u>	<u>(824,632)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Earned on Operating Funds	<u>10,883</u>	<u>13,668</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>10,883</u>	<u>13,668</u>
NET INCREASE (DECREASE) IN CASH AND		
CASH EQUIVALENTS	86,555	(176,101)
CASH AND CASH EQUIVALENTS AT MAY 31, 1997	<u>964,031</u>	<u>1,080,360</u>
CASH AND CASH EQUIVALENTS AT May 31, 1998	<u>\$ 1,050,586</u>	<u>\$ 904,259</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

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

Notes to the Financial Statements
May 31, 1998

INTRODUCTION

Waterworks District No. 5 of the Parish of St. Mary, State of Louisiana was created by Ordinance No. 505 of the St. Mary Parish Police Jury, on September 5, 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 \$20 for each meeting attended. As May 31, 1998, there were approximately 1,783 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 to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Council is the financial reporting entity for St. Mary Parish. The financial reporting entity consists of (a) the primary government (parish council); (b) organizations for which the primary government is financially accountable; and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of St. Mary Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

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

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 as 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. 6 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements (Continued)
May 31, 1994

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. Under this basis of accounting and measurement focus, the district applies all GASB pronouncements and FASB statements and interpretations, APB opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement. 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. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation is employed by the water district.

F. 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.

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

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

G. ACCOUNTS RECEIVABLE

The District records water sales revenue in the month the services are rendered. At May 31, 1998, accounts receivables were recorded as \$78,877.

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.

H. INTEREST RECEIVABLE

Interest on investments is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

I. PREPAID EXPENSES

Payments made to vendors for services that will benefit periods beyond May 31, 1998, are recorded as prepaid expenses. At May 31, 1998, prepaid expenses were recorded as \$21,813.

J. RESTRICTED ASSETS

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "water deposit fund" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The "construction fund" account is used to report those proceeds of bond issuances that are restricted for use in construction.

K. WATERWORKS SYSTEM, PLANT AND EQUIPMENT

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.

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

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

L. CAPITALIZATION OF INTEREST COSTS

Interest costs incurred by the district during the construction of an asset for its own use are subject to capitalization based on the guidelines established by FAS-86 (Capitalization of Interest Costs).

M. BOND ISSUANCE COSTS

Bond issuance costs for proprietary funds are deferred and amortized over the term of the bonds outstanding. Bond issuance costs are recorded as deferred charges on the Balance sheet.

N. COMPENSATED ABSENCES

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:

<u>Years of Service</u>	<u>Annual Leave</u>
Less than 1 year	0 work days
1-5 years	10 work days
6-15 years	15 work days
16-20 years	20 work days
21 or more years	25 work days

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

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

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

O. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the Enterprise Fund.

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

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

e. RETAINED EARNINGS

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

Q. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities.

2. CASH AND CASH EQUIVALENTS

At May 31, 1998, the District has cash and cash equivalents (bank balances) totaling \$200,972, as follows:

Demand deposits	\$	7,749
Time deposits	_____	193,223
Total	\$	<u>200,972</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, 1998, the district has \$1,884,843 in deposits (collected bank balances). These deposits are secured from risk by \$238,021 of federal deposit insurance and \$1,013,167 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1239 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.

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

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

3. DEBT FROM OTHER GOVERNMENTAL UNITS

The water district purchased an office building on July 28, 1990. The water district paid the entire purchase price of \$45,000, then entered into an agreement to sell one-half interest in the building for \$22,500 to the St. Mary Parish Sewer District #1. The debt is to be repaid at \$260 per month at 8% interest beginning August 1, 1990 and ending July 1, 2000. At May 31, 1998 the balance due from Sewer District #1 was \$17,418.

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 15. 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 4.63 per \$1,000 for maintenance and operations and 3.74 per \$1,000 for bond and interest payments.

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

Notes to Financial Statements (Continued)
May 31, 1998

5. CHANGES IN GENERAL FIXED ASSETS

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

	Balance May 31, 1997	Additions	Deduct- ions	Balance May 31, 1998
Construction in Progress	\$ 470,120	\$ 53,850	\$ 19,778	\$ 4,392
Land	22,237	-	-	22,237
Water plant & lines prior to 6-1-78	1,410,834	-	-	1,410,834
New water treatment plant	1,167,486	550,984	-	1,718,470
New water lines and sewers	2,846,686	-	-	2,846,686
Office building	99,634	-	-	99,634
Furniture & equipment	427,581	4,018	-	431,599
Trucks	43,111	-	-	43,111
Sub-Total	8,184,728	858,832	519,778	8,523,782
Less accumulated depreciation	(2,502,456)	(168,216)	-	(2,670,672)
Total	\$ 5,682,272	\$ 690,616	\$ 519,778	\$ 6,052,110

Depreciation expense related to the utilization of fixed assets for the year ended May 31, 1998, is \$168,216.

6. LONG-TERM DEBT

The following is a summary of the District's long-term debt transactions for the year ended May 31, 1998:

	Public Improvement Bonds
Bonds Payable at June 3, 1997	\$ 2,500,000
Bonds matured	(125,000)
Bonds Issued	-
Bonds Payable at May 31, 1998	<u>\$ 2,375,000</u>

Bonds payable at May 31, 1998 are comprised of the following individual issues:

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

Notes to Financial Statements (Continued)
May 31, 1999

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds current outstanding are:

\$800,000 Public Improvement Bonds, dated April 1, 1998, final maturity date April 1, 2010, interest rate 6.5% to 10% \$645,000

\$445,000 Public Improvement Bonds, dated April 1, 1994, final maturity date April 1, 2004, interest rate 4.5% \$275,000

The government also issues bonds when the government pledges income derived from the constructed assets to pay debt service. Revenue bonds outstanding are as follows:

\$680,000 Public Improvement Bonds, dated September 1, 1998, final maturity date September 1, 2009, interest rate 6% \$385,000

The following is a schedule of future debt service requirements including interest of \$985,810 at May 31, 1999:

Year	Amount
1999	\$ 31,804
1999	223,313
2000	214,400
2001-2005	790,744
2006-2010	<u>465,229</u>
Total	<u>\$1,925,510</u>

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds and minimum revenue bond coverage. The district is substantially in compliance with all such significant limitations and restrictions.

The total amount of interest costs incurred and charged to expense during the period was \$61,011. The total amount of interest costs which have been capitalized during the period was \$31,187.

9. METER DEPOSITS

As authorized under Louisiana Revised Statutes, funds amounting to \$18,391 have been restricted in the Meter Deposit Fund for the purchase of water meters. Funds in the amount of \$18,509 not available in restricted assets are recorded as payable from current assets.

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

Notes to the Financial Statements (Continued)
May 31, 2008

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 cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the district are members of Plan B.

All permanent employees working at least 32 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 62 with at least 18 years of creditable service or at or after age 55 with at least 10 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 \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 34 years, may take early retirement benefits commencing at or after age 55, with the basic benefit reduced 3 percent for each year retirement precedes age 62. In any case, monthly retirement benefits paid under Plan B cannot exceed the lesser of 100 percent of final-average salary or \$70 multiplied by total years of creditable service. Final-average salary is the employee's average salary over the 34 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 54619, Baton Rouge, Louisiana 70856-4619, or by calling (504) 928-1365.

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

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

Funding Policy. Under Plan B, members are required by state statute to contribute 2.5 percent of their annual covered salary in excess of \$1,300 and the district is required to contribute at an actuarially determined rate. The current rate is 2.5 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the district are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The district's contributions to the System under Plan B for the years ending May 31, 1996, 1997, and 1998 were \$5,707, \$3,135, and \$2,480, respectively, equal to the required contributions for each year.

9. LEASES

The district had no material capital or operating leases at May 31, 1998.

10. LITIGATION

There is no litigation pending against the district's office at May 31, 1998.

11. COMPENSATION PAID BOARD MEMBERS

The following schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Louisiana Revised Statute Section 3819 provides for each board member to receive a per diem not to exceed \$60 for each meeting they attend, up to and including 24 meetings each year and for each special meeting not to exceed 15 per year. The St. Mary Parish Water District #5 pays per diem of \$60 per meeting.

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

Notes to the Financial Statements (Continued)
May 31, 1990

Board Member	Amount	Number of Meetings
Jack Benedetto	\$ 650	13
Wayne Deslattes	450	9
Jesse Jones, Sr.	500	13
John F. Lejeune, Jr.	500	13
E. A. Finbo	500	13
David Franklin	500	13
James Vining	<u>500</u>	13
 Total Board Members	 \$4,000	
 Jamie Miller (Superintendent)	 500	 13
Jan Smith (Sec./Treasurer)	<u>500</u>	 13
 Total Per Diem	 <u>\$1,000</u>	

12. 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	\$ 119,983
Columbian Chemical Company	<u>12,223</u>
 Total	 <u>\$ 132,206</u>

SUPPLEMENTARY INFORMATION

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

PROPRIETARY FUND TYPE - ENTERPRISE FUND

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

	<u>1998</u>	<u>1997</u>
OPERATING EXPENSES		
Personal Services:		
Salaries	\$ 242,079	\$ 242,175
Hospitalization insurance	27,406	36,587
Payroll taxes	18,818	31,941
Retirement	<u>5,309</u>	<u>1,339</u>
Total Personal Services	<u>293,612</u>	<u>312,042</u>
Supplies and Materials:		
Chemicals	84,007	41,081
Office expense	4,883	5,962
Postage	<u>4,628</u>	<u>4,978</u>
Total Supplies and Materials	<u>93,518</u>	<u>51,921</u>
Other Services and Charges:		
Accounting fees	6,400	5,158
Advertising	260	-
Board meetings	5,350	7,999
Consulting engineer	1,170	2,770
Data and subscription	128	315
Education	425	1,854
Insurance-general	43,675	51,128
Maintenance-water system	24,078	36,438
Maintenance-water plant	43,948	31,015
Mapping Project	475	-
Miscellaneous	1,943	370
Professional fees	2,170	2,771
Track maintenance	5,683	7,541
Utilities	<u>82,928</u>	<u>48,865</u>
Total Other Services and Charges	<u>300,888</u>	<u>329,587</u>
Depreciation	<u>160,216</u>	<u>144,869</u>
TOTAL OPERATING EXPENSES	<u>\$ 718,190</u>	<u>\$ 716,871</u>

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

May 11, 1908

Bonded Indebtedness
General Obligation Bonds
Dated April 1, 1900

Maturity	Bond Numbers	Yearly Payments			Bonds Outstanding
		Principal	Interest	Total	
1908			22,467	22,467	645,000
1909	32 to 38	35,000	43,763	78,763	610,000
2010	39 to 45	35,000	41,400	76,400	575,000
2011	46 to 52	40,000	38,830	78,830	535,000
2012	54 to 62	40,000	36,050	76,050	490,000
2013	63 to 70	40,000	33,075	73,075	450,000
2014	71 to 80	50,000	29,750	79,750	400,000
2015	81 to 92	55,000	26,075	81,075	340,000
2016	93 to 104	60,000	22,000	82,000	280,000
2017	104 to 115	60,000	17,800	77,800	220,000
2018	116 to 129	70,000	13,300	83,300	155,000
2019	130 to 144	75,000	8,325	83,325	80,000
2020	145 to 160	80,000	2,800	82,800	-
Totals		\$,545,000	\$,316,410	\$,861,410	

Original issue dated April 1, 1900, for \$800,000.

Paying Agent, Trust Company of Louisiana, Baton, Louisiana.

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

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

The bonds shall be callable for redemption in full at any time on or after April 1, 2020, or in part on any interest payment date on or after April 1, 2000, in the inverse order of their maturities.

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

May 11, 1938

Bonded Indebtedness
General Obligation Bonds
Issued April 1, 1934

MATURITY	Bond Numbers	Yearly Payments			Bonds Outstanding
		Principal	Interest	Total	
1938			4,187	4,187	215,000
1939	35 to 44	50,000	11,250	61,250	229,000
2040	44 to 54	50,000	9,088	59,000	175,000
2041	55 to 64	50,000	6,750	56,750	125,000
2042	65 to 74	48,000	4,275	52,275	65,000
2043	77 to 88	45,000	1,463	46,463	-
Totals		\$ 223,000	\$ 18,923	\$ 241,923	

Original issue dated April 1, 1934, 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 1933, which mature June 1, 1934 to June 1, 2043, 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 in amount to pay the principal of and interest and redemption premium, if any, on the Bonds falling due each year.

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

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

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

May 31, 1938

Bonded Indebtedness
Revenue Bonds
dated September 1, 1935

Maturity	Period		Yearly Payments			Bonds Outstanding
	Months	Years	Principal	Interest	Total	
1938						500,000
1938	30 to	39	50,000	15,100	65,100	400,000
1939	30 to	40	55,000	27,300	82,300	400,000
2040	41 to	51	55,000	24,800	79,800	345,000
2041	52 to	63	60,000	20,700	80,700	285,000
2042	64 to	74	65,000	17,300	82,300	220,000
2043	75 to	85	70,000	13,200	83,200	150,000
2044	86 to	100	75,000	9,000	84,000	75,000
2045	104 to	120	75,000	4,500	79,500	-
Totals			500,000	110,900	610,900	

Original issue dated September 1, 1935, for \$600,000.
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 must budget annually a sum of money sufficient to pay the Certificates and the interest thereon as they respectively mature, including any principal and/or interest theretofore matured and then unpaid and to 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. MAWRE, STATE OF LOUISIANA

MAY 31, 1988
(CONT.)

Those certificates maturing on September 1, 1988, and thereafter, shall be callable for redemption by the Issuer in full at any time on or after September 1, 1988, or in part in the inverse order of their maturities, and if less than a full maturity, then by a lot within such maturity, on any interest payment date on or after September 1, 1988, at the principal amount thereof and accrued interest to the date fixed for redemption.

Independent Auditor's Report Required
By Governmental Auditing Standards

GUDRY & CHALVIN
1200 WEST BROAD, SUITE 1000
A PROFESSIONAL CORPORATION
P. O. BOX 10000 THE BARRON STORE
HOUSTON, TEXAS 77240

MEMBER OF
THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF THE TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

DATE: MAY 1998
PAGE 1000 1000/1000

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

To the Board of Directors of
Waterworks District No. 5 of the
Parish of St. Mary, State of Louisiana
Centerville, LA 70522

We have audited the financial statements of the Waterworks District No. 5 as of and for the year ended May 31, 1998 and have issued our report thereon dated October 9, 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 Waterworks District No. 5's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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 Waterworks District No. 5'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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report on Internal Control
October 9, 1988
Page Two

This report is intended for the information of the Waterworks District No. 3 Board. However, this report is a matter of public record and its distribution is not limited.

Quidley and Chouvin

Certified Public Accountants

Franklin, Louisiana
October 9, 1988

schedule and data collection form

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

Summary Schedule of Findings and Questioned Costs
For the Year ended May 31, 1998

We have audited the financial statements of the Waterworks District No. 3 as of and for the year ended May 31, 1998, and have issued our report thereon dated October 9, 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. Our audit of the financial statements as of May 31, 1998 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

- a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material

Weaknesses ___ Yes X No

Reportable

Conditions ___ Yes X No

Compliance

Compliance Material to Financial Statements ___ Yes X No

- b. Federal Awards - There are no federal awards

- c. Identification of Major Programs:

Note - There are no federal awards

Section II Financial Statement Findings

1998: No matters were reported

Section III Federal Award Findings and Questioned Costs

1998: There are no federal awards, therefore there were no findings or questioned costs.

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

Summary Schedule of Prior Audit Findings
For the Year Ended May 31, 1999

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No Partially?)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>	<u>Additional Explanation</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Note: There were no prior year audit findings to be listed in this schedule.

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

Management's Corrective Action Plan for Current Year Audit Findings
For the Year Ended May 31, 1998

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Personnel</u>	<u>Anticipated Completion Date</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Note: There are no current year audit findings or management letter comments to be included in this schedule.