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

General Purpose Financial Statements

As of and for the Year Ended May 31, 1999

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 DEC 07 1999

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the Waterworks District No. 5 of the Parish of St. Mary, State of Louisiana, a component unit of the St. Mary Parish Council, as of and for the year ended May 31, 1999, 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, 1999, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 1999, on our consideration of the Waterworks District No. 5's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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.

Guidry & Chauvin, CPAs
Certified Public Accountants

Franklin, Louisiana
October 21, 1999

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

PROPRIETARY FUND - ENTERPRISE FUND

Balance Sheets
May 31, 1999 and 1998

<u>ASSETS</u>	<u>1999</u>	<u>1998</u>
Current Assets:		
Cash	\$ 420,592	\$ 431,794
Accounts receivable-water billings	87,806	70,877
Interest receivable	2,630	597
State revenue sharing tax receivable	129	46
Prepaid expenses	<u>28,876</u>	<u>21,813</u>
Total Current Assets	<u>540,033</u>	<u>525,127</u>
Non-Current Assets:		
Due from Other Governmental Units	15,408	17,418
Deferred charges - Unamortized bond issue cost	<u>11,780</u>	<u>13,951</u>
Total Non-Current Assets	<u>27,188</u>	<u>31,369</u>
Restricted Assets:		
Meter Deposit Fund:		
Cash	48,775	49,385
Interest receivable	823	1,006
Sinking Fund for Public Improvement Bonds:		
Cash	182,347	149,624
Interest receivable	1,002	877
Capital Additions & Contingencies Fund:		
Cash	107,022	86,507
Interest receivable	1,716	1,890
Construction Fund:		
Cash	124,380	272,662
Interest Receivable	<u>571</u>	<u>341</u>
Total Restricted Assets	<u>466,636</u>	<u>562,292</u>
Waterworks System, Plant and Equipment (net of accumulated depreciation)	<u>3,626,315</u>	<u>3,602,122</u>
TOTAL ASSETS	<u>\$4,660,172</u>	<u>\$4,720,910</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

PROPRIETARY FUND - ENTERPRISE FUND

Balance Sheets (Continued)
May 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
<u>LIABILITIES AND FUND EQUITY</u>		
Current Liabilities:		
Payable from current assets:		
Accounts payable	17,970	1,523
Accrued expense	772	807
Water meter deposits	8,172	10,509
Due to other governmental agencies	<u>10,168</u>	<u>9,680</u>
Total payable from current assets	<u>37,082</u>	<u>22,519</u>
Payable from restricted assets:		
Sinking Fund for Public Improvement Bonds:		
Bonds payable within one year	140,000	135,000
Interest payable	15,610	17,127
Water meter deposits	<u>49,598</u>	<u>50,391</u>
Total payable from restricted assets	<u>205,208</u>	<u>202,518</u>
Total Current Liabilities	<u>242,290</u>	<u>225,037</u>
Long-term Liabilities:		
Bonds Payable	<u>1,150,000</u>	<u>1,290,000</u>
Total Liabilities	<u>1,392,290</u>	<u>1,515,037</u>
Fund Equity:		
Retained Earnings		
Reserved for:		
Bonded indebtedness	27,739	-
Capital improvements	233,689	361,400
Unreserved	<u>3,006,454</u>	<u>2,844,473</u>
Total Fund Equity	<u>3,267,882</u>	<u>3,205,873</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$4,660,172</u>	 <u>\$4,720,910</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

PROPRIETARY FUND - ENTERPRISE FUND

Statements of Revenues, Expenses,
and Changes in Retained Earnings
For the Years Ended May 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Operating Revenues		
Charges for services:		
Water sales	\$ 431,264	\$ 455,261
Service fees	27,215	27,805
Late payment fees	9,626	8,383
Collection fees	<u>13,372</u>	<u>12,824</u>
Total Operating Revenues	<u>481,477</u>	<u>504,273</u>
Operating Expenses		
Personal services and related benefits	317,818	293,800
Supplies and materials	79,005	67,511
Other services and charges	196,802	188,868
Depreciation	<u>175,171</u>	<u>168,216</u>
Total Operating Expenses	<u>768,796</u>	<u>718,395</u>
Operating Income (Loss)	<u>(287,319)</u>	<u>(214,122)</u>
Non-operating Revenues (Expenses)		
Ad valorem taxes - maintenance	194,545	181,125
Ad valorem taxes - debt retirement	166,391	154,915
State revenue sharing	8,911	8,562
Grant - St. Mary Parish Council	10,000	-
Investment income	40,847	43,741
Miscellaneous income	2,124	4,787
Gain on sale of fixed asset	1,900	-
Bond interest	<u>(75,390)</u>	<u>(61,011)</u>
Total Non-operating Revenues (Expenses)	<u>349,328</u>	<u>332,119</u>
Net Income (Loss)	62,009	117,997
Retained Earnings, Beginning of Year	<u>3,205,873</u>	<u>3,087,876</u>
Retained Earnings, End of Year	<u>\$3,267,882</u>	<u>\$3,205,873</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

PROPRIETARY FUND - ENTERPRISE FUND

Statements of Cash Flows
For the Years Ended May 31, 1999 and 1998

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ (287,319)	\$ (214,122)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:		
Depreciation	175,171	168,216
Changes in Assets & Liabilities:		
(Increase) Decrease in Accounts Receivable - Water Billings	(16,929)	5,798
(Increase) Decrease in Interest Receivable	(2,033)	(89)
(Increase) Decrease in Taxes Receivable	(83)	207
(Increase) Decrease in Due from Other Governmental Units	2,010	1,893
(Increase) Decrease in Unamortized Bond Issue Cost	2,171	2,170
(Increase) Decrease in Prepaid Expenses	(7,063)	(1,849)
Increase (Decrease) in Accounts Payable	16,447	1,523
Increase (Decrease) in Accrued Expenses	(35)	(144)
Increase (Decrease) in Water Meter Deposits	(2,337)	(2,706)
Increase (Decrease) in Due to Other Governmental Agencies	488	378
NET CASH (USED) BY OPERATING ACTIVITIES	(119,512)	(38,725)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Ad-Valorem Taxes	360,936	336,040
State Revenue Sharing	8,911	8,562
Grant - St. Mary Parish Council	10,000	-
Miscellaneous Income	2,124	4,787
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	381,971	349,389

The notes to the financial statements are an integral part of this statement.
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WATERWORKS 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, 1999 and 1998

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:		
Acquisition of Fixed Assets	(199,364)	(89,059)
Sale of Fixed Assets	1,900	-
Proceeds from Issuance of General Obligation Bonds	-	-
Repayments of Public Improvement & General Obligation Bonds	(135,000)	(125,000)
Increase (Decrease) in Current Liabilities Payable from Restricted Assets	(2,310)	3,861
(Increase) Decrease in Interest Receivable - Restricted Assets	2	2,719
Interest Earned on Restricted Funds	21,103	25,258
Interest Paid on Long-Term Debt	<u>(75,390)</u>	<u>(61,011)</u>
 NET CASH (USED) FOR CAPITAL & RELATED FINANCING ACTIVITIES	 <u>(389,059)</u>	 <u>(243,232)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Earned on Operating Funds	<u>19,744</u>	<u>18,483</u>
 NET CASH PROVIDED BY INVESTING ACTIVITIES	 <u>19,744</u>	 <u>18,483</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (106,856)	 85,915
 CASH AND CASH EQUIVALENTS AT MAY 31, 1998	 <u>989,972</u>	 <u>904,057</u>
 CASH AND CASH EQUIVALENTS AT MAY 31, 1999	 <u>\$ 883,116</u>	 <u>\$ 989,972</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, 1999

INTRODUCTION

Waterworks District No. 5 of the Parish of St. Mary, State of Louisiana was created by Ordinance No. 595 of the St. Mary Parish Police Jury, on September 5, 1954, for the purpose of establishing, acquiring, constructing, maintaining and operating a waterworks system for the benefit of the people of the District. The District is governed by a board of seven members which are appointed by the St. Mary Parish Council. The board meets each month on the third Tuesday at the waterworks district office. The members receive a per diem of \$50 for each meeting attended. At May 31, 1999, there were approximately 1,878 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 No.5 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied in governmental units. The Governmental Accounting Standards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

The district is a component unit of the St. Mary Parish Council, the financial reporting entity. The parish council is financially accountable for the district because it appoints a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the district and do not present information on the parish council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

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

D. BASIS OF ACCOUNTING

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

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

Notes to the Financial Statements (Continued)
May 31, 1999

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 time deposits. Under state law, the district may deposit funds in demand deposits, interest bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

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.

G. 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.

H. PREPAID EXPENSES

Payments made to vendors for services that will benefit periods beyond May 31, 1999, are recorded as prepaid expenses. At May 31, 1999, prepaid expenses were recorded as \$28,876.

I. 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 "meter 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.

J. WATERWORKS SYSTEM, PLANT AND EQUIPMENT

Fixed assets of the district are included on the balance sheet of the fund. Interest costs incurred during construction are capitalized. 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, 1999

K. 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-34 (Capitalization of Interest Costs).

L. 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.

M. 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.

N. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the Enterprise Fund.

O. FUND EQUITY

Reserves represent those portions of fund equity legally segregated for a specified future use.

P. 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.

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

Notes to the Financial Statements (Continued)
May 31, 1999

2. CASH AND CASH EQUIVALENTS

At May 31, 1999, the district has cash and cash equivalents (book balances) totaling \$883,116, as follows:

Demand deposits	\$ 3,381
Interest-bearing demand deposits	139,235
Time deposits	<u>740,500</u>
 Total	 <u>\$ 883,116</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, 1999, the district has \$899,388 in deposits (collected bank balances). These deposits are secured from risk by \$202,982 of federal deposit insurance and \$1,203,948 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 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

3. RECEIVABLES

The district records water sales revenue in the month the services are rendered. At May 31, 1999, accounts receivables were recorded as \$87,806.

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.

4. DUE FROM OTHER GOVERNMENTAL UNITS

The water district purchased an office building on July 20, 1995. 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 No.5. The debt is to be repaid at \$250 per month at 6% interest beginning August 1, 1995 and ending July 1, 2005. At May 31, 1999 the balance due from Sewer District No.5 was \$15,408.

5. AD VALOREM TAXES

The district's property tax is levied in October of each year on the assessed value of property within the District's taxing area. Taxes are due and payable by December 31. The taxes are delinquent on January 1, at which time an enforceable lien attaches to the property. The taxes are collected on behalf of the district by the Sheriff and then remitted to the district. Most of the taxes are actually received by the district in January and February. The tax rate for the year ended December 31, 1998 was 4.63 per \$1,000 for maintenance and operations and 3.96 per \$1,000 for bond and interest payments.

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

Notes to Financial Statements (Continued)
May 31, 1998

6. CHANGES IN GENERAL FIXED ASSETS

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

	Balance May 31, <u>1998</u>	<u>Additions</u>	<u>Deductions</u>	Balance May 31, <u>1999</u>
Construction in Progress	\$ 4,200	\$ 158,414	\$ -	\$ 162,614
Land	22,237	-	-	22,237
Water plant & lines prior to 6-1-75	1,410,824	5,400	-	1,416,224
New water treatment plant	1,713,450	-	-	1,713,450
New water lines and meters	2,846,696	14,468	-	2,861,164
Office building	99,634	-	-	99,634
Furniture & equipment	131,596	1,429	-	133,025
Trucks	<u>43,137</u>	<u>19,653</u>	<u>(16,816)</u>	<u>45,974</u>
 Sub-Total	 6,271,774	 199,364	 (16,816)	 6,454,322
Less accumulated depreciation	<u>(2,669,652)</u>	<u>(175,171)</u>	<u>(16,816)</u>	<u>(2,828,007)</u>
 Total	 <u>\$ 3,602,122</u>	 <u>\$ 24,193</u>	 <u>\$ -</u>	 <u>\$ 3,626,315</u>

Depreciation expense related to the utilization of fixed assets for the year ended May 31, 1998, is \$175,171.

7. LONG-TERM DEBT

The following is a summary of the District's long-term debt transactions for the year ended May 31, 1999:

	Public Improvement Bonds
Bonds Payable at June 1, 1998	\$ 1,425,000
Bonds matured	(135,000)
Bonds Issued	-
Bonds Payable at May 31, 1999	<u>\$ 1,290,000</u>

Bonds payable at May 31, 1999 are comprised of the following individual issues:

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, 1990, final maturity date April 1, 2010, interest rate 6.7% to 10% \$610,000

\$445,000 Public Improvement Bonds, dated April 1, 1994, final maturity date April 1, 2003, interest rate 4.5% \$225,000

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

Notes to Financial Statements (Continued)
May 31, 1999

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:

\$600,000 Public Improvement Bonds, dated September 1, 1995, final maturity date September 1, 2005,
interest rate 6% \$455,000

The following is a schedule of future debt service requirements including interest of \$461,706 at May 31, 1999:

<u>Year</u>	<u>Amount</u>
1999	\$ 137,313
2000	214,400
2001	216,280
2002 - 2006	856,538
2007 - 2010	<u>327,175</u>
Total	<u>\$1,751,706</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 coverages. 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 \$75,390. The total amount of interest costs which have been capitalized during the period was \$9,205.

8. METER DEPOSITS

As authorized under Louisiana Revised Statutes, funds amounting to \$49,598 have been restricted in the Meter Deposit Fund for the purchase of water meters. Funds in the amount of \$8,172 not available in restricted assets are recorded as payable from current assets.

9. 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.

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

Notes to the Financial Statements (Continued)
May 31, 1999

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 62 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 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 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62. In any case, monthly retirement benefits paid under Plan B cannot exceed the lesser of 100 percent of final-average salary or \$70 multiplied by total years of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Funding Policy. Under Plan B, members are required by state statute to contribute 2.0 percent of their annual covered salary in excess of \$1,200 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, 1999, 1998, and 1997 were \$6,358, \$5,707, and \$3,335, respectively, equal to the required contributions for each year.

10. LEASES

The district had no material capital or operating leases at May 31, 1999.

11. LITIGATION

There is no litigation pending against the district's office at May 31, 1999.

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

Notes to the Financial Statements (Continued)
May 31, 1999

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	\$ 128,603
Columbian Chemical Company	<u>65,517</u>
Total	<u>\$ 194,120</u>

13. YEAR 2000 COMPLIANCE (UNAUDITED)

Time and space saving programming decisions made in prior years resulted in two-digit computer codes that may not correctly recognize "00" as the year 2000. Serious processing error or system failure could result. To prevent this error, computer systems and equipment must be programmed or replaced to make them year 2000 compliant.

The district is significantly dependent on computerized systems for essential operations and to provide services to citizens. The district has made necessary changes to upgrade its computer systems and equipment to achieve year 2000 compliance. Testing was performed using Norton 2000 software and Date-a-Fix software-fix programs. The overall results showed that all computer systems were in compliance.

14. SUBSEQUENT EVENTS:

On August 17, 1999, the district approved a resolution authorizing the issuance of \$1,900,000 of 20 year general obligation bonds, at a rate not exceeding 8% per annum, for the purpose of construction and acquiring extensions and improvements to the waterworks plant and system of the district. It will also provide \$400,000 of funds to refund and refinance a like principal amount of an outstanding issue of certificates of indebtedness, series 1995, of the district, said bonds to be payable from ad valorem taxes. A special election will be held on Saturday, November 20, 1999 to propose this issuance.

WATERWORKS DISTRICT NO. 5 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULES
For the Year Ended May 31, 1999

OPERATING EXPENSES

The schedule of operating expenses is presented in order to provide a detailed breakdown of operating expenses for the years ended May 31, 1999 and 1998. (Schedule 1)

BONDED INDEBTEDNESS

The schedules of bonded indebtedness are presented in order to provide a detail of future bond requirements for each bond issue. (Schedules 2, 3 and 4)

COMPENSATION PAID BOARD MEMBERS

A 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 12 per year. The St. Mary Parish Water District No. 5 pays per diem of \$50 per meeting. (Schedule 5)

PRIOR AUDIT FINDINGS

The follow-up and corrective action taken on all prior audit findings is presented in the summary schedule of prior audit findings. (Schedule 6)

CURRENT AUDIT FINDINGS

The corrective action plan for current year audit findings is presented in Schedule 7.

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

PROPRIETARY FUND TYPE - ENTERPRISE FUND

Schedules of Operating Expenses
For the Years Ended May 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
<u>OPERATING EXPENSES</u>		
Personal Services:		
Salaries	\$ 257,038	\$ 242,078
Hospitalization insurance	34,761	27,495
Payroll taxes	19,667	18,518
Retirement	<u>6,352</u>	<u>5,709</u>
Total Personal Services	<u>317,818</u>	<u>293,800</u>
Supplies and Materials:		
Chemicals	68,845	56,007
Office expense	5,194	6,880
Postage	<u>4,966</u>	<u>4,624</u>
Total Supplies and Materials	<u>79,005</u>	<u>67,511</u>
Other Service and Charges:		
Accounting fees	5,400	5,400
Advertising	761	260
Board meetings	6,450	5,350
Consulting engineer	1,260	1,170
Dues and subscription	260	120
Education	1,288	423
Insurance-general	49,980	43,671
Maintenance-water system	23,258	26,079
Maintenance-water plant	42,256	43,945
Mapping Project	214	635
Miscellaneous	2,191	1,041
Professional Fees (Bond Cost)	2,576	2,171
Truck maintenance	9,501	5,683
Utilities	<u>51,407</u>	<u>52,920</u>
Total Other Services and Charges	<u>196,802</u>	<u>188,868</u>
Depreciation	<u>175,171</u>	<u>168,216</u>
TOTAL OPERATING EXPENSES	<u>\$ 768,796</u>	<u>\$ 718,395</u>

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

May 31, 1999

Bonded Indebtedness
General Obligation Bonds
Dated April 1, 1990

<u>Maturity</u>	<u>Bond Numbers</u>	<u>Yearly Payments</u>			<u>Bonds Outstanding</u>
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1999			43,763	43,763	610,000
2000	39 to 45	35,000	41,400	76,400	575,000
2001	46 to 53	40,000	38,830	78,830	535,000
2002	54 to 61	40,000	36,050	76,050	495,000
2003	62 to 70	45,000	33,075	78,075	450,000
2004	71 to 80	50,000	29,750	79,750	400,000
2005	81 to 91	55,000	26,075	81,075	345,000
2006	92 to 103	60,000	22,050	82,050	285,000
2007	104 to 115	60,000	17,850	77,850	225,000
2008	116 to 129	70,000	13,300	83,300	155,000
2009	130 to 144	75,000	8,225	83,225	80,000
2010	145 to 160	<u>80,000</u>	<u>2,800</u>	<u>82,800</u>	-
Totals		<u>\$610,000</u>	<u>\$313,168</u>	<u>\$923,168</u>	

Original issue dated April 1, 1990, for \$800,000.

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

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

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

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

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

May 31, 1999

Bonded Indebtedness
General Obligation Bonds
Dated April 1, 1994

<u>Maturity</u>	<u>Bond Numbers</u>	<u>Yearly Payments</u>			<u>Bonds Outstanding</u>
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1999			11,250	11,250	225,000
2000	44 to 54	50,000	9,000	59,000	175,000
2001	55 to 64	50,000	6,750	56,750	125,000
2002	65 to 76	60,000	4,275	64,275	65,000
2003	77 to 89	65,000	1,463	66,463	-
Totals		<u>\$225,000</u>	<u>\$ 32,738</u>	<u>\$ 257,738</u>	

Original issue dated April 1, 1994, for \$445,000.

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

This obligation was incurred for the purpose of advance refunding the callable maturities of the District's outstanding General Obligation Bonds, series 1983, which mature June 1, 1994 to June 1, 2003, inclusive, and for paying costs of issuance of the bonds. The Refunded Bonds are being refunded in order to reduce the annual debt service on the District's general obligation indebtedness and to produce present value savings.

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

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

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

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

May 31, 1999

Bonded Indebtedness
Revenue Bonds
Dated September 1, 1995

<u>Maturity</u>	<u>Bond Numbers</u>	<u>Yearly Payments</u>			<u>Bonds Outstanding</u>
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1999					455,000
1999	30 to 40	55,000	27,300	82,300	400,000
2000	41 to 51	55,000	24,000	79,000	345,000
2001	52 to 63	60,000	20,700	80,700	285,000
2002	64 to 76	65,000	17,100	82,100	220,000
2003	77 to 90	70,000	13,200	83,200	150,000
2004	91 to 105	75,000	9,000	84,000	75,000
2005	106 to 120	<u>75,000</u>	<u>4,500</u>	<u>79,500</u>	-
Totals		<u>\$455,000</u>	<u>\$115,800</u>	<u>\$570,800</u>	

Original issue dated September 1, 1995, 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.

Those certificates maturing on September 1, 1999, and thereafter, shall be callable for redemption by the Issuer in full at any time on or after September 1, 1998, 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, 1998, at the principal amount thereof and accrues interest to the date fixed for redemption.

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

Schedule of Compensation Paid Board Members
For the Year Ended May 31, 1999

<u>Board Member</u>	<u>Number</u>	<u>Amount</u>
Jack Benedietto	15	\$ 750
Wayne Deslatte	13	650
Jesse Jones, Sr.	11	550
John L. Lejaunie, Jr.	15	750
H.A. Pinho	15	750
David Franklin	15	750
James Vining	15	<u>750</u>
 Total		 4,950
 Jamie Miller (Superintendent)	 15	 750
Jan Smith (Sec./Treasurer)	15	<u>750</u>
 Total Per Diem		 <u>\$ 6,450</u>

WATERWORKS DISTRICT NO. 5 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>
Section I - Internal Control and Compliance Material to the Financial Statements:				
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Section II - Management Letter:				
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

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

WATERWORKS 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, 1999

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
Section I - Internal Control and Compliance Material to the Financial Statements:				
_____	_____	_____	_____	_____
	_____	_____		
	_____	_____		
_____	_____	_____	_____	_____
	_____	_____		
	_____	_____		
Section II - Management Letter:				
_____	_____	_____	_____	_____
	_____	_____		
	_____	_____		
_____	_____	_____	_____	_____
	_____	_____		
	_____	_____		

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

Independent Auditor's Report Required
By Governmental Auditing Standards

MARSHALL W. GUIDRY, CPA
MICHELE L. CHAUVIN, CPA

GUIDRY & CHAUVIN
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL ACCOUNTING CORPORATION
P. O. BOX 1028 - 1013 MAIN STREET
FRANKLIN, LOUISIANA 70538

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

318 - 828-0272
FAX 318 - 828-0290

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 general purpose financial statements of the Waterworks District No. 5 as of and for the year ended May 31, 1999 and have issued our report thereon dated October 21, 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 Waterworks District No. 5's general purpose 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 general purpose 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 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 solely for the information and use of the Waterworks District's board, St. Mary Parish Council and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Guidry & Chauvin, CPA's
Certified Public Accountants

Franklin, Louisiana
October 21, 1999

Data Collection Form

DATA COLLECTION FORM

FOR REPORTING ON AUDITS OF STATE AND LOCAL GOVERNMENT AND QUASIPUBLIC ENTITIES

OMB Form 0348-0057 may be used as a substitute for this form.

Date Submitted / /

RETURN to: Legislative Auditor
Attn: Engagement Processing
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

1. Fiscal Year Ending Date For This Submission:
05/31/99

2. Type of Report:
 Single Audit GAO Audit Standards Audit
 Compilation Compilation/Attestation
 Program Audit Other

3. Audit Period Covered
 Annual Biennial
 Other to

4. AUDITEE INFORMATION

5. AUDITOR INFORMATION

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

Firm Name
GUIDRY & CHAUVIN, CPA'S

Street Address (Number and Street)
9331 HIGHWAY 182

b Street Address (Number and Street)
1013 MAIN STREET

Mailing Address (PO No.)
POST OFFICE BOX 177

Mailing Address (PO No.)
POST OFFICE BOX 1028

City State Zip
CENTERVILLE, LA 70522

City State Zip
FRANKLIN, LA 70538

Auditee Contact
Name Title
JAN SMITH SEC/TREAS

c Auditor Contact
Name Title
MICHELE L. CHAUVIN CPA

Telephone Fax
337-836-5609 337-836-5692
Email (Optional)

Telephone Fax
337-828-0272 337-828-0290
Email (Optional)

Component Units Included Within the Report and for Which No Separate Report Will Be Issued:

If there are no modifications to the auditor's financial opinion, no reportable conditions, no material weaknesses, no reported instances of noncompliance, and no management letter, check this box; do not complete the rest of the form

6. FINANCIAL STATEMENTS

a. Type of audit report on financial statements. Not Applicable
 Unqualified Opinion Qualified Opinion Adverse Opinion Disclaimer of Opinion
b. Is a 'going concern' explanatory paragraph included in the audit report? Yes No
c. Do any of the funds have deficit fund balances? Yes No
d. Is there a related party footnote? Yes No

7. INTERNAL CONTROL

Do the comments on internal control include: material weaknesses reportable conditions not applicable

8. COMPLIANCE

Do the comments on compliance include: illegal acts fraud/criminal acts not applicable

9. MANAGEMENT LETTER (Finding Caption and No.)

Resolved Yes No No Longer Applicable
Resolved Yes No No Longer Applicable
Resolved Yes No No Longer Applicable

10. SCHEDULE OF CURRENT YEAR FINDINGS/QUESTIONED COSTS (Finding Caption and No.)

_____	\$ _____	Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable
_____	\$ _____	Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable
_____	\$ _____	Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable
_____	\$ _____	Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable
_____	\$ _____	Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable
_____	\$ _____	Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable

Do any findings address nepotism, ethics violations or related party transactions? Yes No

Do any findings address violation of bond indenture covenants? Yes No

11. SCHEDULE OF PRIOR YEAR FINDINGS/QUESTIONED COSTS (Finding Caption and No.)

_____	Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable
_____	Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable
_____	Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable
_____	Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable
_____	Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable

AUDITEE SIGNATURE

Don P. Smith

Date

11/5/99

FOR USE BY LEGISLATIVE AUDITOR

Agency No. _____

Proj. No. _____

Firm No. _____

FOR USE BY LEGISLATIVE AUDITOR

Date Report Received: _____

Date Processed: _____

Legislative Audit Advisory Council:	Are there unresolved findings listed below?	Yes or No
District Attorney:	Are there findings of criminal acts?	Yes or No
Board of Ethics:	Are there findings of ethics, nepotism, or related parties?	Yes or No
State Bond Commission (SBC):	Are there any findings relating to violations of bond indentures?	Yes or No
	Does the report express going-concern reservations?	Yes or No
	Does the entity have a deficit greater than 5% of revenue? If so, identify the page(s) No(s) _____	Yes or No
High Profile	Are there any significant findings?	Yes or No

Report: Approved for Release _____ Date: _____ Rank A B C D

(A=No Comments; B=Management Letter Comments Only; C=Control/Compliance Report(s) Comments; D=Criminal/Fraud Acts)
 Note: For grading purposes, schedules of immaterial findings are treated as a management letter

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Shreveport Office	1	Engagement Manager (SBC's Copy)	1
District Attorney _____	1	Quality Assurance	1
Legislative Auditor (High Profile)	1	_____ Parish Government	1
Assistant Legislative Auditor (High Profile)	1	City/Village/Town of _____	1
Other (High Profile) _____	1	Other: _____	1
Press Bureau Chiefs (High Profile)	8	Other: _____	1
Press	②		
Archives	①	Distribution Approval (Initials) _____	
Legislative Audit Advisory Council	1	Copies Needed: _____ Copies TBM _____	