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PARISH OF IBERVILLE, LOUISIANA
WATERWORKS DISTRICT NO. 3

ANNUAL FINANCIAL REPORT

MARCH 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

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Board of Waterworks Commissioners of the
Parish of Iberville, Louisiana - Waterworks District No. 3

INDEPENDENT AUDITORS' REPORT

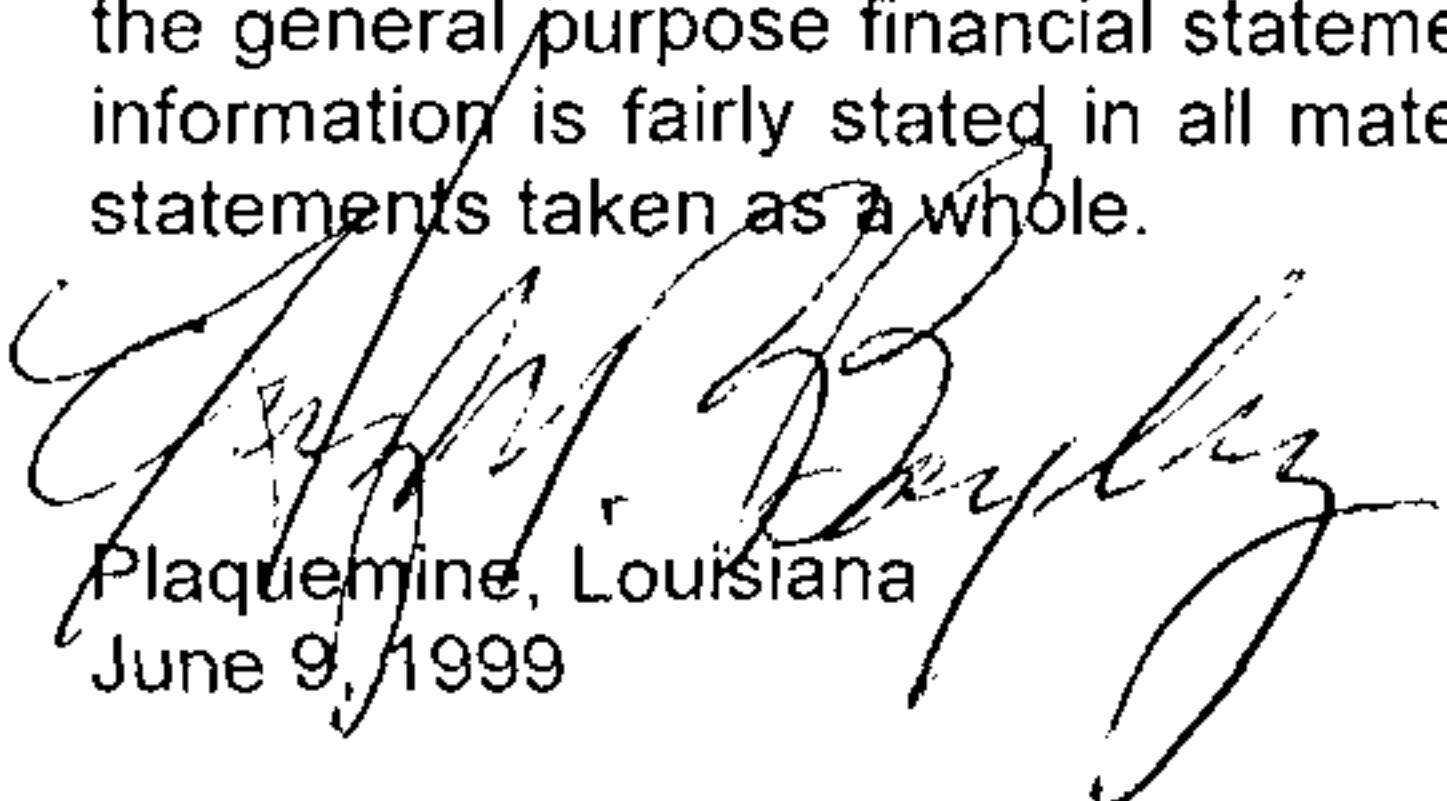
We have audited the accompanying general purpose financial statements of the Parish of Iberville, Louisiana - Waterworks District No. 3, a component unit of the Iberville Parish Council, as of and for the year ended March 31, 1999, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District'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 the standards applicable to financial audits contains in *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 in the first paragraph present fairly, in all material respects, the financial position of the Parish of Iberville, Louisiana - Waterworks District No. 3 as of March 31, 1999, and the results of its operations and cash flows of its proprietary fund types 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 June 9, 1999, on our consideration of the Parish of Iberville, Louisiana - Waterworks District No. 3's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying supplementary information in the foregoing Table of Contents is not necessary for a fair presentation of the general purpose financial statements, but is presented as additional analytical data. Such information, except for the Schedule of Insurance in Force marked "unaudited," has been subjected to the tests and other auditing procedures applied in the audit of the general purpose financial statements mentioned above. In our opinion, all of the additional information is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.



Plaquemine, Louisiana
June 9, 1999



HUGH F. BAXLEY, CPA
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Waterworks Commissioners of the Parish
of Iberville, Louisiana - Waterworks District No. 3

We have audited the general purpose financial statements of the Parish of Iberville, Louisiana - Waterworks District No. 3, a component unit of Iberville Parish Council as of and for the year ended March 31, 1999, and have issued our report thereon dated June 9, 1999. We conducted our audits 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

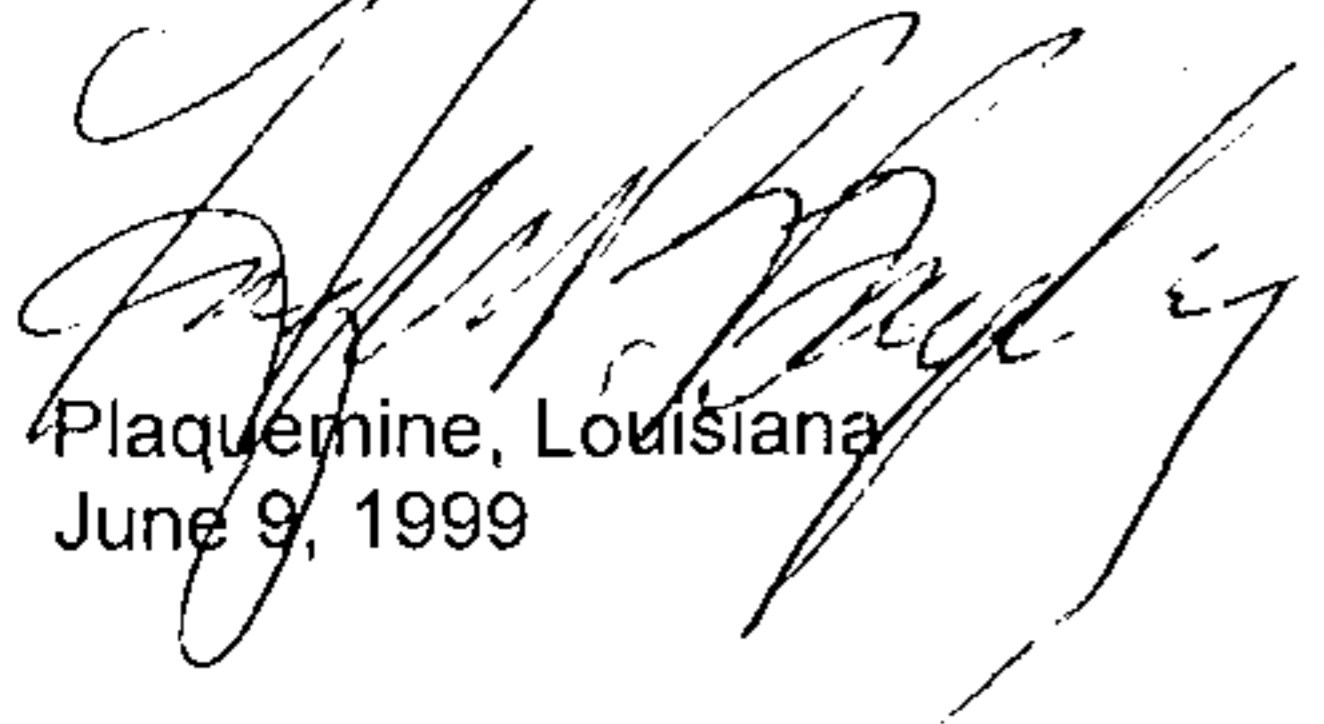
As part of obtaining reasonable assurance about whether the Parish of Iberville, Louisiana - Waterworks District No. 3's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Parish of Iberville, Louisiana - Waterworks District No. 3'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.

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

This report is intended for the information and use of management, the Legislative Auditors, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A large, stylized handwritten signature in black ink, appearing to read "J. M. [unclear]".

Plaquemine, Louisiana
June 9, 1999

COMPONENT UNIT FINANCIAL STATEMENTS

EXHIBIT A

**PARISH OF IBERVILLE, LOUISIANA--WATERWORKS DISTRICT No. 3
BALANCE SHEET--ASSETS
MARCH 31, 1999 AND 1998**

	March 31, 1999	March 31, 1998
ASSETS		
Current Assets		
Cash	\$101,516	\$26,001
Accounts receivable (net of allowance for doubtful accounts of \$4,492 and \$5,769 at 1999 and 1998 respectively)	118,358	98,221
Other	20,945	35,628
	240,819	159,850
Restricted Assets		
Revenue bond fund--Time deposits	185,449	110,088
Revenue bond fund reserve account:		
Cash	14,317	5,982
Time deposits and savings	289,469	287,626
Revenue bond replacement and extension account:		
Cash	6,210	2,532
Time deposits and savings	13,246	12,990
Depreciation and contingency fund, Time deposits	53,450	73,440
Customer deposits:		
Cash	10,730	6,355
Time deposits	85,792	85,792
Land acquisition--cash	336	327
	658,999	585,132
PLANT		
Water distribution system	1,912,846	1,872,893
Wells, tank and equipment	909,276	882,013
Water treating plant	3,252,606	3,252,606
	6,074,728	6,007,512
Less allowance for depreciation	1,342,379	1,212,382
	4,732,349	4,795,130
Land and rights of way	33,800	33,800
Unamortized cost of leased land	1,821	1,895
	4,767,970	4,830,825
OTHER ASSETS		
Meter deposits	35	35
Unamortized debt expense	50,020	52,577
	50,055	52,612
TOTAL ASSETS	\$5,717,843	\$5,628,419

The accompanying notes are an integral part of this statement.

EXHIBIT A, CONT.

**PARISH OF IBERVILLE, LOUISIANA--WATERWORKS DISTRICT No. 3
BALANCE SHEET--LIABILITIES AND FUND EQUITY
MARCH 31, 1999 AND 1998**

	March 31, 1999	March 31, 1998
LIABILITIES AND FUND EQUITY		
Current Liabilities		
Payable from current assets:		
Accounts payable	\$55,173	\$58,088
Taxes payable	2,021	1,852
	<u>57,194</u>	<u>59,940</u>
Payable from restricted assets:		
Current portion of revenue bonds	81,475	44,421
Accrued interest expense	15,654	15,015
Customers' meter deposits	77,796	71,961
Other	19,433	19,433
	<u>194,358</u>	<u>150,830</u>
	<u>251,552</u>	<u>210,770</u>
Long-Term Liabilities		
Waterworks revenue bonds, dated April 1970 (net of current maturities)	520,000	555,000
Waterworks revenue bonds dated February 1983 (net of current maturities)	168,414	194,485
Waterworks revenue bonds, dated August 1992 (net of current maturities)	1,871,255	1,894,910
	<u>2,559,669</u>	<u>2,644,395</u>
TOTAL LIABILITIES	<u>2,811,221</u>	<u>2,855,165</u>
FUND EQUITY		
Contributed capital--Bayou Plaquemine	57,332	57,332
Contributed capital--Customers and others	638,615	615,019
Contributed capital--FHA	1,300,000	1,300,000
Contributed capital--State grant	59,302	59,302
Contributed capital--Iberville Parish Council	32,248	32,248
	<u>2,087,497</u>	<u>2,063,901</u>
Retained earnings:		
Reserved for revenue bond interest and retirement, system replacement and extension and construction	464,641	434,302
Unreserved	354,484	275,051
	<u>819,125</u>	<u>709,353</u>
TOTAL FUND EQUITY	<u>2,906,622</u>	<u>2,773,254</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$5,717,843</u>	<u>\$5,628,419</u>

The accompanying notes are an integral part of this statement.

EXHIBIT B

PARISH OF IBERVILLE, LOUISIANA--WATERWORKS DISTRICT No. 3
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS--
ENTERPRISE FUND
YEARS ENDED MARCH 31, 1999 AND 1998

	March 31, 1999	March 31, 1998
OPERATING REVENUES		
Sale of water	\$918,107	\$825,846
Forfeited discounts	26,769	24,848
Connection and service fees	8,757	10,681
	<u>953,633</u>	<u>861,375</u>
OPERATING EXPENSES		
Management fees	262,426	251,650
Repairs and maintenance	62,186	60,099
Depreciation	129,998	124,698
Power charges	42,694	51,961
Insurance	12,765	15,088
Board fees	10,140	12,000
Telephone	3,635	3,561
Professional fees	15,395	30,572
Uncollectible accounts	-	2,645
Office expenses and supplies	10,348	9,843
Amortization of land lease	74	6,921
Miscellaneous	8,514	7,549
Water treating chemical	73,672	110,830
Water plant operators	92,968	119,982
	<u>724,815</u>	<u>807,399</u>
OPERATING INCOME	<u>228,818</u>	<u>53,976</u>
NON-OPERATING REVENUES		
Other	1,336	10,274
Interest on investments	26,847	22,953
	<u>28,183</u>	<u>33,227</u>
NON-OPERATING EXPENSES		
Revenue bond interest	144,672	149,730
Amortization of deferred debt expense	2,557	2,557
	<u>147,229</u>	<u>152,287</u>
NET INCOME (LOSS)	<u>109,772</u>	<u>(65,084)</u>
RETAINED EARNINGS, BEGINNING	<u>709,353</u>	<u>774,437</u>
RETAINED EARNINGS, ENDING	<u><u>\$819,125</u></u>	<u><u>\$709,353</u></u>

The accompanying notes are an integral part of this statement.

EXHIBIT C

**PARISH OF IBERVILLE, LOUISIANA--WATERWORKS DISTRICT No. 3
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEARS ENDED MARCH 31, 1999 AND 1998**

	<u>March 31, 1999</u>	<u>March 31, 1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$228,818	\$53,976
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	130,072	131,619
Provision for uncollectibles	(1,277)	(198)
Other revenue	1,336	10,275
Changes in assets and liabilities:		
(Increase) in accounts receivable	(18,861)	(3,543)
Decrease (Increase) in other assets	14,683	(14,709)
(Decrease) Increase in accounts payable	(2,915)	10,661
Increase in customer deposits	5,835	5,110
Increase in other liabilities	-	171
Increase (Decrease) in taxes payable	169	(412)
Decrease in accrued interest receivable	-	4,190
Increase (Decrease) in accrued interest payable	639	(3,917)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>358,499</u>	<u>193,223</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital asset	(67,216)	(92,131)
Principal paid on revenue bond maturities and land note	(47,672)	(104,688)
Capital contributed by subdividers and Parish Council	23,596	49,258
Interest paid on revenue bonds and land note	(144,672)	(149,730)
NET CASH USED FOR CAPITAL AND FINANCING ACTIVITIES	<u>(235,964)</u>	<u>(297,291)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	26,847	22,953
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>26,847</u>	<u>22,953</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	149,382	(81,115)
CASH AND CASH EQUIVALENTS--BEGINNING OF YEAR	<u>611,133</u>	<u>692,248</u>
CASH AND CASH EQUIVALENTS--END OF YEAR	<u><u>\$760,515</u></u>	<u><u>\$611,133</u></u>

The accompanying notes are an integral part of this statement.

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1999**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The Water District No. 3, of the Parish of Iberville, Louisiana, was created by an ordinance of the Iberville Parish Police Jury in 1971. The governing authority of the District consists of six members of a Board of Commissioners appointed to five-year terms by the Parish Council.

Fund structure

Water District No. 3 of the Parish of Iberville, Louisiana, a component unit of the Parish, is an Enterprise Fund. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Basis of Accounting

The water district utilizes the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred. Revenues for utility services are accrued through year-end.

Revenue Billings

Utility customers are billed throughout the month in cyclical billings by route. Revenues are accrued at year end from the date of last billing.

Restricted Assets

Restricted assets represent (1) amounts which are required to be maintained pursuant to the District's revenue bond resolutions (bond and interest redemption, bond reserves, reserves for replacements and extensions, and reserves for depreciation and contingencies--see Note C) and (2) funds held for customer deposits, new construction, land acquisition, and plant start-up.

Plant

Plant and equipment are recorded at cost and depreciation is computed on the straight-line method over estimated useful lives of 8-50 years.

The cost of customers' service line extensions is billed to the customer and the proceeds credited to contributed capital.

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization of Deferred Charges:

The cost of leased land is being amortized over the lease term from 3 to 50 years, on a straight-line basis.

Amortization of deferred debt expense is computed over the life of the bond issue, on a straight-line basis.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Accordingly, all restricted cash and time deposits are considered cash and cash equivalents.

NOTE B - BONDS PAYABLE

Waterworks Revenue Bonds Dated April, 1970

The U.S. Department of Housing and Urban Development is the holder of water revenue bonds dated April 1, 1970, which amounted to \$1,000,000. The bonds bear interest at the rate of 5%, payable semi-annually on April 1st and October 1st of each year. They mature serially as shown in the following schedule.

WATERWORKS REVENUE BONDS DATED APRIL 1970

<u>BONDS MATURING IN FISCAL YEAR</u>	<u>SERIAL BOND NUMBERS</u>	<u>TOTAL MATURITIES</u>
2000	90-96	35,000
2001	97-103	35,000
2002	104-111	40,000
2003	112-119	40,000
2004	120-128	45,000
2005	129-137	45,000
2006	138-146	45,000
2007	147-156	50,000
2008	157-166	50,000
2009	167-177	55,000
2010	178-188	55,000
2011	189-200	60,000
	TOTALS	<u>\$555,000</u>

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS**

NOTE B - BONDS PAYABLE (CONTINUED)

The bonds are callable at par plus a premium of 4%, except that the call premium reduces one 1/4 of 1% each year after the tenth year, on or after which date there shall be no premium on bonds called.

Waterworks Revenue Bonds Dated February 10, 1983

The U.S. Department of Agriculture Farmers Home Administration is the holder of a second water revenue bond dated February 10, 1983. The bond is a single, fully registered bond, without coupons, and bears interest at the rate of 5% per annum. The bond is payable in annual installments of \$35,480, including interest, beginning February 10, 1984, and annually thereafter through February 10, 2007. Any installments for the payment of principal thereon may be paid prior to the due date at a price of par and accrued interest to the date of prepayment. Payments on the bond shall be applied first to interest due through the date of payment, and then to principal.

The bond is payable in annual installments as follows:

Amount due February 10, 2000 (interest only)	\$ 9,709
Amount due February 10, 2000-2007 (principal and interest)	\$283,840

Waterworks Revenue Bonds, Series 1991, Dated August 21, 1992

The U.S. Department of Agriculture Farmers Home Administration (FHA) is the holder of two water revenue bonds dated August 21, 1992. The bonds are fully registered, without coupons, and bear interest at a rate of 5 5/8% per annum. The bonds are payable in annual installments of \$127,600, including interest, beginning February 10, 1993 and annually thereafter through February 10, 2033. Any installments for the payment of principal thereon may be paid prior to the due date at a price of par and accrued interest to the date of prepayment. Payments on the bond shall be applied first to interest through date of payment, and then to principal.

The bonds are payable in annual installments as follows:

Amount due February 10, 2000 (interest only)	\$106,896
Amount due February 10, 2000 - 2033 (principal & interest)	\$4,338,400

PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS

NOTE C - FLOW OF FUNDS - RESTRICTIONS ON USE

Under the terms of the bond indentures on outstanding Water Utility Bonds dated April 1, 1970, February 10, 1983, and August 21, 1992, all income and revenue (hereinafter referred to as revenue) of every nature, earned or derived from operations of the Utility System are pledged and dedicated to the retirement of said bonds, and are to be set aside into the "Water System Revenue Fund." Such revenues shall be expended and used only in the manner and order specified below:

The first charge against the Water System Revenue Fund shall be the payment of reasonable and necessary expenses incurred in the current operation and maintenance of the system.

Each month, there will be set aside into a fund called the "Water System Revenue Bond and Interest Sinking Fund" an amount constituting no less than 1/12 of the next maturing installment of principal and interest on the outstanding 1970, 1983 and 1992 bonds, respectively. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments. In fiscal 1999 all transfers were properly made for the 1970, 1983, and 1992 bonds.

In accordance with the 1970 bond issue, there shall also be set aside into a "Water Revenue Bond Reserve Fund" an amount equal to 20% of that sum transferred to the Water System Revenue Bond and Interest Sinking Fund until such time as the funds and/or investments in the Water Revenue Bond Reserve Fund shall equal \$72,000. With respect to the 1983 bond resolution, the amount to be set aside each month into the Water Revenue Bond Reserve Fund shall be 5% of the sum required to be transferred each month into the Sinking Fund for both the 1970, 1983, and 1991 bond issues as stated above. Payments shall continue until the highest annual debt service amount on the combined bond issues, including principal and interest payable in any future fiscal year, is accumulated.

Money in the Reserve Fund may be used solely for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Water Revenue Bond Fund and as to which there would otherwise be a default.

In connection with the 1970 bond issue, funds were also set aside into a "Water Replacement and Extension Fund" by monthly transfers of \$300. The payments were to continue until the amount of \$36,000 is on deposit in the fund and said fund was, thereafter, to be maintained in said amount. Money in this fund may be used for the purpose of paying the cost of unusual and extraordinary maintenance, repairs, replacements, and extensions and of paying the cost of improvements to the system which will either enhance its revenue-producing capacity or provide a higher degree of service. Money in this fund may also be used to pay principal or interest on the bonds falling due and to maintain the required debt service of \$72,000.

The 1983 and 1992 bond issues also established a "Depreciation and Contingency Fund" into which monthly transfers of \$1,146 are to be made. The funds may be used for the same purpose as the Water Replacement and Extension Fund mentioned above.

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS**

NOTE C - FLOW OF FUNDS - RESTRICTIONS ON USE (CONTINUED)

Any balance in the Water System Revenue Fund may be used for the purpose of acquiring for cancellation the outstanding Water Revenue Bonds or for any other lawful purpose.

NOTE D - CONTRIBUTED CAPITAL

Analysis of changes in contributed capital for March 31 year ends are as follows:

	CUSTOMERS	
	1999	1998
Balance, beginning of year	\$672,351	\$655,341
Add: Contributions from customers	23,596	17,010
Balance, end of year	\$695,947	\$672,351

	FHA	
	1999	1998
Balance, beginning of year	\$1,300,000	\$1,300,000
Add: Contributions from customers	-	-
Balance, end of year	\$1,300,000	\$1,300,000

	STATE GRANT	
	1999	1998
Balance, beginning of year	\$59,302	\$59,032
Add: Contributions from customers	-	-
Balance, end of year	\$59,302	\$59,032

	IBERVILLE PARISH COUNCIL	
	1999	1998
Balance, beginning of year	\$32,248	-
Add: Contributions from customers	-	32,248
Balance, end of year	\$32,248	\$32,248

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS**

NOTE E - CASH AND CASH EQUIVALENTS

For reporting purposes, cash and cash equivalents include cash, demand deposits, time deposits and certificates of deposit. Under state law, the Parish of Iberville, Louisiana - Waterworks District No. 3, may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the Union, or the laws of the United States. Further, the Parish of Iberville, Louisiana - Waterworks District No. 3 may invest in the deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

For the year ended March 31, 1999, the Parish of Iberville, Louisiana - Waterworks District No. 3 entered into a fiscal agency contract with a commercial bank domiciled within the Parish. The contract provided that all deposits are to be in Super NOW (negotiable orders of withdrawal) accounts paying a market rate of interest which approximates the interest rate on 13 week U.S. Treasury Bills. The contract called for 100% participation by the Bank of Commerce.

Under the contract, the Bank of Commerce acted as the servicing bank or agent for all deposits and withdrawals of the District. At March 31, 1999, the Parish of Iberville, Louisiana - Waterworks District No. 3 has bank balances totaling \$767,121.

The Bank of Commerce maintains an account in the name of the Parish of Iberville, Louisiana - Waterworks District No. 3 and thus has federal deposit insurance for that account in the amount of \$100,000 for checking, savings, and investments. Any excess of deposits over federal deposit insurance must be secured under state law by the pledge of bank-owned securities. The market value of the pledged securities plus the federal deposit insurance must at all times be equal to the amount on deposit with the banks. These pledged securities are held in the name of the pledging banks in an independent custodial bank that is mutually acceptable to the parties involved.

The following is a summary of cash and cash equivalents of the Parish of Iberville, Louisiana - Waterworks District No. 3 in the fiscal agency contract at March 31, 1999, with the related federal deposit insurance and pledged securities:

	BANK BALANCES MARCH 31, 1999	FDIC INSURANCE	BALANCES UNINSURED
Cash	\$767,121	\$100,000	\$667,121
Uncollateralized - Securities pledged and held by custodial banks in the name of fiscal agent banks at fair market value, at March 31, 1999			991,687
Excess of FDIC insurance and pledged securities over cash at March 31, 1999			\$324,566

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS**

NOTE E - CASH AND CASH EQUIVALENTS (CONTINUED)

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial banks to advertise and sell the pledged securities within ten (10) days of being notified by the District that the fiscal agency bank(s) has (have) failed to pay deposited funds upon demand.

NOTE F - INTEREST COSTS

There were no interest costs capitalized during the current period.

NOTE G - LITIGATION

The Waterworks District No. 3 is involved in a suit with George Nolan Henson, Sr. According to the Waterworks' legal counsel, there is not a great amount of exposure to the District in reference to the alleged claims.

NOTE H - YEAR 2000 ISSUES

As of March 31, 1999, the Parish of Iberville, Louisiana - Waterworks District No. 3 has completed the validation/testing stage of making changes to their systems and equipment. Based upon work completed by U.S. Filter and Software Services, Inc., the Waterworks' effort to be Year 2000 compliant is complete. The cost for additional software and installation is reported at approximately \$600.

SUPPLEMENTARY INFORMATION

SCHEDULE 1

PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
COMMENTS ON OPERATIONS OF WATER UTILITY SYSTEM
MARCH 31, 1999

Revenues are derived from the sale of water at the following rates that were effective October 1998:

Residential rates

First 2,000 gallons or less per month	\$11.60 (minimum)
Over 2,000 gallons	\$3.00 per 1,000 gallons

Small commercial rates

First 2,000 gallons or less per month	\$15.60 (minimum)
Over 2,000 gallons	\$3.15 per 1,000 gallons

Large commercial rates

First 10,000 gallons per month or less	\$26.00 (minimum)
Over 10,000 gallons	\$3.30 per 1,000 gallons

Customer statistics relative to water billed and number of customers for the year ended March 31, 1999 are as follows:

	<u>1999</u>	<u>1998</u>
Water Revenue	\$918,107.00	\$825,846.00
Quantity of water sold (in thousand gallons)	246,419.9	239,388.3
Average number of customers billed	2,740	2,680
Average quantity of water used per customer (in thousand gallons)	89.94	89.32
Annual average per customer	\$335.08	\$308.15
Average revenue per thousand gallons sold	\$3.73	\$3.44

There were 2,760 water utility customers at March 31, 1999.

SCHEDULE 2

PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
 SCHEDULE OF CHANGES IN ASSETS RESTRICTED FOR REVENUE BOND DEBT SERVICE
 MARCH 31, 1999 AND 1998

	REVENUE BOND FUND	RESERVE ACCOUNT	REPLACEMENT AND EXTENSION ACCOUNT	DEPRECIATION AND CONTINGENCY FUND
BALANCE, March 31, 1997	\$170,009	\$282,511	\$34,399	\$67,045
Transfer from unrestricted cash	208,615	8,154	3,600	12,606
Interest earned (including accrued interest receivable)	4,544	2,943	539	1,360
Transfer to unrestricted cash	-	-	(23,016)	(7,572)
Bonds retired	(104,688)	-	-	-
Bond interest paid during year	(168,392)	-	-	-
Other charges	-	-	-	-
BALANCE, March 31, 1998	110,088	293,608	15,522	73,440
Transfer from unrestricted cash	193,625	8,154	3,600	52,844
Interest earned (including accrued interest receivable)	-	2,024	335	606
Transfer (to) from restricted cash	73,440	-	-	(73,440)
Bonds retired	(47,672)	-	-	-
Bond interest paid during year	(144,032)	-	-	-
BALANCE, March 31, 1999	\$185,449	\$303,786	\$19,457	\$53,450
RECAP OF ENDING BALANCE				
Cash	-	\$14,317	\$6,210	-
Time deposits and savings	185,449	289,469	13,247	53,450
BALANCE, March 31, 1999	\$185,449	\$303,786	\$19,457	\$53,450

SCHEDULE 3

PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
 PLANT ASSETS AND DEPRECIATION
 MARCH 31, 1999

	ASSETS			ACCUMULATED DEPRECIATION			
	Balance March 31, 1998	Additions	Disposals	Balance March 31, 1999	Additions	Disposals	Balance March 31, 1999
Water distribution system	\$1,872,893	\$39,953	-	\$1,912,846	\$42,919	-	\$669,133
Wells, tanks and equipment	882,013	27,263	-	909,276	22,027	-	307,329
Water treating plant	3,252,606	-	-	3,252,606	65,052	-	365,918
TOTAL	\$6,007,512	\$67,216	-	\$6,074,728	\$129,998	-	\$1,342,380

SCHEDULE 4

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
YEAR ENDED MARCH 31, 1999**

YEAR ENDED MARCH 31, 1999

<u>BOARD MEMBER</u>	<u>AMOUNT</u>
Robert Seymour	\$ 1,020
Irma Jarvis	1,200
Leroy Pugh, Sr.	1,560
J. O. Aucoin	1,620
Ernest Hedges, Jr.	1,560
Mercedes Bradford	1,560
Marianne Ritterman	<u>1,620</u>
TOTAL COMPENSATION TO BOARD MEMBERS	<u>\$ 10,140</u>

PRINCIPAL OFFICERS

Principal officers of the District are as follows:

President	J.O. Aucoin
Secretary-Treasurer	Irma Jarvis

SCHEDULE 5

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3
INSURANCE IN FORCE
MARCH 31, 1999
(Unaudited)**

Insurance in force at March 31, 1999 was as follows:

(a) Commercial General Liability:

General Aggregate Limit (Other Than Products-Completed Operations)	\$1,000,000
Products-Completed Operations Aggregate Limit	1,000,000
Personal and Advertising Injury Limit	1,000,000
Each Occurrence Limit	1,000,000
Fire Damage Limit (Any One Fire)	50,000
Medical Expense Limit (Any One Person)	5,000

(b) Automobile Liability;

Combined Single Limit	1,000,000
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(c) Property Damage

<u>27080 A&B River Road, White Castle, LA</u> Warehouse	44,400
Chlorinator Bldg.	7,300
Pumps & Equipment	7,300

<u>27710 Hwy 405, White Castle, LA</u> 250,000 gallon tank	259,800
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<u>63501 Belleview Road, Plaquemine, La.</u> 100,000 gallon tank	129,900
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<u>113 Hwy. 404 - Choctaw Tank</u> 100,000 gallon tank	129,900
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<u>3701 (A) Hwy. 404, White Castle, LA</u> Booster Station	36,400
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<u>27352 River Road, White Castle, LA</u> Pumps & Equipment	31,200
Chlorinator	56,000

<u>65200 Belleview Road, Plaquemine, La.</u> Building	1,155,000	
Personal Property		71,000
Fence		15,900

(d) Blanket Employee Dishonesty	250,000
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The above schedule of insurance coverage is intended only as a descriptive summary and the independent accountants express no opinion as to the adequacy of such coverage.