

SUPPLEMENTARY INFORMATION
SECTION



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

Notes to Financial Statements (Continued)

Note 1

Summary of Significant Accounting Policies (Continued)

Uncollectible Accounts

In the opinion of management all receivables at June 30, 1996 and 1995 were fully collectible. The opinion is based upon historical experience and a review of receivable balances. No allowance for uncollectible accounts has been provided.

Depreciation of Plant and Equipment

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

Type of Asset	Service Life
Water Plant and Buildings	10 - 44 years
Transmission and Distribution System	10 - 44 years
Distribution and Maintenance	10 years
Administration and Office Buildings	44 years
Furniture and Equipment	7 - 8 years
Transportation Equipment	3 years

Interest during construction is not capitalized.

Vacation and Sick Pay

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

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

Notes to Financial Statements (Continued)

Note 4 Property, Plant and Equipment

<u>Description</u>	<u>Balance June 30, 1994</u>	<u>Net Additions (Dispositions)</u>	<u>Balance June 30, 1995</u>	<u>Net Additions (Dispositions)</u>	<u>Balance June 30, 1996</u>
Land and Right of Way	\$602,141	\$36,698	\$638,839	\$2,927	\$641,766
Water Plant and Building Transmissions and Distribution System	12,577,081	(1)	12,577,080	3,641	12,580,721
Distribution and Maintenance Equipment	27,603,872	1,917,403	29,521,275	1,084,450	30,605,725
Administration and Office Buildings	396,076	46,097	442,173	(21,965)	420,208
Furniture and Equipment	513,517	0	513,517	0	513,517
Transportation Equipment	323,884	16,791	340,675	2,728	343,403
Construction Projects in Progress	268,127	61,759	329,886	0	329,886
	<u>246,388</u>	<u>(85,699)</u>	<u>160,689</u>	<u>160,947</u>	<u>321,636</u>
Total Property, Plant, and Equipment, at cost	42,531,086	1,993,048	44,524,134	1,232,728	45,756,862
Accumulated Depreciation	<u>(15,859,699)</u>	<u>(1,073,465)</u>	<u>(16,933,164)</u>	<u>(1,086,111)</u>	<u>(18,019,275)</u>
Net Property, Plant, and Equipment	<u>\$26,671,387</u>	<u>\$919,583</u>	<u>\$27,590,970</u>	<u>\$146,617</u>	<u>\$27,737,587</u>

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

Notes to Financial Statements (Continued)

Note 8

Subsequent Event

On July 18, 1996 the Board of the Water District No. 1, Parish of Lafourche, State of Louisiana, approved the appropriate officers of the Water District No. 1 to proceed with the preparation of the necessary documents to issue Water Revenue Bonds of the District not exceeding \$10,000,000. These Water Revenue Bonds shall comply with the provisions of Part XIII, Chapter 4, Title 39 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority; to mature at such time or times not to exceed twenty years from their date of issuance; and to bear interest at such rate or rates not exceeding 9%.

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

Notes to Financial Statements (Continued)

Note 7 Retirement Commitments (Continued)

Funding Policy

Contribution Rates

The Plan A fund is financed by employee contributions of 9.5% of member's earnings and employer contributions as determined by the Public Retirement Systems' Actuarial Committee (8.00% July - December, 7.25% January - June). Employee and employer contributions for the year ending June 30, 1996 were \$127,193 and \$111,757, respectively. In addition, each sheriff and ex officio tax collector deducts one-fourth of one percent of the aggregate amount of the tax shown to be collected by the tax roll of each respective parish excepting Orleans parish and East Baton Rouge Parish and remits the money to the system on an annual basis.

The amount reported below as "pension benefit obligation" is the standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to assist users to assess the plan's funding status on a going-concern basis; assess progress made in accumulated sufficient assets to pay benefits when due; and make comparisons among government pension plans and employers. The PERS does not conduct separate measurements of assets and pension benefits obligations for individual employers. The pension benefit obligation at December 31, 1995, for the PERS as a whole, determined through an actuarial valuation performed as of that date, was \$762,893,530. The PERS net assets available for benefits on that date (valued at cost) was \$647,645,108 resulting in an unfunded pension benefit obligation of \$115,248,422. The Water District No.1's, Parish of Lafourche, State of Louisiana, contribution represented .03 percent of total contributions required of all participating employers. The Water District No. 1 does not bear responsibility for the unfunded deficiency.

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

Notes to Financial Statements (Continued)

Note 7 Retirement Commitments (Continued)

Retirement Benefits (Continued)

date. All accumulated annual leave for which payment cannot be made in accordance with law and all unused sick leave accumulated at the time of retirement computation purposes. The retirement allowance may not exceed the greater of one hundred percent of member's final salary or the final average compensation.

Disability Benefits

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

Survivor Benefits

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

Contribution refunds

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

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

Notes to Financial Statements (Continued)

Note 6 **Flow of funds; Restrictions on Use (Continued)**

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

Note 7 **Retirement Commitments**

Plan Description and Provisions

All employees of the Water District No. 1, Parish of Lafourche, State of Louisiana are members of the Parochial Employee's Retirement System of Louisiana (PERS) a multiple-employer, cost-sharing pension plan. The payroll for employees covered by the PERS was \$1,464,846 and \$1,409,653 for the years ending June 30, 1996 and 1995, respectively.

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

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

Retirement Benefits

Members with 10 years of creditable service may retire at age sixty; members with 25 years of service may retire at age fifty-five; members with 30 years of service may retire regardless of age. The retirement allowance is equal to three percent of the member's final compensation multiplied by his years of creditable service; however, any employee who was a member of the supplemental plan only prior to the revision date on the basis of one percent of final compensation plus two dollars per month for each year of service credited prior to the revision date, and three percent of final compensation for each year of service credited after the revision

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

Notes to Financial Statements (Continued)

Note 6 *Flow of Funds; Restrictions on Use*

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

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

On or before the 20th day of each month, there is set aside in restricted bank accounts designated as Bond Fund, an amount equal to 1/6 of the interest due on the next interest payment date and 1/12 of the principal due on the next principal payment date. Such funds may be used only for the payment of principal and interest installments as they become due. The balances in these accounts are shown as restricted assets titled Water Revenue Bond Current Debt Service Account.

For bonds issued prior to August 1, 1986 there were also set aside into restricted bank accounts, designated as Bond Reserve Fund B, on or before the 20th of each month, an amount equal to at least 20% of the amount deposited into the Bond Funds for the preceding month. Such deposits were continued until the balance equaled the highest combined principal and interest for any succeeding fiscal year. These funds may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond Funds. The maximum requirements for those Bond Reserve Funds were met in a prior year.

In addition, there was set aside into a restricted bank account designated as the Renewal and Replacement fund, on or before the 20th day of each month, an amount equal to 5% of the gross revenue for the preceding month. In the event that the balance in this fund exceeds \$100,000 at the end of the fiscal year, such excess is to be transferred to the Surplus Fund. Money in this fund may be used only for extensions, additions, improvements, renewals, and replacement necessary to properly operate the Water District No. 1, Parish of Lafourche, State of Louisiana. However, money in this fund may also be used to pay principal or interest falling due at any time there is not sufficient money for payment in the other Bond Funds. The balance in this fund shall never be reduced below a minimum of \$15,000. The \$100,000 balance in this fund was accumulated in a prior year.

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

Notes to Financial Statements (Continued)

Note 5 **Long-Term Debt (Continued)**

The annual requirements to amortize all bonds outstanding as of June 30, including interest payments as of June 30, 1996, are as follows:

Year Ended June 30	Amount
1997	\$1,129,555
1998	1,144,650
1999	1,155,078
2000	1,161,690
2001	1,173,968
2002-2005	618,408
TOTAL	\$6,383,349

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

Notes to Financial Statements (Continued)

Note 5 **Long-Term Debt**

A summary of bond transactions of the District for the year ended June 30, 1996 and 1995 follows:

Water Revenue Bonds	
Bonds payable July 1, 1994	\$7,055,500
Bonds retired (Principal)	(840,000)
Bonds payable June 30, 1995	6,215,500
Bonds retired (Principal)	(880,000)
Bonds payable June 30, 1996	\$5,335,500

Water Revenue Bonds	1996	1995
Consisted of the following:		
\$1,250,000 Water Revenue Bonds dated June 1, 1996 with a final maturity date on January 1, 1996 and with interest at 4.25%	\$0	\$75,000
\$2,000,000 Water Revenue Bonds dated October 23, 1980 with a final maturity date on January 1, 2005, and with interest at 6%	1,075,500	1,165,500
\$6,305,000 Water Revenue Bonds dated December 1, 1992 with a final maturity on January 2, 2001, and with interest at 3.85% - 5.63%	4,260,000	4,975,000
TOTAL	\$5,335,500	\$6,215,500

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

Notes to Financial Statements (Continued)

Note 3

Ad Valorem Taxes

Taxes are billed by the Parish of Lafourche, Louisiana each November based on the assessed value of property as of the prior January 1, by the Parish Assessor. Billed taxes become delinquent on January 1 of the following year. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the parish as of January 1, 1996. The assessed value for the property on January 1, on which the 1995 levy was based, was \$164,908,750.

The Water District No. 1, Parish of Lafourche, State of Louisiana, shares in tax collections based upon millage. The authorization to levy was granted through Parish elections for the purpose of operating and maintaining the water system for the Water District No. 1. The millage levied for the District for the year June 30, 1996 was 3.99 mills. Tax collected as of June 30, 1996 on the 1995 tax levy were 95%.

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

Notes to Financial Statements (Continued)

Note 2 Deposits and Investments (Continued)

Investments at June 30, 1996 consisted of:

	Category			Carrying Amount	Market Value
	1	2	3		
Certificates of Deposit	\$4,100,000			\$4,100,000	\$4,100,000
FROM RESTRICTED ASSETS:					
U.S. Treasury Obligation		\$1,808,002		1,808,002	1,809,955
Certificates of deposit	640,000			640,000	640,000
	\$4,740,000	\$1,808,002	\$0	\$6,548,002	\$6,549,955

Investments at June 30, 1995 consisted of:

	Category			Carrying Amount	Market Value
	1	2	3		
Certificates of Deposit	\$3,650,000			\$3,650,000	\$3,650,000
FROM RESTRICTED ASSETS:					
U.S. Treasury Obligation		\$1,827,693		1,827,693	1,827,693
Certificates of deposit	600,000			600,000	600,000
	\$4,250,000	\$1,827,693	\$0	\$6,077,693	\$6,077,693

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

Notes to Financial Statements (Continued)

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

Investments

The Water District No. 1, Parish of Lafourche, State of Louisiana, may invest in United States bonds, treasury notes, or certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana, an investment as stipulated in LSA-RS 39:1271, or any other federally insured investment.

The Water District No. 1's investments are categorized below to give an indication of the level of risk assumed by the Water District No. 1 at year end. Category 1 includes investments insured or registered, or securities held by the Water District No. 1 or its agent in the Water District No. 1's name. Category 2 includes uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Water District No. 1's name. Category 3 includes uninsured and unregistered investments, with securities pledged to the Water District No. 1 and held by the counterparty or by its trust department or agent but not in the Water District No. 1's name. (In accordance with GASB 3, this category includes certificates of deposit or money market accounts that are collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Water District No. 1's name although balances so collateralized meet the requirements of state law. All of the amount shown in Category 3 is collateralized by securities held by the pledging financial institution's agent but not in the Water District No. 1's name.)

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

Comparative Statement of Revenues, Expenses and Changes
in Retained Earnings - Water Enterprise Fund
For the years ending June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
<u>OPERATING REVENUES</u>		
Metered sales to regular customers	\$ 4,613,934	\$ 4,247,510
Metered sales to industrial and municipal customers	406,836	364,301
Connection charges and other revenues	219,945	200,532
	<u>5,240,715</u>	<u>4,812,343</u>
<u>OPERATING EXPENSES</u>		
Water purchased for resale	78,239	67,985
Water treatment expenses	1,546,512	1,481,527
Transmission and distribution expenses	905,840	978,511
Customer accounts expenses	393,458	397,969
Administrative and general expenses	537,386	572,102
Depreciation of utility system	1,103,813	1,121,345
	<u>4,565,248</u>	<u>4,619,439</u>
Income from operations	<u>675,467</u>	<u>192,904</u>
<u>NON-OPERATING REVENUE</u>		
Investment income	361,465	304,126
Ad Valorem taxes	642,276	623,748
Shared revenue	60,223	60,608
Other income	1,984	1,851
	<u>1,065,948</u>	<u>990,333</u>
<u>NON-OPERATING EXPENSES</u>		
Interest on bonds	303,815	340,903
Amortization of debt discount and expense	31,284	32,305
Loss on disposition of fixed assets	19,152	1,864
	<u>354,251</u>	<u>375,072</u>
<u>NET INCOME</u>	1,387,164	808,165
<u>RETAINED EARNINGS</u>		
Beginning of year	27,923,821	27,115,656
End of year	<u>\$ 29,310,985</u>	<u>\$ 27,923,821</u>

See Notes to Financial Statements.

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

Notes to Financial Statements (Continued)

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

Statement of Cash Flows

The Water District No. 1, Parish of Lafourche, State of Louisiana adheres to GASB 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

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

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

Comparative Statement of Operating Expenses
For the years ending June 30, 1996 and 1995

	1996	1995
<u>Water Purchased for Resale</u>	\$ 78,239	\$ 67,985
<u>Water Treatment Expenses</u>		
Operation Expense	419,405	390,407
Power Purchased	487,316	424,683
Chemicals	169,967	184,420
Maintenance Expense	332,684	332,047
Retirement and Hospitalization Expense	137,140	149,970
Total Water Treatment Expenses	1,546,512	1,481,527
<u>Transmission and Distribution Expense</u>		
Operations & Maintenance Expense	720,989	871,690
Maps and Records		244
Relocation	96,865	8,280
Retirement and Hospitalization Expense	87,986	98,297
Total Transmission and Distribution Expenses	905,840	978,511
<u>Customer Accounts Expense</u>		
Customer Operations Expense	335,210	331,744
Retirement and Hospitalization Expense	58,248	66,225
Total Customers' Accounting and Collection Expense	393,458	397,969
<u>Administrative and General Expense</u>		
General Office Salaries	163,334	159,599
General Office Supplies and Expense	26,421	17,984
Outside Services	35,104	46,764
Commissioners Per Diem	600	555
Insurance	199,134	188,727
Maintenance - General Property and Equipment	62,507	84,780
Miscellaneous General Expense	21,601	21,638
Retirement and Hospitalization Expense	28,685	52,055
Total Administrative and General Expense	537,386	572,102
<u>Depreciation of Utility System</u>	1,103,813	1,121,345
TOTAL OPERATING EXPENSES	\$ 4,565,248	\$ 4,619,439

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

Notes to Financial Statements

Note 1

Summary of Significant Accounting Policies

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

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

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

Reporting Entity

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

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

Basis of Accounting

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

Deposits and Investments

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

Investments are stated at cost which approximates market.

Inventories

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

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

Comparative Statement of Cash Flows
Water Enterprise Fund
For the years ending June 30, 1996 and 1995

	1996	1995
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities:		
Cash received from customers	\$5,117,914	\$ 4,974,364
Cash payments to suppliers for goods and services	(1,899,033)	(2,047,702)
Cash payments made to employees for services	(1,474,679)	(1,429,934)
Net cash provided (used) by operating activities	1,744,202	1,496,728
Cash flows from noncapital financing activities:		
Ad valorem taxes received	642,276	623,748
Revenue Sharing Grant	60,223	60,608
Other noncapital financing revenue	5,914	1,851
Net cash provided (used) by noncapital financing activities	708,413	686,207
Cash flows from capital and related financing activities:		
(Acquisition) sale of capital assets	(1,232,728)	(1,905,583)
Contribution in Aid of Construction	336,496	0
Loss on sold/abandoned assets	(36,854)	(1,863)
Principal paid on revenue bond maturities	(814,216)	(847,695)
Interest paid on revenue bonds	(335,099)	(373,208)
Net cash provided (used) for capital and related financing activities	(2,082,401)	(3,128,349)
Cash flows from investing activities:		
Purchase in excess of proceeds from sale and maturities of investments	(451,965)	(158,474)
Interest and dividends on investments	361,465	304,126
Net cash provided (used) by investing activities	(90,500)	145,652
Net increase (decrease) in cash and cash equivalents	279,714	(799,762)
Cash and cash equivalents at the beginning of year	994,711	1,794,473
Total cash and cash equivalents at the end of year	\$ 1,274,425	\$ 994,711
Cash and cash equivalents are composed of:		
Cash and cash equivalents at the end of year	\$1,212,666	\$ 943,439
Cash and cash equivalents from restricted cash	61,759	51,272
	\$ 1,274,425	\$ 994,711
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$675,467	\$ 192,904
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,103,813	1,121,345
Changes in assets and liabilities:		
(Increase) decrease in Receivables	(96,977)	67,183
(Increase) decrease in Inventory	1,771	24,625
(Increase) decrease in Prepaid Insurance	(1,728)	3,440
Increase (decrease) in Accounts Payable	87,680	(7,607)
Increase (decrease) in Customer Deposits	26,090	29,530
Increase (decrease) in Payable from Restricted assets	(51,914)	65,308
Total Adjustments	1,068,735	1,303,824
Net cash provided (used) by operating activities	\$ 1,744,202	\$ 1,496,728

See Notes to Financial Statements.

WATER DISTRICT NO. 1, PARISH OF LAFOURCHE
STATE OF LOUISIANA
Comparative Balance Sheet
Water Enterprise Fund
June 30, 1996 and 1995

	<u>ASSETS</u>		<u>1996</u>		<u>1995</u>
<u>CURRENT ASSETS</u>					
Cash and cash equivalents			\$ 1,212,666		\$ 943,439
Investments			4,100,000		3,650,000
Receivables:					
Water sales			351,918		336,028
Unbilled water sales			402,540		320,383
Sewerage			2,661		2,460
Other			11,553		12,824
Inventory			221,878		223,649
Prepaid insurance			96,230		94,502
Total current assets			<u>6,399,446</u>		<u>5,583,285</u>
<u>RESTRICTED ASSETS (cash and investments)</u>					
Water revenue bond current debt service account			604,091		611,618
Water revenue bond future debt service reserve account			1,203,911		1,216,280
Water revenue bond contingency account			100,000		100,000
Customer meter deposits			577,344		551,272
Employee benefit trust			96,092		93,746
Total restricted assets			<u>2,581,438</u>		<u>2,572,916</u>
<u>PROPERTY, PLANT AND EQUIPMENT</u>					
at cost (net of accumulated depreciation of \$18,019,275 for 1996 and \$16,933,164 for 1995)			<u>27,737,587</u>		<u>27,590,970</u>
TOTAL ASSETS			<u>\$36,718,471</u>		<u>\$35,747,171</u>
	<u>LIABILITIES AND FUND EQUITY</u>				
<u>CURRENT LIABILITIES (payable from current assets)</u>					
Accounts payable and accrued expenses			\$ 245,045		\$ 144,763
Retainage payable			0		13,080
Due to Bayou Lafourche Freshwater District			7,476		6,998
<u>CURRENT LIABILITIES (payable from restricted assets)</u>					
Bonds due within one year			845,500		880,000
Interest accrued			142,028		161,788
Customer meter deposits			577,290		551,200
Employee benefits payable			96,092		93,746
Total current liabilities			<u>1,913,431</u>		<u>1,851,575</u>
<u>LONG-TERM DEBT</u>					
Bonds due after one year (net of unamortized discount of \$178,276 for 1996 and \$209,560 for 1995)			<u>4,311,949</u>		<u>5,126,165</u>
Total liabilities			<u>6,225,380</u>		<u>6,977,740</u>
<u>FUND EQUITY</u>					
Contributions in aid of construction			1,182,106		845,610
Retained Earnings:					
Reserved for debt service			1,129,555		1,203,575
Reserved for self-insurance			0		29,703
Unreserved			<u>28,181,430</u>		<u>26,690,543</u>
Total retained earnings			<u>29,310,985</u>		<u>27,923,821</u>
Total fund equity			<u>30,493,091</u>		<u>28,769,431</u>
TOTAL LIABILITIES AND FUND EQUITY			<u>\$36,718,471</u>		<u>\$35,747,171</u>

See Notes to Financial Statements.

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

Notes to Financial Statements (Continued)

Note 2 Deposits and Investments

Deposits

At June 30, 1996 and 1995 the carrying amount of Water District No. 1's, Parish of Lafourche, State of Louisiana, deposits (checking and savings, and time deposit accounts) was \$1,346,102 and \$1,091,537 and the bank balance was \$1,532,759 and \$1,150,110, respectfully. A summary of collateralization of bank balances is presented below:

Credit Risk Category	1996	1995
Insured or collateralized by securities held by the Lafourche Parish Water District or its agent in the District's name.	\$105,540	\$136,190
Collateralized with securities held by the pledging institutions trust department in the Lafourche Parish Water District's name.	1,427,219	1,013,920
Uncollateralized or collateralized with securities held by the pledging institution, but not in the Lafourche Parish Water District's name.		
Totals	\$1,532,759	\$1,150,110

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

June 30, 1996

Schedule of Insurance in Force (Continued)
(Unaudited)

<u>Amount of Policy</u>	<u>Risks Covered</u>	<u>Insurer</u>	<u>Expiration Date</u>
\$ 50,000	Public Official Bond Harvey Robichaux Secretary-Treasurer	Western Surety Company Pol. # 14273808	12-01-96
\$ 25,000	Public Employees Blanket Bond (PEBB)	Western Surety Company Pol. # 14274023	12-01-96
	Standard Workmen's Compensation	LA Parish Government Risk Management Agency Pol. # 0077	01-01-97

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

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

Thibodaux, Louisiana
August 5, 1996

Stagni & Company





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CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of Water District No. 1, Parish of Lafourche, State of Louisiana, a component unit of the Lafourche Parish Council, as of and for the years then ended June 30, 1996 and 1995, as listed in the financial section of the table of contents. These general purpose financial statements are the responsibility of Water District No. 1's, Parish of Lafourche, State of Louisiana, 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Water District No. 1, Parish of Lafourche, State of Louisiana, as of June 30, 1996 and 1995, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 5, 1996 on our consideration of Water District No. 1, Parish of Lafourche, State of Louisiana's internal control structure and a report dated August 5, 1996 on its compliance with laws and regulations.

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

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

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

***Financial Report,
Internal Control and Compliance Reports***

***Fiscal Years Ending
June 30, 1996 and 1995***



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

***Financial Report,
Internal Control and Compliance Reports***

***Fiscal Years Ending
June 30, 1996 and 1995***

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 OCT 02 1996





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CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited the general purpose financial statements of Water District No. 1, Parish of Lafourche, State of Louisiana, a component of the Lafourche Parish Council, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 5, 1996.

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 financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Water District No. 1, Parish of Lafourche, State of Louisiana, is the responsibility of the Water District No. 1's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, and contracts. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. 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*.

This report is intended for the information of management and the Board of Commissioners of Water District No. 1, Parish of Lafourche, State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Thibodaux, Louisiana
August 5, 1996

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

In planning and performing our audit of the general purpose financial statements of Water District No. 1, Parish of Lafourche, State of Louisiana, for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the management and the Board of Commissioners of the Water District No. 1, Parish of Lafourche, State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Thibodaux, Louisiana
August 5, 1996



FINANCIAL SECTION



INTERNAL CONTROL
AND
COMPLIANCE SECTION



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

Statement of Cash Receipts and Disbursements
For the years ending June 30, 1996 and 1995

	<u>Revenue Fund</u>	
	<u>1996</u>	<u>1995</u>
Cash Balance, July 1	\$ 853,327	\$ 837,358
Receipts		
From Customers	5,297,892	4,888,691
Interest Earned	256,007	194,827
Transfers from Other Accounts	685,197	711,399
Others	377,008	408,913
	<u>6,616,104</u>	<u>6,203,830</u>
Disbursements		
Operating Expense	4,823,722	4,923,093
Transfers to Other Accounts	1,595,868	1,264,768
	<u>6,419,590</u>	<u>6,187,861</u>
Cash Balance, June 30	<u>\$ 1,049,841</u>	<u>\$ 853,327</u>

	<u>Maintenance and Operating Fund</u>	
Cash Balance, July 1	\$ 6	\$ 3
Receipts		
Ad Valorem Taxes (Net)	642,276	650,012
Revenue Sharing	60,223	60,608
Total	<u>702,499</u>	<u>710,620</u>
Disbursements		
Transferred to Revenue Fund for Operating Expenses	<u>682,422</u>	<u>710,617</u>
Cash Balance, June 30	<u>\$ 20,083</u>	<u>\$ 6</u>

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

June 30, 1996

Schedule of Insurance in Force
(Unaudited)

Amount of Policy	Risks Covered	Insurer	Expiration Date
\$ 15,683,736	Building & Contents Replacement cost Deductible \$10,000 Wind Deductible \$ 5,000 AOP	Royal Indemnity Insurance Co. Pol. #RHT 303613	01-01-97
\$ 220,245	Also includes inland marine equipment - Deductible \$ 2,500		01-01-97
\$ 15,000,000	Boiler & Machinery Limit of Insurance	Hartford Steam Boiler Inspection & Insurance Company Pol. # BMI - CR - 3671440-08	01-01-97
\$ 2,000,000	General Liability Includes \$ 8,000 Premises Burglary	Gulf Insurance Co. Pol. # CLP 7636994	01-01-97
\$ 500,000	Commercial Automobile Liability Coverage	Gulf Insurance Co. Pol. # BA5414268	01-01-97
\$ 1,000,000	Directors & Officers Liability Coverage Deductible - \$ 5,000	General Star Indemnity Co. Pol. # IYA811356	01-01-97
\$ 1,000,000	Excess Directors & Officers Liability	General Star Indemnity Co. Pol. # 1XG322397	01-01-97

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

June 30, 1996

Schedule of Per Diem and Compensation of Board of Commissioners

During the year ended June 30, 1996 the Board of Commissioners held twelve meetings. Board members were not paid per diem or mileage for the year, except Harvey Robichaux, Secreary - Treasurer of the Board, who was paid compensation in the amount of \$600.

Schedule of Construction Projects in Process

Project	Total Estimated Cost	Cost to Date
Sludge Disposal Project	\$220,000	\$6,499
Construction of Water Lines:		
E. 37 th Street	188,076	157,493
Myrtle Drive, Golden Meadow	186,400	26,611
Waverly Road & Alma Street	89,080	73,812
Des Allemands	75,000	45,396
Lime & Carbon Feeders	130,000	10,125
Chemical Replacement	126,800	-0-
Valentine Elevated Tank	570,000	1,700
TOTAL	\$1,585,356	\$321,636

Schedule of Metered Water Customers
(Unaudited)

All sales of water are metered. The records of the district reveal 24,309 active metered customers at June 30, 1996.

WATER DISTRICT NO. 1, PARISH OF LAFOURCHE
STATE OF LOUISIANA
 June 30, 1996

Schedule of Maturities
\$6,305,000 Water Refunding Bonds, 1992 Series
Dated December 1, 1992

Date of Maturity	Amount	Date of Maturity	Amount
01/01/1994	\$650,000	01/01/1998	\$800,000
01/01/1995	680,000	01/01/1999	850,000
01/01/1996	715,000	01/01/2000	900,000
01/01/1997	750,000	01/01/2001	960,000
		TOTAL	\$6,305,000

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

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

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

June 30, 1996

Schedule of Maturities
\$2,000,000 Water Revenue Bonds, 1980 Series
Dated October 23, 1980

Date of Maturity	Amount	Date of Maturity	Amount
01/01/1982	\$37,500	01/01/1994	\$79,900
01/01/1983	42,200	01/01/1995	85,000
01/01/1984	44,700	01/01/1996	90,000
01/01/1985	47,400	01/01/1997	95,500
01/01/1986	50,300	01/01/1998	101,200
01/01/1987	53,300	01/01/1999	107,300
01/01/1988	56,500	01/01/2000	113,700
01/01/1989	59,900	01/01/2001	120,500
01/01/1990	63,500	01/01/2002	127,700
01/01/1991	67,300	01/01/2003	135,400
01/01/1992	71,400	01/01/2004	143,500
01/01/1993	75,600	01/01/2005	130,700
		TOTAL	2,000,000

The Bonds shall become due and payable in 24 principal installments as listed above. At the option of the District, the unpaid principal installments, or any portion thereof, may be prepaid on any bond payment date at a redemption price equal to par and accrued interest to the date of redemption.

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

June 30, 1996

Schedule of Maturities

\$1,250,000 Water Revenue Bonds, 1966 Series B (Continued)

Dated June 1, 1966

Premiums for bonds redeemed before maturity:

- Call prior to January 1, 1982, 4%
- Call after January 1, 1982 and prior to January 1, 1987, 3%
- Call after January 1, 1987 and prior to January 1, 1982, 2%
- Call after January 1, 1982, 1%

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

June 30, 1996

Schedule of Maturities
\$1,250,000 Water Revenue Bonds, 1966 Series B
Dated June 1, 1966

Date of Maturity	Bond Nos.	Amount	Date of Maturity	Bond Nos.	Amount
01/01/1968	1-4	\$20,000	01/01/83	89-96	\$40,000
01/01/1969	5-8	20,000	01/01/84	97-105	45,000
01/01/1970	9-12	20,000	01/01/85	106-114	45,000
01/01/1971	13-17	25,000	01/01/86	115-124	50,000
01/01/1972	18-22	25,000	01/01/87	125-134	50,000
01/01/1973	23-27	25,000	01/01/88	135-145	55,000
01/01/1974	28-33	30,000	01/01/89	146-156	55,000
01/01/1975	34-39	30,000	01/01/90	157-168	60,000
01/01/1976	40-45	30,000	01/01/91	169-180	60,000
01/01/1977	46-51	30,000	01/01/92	181-193	65,000
01/01/1978	52-58	35,000	01/01/93	194-206	65,000
01/01/1979	59-65	35,000	01/01/94	207-220	70,000
01/01/1980	66-72	35,000	01/01/95	221-235	75,000
01/01/1981	73-80	40,000	01/01/96	236-250	75,000
01/01/1982	81-88	40,000	TOTAL		\$1,250,000

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

Bonds numbered 34 through 250 may be called for redemption prior to maturity under the following conditions:

1. In part, in inverse order of their maturities, and if less than a full maturity then by lots within such maturity on any interest payment date on or after July 1, 1974, from income and revenues of the waterworks system.
2. Bonds maturing on or after January 1, 1979, may be called in like manner or in whole on any interest payment date on or after July 1, 1978, from any funds available for such purpose.

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

Statement of Cash Receipts and Disbursements - Restricted Assets
For the years ending June 30, 1996 and 1995

	Current Debt Service Account Bond Fund Series B	Future Debt Service Account Bond Reserve Fund Series B	Contingency Account (Renewal and Replacement Fund)	Customer Meter Deposits	Employee Benefit Trust	1996 Total	1995 Total
Cash and investments July 1	\$ 611,618	\$ 1,216,280	\$ 100,000	\$ 551,272	\$ 93,746	\$ 2,572,916	\$ 2,476,040
Receipts:							
Interest earned	30,927	55,531		458	1,846	88,762	71,558
Customer deposits				119,570		119,570	120,570
Employee premiums					209,241	209,241	378,684
Transfers from:							
Bond Reserve Fund Series B	29,483				29,483	29,483	
Water Revenue Fund	1,166,565				1,166,565	1,166,565	1,200,903
Total receipts	1,226,975	55,531		120,028	211,087	1,613,621	1,771,715
Disbursements:							
Claims					139,983	139,983	181,632
Principal	880,000					880,000	1,019,115
Interest	323,575					323,575	179,115
Refund of customer deposits				93,480		93,480	91,040
Premiums					68,758	68,758	155,817
Transfers to:							
Bond Fund Series B		29,483				29,483	12,266
Water Revenue Fund	30,927	38,417		476		69,820	35,854
Total disbursements	1,234,502	67,900		93,956	208,741	1,605,099	1,674,839
Cash and investments June 30	\$ 604,091	\$ 1,203,911	\$ 100,000	\$ 577,344	\$ 96,092	\$ 2,581,438	\$ 2,572,916

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

Statement of Cash Receipts and Disbursements
For the years ending June 30, 1996 and 1995

	<u>Surplus Fund</u>	
	<u>1996</u>	<u>1995</u>
Cash Balance, July 1	\$3,739,427	\$4,492,517
Revenues		
Interest Earned	2,930	6,798
Transfer from:		
Revenue Fund	1,595,868	1,264,768
Other	226	24,171
	<u>1,599,024</u>	<u>1,295,737</u>
Disbursements		
Additions to System and Utility Plant Assets	<u>1,097,434</u>	<u>2,048,827</u>
Cash Balance, June 30	<u>\$4,241,017</u>	<u>\$3,739,427</u>

Summary of Cash and Investments - Current Assets

Revenue Fund	\$1,049,841	\$853,327
Maintenance and Operation Fund	20,083	6
Surplus Fund	4,241,017	3,739,427
Cash on Hand	700	700
Cash on Deposit -		
Collection Agent Accounts	800	800
Cash held by Fiscal Agent	225	225
Cash and Temporary Cash Investments - Current Assets	<u>\$5,312,666</u>	<u>\$4,594,485</u>



STAGNI & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL STRUCTURE BASED ON AN AUDIT OF
GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the general purpose financial statements of the Water District No. 1, Parish of Lafourche, State of Louisiana, a component unit of the Lafourche Parish Council, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 5, 1996.

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.

The management of Water District No. 1, Parish of Lafourche, State of Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and the transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.