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**PARISH OF IBERVILLE, LOUISIANA  
WATERWORKS DISTRICT NO. 4**

**ANNUAL FINANCIAL REPORT**

**SEPTEMBER 30, 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 11-24-04

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WATERWORKS DISTRICT NO. 4  
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SEPTEMBER 30, 2004**

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HUGH F. BAXLEY, CPA  
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Board of Waterworks Commissioners of the  
Parish of Iberville, Louisiana - Waterworks District No. 4

### INDEPENDENT AUDITORS' REPORT

We have audited the accompanying basic financial statements of the business-type activities of the Parish of Iberville, Louisiana - Waterworks District No. 4, a component unit of the Iberville Parish Council, as of and for the year ended September 30, 2004, which collectively comprise the Board's basic financial statements, as listed in the Table of Contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the business-type activities of the Parish of Iberville, Louisiana - Waterworks District No. 4 as of September 30, 2004, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

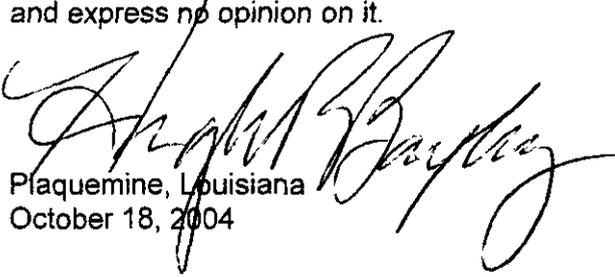
As described in Note A to the basic financial statements, the District has implemented a new financial reporting model as required by the provisions of *Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments as of October 1, 2001*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2004 on our consideration of the Parish of Iberville, Louisiana - Waterworks District No. 4's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Parish of Iberville, Louisiana - Waterworks District No. 4's basic financial statements. The other supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements of Parish of Iberville, Louisiana - Waterworks District No. 4. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

**INDEPENDENT AUDITORS' REPORT (continued)**

The Management's Discussion and Analysis and the other required supplementary information on pages 6 through 12 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

  
Plaquemine, Louisiana  
October 18, 2004

**REQUIRED SUPPLEMENTARY INFORMATION**

## Managements Discussion and Analysis

As management of Iberville Parish Water District #4, we offer readers of Iberville Parish Water District #4's financial statements this narrative overview and analysis of the financial activities of the Water District for the fiscal year ended September 30, 2004. We encourage readers to consider the information presented here in conjunction with additional information that can be found on pages 21-27 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### Financial Highlights

- The assets of the Iberville Water District #4 exceeded its liabilities at the close of its most recent fiscal year by \$2,045,839 (Net Assets). Of this amount, \$257,120 (Unrestricted Net Assets) may be used to meet the District's ongoing obligations to citizen's and creditors.
- The District's total net assets increased by \$358388.
- The District's Revenue long-term revenue bonds payable (net of current maturities decreased by \$9,807.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Iberville Parish Water District #4's basic financial statements. Iberville Parish Water District #4's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Iberville Water District #4's finances, in a manner similar to a private sector business.

The *statement of net assets* presents the information on all of Iberville Water District #4's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Iberville Water District #4 is improving or deteriorating.

The *statement of revenues, expenses, and changes in fund net assets* presents information showing how the entity's net assets changed during the most recent fiscal year. All changes in net assets reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The business type activities of the Iberville Parish Water District #4 are conducted through the Iberville Parish Utility Department on a contractual basis. The district has no component units.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Iberville Parish Water District #4, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Iberville Water District #4 uses only the proprietary fund type to account for its water operations.

**Proprietary funds.** The Iberville Water District #4 maintains one type of proprietary fund, an *Enterprise Fund*. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Iberville Water District #4 uses an enterprise fund to account for all aspects of its water processing and distribution operations.

The proprietary fund financial statements can be found on pages 10-14 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the proprietary fund financial statements. The notes to the financial statements can be found on page 15-20 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Iberville Parish Water District #4's customer rates, compensation of board members and customer statistics. Required supplementary information can be found on pages 21-27 of this report.

### Proprietary Fund Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Iberville Water District #4, assets exceed liabilities by \$2,045,839 at the close of the most recent fiscal year.

By far the largest portion of Iberville Water District #4's net assets (84 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, wells, tanks and water distribution system), less any related debt used to acquire those assets this is still outstanding. The Iberville Water District #4 uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Iberville Parish Water District #4's investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Iberville Water District #4's Net Assets (Table 1)

	<u>Business-type activities</u>
Current and other assets	\$ 388,813
Capital assets	<u>2,173,753</u>
Total assets	<u>2,562,566</u>
Long-term liabilities outstanding	490,040
Other liabilities	<u>26,687</u>
Total liabilities	<u>516,727</u>
Net assets:	
Invested in capital assets, net of related debt	1,698,875
Restricted	89,844
Unrestricted	<u>257,120</u>
Total net assets	<u>\$ 2,045,839</u>

A portion of the Iberville Water District #4's net assets (4%) represents resources that are restricted for debt retirement. The balance of the unrestricted net assets \$257,120 may be used to meet the water district's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Iberville Water District #4 was able to report positive balances in all three categories of net assets.

There was a decrease in income before capital contributions reported in connection with the decrease in interest rates during and an increase of operational costs during 2004. Interest and finance charges went from \$4,496 in 2003 to \$4,052 in 2004. Charges for services went from \$137,822 in 2003 to \$145,864 in 2004.

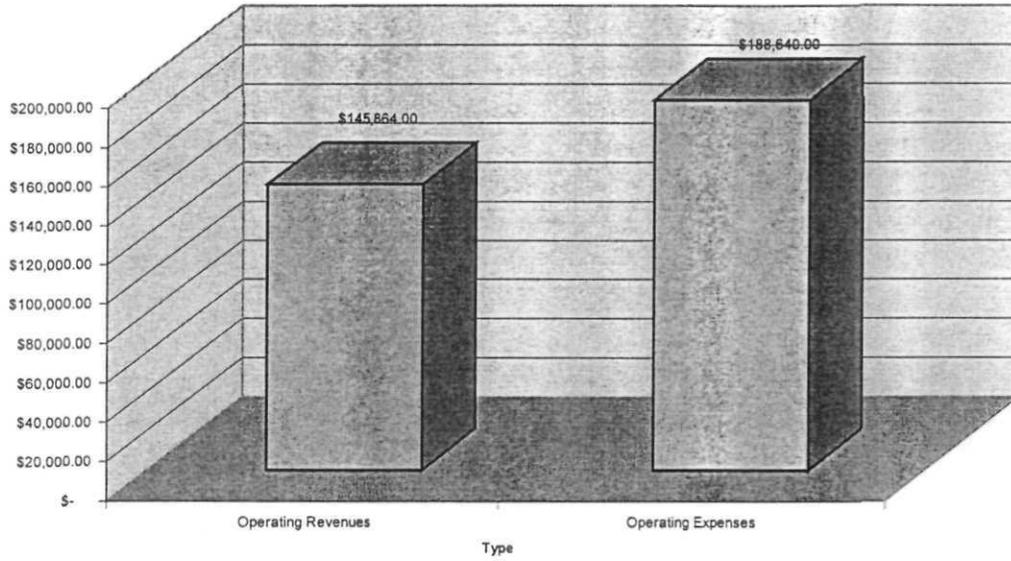
During 2003, Ad Valorem Taxes coupled with higher water sales revenue brought an increase in net assets. Even though the Ad Valorem taxes were up for 2004 by \$384 the decrease in interest earnings and customer charges resulted in a decrease in income before capital contributions for 2004. Nets assets did increase as a whole during 2004 because of capital contributions of \$367,814. These issued are outlined in table 2.

**Water District #4 changes in net assets (table 2)**

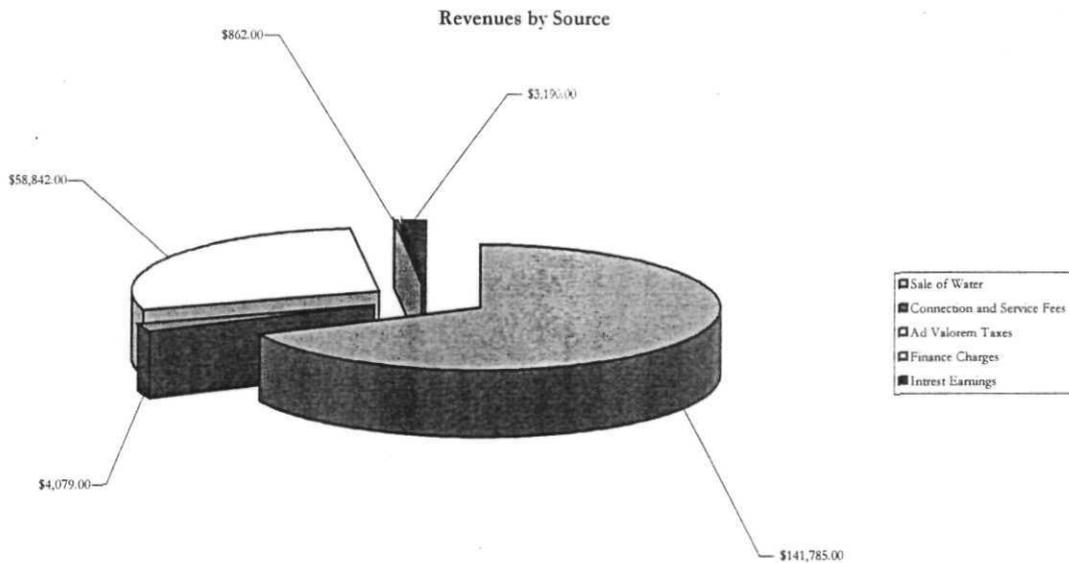
	<u>2004</u>	<u>2003</u>
Revenues		
Program Revenues		
Charges for services	\$ 145,864	\$ 137,822
Ad Valorem Taxes	58,842	58,458
Capital Grants and Contributions		
Other general revenues	<u>4,052</u>	<u>4,496</u>
Total Revenues	<u>208,758</u>	<u>200,776</u>
Expenses		
Water	188,640	169,680
Interest of long term debt	27,606	28,860
Other expenditures	<u>1,938</u>	<u>1,885</u>
Total Expenses	<u>218,184</u>	<u>200,425</u>
Increase (decrease) in net assets	(9,426)	351
Capital Contributions	<u>367,814</u>	<u>2400</u>
Net Assets Beginning	<u>1,687,451</u>	<u>1,684,700</u>
Net Assets Ending	<u>\$ 2,045,839</u>	<u>\$ 1,687,451</u>

Operating Revenues fell under operating expenses for 2004 by \$42,855. This difference is expected and is recovered through dedicated Ad Valorem Taxes.

### Expenses and Program Revenues



The following chart outlines the revenues by source for Iberville Water District #4 for fiscal year ending September 20, 2004. The Water District's two major sources of revenue are Sale of Water and Ad Valorem Taxes which account for 95% of the total revenue.



## Capital Asset and Debt Administration

### Capital Assets

Iberville Water District #4's investment in capital assets as of September 30, 2004, amounts to \$2,173,753 (net of accumulated depreciation). This investment in capital assets includes buildings, furniture and fixtures, water distribution system, wells, tanks and equipment and construction in progress. The total increase in the investment in capital assets for the current fiscal year was 15 percent due to a capital contribution by Iberville Parish for plant improvements.

The only major capital asset event during the current fiscal year included some overhauling of the wells, tanks and equipment.

### Iberville Water District #4 Capital Assets (net of Depreciation)

	<u>2004</u>	<u>2003</u>
Land	4,320	4320
Building	15,652	\$ 12,617
Furniture and fixtures	646	646
Water distribution system	947,360	942,260
Wells, tanks and equipment	1,980,800	1,450,522
Construction in progress	<u>0</u>	<u>140,007</u>
	<u>\$2,948,778</u>	<u>\$2,550,372</u>
Accumulated depreciation	<u>\$ 775,025</u>	<u>\$ 700,569</u>
Balance net of accumulated depreciation	<u>\$2,173,753</u>	<u>\$1,849,803</u>

### Long-Term Debt

At the end of the current fiscal year, Iberville Water District #4 had total bonded debt outstanding of \$485,718. The U.S. Department of Agriculture, Rural Development is the holder of a single, fully registered revenue bond dated June 3, 1987. The bond is without coupons and bears interest at a rate of 5 <sup>3</sup>/<sub>4</sub> percent per annum.

## **Iberville Parish Water District #4 Outstanding Debt Revenue Bonds**

	2004	2003
Revenue Bonds	\$485,718	\$495,525

Iberville Parish Water District #4's total debt decreased by \$9,807 during the current fiscal year. Additional information on Iberville Water District #4's long-term debt can be found in note F on page 20 of this report.

### **Economic Factors and Next Years Rates**

The unemployment rate for the Parish of Iberville, Louisiana is currently 9.7%, which is a decrease from 10.4% a year ago. This is higher than the State's average unemployment rate of 5.3%.

Iberville Parish is heavily dependent on the chemical industry, which due to plant expansion has provided growth and revenue to the parish.

The district has not increased rates since October of 2000 and did not propose a rate increase for 2004.

As a proprietary fund type, the district is not required to adopt a budget. It is anticipated that the positive unrestricted net assets will avoid the need to raise charges during the 2004-2005 fiscal year.

### **Requests for Information**

This financial report is designed to provide a general overview of the Parish of Iberville, Louisiana, Water District #4's finances for all with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Iberville Parish Water District #4, Iberville Parish Council, Office of the Finance Director, P.O. Box 389, Plaquemine, LA 70764.

**BASIC FINANCIAL STATEMENTS**

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 4**  
**BALANCE SHEET - ASSETS**  
**SEPTEMBER 30, 2004**

**ASSETS**

**Current Assets**

Cash	\$	117,579
Cash - LAMP		145,338
Accounts receivable:		
Water service - Customers		9,825
(less allowance for doubtful accounts of \$1,260)		4,789
Other receivables		1,492
Prepaid insurance		<u>1,492</u>

<b>Total Current Assets</b>		<b><u>279,023</u></b>
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**Restricted Assets**

Reserve fund - Cash - LAMP		40,185
Depreciation and contingency fund - Cash - LAMP		43,386
Bond fund - Cash - LAMP		<u>26,219</u>

<b>Total Restricted Assets</b>		<b><u>109,790</u></b>
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**Plant**

Building		15,652
Furniture and fixtures		646
Water distribution system		947,360
Wells, tanks and equipment		1,980,800
Construction in progress		
Land		<u>4,320</u>

		<u>2,948,778</u>
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Less accumulated depreciation		<u>775,025</u>
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<b>Total Plant</b>		<b><u>2,173,753</u></b>
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<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u><u>2,562,566</u></u></b>
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The accompanying notes are an integral part of this statement.

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 4  
BALANCE SHEET - LIABILITIES AND NET ASSETS  
SEPTEMBER 30, 2004**

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Payable from current assets:

Accounts payable	\$ 6,741
Sales tax payable	
	<u>6,741</u>

Payable from restricted assets:

Accrued interest payable	9,106
Current portion of revenue bond	10,840
	<u>19,946</u>

**Total Current Liabilities** 26,687

**Long-Term Liabilities**

Waterworks revenue bonds (net of current maturities)	474,878
Customer deposits	15,162
	<u>490,040</u>

**Total Long-Term Liabilities** 490,040

**TOTAL LIABILITIES** 516,727

**NET ASSETS**

Invested in capital assets, net of related debt	1,698,875
Restricted net assets:	
Reserved for debt retirement	89,844
Unrestricted net assets	257,120
	<u>2,045,839</u>

**TOTAL NET ASSETS** 2,045,839

**TOTAL LIABILITIES AND NET ASSETS** \$ 2,562,566

*The accompanying notes are an integral part of this statement.*

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 4  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

<b>OPERATING REVENUES</b>	
Sale of water	\$ 141,785
Connection and service fees	4,079
	<u>145,864</u>
 <b>OPERATING EXPENSES</b>	
Management fee	43,750
Depreciation	74,456
Equipment rental	9,000
Utilities and telephone	16,054
Insurance	9,212
Chlorine	5,454
Water purchases	7,463
Miscellaneous	1,755
Repairs and maintenance	8,388
Legal and accounting	9,507
Board of directors	3,480
Bad debt	121
<b>TOTAL OPERATING EXPENSES</b>	<u><b>188,640</b></u>
 <b>OPERATING INCOME (LOSS)</b>	 <u><b>(42,776)</b></u>
 <b>NON-OPERATING INCOME</b>	
Ad valorem taxes	58,842
Finance charges	862
Interest earnings	3,190
	<u>62,894</u>
 <b>NON-OPERATING EXPENSES</b>	
Interest expense	27,606
Ad valorem taxes	1,938
	<u>29,544</u>
 <b>INCOME BEFORE CONTRIBUTIONS</b>	 <b>(9,426)</b>
 <b>CAPITAL CONTRIBUTIONS</b>	 <u><b>367,814</b></u>
 <b>CHANGES IN NET ASSETS</b>	 <b>358,388</b>
 <b>TOTAL NET ASSETS, BEGINNING</b>	 <u><b>1,687,451</b></u>
 <b>TOTAL NET ASSETS, ENDING</b>	 <u><b>\$ 2,045,839</b></u>

The accompanying notes are an integral part of this statement.

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 4**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 143,846
Cash payments for goods and services	(115,523)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><b>28,323</b></u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACITIVITES</b>	
Customer deposits received	2,300
Refunding of customer deposits	(1,700)
Ad valorem taxes (net)	56,904
Other miscellaneous	862
<b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>	<u><b>58,366</b></u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Loss on retirement of assets	
Acquisition of capital assets and land	(398,406)
Principal paid on revenue bond maturities	(9,807)
Capital contributed by customers	367,814
Interest paid on revenue bonds	(28,960)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u><b>(69,359)</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	3,190
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u><b>3,190</b></u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>20,520</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u><b>352,187</b></u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u><b>\$ 372,707</b></u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	(42,776)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	74,456
Provision for uncollectibles	121
Changes in operating assets and liabilities:	
Accounts and miscellaneous receivables	(2,139)
Other assets	(121)
Accounts payable	(945)
Taxes payable	(273)
Total adjustments	<u>71,099</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u><b>\$ 28,323</b></u></u>

The accompanying notes are an integral part of this statement.

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2004**

**NOTE A: SIGNIFICANT ACCOUNTING POLICIES**

The Parish of Iberville, Louisiana - Waterworks District No. 4 (District) was created by an ordinance of the Iberville Parish Policy Jury on January 15, 1985. The governing authority of the District consists of five members of a Board of Commissioners appointed to five year terms by the Iberville Parish Council.

**Fund structure**

The District, a component unit of the Iberville Parish Council, 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.

**Method of Accounting**

On September 1, 2001, the District adopted the provisions of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.*" Statement 34 established standards for external reporting for all state and local governmental entities which includes a statement of net assets, a statement of activities and changes in net assets and a statement of cash flows. It requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the unspent related debt proceeds at year-end. The portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - The component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 4  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The adoption of Statement No. 34 had no effect on the basic financial statements except for the classification of net assets in accordance with the Statement and the reflection of capital contributions as a change in net assets.

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.

**Principles Determining the Scope of the Reporting Entity**

For financial statement reporting purposes, in conformance with National Council on Governmental Accounting (NCGA) Statement 3, as recognized by the Governmental Accounting Standards Board (GASB) Codification Section 2100, the District includes all funds over which it exercises oversight responsibility. Oversight responsibility is determined on the basis of the following criteria:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Based on the application of NCGA Statement 3 criteria, the District is determined to be a component unit of the Iberville Parish Council, the oversight unit, to form the financial reporting entity.

**Accounts receivable**

All known accounts considered doubtful of collection have been removed from the carrying value of accounts receivable.

**Property, plant and equipment and depreciation**

Plant is recorded at cost and depreciation is computed on the straight-line method over the estimated useful life of the assets of 7-50 years.

The Parish contributed a completed water well and distribution system to the District in the Rosedale area. This system is recorded at cost (which approximates fair market value) with an offsetting credit to contributed capital.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE B: CASH**

The District's deposits and investments are stated at cost, which approximates market. For reporting purposes, cash includes cash, demand deposits, and time deposits. Under state law, the District 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 District may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, the District can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law.

Investments held at September 30, 2004 consist of \$255,128 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP at September 30, 2004 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955 (A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP'S Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

*The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.*

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 4  
NOTES TO FINANCIAL STATEMENTS**

**NOTE B: CASH (CONTINUED)**

**Deposits**

The following is a summary of cash of the District and federal deposit insurance and pledged securities:

	<b>Bank Balances 09/30/04</b>	<b>FDIC Insurance</b>	<b>Balances Uninsured</b>
Cash	\$373,218	\$118,090	\$255,128
Uncollateralized--			
Securities pledged and held by custodial banks in the name of fiscal agent banks, at fair market value, at September 30, 2004			\$ 255,128
Excess of FDIC insurance and pledged securities over cash at September 30, 2004			\$ -

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 that the fiscal agency bank(s) has (have) failed to pay deposited funds upon demand.

For the purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash.

**NOTE C: AD VALOREM TAXES**

Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. No accrual is made on the 2004 assessment as the due date and the normal collection period fall after the September 30 fiscal year end.

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 4  
NOTES TO FINANCIAL STATEMENTS**

**NOTE D: PROPERTY, PLANT AND EQUIPMENT**

	<b>Beginning Balance 10/01/03</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance 09/30/04</b>
Land	\$ 4,320	\$ -	\$ -	\$ 4,320
Building	12,617	3,035	-	15,652
Furniture and fixtures	646	-	-	646
Water distribution system	942,260	5,100	-	947,360
Wells, tanks and equipment	1,450,522	530,278	-	1,980,800
Construction in progress	140,007	362,714	(502,721)	-
	<u>2,550,372</u>	<u>901,127</u>	<u>(502,721)</u>	<u>2,948,778</u>
Accumulated depreciation	<u>\$ 700,569</u>	<u>\$ 74,456</u>	<u>\$ -</u>	<u>\$ 775,025</u>

**NOTE E: FLOW OF FUNDS AND RESTRICTIONS ON USE**

Under the terms of the bond indenture on the outstanding Water Utility Revenue Bond dated June 3, 1987, all income and revenues earned from the operations of the system and the net proceeds of the property tax will be pledged and dedicated to the retirement of said bond, and are to be set aside into the "Water System Revenue Fund". Such revenues shall be maintained and administered in the following order of priority and for the following express purpose:

1. The payment of all reasonable and necessary expenses of operating and maintaining the System.
2. The establishment and maintenance of a "Waterworks Revenue Bond Interest & Sinking Fund (Revenue Note Fund)", by transferring monthly to the regularly designated fiscal agent an amount equaling to no less than the sum of one twelfth of the total amount of principal and interest falling due on the bond in the ensuing year. These monies shall be utilized to pay the principal and interest due on the bond.
3. The establishment and maintenance of a "Waterworks Reserve Fund" by transferring monthly to the regularly designated fiscal agent an amount equaling to no less than the sum of 5% of the amount deposited into the sinking fund until \$38,768 has been accumulated therein. These monies shall be utilized to pay the principal and interest due on the bond in the event the sinking fund is deficient.
4. The establishment and maintenance of a "Waterworks Depreciation & Contingency Fund" by transferring to the regularly designated fiscal agent no less than \$184 per month. These monies shall be utilized to care for depreciation, extension, additions, improvements, and replacements necessary to properly operate the system.
5. Subject to the foregoing, the balance in the "Water System Revenue Fund" may be used for the purpose of acquiring for cancellation the outstanding Water Revenue Bond or for any other lawful purpose.

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE F: CHANGES IN LONG-TERM DEBT**

The following is a summary of debt transactions of the Parish of Iberville, Louisiana - Waterworks District No. 4 for the year ended September 30, 2004:

	<b>Revenue bonds (Enterprise Fund)</b>
<b>Balance, October 1, 2003</b>	<b>\$ 495,525</b>
Principal payments	(9,807)
<b>Balance, September 30, 2004</b>	<b>\$ 485,718</b>
Current portion as of September 30, 2004	\$ 10,840
Long-term portion as of September 30, 2004	474,878
<b>Total liability as of September 30, 2004</b>	<b>\$ 485,718</b>

The U.S. Department of Agriculture, Rural Development - Rural Utilities Service, is the holder of a single, fully registered revenue bond dated June 3, 1987. The bond is without coupons and bears interest at a rate of 5¾ percent per annum. The bond is payable in level annual installments of \$38,768 first applied to interest, the balance applied to principal as follows:

<b>Year Ending September 30</b>	<b>Due June 3</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2005	\$ 10,840	\$ 27,928	\$ 38,768
2006	11,463	27,305	38,768
2007	12,122	26,646	38,768
2008	12,819	25,949	38,768
2009	13,556	25,212	38,768
2010 - 2012	45,526	70,778	116,304
2013 - 2017	95,091	98,750	193,841
2018 - 2022	125,760	68,081	193,841
2023 - 2027	158,541	27,521	186,062
<b>TOTAL</b>	<b>\$ 485,718</b>	<b>\$ 398,170</b>	<b>\$ 883,888</b>

The installments of principal on the bond may be prepaid at any time. Each payment shall be applied, first, to the payment of accrued interest and, second, to the payment of principal.

**ADDITIONAL INFORMATION**

**PARISH OF IBERVILLE, LOUISIANA--WATERWORKS DISTRICT NO. 4  
 COMMENTS ON OPERATIONS OF WATER UTILITY SYSTEM  
 SEPTEMBER 30, 2004**

**CUSTOMER STATISTICS:**

Customer statistics relative to water billed and number of customers for the year ended September 30, 2004 are as follows (residential and commercial only; does not include water sold to local governments):

	<b>September 30, 2004</b>
Water revenue	\$ 97,715
Quantity of water sold (in thousands of gallons)	35,955
Average number of customers billed	403
Average quantity of water used per customer (in thousands of gallons)	89.22
Annual average revenue per customer	\$ 242.47
Average revenue per thousand gallons sold	\$ 2.72

There were 401 residential and 8 commercial water utility customers at September 30, 2004.

**CUSTOMER COST ANALYSIS:**

	<b>September 30, 2004</b>
Quantity of water sold (in thousands of gallons)	
Residential and commercial	35,955
Municipal	27,384
Total	63,339
Operating expenses	\$ 188,640
Adjustments to operating expenses:	
Depreciation	(74,456)
Principal payments on revenue bonds	9,807
Adjusted operating expenses	\$ 123,991
Average cost of operations per 1,000 gallons sold	\$ 1.96
Net cost (Operating expenses net of non-operating income and expenses)	\$ 155,290
Average net cost of operations per 1,000 gallons sold	\$ 2.45

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 4  
COMMENTS ON OPERATIONS OF WATER UTILITY SYSTEM  
SEPTEMBER 30, 2004**

Revenues are derived from the sale of water at the following rates:

**Residential Rates**

First 2,000 gallons or less per month	\$12.60
Over 2,000 gallons	\$1.30 per thousand gallons

**Commercial Rates**

First 10,000 gallons or less per month	\$23.10
Over 10,000 gallons	\$1.30 per thousand gallons

**Municipal Rates**

All consumption	\$1.63 per thousand gallons
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This rate schedule became effective February 2, 2004.

**PARISH OF IBERVILLE, LOUISIANA--WATERWORKS DISTRICT NO. 4  
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

<u>Board Member</u>	<u>Amount</u>
A. O. Persick, President	\$720
Eugene Simpson	660
Morris Nichols	660
Karen Pirie	720
Edward Gant	<u>720</u>
<b>Total Compensation Paid to Board Members</b>	<b><u><u>\$3,480</u></u></b>

PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 4  
 INSURANCE IN FORCE  
 SEPTEMBER 30, 2004  
 (Unaudited)

Insurer	Type of Coverage	Amount	Policy Inception Date	Term in Months
American International	Commercial umbrella	\$1,000,000 each incident \$1,000,000 general aggregate with a \$10,000 self insurance retention	11/17/03	12
Chubb Group of Insurance Companies	Directors and officers liability	\$1,000,000 with a \$1,000 deductible	04/13/04	12
American General	Commercial general liability	\$2,000,000 with a \$500 deductible	11/17/03	12
American International	Boiler and machinery	\$807,210 with a \$500 deductible	11/17/03	12
American International	Hired/hon-owned automobile liability	\$1,000,000 with a \$500 deductible	11/17/03	12
American International	Employee dishonesty	\$100,000 with a \$250 deductible	11/17/03	12



HUGH F. BAXLEY, CPA  
*A Professional Accounting Corporation*

Hugh F. Baxley, CPA/PFS/CVA  
Margaret A. Pritchard, CPA

Board of Waterworks Commissioners of the  
Parish of Iberville, Louisiana - Waterworks District No. 4

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

We have audited the financial statements of the Parish of Iberville, Louisiana - Waterworks District No. 4, a component unit of Iberville Parish Council as of and for the year ended September 30, 2004, and have issued our report thereon dated October 18, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

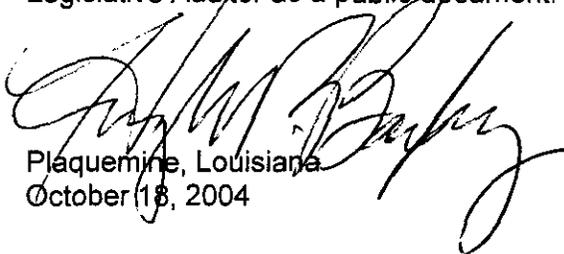
As part of obtaining reasonable assurance about whether the Parish of Iberville, Louisiana - Waterworks District No. 4's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with 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. 4's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

This report is intended solely for the information of the District's board of commissioners, management, the Iberville Parish Council, the Louisiana Legislative Auditor and the United States Department of Agriculture, Rural Development - Rural Utilities Service and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Plaquemine, Louisiana  
October 18, 2004