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**WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA**

FINANCIAL STATEMENTS

Year Ended September 30, 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 1-26-00

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(A Corporation of Certified Public Accountants)

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INDEPENDENT AUDITOR'S REPORT

The Board of Supervisors
Waterworks District No. 6
of the Parish of St. Mary,
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We have audited the accompanying general purpose financial statements of the Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana, a component unit of the St. Mary Parish Council, as of and for the year ended September 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's officials. 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 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year 2000 Issues, requires disclosure of certain matters regarding the year 2000 issue in order for financial statements to be in conformity with generally accepted accounting principles. Such required disclosures include:

- any significant amount of resources committed to make computer systems and other electronic equipment year 2000-compliant;
- a general description of the year 2000 issue, including a description of the stages of work in process or completed as of the end of the reporting period to make computer systems and other electronic equipment critical to conducting operations year 2000-compliant; and
- the additional stages of work necessary for making the computer systems and other electronic equipment year 2000-compliant.

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American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

The District has omitted such disclosures. We do not provide assurance that the District is or will be year 2000 ready, that the District's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the District does business will be year 2000 ready.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana, as of September 30, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated November 12, 1999 on our consideration of the District's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana.

Dannall, Sikes & Frederick
A Corporation of Certified Public Accountants

Morgan City, Louisiana
November 12, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups
September 30, 1999
With Comparative Totals for September 30, 1998

	Governmental Fund Type		Proprietary
	Debt	Capital	Fund Type
	Service	Projects	Enterprise
 ASSETS AND OTHER DEBITS			
Cash	\$ -	\$ -	\$ 31,045
Interest-bearing deposits, at cost	39,496	1,588,600	179,526
Receivables:			
Accounts	-	-	78,561
Accrued interest	-	1,045	-
Prepaid insurance	-	-	11,527
Restricted assets:			
Interest-bearing deposits, at cost	-	-	61,608
Property, plant and equipment	-	-	4,960,175
Accumulated depreciation	-	-	(2,286,349)
Construction in progress	-	-	4,502
Amount available in debt service fund	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
 Total assets and other debits	 \$ 39,496	 \$ 1,589,645	 \$ 3,040,595

<u>Account Group</u> General Long- Term Debt	Totals	
	(Memorandum Only)	
	<u>1999</u>	<u>1998</u>
\$ -	\$ 31,045	\$ 35,589
-	1,807,622	1,989,554
-	78,561	164,270
-	1,045	1,181
-	11,527	14,128
-	61,608	56,353
-	4,960,175	4,498,867
-	(2,286,349)	(2,153,565)
-	4,502	100,448
39,496	39,496	26,525
<u>2,030,504</u>	<u>2,030,504</u>	<u>2,118,475</u>
<u>\$ 2,070,000</u>	<u>\$ 6,739,736</u>	<u>\$ 6,851,825</u>

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups (Continued)
September 30, 1999
With Comparative Totals for September 30, 1998

	Governmental Fund Type		Proprietary
	Debt	Capital	Fund Type
	Service	Projects	Enterprise
 LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 32,359
Bank overdraft	-	-	-
Accrued liabilities	-	-	1,148
Due to St. Mary Parish Council	-	-	9,317
Due to Sewerage District #7	-	-	2,619
Due to City of Franklin	-	-	590
Due to Waterworks and Sewerage District #5	-	-	2,230
Payable from restricted assets -			
Customers' deposits	-	-	61,989
Long-term debt -			
General obligation bonds payable	-	-	-
Total liabilities	-	-	110,252
 Fund equity:			
Contributed capital	-	-	2,360,084
Retained earnings -			
Unreserved, undesignated	-	-	570,259
Fund balance -			
Reserved for debt service	39,496	-	-
Unreserved:			
Designated for subsequent			
periods' expenditures	-	1,589,645	-
Total fund equity	39,496	1,589,645	2,930,343
 Total liabilities and fund equity	 \$ 39,496	 \$ 1,589,645	 \$ 3,040,595

<u>Account Group</u> General Long- Term Debt	Totals (Memorandum Only)	
	1999	1998
\$ -	\$ 32,359	\$ 31,686
-	-	11,254
-	1,148	1,407
-	9,317	9,132
-	2,619	3,264
-	590	318
-	2,230	1,866
-	61,989	56,622
<u>2,070,000</u>	<u>2,070,000</u>	<u>2,145,000</u>
<u>2,070,000</u>	<u>2,180,252</u>	<u>2,260,549</u>
-	2,360,084	1,995,556
-	570,259	693,293
-	39,496	26,525
<u>-</u>	<u>1,589,645</u>	<u>1,875,902</u>
<u>-</u>	<u>4,559,484</u>	<u>4,591,276</u>
<u>\$ 2,070,000</u>	<u>\$6,739,736</u>	<u>\$ 6,851,825</u>

The accompanying notes are an integral part of this statement.

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balance -
All Governmental Fund Types
Year Ended September 30, 1999

	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only) 1999</u>
Revenues:			
Taxes - ad valorem	\$ 216,962	\$ -	\$ 216,962
Miscellaneous	1,917	-	1,917
Interest	<u>-</u>	<u>78,270</u>	<u>78,270</u>
Total revenues	<u>218,879</u>	<u>78,270</u>	<u>297,149</u>
Expenditures:			
Current -			
General government:			
Administrative	7,318	-	7,318
Debt service -			
Principal retirement	75,000	-	75,000
Interest and fiscal charges	<u>123,590</u>	<u>-</u>	<u>123,590</u>
Total expenditures	<u>205,908</u>	<u>-</u>	<u>205,908</u>
Excess of revenues over expenditures	12,971	78,270	91,241
Fund balance, beginning	26,525	1,875,902	1,902,427
Residual equity transfers to enterprise fund	<u>-</u>	<u>(364,527)</u>	<u>(364,527)</u>
Fund balance, ending	<u>\$ 39,496</u>	<u>\$ 1,589,645</u>	<u>\$ 1,629,141</u>

The accompanying notes are an integral part of this statement.

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings
Proprietary Fund Type
Years Ended September 30, 1999 and 1998

	Enterprise Fund	
	1999	1998
Operating revenues:		
Water sales	\$ 541,020	\$ 555,220
Installation	9,117	15,865
Penalties	19,889	19,527
Miscellaneous	<u>40,118</u>	<u>113,346</u>
Total operating revenues	<u>610,144</u>	<u>703,958</u>
Operating expenses:		
Salaries	298,096	274,922
Payroll taxes	22,915	21,978
Chemicals	77,103	87,719
Utilities	66,970	65,875
Insurance	106,339	104,276
Repairs and maintenance	141,535	159,553
Depreciation	137,773	127,206
Other	<u>75,095</u>	<u>90,992</u>
Total operating expenses	<u>925,826</u>	<u>932,521</u>
Operating loss	<u>(315,682)</u>	<u>(228,563)</u>
Nonoperating revenues (expenses):		
Taxes - ad valorem	163,313	168,840
Interest income	7,188	7,016
Sale of assets	-	6,532
Intergovernmental revenue:		
State revenue sharing	<u>22,147</u>	<u>21,793</u>
Total nonoperating revenues	<u>192,648</u>	<u>204,181</u>
Net loss	(123,034)	(24,382)
Retained earnings, beginning	<u>693,293</u>	<u>717,675</u>
Retained earnings, ending	<u>\$ 570,259</u>	<u>\$ 693,293</u>

The accompanying notes are an integral part of this statement.

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Comparative Statements of Cash Flows
Proprietary Fund Type
Years Ended September 30, 1999 and 1998

	Enterprise	
	1999	1998
Cash flows from operating activities:		
Operating loss	<u>\$ (315,682)</u>	<u>\$ (228,563)</u>
Adjustments to reconcile operating loss to net cash used by operating activities -		
Depreciation	137,773	127,206
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	4,666	(11,403)
(Increase) decrease in other assets	2,601	(1,326)
Increase (decrease) in accounts payable and accrued liabilities	(10,664)	12,529
Increase in customer deposits	<u>5,367</u>	<u>4,469</u>
Total adjustments	<u>139,743</u>	<u>131,475</u>
Net cash used by operating activities	<u>(175,939)</u>	<u>(97,088)</u>
Cash flows from noncapital financing activities:		
Ad valorem taxes	163,313	168,840
State revenue sharing received	<u>22,147</u>	<u>21,793</u>
Net cash provided by noncapital financing activities	<u>185,460</u>	<u>190,633</u>
Cash flows from capital and related financing activities:		
Acquisition of utility property, plant and equipment	(370,350)	(426,261)
Proceeds from sale of plant and equipment	-	6,532
Residual equity transfer	<u>364,527</u>	<u>393,915</u>
Net cash used by capital and related activities	<u>(5,823)</u>	<u>(25,814)</u>
Cash flows from investing activities:		
Purchase of interest-bearing deposits	(155,000)	(95,000)
Proceeds from the maturities of interest-bearing deposits	150,000	90,000
Interest received on interest-bearing deposits	<u>7,188</u>	<u>7,016</u>
Net cash provided by investing activities	<u>2,188</u>	<u>2,016</u>
Net increase in cash and cash equivalents	5,886	69,747
Cash and cash equivalents, beginning of year	<u>211,293</u>	<u>141,546</u>
Cash and cash equivalents, end of year	<u>\$ 217,179</u>	<u>\$ 211,293</u>

(Continued)

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Comparative Statements of Cash Flows (Continued)

Years Ended September 30, 1999 and 1998

	Enterprise	
	1999	1998
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash - unrestricted	\$ 35,589	\$ 54,884
Interest-bearing deposits - unrestricted	169,351	79,717
Interest-bearing deposits - restricted	56,353	51,945
Less: Interest-bearing deposits with a maturity over three months	<u>(50,000)</u>	<u>(45,000)</u>
Total cash and cash equivalents	<u>211,293</u>	<u>141,546</u>
Cash and cash equivalents, end of period -		
Cash - unrestricted	31,045	35,589
Interest-bearing deposits - unrestricted	179,526	169,351
Interest-bearing deposits - restricted	61,608	56,353
Less: Interest-bearing deposits with a maturity over three months	<u>(55,000)</u>	<u>(50,000)</u>
Total cash and cash equivalents	<u>217,179</u>	<u>211,293</u>
Net increase	<u>\$ 5,886</u>	<u>\$ 69,747</u>

The accompanying notes are an integral part of this statement.

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana, which is a component unit of the St. Mary Parish Council, was created by an ordinance of the St. Mary Parish Council (formerly Police Jury). The District operates under a Board of Commissioners. The purpose of the District is to provide water utility service to residents within its boundaries.

The accounting and reporting policies of the Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513, the Louisiana Governmental Audit Guide and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

This report includes all funds which are controlled by or dependent on the District Executive and Legislative branches (the Board of Commissioners). Control by or dependence on the District was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

The District is a component unit of the Parish of St. Mary. Although the Parish does not provide facilities or financing, it does exercise some control over operations.

B. Basis of Presentation

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the general purpose financial statements in this report, into three generic fund types and two broad fund categories as follows:

Governmental Fund -

Debt service fund

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital projects fund

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Fund -

Enterprise fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District's enterprise fund is the Utility Fund.

C. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus, and only current assets and current liabilities are generally included on their balance sheets.

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet.

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water Utility:

System	50 years
Equipment	8 years

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting

The proprietary fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Unbilled utility service receivables, resulting from utility services rendered between the date of meter reading and billing and the end of the month, are estimated and recorded at year end.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Ad valorem taxes are recorded in the year in which taxes are assessed. Interest income is recorded when earned, and substantially all other revenues are recorded when received.

E. Statement of Cash Flows

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

F. Bad Debts

Uncollectible amounts due for customers' utility receivables are recognized as bad debts by direct write-off at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible accounts receivable was made due to immateriality.

G. Vacation and Sick Leave

On November 21, 1989, the District adopted an annual vacation and sick leave policy for all full time employees. Vacation varies with the length of service and cannot be carried forward. Sick leave is accrued at a rate of one day per month and is allowed to accumulate up to twelve days. No sick leave is payable on termination. Any liability the District might have in this regard at September 30, 1999, is considered immaterial; therefore, no liability has been recorded in the general purpose financial statements.

H. Interest-Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market.

I. Proprietary Fund Type Accounting

Proprietary fund types follow generally accepted accounting principles (GAAP) prescribed by the Governmental Accounting Standards Board and all applicable FASB pronouncements.

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capitalization of Interest Expense

It is the policy of the District to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. There was no interest capitalized during the fiscal year ended September 30, 1999.

K. Comparative Data

Comparative total data for the prior year have been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in the District's financial position and operations.

L. Total Columns - Memorandum Only

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principals requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds during the reporting period. Actual results may differ from these estimates.

NOTE 2 MEETING EXPENSE

Meeting expense paid to the Board of Supervisors for the year ending September 30, 1999, is as follows:

V. J. St. Blanc	\$ 588
Willie Welch, Jr.	588
Horace Burrell	588
Gerald Bourg	490
Royla Trahan (appointed November 1997)	490
	<u> </u>
	<u>\$ 2,744</u>

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to Financial Statements

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 1999, the District has cash and interest-bearing deposits (book balances) totaling \$1,900,275, as follows:

Demand deposits	\$ 31,045
Money market and savings accounts	469,230
Time deposits	<u>1,400,000</u>
Total	<u>\$ 1,900,275</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at September 30, 1999, are secured as follows:

Bank balances	<u>\$ 1,917,873</u>
Federal deposit insurance	211,637
Pledged securities (Category 3)	<u>2,785,940</u>
Total federal insurance and pledged securities	<u>2,997,577</u>
Excess	<u>\$ 1,079,704</u>

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the District's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 4 RESTRICTED ASSETS

Restricted assets consists of cash pledged for customers deposits collected and retained.

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to Financial Statements

NOTE 5 CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions of the Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana, for the year ended September 30, 1999:

	Obligation
Bonds payable, October 1, 1998	\$ 2,145,000
Bonds retired	75,000
Bond payable, September 30, 1999	\$ 2,070,000

Bonds payable at September 30, 1999 is composed of the following individual issue:

General obligation bonds:

<p>\$2,350,000 1995 Sewerage bonds; due in annual installments of \$75,000 to \$195,000 through March 1, 2015; interest rate of 9 percent per annum; payable by levy and collection of ad valorem taxes</p>	\$ 2,070,000
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The annual requirements to amortize all debt outstanding as of September 30, 1999, including interest payments of \$1,019,748, are as follows:

Year Ending September 30,	General Obligation
2000	\$ 196,615
2001	194,190
2002	191,315
2003	187,990
2004	186,290
2005-2015	2,133,348
	\$3,089,748

NOTE 6 AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the District in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The St. Mary Parish Sheriff bills and collects property taxes for the District using the assessed values determined by the tax assessor of St. Mary Parish.

For the year ended September 30, 1999, 19.28 mills were authorized. Total taxes levied were \$380,276. There was no taxes receivable at September 30, 1999.

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to Financial Statements

NOTE 7 PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant and equipment at September 30, 1999 follows:

Land	\$ 6,926
System	2,643,393
Equipment	<u>2,309,856</u>
	4,960,175
Less: Accumulated depreciation	<u>(2,286,349)</u>
Net proprietary fund type property, plant and equipment	<u>\$ 2,673,826</u>

NOTE 8 RETIREMENT COMMITMENTS

All full-time employees of the Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana, participate in the Parochial Employees' Retirement System of Louisiana (Plan B). This System is a multiple-employer public retirement system (PERS) and is controlled and administered by a separate board of trustees. Pertinent information relative to this plan follows:

Parochial Employees' Retirement System -

Plan members are required to contribute 2.0 percent of their annual covered salary to the system while the District is required to contribute the statutory rate of 1.0 percent of the total annual covered salary. The District's contributions to the system for the years ended September 30, 1999, 1998 and 1997 were \$7,399, \$7,105, and \$11,375 respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Parochial Employees' Retirement System, P. O. Box 14619, Baton Rouge, Louisiana 70898-4619.

NOTE 9 RISK MANAGEMENT

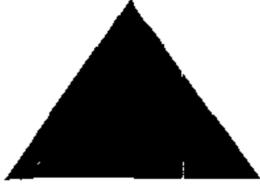
The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The District is insured up to policy limits for each of the above risks. There were no significant changes in coverages, retentions, or limits during the year ended September 30, 1999. Settled claims have not exceeded the commercial coverages in any of the previous three fiscal years.

NOTE 10 PENDING LITIGATION

The District is presently not involved in any litigation.

**SUPPLEMENTAL
INFORMATION**

**INTERNAL CONTROL
AND
COMPLIANCE**



Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Eugene H. Darnall, CPA, Retired 1990

E. Larry Sikes, CPA, CVA
Danny P. Frederick, CPA
Clayton E. Darnall, CPA
Eugene H. Darnall, III, CPA
Paula D. Bibbi, CPA
Stephanie M. Higginbotham, CPA

Jennifer S. Ziegler, CPA
Chris A. Miller, CPA
John P. Armato, CPA

Kathleen T. Darnall, CPA
Stephen R. Dischler, MBA, CPA
Alan M. Taylor, CPA
Christine A. Raspberry, CPA
Steven G. Moosa, CPA
Erich G. Loewer, Jr., CPA
Erich G. Loewer, III, CPA
Danny P. Pontiff, CPA
Tamera T. Landry, CPA
Carla R. Fontenot, CPA
Raegan D. Stelly, CPA
Jason H. Watson, CPA

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

Other Locations:

125 Rue Beauregard
Lafayette, LA 70508
318.732.3312

1231 E. Laurel Avenue
Lunice, LA 70535
318.457.4146

1201 Brashear Avenue
Suite 301
Morgan City, LA 70380
504.384.6264

404 Pere Megret
Abbeville, LA 70510
318.893.5470

dsfepas.com

The Board of Supervisors
Waterworks District No. 6
of the Parish of St. Mary,
State of Louisiana

We have audited the financial statements of the Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana, a component unit of the St. Mary Parish Council, as of and for the year ended September 30, 1999, and have issued our report thereon dated November 12, 1999, which was qualified due to the omission of the year 2000 disclosures that are required by Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year 2000 Issues. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana'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 the Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana'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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with assertions of management in the financial statements. The

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reportable condition is described in the accompanying schedule of findings and questioned costs as item 99-1.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses, as defined above. However, we believe the reportable condition described above as 99-1 is a material weakness.

This report is intended for the information and use of the District's management and is not intended to be and should not be used by anyone other than those specified parties.

Darnall, Sikes & Frederick
A Corporation of Certified Public Accountants

Morgan City, Louisiana
November 12, 1999

OTHER SUPPLEMENTARY INFORMATION

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Comparative Schedules of Other Operating Expenses
Enterprise Fund
Years Ended September 30, 1999 and 1998

	1999	1998
Other expenses:		
Advertising	\$ 1,457	\$ 659
Assessor's compensation	5,049	5,415
Bad debts	2,054	235
Meeting expense	2,744	2,695
Engineering	8,400	8,400
Legal and accounting	6,169	6,284
Miscellaneous	5,327	11,262
Office supplies	15,025	12,780
Retirement	7,399	7,105
Sales and use taxes	12,925	14,737
Supplies	3,928	14,216
Truck expense	4,618	7,204
Total other expenses	\$ 75,095	\$ 90,992

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Schedule of Number of Utility Customers
(Unaudited)
September 30, 1999

Records maintained by the District indicated the following number of water customers were being served during the month of September:

1999	2325
1998	2271

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Schedule of Insurance in Force
(Unaudited)
September 30, 1999

<u>Description of Coverage</u>	<u>Coverage Amounts</u>
Comprehensive general liability, bodily injury and property damage/combined single limit	\$ 500,000
Surety bonds -	
Keith LeBlanc	10,000
Mary Ann Blanchard	1,000
Meter reader	1,000
Independent agent	1,000
Public officials and employees errors and omissions	2,000,000
Workmen's compensation -	statutory
Employer liability	100,000
Business auto (hired and non-owned)	300,000
Building, plant, and equipment	1,741,950

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Schedule of Interest-Bearing Deposits
September 30, 1999

	<u>Term</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Proprietary Fund:				
Operating assets - Savings	N/A	N/A	various	\$ <u>179,526</u>
Restricted assets -				
Insured money market	N/A	N/A	various	6,608
Certificate of deposit - Hibernia Bank	365 days	7/26/2000	5.10%	<u>55,000</u>
				<u>61,608</u>
Total proprietary fund				<u>241,134</u>
Debt Service Fund:				
Insured money market	N/A	N/A	various	<u>39,496</u>
Total debt service fund				<u>39,496</u>
Capital Projects Fund:				
Certificate of deposit - Regions Bank	365 days	12/18/1999	4.05%	100,000
Certificate of deposit - Regions Bank	365 days	1/17/2000	4.15%	100,000
Certificate of deposit - Regions Bank	365 days	1/16/2000	4.15%	100,000
Certificate of deposit - Regions Bank	365 days	2/16/2000	4.15%	100,000
Certificate of deposit - Regions Bank	365 days	3/18/2000	4.15%	100,000
Certificate of deposit - Regions Bank	365 days	6/16/2000	4.15%	100,000
Certificate of deposit - Regions Bank	365 days	7/16/2000	4.211%	100,000
Certificate of deposit - Regions Bank	365 days	7/13/2000	4.259%	100,000
Certificate of deposit - Regions Bank	16 months	1/17/2001	5.20%	100,000
Certificate of deposit - Regions Bank	15 months	12/17/2000	5.15%	100,000
Certificate of deposit - Regions Bank	13 months	10/20/2000	5.10%	100,000
Certificate of deposit - Regions Bank	365 days	9/20/2000	5.10%	100,000
Certificate of deposit - Regions Bank	14 months	11/20/1999	5.15%	100,000
Certificate of deposit - Regions Bank	17 months	2/20/2001	5.20%	45,000
Insured money market	N/A	N/A	various	<u>243,600</u>
Total capital projects fund				<u>1,588,600</u>
Total - all funds				<u>\$ 1,869,230</u>

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Summary Schedule of Prior Year Findings
September 30, 1999

98-1 Finding: Inadequate Segregation of Accounting Functions

Status: This finding is unresolved. See current year finding 99-1.

98-2 Finding: Unsecured Deposits

Status: This finding only applied to the year ended September 30, 1998.

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Schedule of Findings and Questioned Costs
September 30, 1999

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report -- Financial Statements

A qualified opinion has been issued on Waterworks District No. 6's financial statements as of and for the year ended September 30, 1999.

Reportable Conditions -- Financial Statements

One reportable condition in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as item 99-1 in Part 2 and is a considered material weakness.

Material Noncompliance -- Financial Reporting

There were no material instances of noncompliance noted during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended September 30, 1999.

Part 2: Findings Relating to an Audit in Accordance with Governmental Auditing Standards

99-1 Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of accounting personnel, the District did not have adequate segregation of functions within the accounting systems.

Recommendation:

Based upon the size of the operation and the cost benefit of additional personnel it may not be feasible to achieve complete segregation of duties.

Part 3: Findings and Questioned Costs Relating to Federal Programs

At September 30, 1999, the District did not meet the requirements to have a single audit in accordance with OMB Circular A-133, therefore this section is not applicable.

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Management's Corrective Action Plan For Current Year Findings
September 30, 1999

Response to Finding 99-1:

No response is considered necessary.