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**ST. MARTIN PARISH WATERWORKS DISTRICT NO. 3**  
Cade, Louisiana

**ANNUAL FINANCIAL REPORT**

For the Year Ended December 31, 2009

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 8/4/10

**ST. MARTIN PARISH WATERWORKS DISTRICT NO. 3**  
Cade, Louisiana

December 31, 2009

TABLE OF CONTENTS

	<u>Page No.</u>
Accountants' Review Report	1
<b>BASIC FINANCIAL STATEMENTS</b>	<b>2</b>
Statements of net assets	3
Statements of revenues, expenses, and changes in net assets	4
Statements of cash flows	5
Notes to basic financial statements	6-16
<b>SUPPLEMENTARY INFORMATION</b>	
Independent Accountants' Report on Applying Agreed- Upon Procedures	17-20
Louisiana Attestation Questionnaire	21-22
Summary schedule of current and prior year findings and corrective action plan	23-24

# MARAIST & MARAIST

CERTIFIED PUBLIC ACCOUNTANTS

(A PARTNERSHIP OF PROFESSIONAL ACCOUNTING CORPORATIONS)

1411 N. MAIN STREET

ST. MARTINVILLE, LOUISIANA 70582

TELEPHONE: (337) 394-5571 • FAX: (337) 394-1720

CHARLES M. MARAIST, CPA \*

REGINA B. MARAIST, CPA \*

\* A PROFESSIONAL ACCOUNTING CORPORATION

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

## ACCOUNTANTS' REVIEW REPORT

To the Board Members of the  
Waterworks District No. 3 of  
St. Martin Parish, Louisiana  
Cade, Louisiana

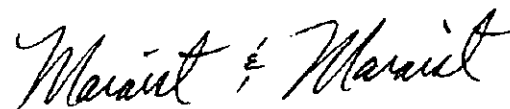
We have reviewed the accompanying financial statements of the business-type activities of the Waterworks District No. 3 of St. Martin Parish, Louisiana (District), a component unit of the St. Martin Parish Government, as of and for the year ended December 31, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the District's management.

A review consists principally of inquiries of District personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated June 24, 2010, on the results of our agreed-upon procedures presented on pages 17-20. Pages 21-24 present the Louisiana Attestation Questionnaire and the Status of Prior and Current Year Findings.

Management has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be part of, the basic financial statements.



MARAIST & MARAIST  
CERTIFIED PUBLIC ACCOUNTANTS

June 24, 2010

**BASIC FINANCIAL STATEMENTS**

**ST. MARTIN PARISH WATERWORKS DISTRICT NO. 3**  
**STATEMENT OF NET ASSETS**  
December 31, 2009

<u>ASSETS</u>	<u>12/31/09</u>
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 70,964
Accounts receivable	36,752
Prepaid expenses	4,876
Total current assets	\$ 112,592
<b>Restricted Assets:</b>	
Cash and cash equivalents	217,250
<b>Capital Assets:</b>	
Land	198,000
Water system and equipment, net of accumulated depreciation	3,691,971
Total capital assets	3,889,971
<b>TOTAL ASSETS</b>	<b>\$ 4,219,813</b>
<u>LIABILITIES AND NET ASSETS</u>	
<b>Current Liabilities (from current assets):</b>	
Accounts payable	\$ 6,193
Intergovernmental payables – St. Martin Parish Gov't.	403,848
Total current liabilities (from current assets)	\$ 410,041
<b>Current Liabilities (from restricted assets):</b>	
Customer deposits	\$ 46,992
Accrued interest payable	3,397
Notes payable-RDA (current portion)	23,846
Total current liabilities (from restricted assets)	\$ 74,235
<b>Long-Term Liabilities:</b>	
Notes Payable-RDA (long-term portion)	\$ 1,848,144
Total Liabilities	\$ 2,332,420
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	\$ 2,014,584
Restricted for debt service/contingency	126,788
Unrestricted/ (Deficit)	(253,979)
Total Net Assets	\$ 1,887,393
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,219,813</b>

See accompanying notes and accountants' review report.

**ST. MARTIN PARISH WATERWORKS DISTRICT NO. 3**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS**  
For the Year Ended December 31, 2009

<u>OPERATING REVENUES:</u>	<u>FYE 12/31/2009</u>
Water sales and related fees	\$ 349,980
<u>OPERATING EXPENSE:</u>	
Payroll expenses	\$ 18,918
Insurance expense	10,674
Repair and maintenance	28,227
Chemicals	52,984
Computer & internet	3,354
Depreciation expense	103,251
Professional fees	24,141
Supplies	12,324
Telephone	2,244
Utilities	15,381
Contractual services	5,622
Office expense	7,451
Equipment rental	3,000
Sewerage fees	39,196
Miscellaneous expenses	6,955
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 333,722</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>\$ 16,258</b>
<u>NONOPERATING REVENUES/(EXPENSES)</u>	
Interest Income	\$ -0-
Interest expense	84,593
<b>TOTAL NONOPERATING REVENUES/EXPENSES</b>	<b>\$ 84,593</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (68,335)</b>
<b>NET ASSETS, BEGINNING</b>	<b>1,955,728</b>
<b>NET ASSETS, ENDING</b>	<b>\$ 1,887,393</b>

See accompanying notes and accountants' review report.

**ST. MARTIN PARISH WATERWORKS DISTRICT NO. 3**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2009

	FYE 12/31/09
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 374,941
Payments to suppliers	(18,918)
Payments to employees	<u>(222,231)</u>
Net cash provided/(used) by operating activities	<u>\$ 133,792</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>	-0-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Repayment of loan principal	\$ (22,799)
Interest paid on bonds/notes payable	(84,799)
Acquisition of capital assets	<u>(1,730)</u>
Net cash provided by capital and related financing activities	<u>\$ (109,328)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>\$ -0-</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	\$ 24,464
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>263,750</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 288,214</u>
<b>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES</b>	
Operating income/(loss)	\$ 16,258
Adjustments to reconcile operating income to net cash provided/(used) by operating activities:	
Depreciation expense	\$ 103,251
Changes in net assets and liabilities:	
Receivables, net	\$ 6,992
Prepaid expenses	(41)
Accounts payable	5,447
Customer deposits	17,969
Intergovernmental payables	<u>(16,084)</u>
Net cash provided/(used) by operating activities	<u>\$ 133,792</u>
Reconciliation of Total Cash:	
Current assets – cash	\$ 70,964
Restricted assets – cash	<u>217,250</u>
<b>Total Cash</b>	<u>\$ 288,214</u>

See accompanying notes and accountants' review report.

**ST. MARTIN PARISH WATERWORKS DISTRICT NO. 3**  
Cade, Louisiana  
**Notes to Financial Statements**  
December 31, 2009

(1) GENERAL STATEMENT & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The Waterworks District No. 3 of St. Martin Parish, Louisiana is a component unit of the St. Martin Parish Government. The waterworks district was established in 2001 as authorized by Chapter 9 of Title 33 of the Louisiana Revised Statutes of 1950, to acquire and make improvements to the Cade Water System, in order to provide the rural areas of Southwestern St. Martin Parish with a quality water supply and distribution system to supply rural residents with potable drinking water for domestic, livestock, garden, industrial and commercial purposes. The basic operations of the Waterworks District are financed by charges to customers based upon water consumption. The Waterworks District is governed by a board of control composed of five members which is appointed by the parish government. The members of the board of control serve without compensation.

Summary of Significant Accounting Policies

The accounting and reporting policies of the Waterworks District #3 of St. Martin Parish (the Waterworks District) conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The following significant accounting policies were applied in the preparation of the accompanying financial statements:

(A) Financial Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Martin Parish Government is the financial reporting entity for St. Martin Parish. The financial reporting entity consists of (a) the primary government (Parish Government), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting authority for generally accepted accounting principles as applied to



**ST. MARTIN PARISH WATERWORKS DISTRICT NO. 3**  
Cade, Louisiana  
**Notes to Financial Statements**  
December 31, 2009

governmental entities. Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the St. Martin Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and;
  - a. The ability of the parish government to impose its will on that organization and/or;
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the parish government.
2. Organizations for which the parish government does not appoint a voting majority but are fiscally dependent on the parish government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Parish Government appoints the District's governing body, the St. Martin Parish Waterworks District No. 3 was determined to be a component unit of the St. Martin Parish Government, the financial reporting entity. This report is comprised of a proprietary fund that is administered by the District's Board of Directors, and controlled by the St. Martin Parish Government. The accompanying financial statements present information only on the proprietary fund maintained by the District and do not present information on the Parish Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**(B) Basis of Presentation (Government-Wide Financial Statements)**

The accompanying financial statements of the Waterworks District No. 3 of St. Martin Parish have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District applies all applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions

**ST. MARTIN PARISH WATERWORKS DISTRICT NO. 3**  
Cade, Louisiana  
**Notes to Financial Statements**  
December 31, 2009

issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The statement of net assets, and related statements of revenues, expenses, and changes in fund net assets, and cash flows display information about the reporting government, as a whole. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Waterworks District No. 3 of St. Martin Parish, Louisiana does not have governmental activities. Its operation is a business-type activity.

**(C) Fund Accounting**

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The District maintains only one fund and it is described below:

Proprietary Fund –

Enterprise Fund

The Enterprise fund is 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.

**(D) Measurement Focus/Basis of Accounting**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

**ST. MARTIN PARISH WATERWORKS DISTRICT NO. 3**  
Cade, Louisiana  
**Notes to Financial Statements**  
December 31, 2009

**Measurement Focus**

The enterprise fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

**Basis of Accounting**

The proprietary fund statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions.”

Purchases of operating supplies are regarded as expenditures at the time purchased and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year, unless material.

Proprietary funds are reported in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. This standard requires that all applicable GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretation, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, be applied to proprietary activities unless they (FASB Statements and Interpretations, APB Opinions, and ARBs) conflict with or contradict GASB pronouncements.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principle operating revenues for proprietary funds are charges to customers for sales or services. Principle operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

GASB Statement No. 20 also states that for proprietary activities, management may elect to apply all FASB Statements and Interpretations issued after

**ST. MARTIN PARISH WATERWORKS DISTRICT NO. 3**  
 Cade, Louisiana  
**Notes to Financial Statements**  
 December 31, 2009

November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Proprietary activities under the control of the District have elected not to apply FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by GASB.

**(E) Budget Accounting**

The St. Martin Parish Waterworks District No. 3 is not required to adopt a budget for its proprietary fund under Louisiana Revised Statute 39:1303.

**(F) Encumbrances**

The St. Martin Parish Waterworks District No. 3 does not employ the encumbrance system of accounting.

**(G) Compensated Absences**

The Waterworks District does not grant compensated absences to any of its employees, either in the form of sick leave or vacation leave.

**(2) CASH AND CASH EQUIVALENTS:**

For purposes of the statements of cash flows, the Waterworks District No. 3 considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash equivalents on deposit with banks are fully secured through the pledge of bank-owned securities or federal deposit insurance. 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.

The carrying amount of cash and cash equivalents are displayed on the balance sheet as follows:

	<u>Book Balance</u>
<u>Unrestricted</u>	<u>12/31/09</u>
Revenue account – checking	\$ 70,964
<u>Restricted</u>	
Reserve note fund – checking	63,394
Contingency account – checking	63,394
Meter deposit fund – checking	36,049
Security deposit fund – checking	54,413
	\$ 288,214

**ST. MARTIN PARISH WATERWORKS DISTRICT NO. 3**  
 Cade, Louisiana  
**Notes to Financial Statements**  
 December 31, 2009

Deposits with banks are categorized to give an indication of the level of risk at December 31, 2009 as follows:

	12/31/09
Federal Insurance(FDIC)	\$ 288,414

(3) ACCOUNTS RECEIVABLE AND UNCOLLECTIBLE CHARGES

The Waterworks District No. 3 does not maintain an allowance for estimated uncollectible accounts. When an account is determined uncollectible it is deducted from the accounts receivable and charged against customer deposits initially, and the remaining balance charged to uncollectible water revenues. Due to the small monetary amounts involved, and the availability of customer deposits to offset against any unpaid water bills, this method yields results which are not materially different from the allowance method of accounting for uncollectible receivables.

St. Martin Waterworks District No. 3's accounts receivable consist of uncollected billed utility services. An accounts receivable aging schedule, together with pertinent water system operating data, is as follows:

<u>Days</u>	<u>12/31/09</u>
	<u>Amounts</u>
0-90	\$ 32,542
91 and older	4,210
<u>Total</u>	<u>\$ 36,752</u>
Breakdown of customers:	
Residential	1,022
Commercial	72
<u>Total</u>	<u>1,094</u>

The present water rates are as follows:

Residential monthly billing	
First 2,000 gallons (minimum)	\$13.27
Over 2,000 gallons (per 1,000 gallons)	\$2.95

(4) CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical costs or estimated historical cost. Contributed assets are

**ST. MARTIN PARISH WATERWORKS DISTRICT NO. 3**  
Cade, Louisiana  
**Notes to Financial Statements**  
December 31, 2009

reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-30 years
Water System	40-50 years
Furniture, Fixtures & Equipment	5-10 years
Improvements	20-25 years

Interest costs during construction are not capitalized.

The following is a summary of the capital assets of the Proprietary Fund at December 31, 2009:

	Beginning Balance 01/01/09	Increases	Decreases	Ending Balance 12/31/09
Capital assets not being depreciated:				
Land	\$ 198,000			\$ 198,000
Other capital assets:				
Office equipment		1,731		1,731
Treatment plants and buildings and water distribution system	4,119,627			4,119,627
Totals	<u>\$ 4,317,627</u>	<u>1,731</u>		<u>\$ 4,319,358</u>
Less: Accumulated depreciation for Treatment plants and buildings and water distribution system	\$ 326,135	\$ 103,251		\$ 429,386
Total accumulated depreciation	<u>\$ 326,135</u>	<u>\$ 103,251</u>		<u>\$ 429,386</u>
Capital assets, net	<u>\$ 3,991,492</u>	<u>\$ (101,520)</u>		<u>\$ 3,889,972</u>

ST. MARTIN PARISH WATERWORKS DISTRICT NO. 3  
Cade, Louisiana  
**Notes to Financial Statements**  
December 31, 2009

(5) LONG-TERM OBLIGATIONS

The following is a summary of the long-term debt transactions and balances of the Waterworks District No. 3.

	Balance 12/31/09
\$1,390,000 Water Revenue Bonds Series 2004, due in monthly installments of \$6,310.60 through January 16, 2044, bearing interest of 4 1/2%, to be retired from excess annual water revenues.	\$ 1,317,502
\$431,000 Water Revenue Bonds Series 2004, due in monthly installments of \$1,956.74 through January 16, 2044, bearing interest of 4 1/2%, to be retired from excess annual water revenues.	408,521
\$154,000 Water Revenue Bonds Series 2004, due in monthly installments of \$699.16 through January 16, 2044, bearing interest of 4 1/2% to be retired from excess annual water revenues.	145,968
Total	1,871,991
<u>Long-Term Debt:</u>	
Balance—12/31/08	\$ 1,894,790
Principal reductions-FYE 12/09	(22,799)
Balance—12/31/09	\$ 1,871,991

**ST. MARTIN PARISH WATERWORKS DISTRICT NO. 3**  
Cade, Louisiana

**Notes to Financial Statements**  
December 31, 2009

The annual requirements to amortize all revenue bonds outstanding at December 31, 2009, are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Totals</u>
2010	\$ 107,598
2011	107,598
2012	107,598
2013	107,598
2014	107,598
2015—2019	537,990
2020—2024	537,990
2025—2029	537,990
2030—2034	537,990
2035—2039	537,990
Thereafter	<u>439,358</u>
 Total principal & interest	 \$ 3,667,298
 Less: Interest	 <u>1,795,307</u>
 Balance at December 31, 2009	 <u>\$ 1,871,991</u>

(6) RESTRICTED ASSETS

Certain assets of the Waterworks District No. 3 are restricted under the terms of the Loan Resolution Security Agreement with the United States Office of Rural Development. All funds received shall be pledged for the purpose of the following funds and shall be set aside into the following separate accounts:

All revenue received shall be set aside in an account to be designated as the General Revenue Account. The General Revenue Account shall be used to make the monthly debt service payments plus operating and maintenance expenses.

From the remaining funds in the General Revenue Account there shall be set aside into an account designated as the Reserve Account the sum of \$449 each month until there is accumulated in that account the sum of \$107,598 after which deposits may be suspended, except to replace withdrawals. Similarly, there shall be set aside into an account designated as the Contingency Account the sum of \$449 each



**ST. MARTIN PARISH WATERWORKS DISTRICT NO. 3**  
Cade, Louisiana  
**Notes to Financial Statements**  
December 31, 2009

month the amount on deposit in the Reserve Account reaches \$107,598, after which deposits into the Contingency Account will increase to \$897 per month.

All of the revenues received in any fiscal year and that are not required to be paid into any of the above noted funds in such fiscal year shall be regarded as surplus and may be used for any lawful purpose.

Restricted assets also include the customer deposit accounts, which represent refundable deposits collected from customers requesting service connection. The customer deposit accounts totaled \$90,462 at December 31, 2009. There is an amount due the general revenue account from the customer deposit accounts in the amount of \$43,470 at December 31, 2009.

At December 31, 2009 the District was in arrears in funding its water revenue bond reserve and contingency accounts in the aggregate amount of \$17,205. This arrearage was fully funded in January, 2010. Additionally, the district did not timely submit annual financial reports in accordance with the United States Department of Agriculture Office of Rural Development loan agreement for the current or prior fiscal years.

(7) RETIREMENT PLANS

All employees of the Waterworks District are members of the Social Security Retirement System. No supplemental retirement or pension plans are maintained or provided by the Waterworks District.

(8) RISK MANAGEMENT

The Waterworks District is exposed to risks of loss in the areas of health care, workers' compensation, general and auto liability, and property hazards. These risks are handled by purchasing commercial insurance. There have been no significant reductions in these insurance coverages during the current fiscal year, nor have settlements exceeded insurance coverage for the current or prior two fiscal years. A summary of coverage maintained at December 31, 2009 consists of:

**ST. MARTIN PARISH WATERWORKS DISTRICT NO. 3**  
*Cade, Louisiana*  
**Notes to Financial Statements**  
December 31, 2009

<u>Coverage Provided For</u>	<u>Limits of Coverage (in dollars)</u>	<u>Description of limits</u>	<u>Expiration Date</u>
Fidelity Bond	\$ 101,000	Per officer	03/24/10
Commercial General Liability	\$ 1,000,000	Each occurrence	07/02/10
	\$ 100,000	Fire damage limit	
	\$ 5,000	Medical expense limit	
	\$ 1,000,000	Personal injury limit	
	\$ 3,000,000	General aggregate limit	
	\$ 1,000,000	Products – completed operations aggregated	
Commercial Property	\$ 1,306,669	Buildings, water wells, and tanks	07/02/10
Commercial Auto Coverage	\$ 1,000,000	Liability	07/02/10
	\$ 1,000,000	Uninsured motorist	
Workers Compensation	\$ 500,000	Bodily injury	07/23/10

(9) CONTINGENT LIABILITIES

The Waterworks District has no contingent liability exposure of which management is aware as of 12/31/09.

(10) ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Depreciation is considered an estimate.

(11) COMPENSATION OF BOARD MEMBERS

The board of control consists of five members, who do not receive compensation, as follows:

- Roland Kerlegan – President
- Greta Pinkney – Board Member
- Cynthia Robertson – Board Member
- Luke Delahoussaye – Board Member
- David Courville – Board Member

**MARAIST & MARAIST**  
CERTIFIED PUBLIC ACCOUNTANTS  
(A PARTNERSHIP OF PROFESSIONAL ACCOUNTING CORPORATIONS)  
1411 N. MAIN STREET  
ST. MARTINVILLE, LOUISIANA 70582  
TELEPHONE: (337) 394-5571 • FAX: (337) 394-1720

CHARLES M. MARAIST, CPA \*  
REGINA B. MARAIST, CPA \*  
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MEMBERS  
AMERICAN INSTITUTE OF  
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LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Board Members of the Waterworks  
District No. 3 of St. Martin Parish, Louisiana  
Cade, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Waterworks District No. 3 of St. Martin Parish and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the District's compliance with certain laws and regulations during the year ended December 31, 2009 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1-Select all expenditures made during the year for materials and supplies exceeding \$20,000 or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA RS 38:2211-2251(the public bid law).

Expenditures made during the year ended December 31, 2009 for water treatment chemicals exceeded \$20,000. These purchases were made at state contract price(LA Contract No. 407898). There were no expenditures for public works exceeding \$100,000.

Code of Ethics for Public Officials and Public Employees

2-Obtain from management a list of the immediate family members of each board member as defined by LSA RS-42:1101-1124(the code of ethics), and a list of the outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required listing, including the noted information.

3-Obtain from management a listing of all employees paid during the period under examination.

Management provided a listing of all employees paid.

4-Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management in agreed-upon procedure (3) appeared on the list provided by management in agreed-upon procedure (2).

### Budgeting

5-Obtain a copy of the legally adopted budget and all amendments.

Waterworks District No. 3's operations are accounted for in an enterprise fund, which is not required to adopt a budget.

6-Trace the budget adoption and amendments to the minute book.

Not applicable, see step 5.

7-Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

Not applicable, see step 5.

### Accounting and Reporting

8-Randomly select 6 disbursements made during the period under examination and:

a-Trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

b-Determine if payments were properly coded to the correct fund and general ledger account; and

All of the payments were properly coded to the correct fund and general ledger account.

c-Determine whether payments received approval from proper authorities.

All of the payments received approval from proper authorities.

### Meetings

9-Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12(the open meetings law).

Inquiries of management found that notices of each respective meeting's time, place and agenda were posted at the District's business office. The January, 2010 meeting notice was observed by the reviewer.

### Debt

10-Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits, which appeared to be proceeds of bank loans, bonds, or like indebtedness.

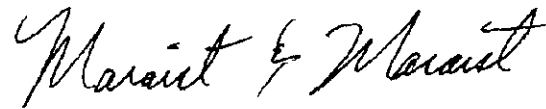
### Advances and Bonuses

11-Examine payroll records and minutes for the year to determine whether any payments have been made to employees, which may constitute bonuses, advances, or gifts.

A reading of the minutes of the District for the year indicated no approval for any such payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Waterworks District No. 3 of St. Martin Parish, Louisiana and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



MARAIST & MARAIST  
CERTIFIED PUBLIC ACCOUNTANTS

June 24, 2010

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Government)**

May 12, 2010 (Date Transmitted)

Maraist & Maraist, CPA's  
1411 North Main Street  
St. Martinville, LA 70582

In connection with your review of our financial statements as of December 31, 2009 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of May 12, 2010.

**Public Bid Law**

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.  
Yes [ X ] No [ ]

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.  
Yes [ X ] No [ ]

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.  
Yes [ X ] No [ ]

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-16), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.  
Yes [ X ] No [ ]

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.  
Yes [ X ] No [ ]

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.  
Yes [ ] No [ X ]

We have had our financial statements reviewed in accordance with R.S. 24:513.  
Yes [ ] No [ X ]

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in R. S. 42:1 through 42:13.

Yes [ X ] No [ ]

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes [ X ] No [ ]

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes [ X ] No [ ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

May 12, 2010  
\_Date

Secretary

[Signature]

Treasurer

\_Date

5/12/2010  
Date

President

[Signature]



**WATERWORKS DISTRICT NO. 3**  
Of St. Martin Parish, Louisiana

**Schedule of Current and Prior Year Findings And  
Management's Corrective Action Plan**  
Year Ended December 31, 2009

I. Current Year Findings:

Internal Control:

09/1-Inadequate Segregation of Accounting Duties

Finding:

Due to the small number of employees, the Water System did not have adequate segregation of functions within the accounting system.

Management's Corrective Action Plan:

The Water System has determined that it is not cost effective to completely segregate accounting functions. However, management will periodically review the financial records to insure that their integrity is maintained. No management plan beyond this periodic review is considered necessary.

Compliance:

09/2-Delinquent Financial Statement Report

Finding:

The District did not prepare and submit its required financial statement reports for 2006 thru 2008 as required by Louisiana RS 24:513 and USDA Office of Rural Development Loan requirements. Also, the USDA loan agreement requirement for current year report submission within two months of the close of the District's year end was not met.

Management's Corrective Action Plan:

Management will henceforth engage for timely annual submission of its required financial reports, and will insure that the District is in compliance with timely filing and/or extensions of time for filing required annual financial reports.

**WATERWORKS DISTRICT NO. 3**  
Of St. Martin Parish, Louisiana

**Schedule of Current and Prior Year Findings And  
Management's Corrective Action Plan(Continued)**  
Year Ended December 31, 2009

09/3-Insufficient Loan Contingency/Reserve Deposits

Finding:

At December 31, 2009, the District had not adequately funded the USDA Office of Rural Development loan reserve and loan contingency deposit accounts.

Management's Corrective Action Plan:

A corrective deposit was made to both the contingency and reserve accounts on January 27, 2010 to fully fund both accounts to December 31, 2009 required levels. In the future, management intends to fully fund the required loan reserve and contingency accounts on a monthly basis, in accordance with the USDA loan requirements.

II. Prior Year Findings:

There were no prior year findings(initial report submission).