

Financial Report
Consolidated Waterworks District No. 1
of the Parish of Terrebonne,
State of Louisiana
June 30, 2001

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Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana

June 30, 2001

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Consolidated Waterworks District No. 1 of the
Parish of Terrebonne, State of Louisiana,
Houma, Louisiana.

We have audited the accompanying general-purpose financial statements of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with 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 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.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana, as of June 30, 2001, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 17, 2001 on our consideration of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana'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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
August 17, 2001.

BALANCE SHEET

Consolidated Waterworks District No. 1 of the Parish of Terrebonne State of Louisiana

June 30, 2001

ASSETS

Current

Cash and cash equivalents	\$ 3,351,693
Accounts receivable:	
Customers	511,512
Unbilled water sales	709,460
Other	11,364
Due from State of Louisiana	98,784
Interest receivable	16,370
Inventory of materials and supplies	299,901
Prepaid insurance	136,725
Prepaid maintenance	303,517
Deferred charge - bond issuance cost	23,691
Deferred charge - cost of consolidation	8,518
	<hr/>
Total current assets	5,471,535

Restricted Cash and Cash Equivalents

Meter Deposit Fund	1,573,122
Revenue Bond Sinking Fund	913,591
Bond Reserve Fund	2,268,545
Depreciation and Contingencies Fund	1,812,902
Group Insurance Fund	264,340
	<hr/>
Total restricted cash and cash equivalents	6,832,500

Noncurrent

Deposit	24,885
Prepaid maintenance	336,980
Deferred charge - bond issuance cost	171,529
Deferred charge - cost of consolidation	17,035
	<hr/>
Total noncurrent assets	550,429

Property, Plant and Equipment - Net

	<hr/>
	63,140,159
	<hr/>

Total assets \$ 75,994,623

See notes to financial statements.

LIABILITIES**Current**

Payable from current assets:

Accounts payable and accrued expenses	\$ 329,870
Contracts payable	473,956

Total current liabilities payable from current assets	803,826
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Payable from restricted assets:

Accrued interest on bonds	190,258
Bonds payable within one year (net of \$34,007 unamortized bond discount)	1,050,993
Meter deposits	1,573,122

Total current liabilities payable from restricted assets	2,814,373
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Total current liabilities	3,618,199
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Long-term

Bonded debt (net of \$233,448 unamortized bond discount)	20,301,552
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Total liabilities	23,919,751
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FUND EQUITY**Contributed Capital**

Contributed Capital	44,065,622
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Retained Earnings

Reserved for:

Revenue bond debt service	1,279,071
Renewal and replacement	1,812,902
Group insurance	264,340

Total reserves	3,356,313
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Unreserved

Unreserved	4,652,937
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Total retained earnings	8,009,250
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Total fund equity	52,074,872
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Total liabilities and fund equity	\$ 75,994,623
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**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS (BUDGET AND ACTUAL)**

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
OPERATING REVENUES			
Revenues from water sales and services	\$ 9,783,250	\$ 9,941,703	\$ 158,453
Other operating revenues	142,000	148,989	6,989
	<u>9,925,250</u>	<u>10,090,692</u>	<u>165,442</u>
OPERATING EXPENSES			
Personal services	3,049,100	3,018,017	31,083
Supplies and materials	1,022,050	1,080,883	(58,833)
Other services and charges	2,691,500	2,756,344	(64,844)
Depreciation and amortization	2,246,198	2,245,825	373
	<u>9,008,848</u>	<u>9,101,069</u>	<u>(92,221)</u>
Operating income	<u>916,402</u>	<u>989,623</u>	<u>73,221</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	515,000	554,800	39,800
Bond interest	(1,157,995)	(1,157,995)	-
Liquidated damages	-	50,612	50,612
Amortization of bond discount and issuance cost	(60,504)	(60,504)	-
Amortization of cost of consolidation	(8,518)	(8,518)	-
	<u>(712,017)</u>	<u>(621,605)</u>	<u>90,412</u>
NET INCOME	<u>\$ 204,385</u>	368,018	<u>\$ 163,633</u>
RETAINED EARNINGS			
Beginning of year		<u>7,641,232</u>	
End of year		<u>\$ 8,009,250</u>	

See notes to financial statements.

STATEMENT OF CASH FLOWS**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2001

CASH FLOWS FROM OPERATING ACTIVITIES

Operating income	\$ 989,623
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,944,664
Amortization:	
Tank maintenance	231,534
Water filters	69,627
(Increase) decrease in assets:	
Accounts receivable	(126,308)
Due from State of Louisiana	(98,784)
Inventory of material and supplies	(22,200)
Prepaid insurance	(14,369)
Reimbursement due from insurance company	94,287
Deposit	(24,885)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(9,351)
Meter deposits	73,250
	<hr/>
Total adjustments	2,117,465
	<hr/>
Net cash provided by operating activities	3,107,088

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(3,677,405)
Principal paid on outstanding debt	(1,030,000)
Interest paid on outstanding debt	(1,166,218)
Prepaid maintenance	(43,411)
	<hr/>
Net cash used for capital and related financing activities	(5,917,034)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	575,323
	<hr/>
Net decrease in cash and cash equivalents	(2,234,623)

CASH AND CASH EQUIVALENTS

Beginning of year	12,418,816
	<hr/>
End of year	\$ 10,184,193

NONCASH OPERATING, CAPITAL AND RELATED FINANCING ACTIVITIES AND INVESTING

Amortization of bond issuance cost, bond discount and cost of consolidation was \$69,022.

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

June 30, 2001

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying general-purpose financial statements conform to accounting principles generally accepted in the United States of America for local governmental units as prescribed by the Governmental Accounting Standards Board. The more significant of the District's accounting policies are described below:

a) Reporting Entity

Following Louisiana legislation passed in the 1992 session, the Terrebonne Parish Consolidated Government passed an ordinance creating the Consolidated Waterworks District No. 1 of the Parish of Terrebonne (the District) by consolidating Waterworks District Nos. 1, 2, 3 of Terrebonne Parish and the City of Houma water system on July 1, 1994.

In accordance with the implementation of GASB 14, "the Financial Reporting Entity", Consolidated Waterworks District No. 1's financial statements include the accounts of all the District's functions and activities. The criteria used to determine whether the District has component units (separate governmental units, agencies, or nonprofit corporations associated with the District) includes appointment of a voting majority, imposition of will, imposition of financial benefit to or burden on the District, and fiscal dependency. The District has determined that no other outside entity meets the above criteria and should be included in its financial statements. It has been determined however based upon the above criteria that the District is a component unit of the Terrebonne Parish Consolidated Government and will be included in its comprehensive financial report for the year ending December 31, 2001.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Fund Accounting

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The following is the District's Fund:

PROPRIETARY FUND

Enterprise Fund - The Enterprise Fund is 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 the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recorded primarily through user charges. The District's Waterworks System is an Enterprise Fund.

c) Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Enterprise Fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) Cash and Cash Equivalents

Cash and cash equivalents include amounts in checking accounts and investments in certificates of deposits with maturities of three months or less when purchased and the Louisiana Asset Management Pool (LAMP).

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Cash and Cash Equivalents (Continued)

LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met.

f) Accounts Receivables

The general-purpose financial statements contain no allowance for uncollectible accounts receivable. It is the opinion of management that receivables at June 30, 2001 are collectible and possible bad debt losses are immaterial.

g) Inventory of Material and Supplies

Inventory of materials and supplies are valued at average cost.

h) Restricted Assets and Reserves

Specific assets are required to be segregated as to use and are therefore identified as restricted assets. Certain assets are restricted pursuant to restrictions arising from various bond indenture agreements. (See note 5)

i) Fixed Assets

The Enterprise Fund is accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with the activity are included on the balance sheet. Reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Enterprise Fund operating statements present increases (revenue) and decreases (expenses) in net total assets.

Fixed assets are valued at historical costs. Donated assets are valued at their estimated fair value on the date donated. Interest on bond proceeds used for construction is capitalized.

Depreciation of all exhaustible fixed assets of the Enterprise Fund is charged against its operations. Accumulated depreciation is reported on its balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Prepaid Maintenance

Prepaid maintenance consists of the cost of painting water tanks, which is amortized over a period of five years. Filter media for the plant is amortized over a period of two to fifteen years.

k) Accumulated Unpaid Vacation and Sick Leave

The District accrues benefits in the period they were earned. Full-time employees of the District shall be entitled to vacation with pay and shall accrue vacation time in the following manner:

First year	Five days (40 hours)
Second year through fourteenth year	Ten days (80 hours)
Fifteen years or more	Fifteen days (120 hours)

Employees may not accumulate and carry forward vacation time beyond the year earned. Accumulated vacation leave is due to the employee at the time of termination of employment. Although sick leave accumulates and is available for employees when needed, it does not vest nor is it payable at termination of employment.

l) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers, is not utilized by the District.

m) Bond Discount and Issuance Costs

Bond discount and issuance costs are being amortized by the interest method.

n) Deferred Charges - Cost of Consolidation

These charges represent cost incurred by the Terrebonne Parish Consolidated Government Water Revenue Fund, Waterworks District Nos. 1, 2, and 3 for their efforts towards the creation of the Consolidated Waterworks District No. 1, Terrebonne Parish. These costs are amortized over a period of ten years using the straight line method.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Contracts Payable

Liability for work performed on contracts is entered as billings are received.

p) Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Contributed capital is funds that have been received from capital grants or contributions from developers, customers, or other funds.

q) Terminology:

The following funds as reported on the balance sheet and supplemental schedules include the Meter Deposit Fund, Revenue Bond Sinking Fund, Bond Reserve Fund, Depreciation and Contingencies Fund, Unrestricted Construction Fund and Group Insurance Fund. Use of the term fund in these instances is consistent with the language used in the bond covenants and is not intended to convey fund accounting as defined in Note 1c.

r) GASB Pronouncements:

Government Accounting Standards Board (GASB) Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," provides that proprietary funds may apply all GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements; Statements and Interpretations of the Financial Accounting Standard Board, (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's) of the Committee on Accounting Procedure. The District has elected to apply only FASB, APB and ARB materials issued on or before November 30, 1989.

Note 2 - DEPOSITS AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana or any other federally insured investment.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Bank Deposits:

State Law requires deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or with a trust company for the account of the political subdivision. In accordance with state law all cash and deposits were collateralized.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution, or its trust department or agent but not in the District's name and deposits which are uninsured or uncollateralized.

The year end balances of deposits are as follows:

	Bank Balances			Book Balances
	Category			
	1	2	3	
Cash	\$318,606	\$ -	\$1,289,817	\$1,122,106
Certificates of deposit	<u>500,000</u>	<u>-</u>	<u>6,461,937</u>	<u>6,961,937</u>
Totals	<u>\$818,606</u>	<u>\$-</u>	<u>\$7,751,754</u>	<u>\$8,084,043</u>

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2001, cash and certificates of deposit in excess of the FDIC insurance were collateralized by securities held by unaffiliated banks for the account of the depositor. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. 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 bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper rated AAA 1, 2, or 3; repurchase agreements and the Louisiana Asset Management Pool.

The year end balance of investments is as follows:

	<u>Reported Amount</u>
Louisiana Asset Management Pool (LAMP)	<u>\$2,100,000</u>

Investment in the Louisiana Asset Management Pool is not categorized as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds. 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. Accordingly, LAMP investments are restricted to 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. The

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

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. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares, investments are valued at amortized cost. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

A reconciliation of deposits and investments as shown on the Balance Sheet is as follows:

Cash on hand	\$ 150
Reported amount of deposits	8,084,043
Reported amount of investments	<u>2,100,000</u>
 Total	 <u>\$10,184,193</u>
 Cash and cash equivalents	 \$ 3,351,693
Cash and cash equivalents-restricted	<u>6,832,500</u>
 Total	 <u>\$10,184,193</u>

Note 3 - BUDGET

The Board is required by revenue bond resolutions to adopt a line item budget for the District within thirty days of the end of its fiscal year for the following year. The Board adopted a line item budget for the year ended June 30, 2001. All revisions to the budget must be approved by the Board. The budget lapses at year-end.

Note 4 - PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant and equipment at June 30, 2001 follows:

	<u>Annual Straight-Line Depreciation Rate</u>	<u>Amount</u>
Land	-	\$ 391,838
Water plant	2% - 20%	23,470,504
Distribution system	2% - 20%	63,472,313
Administrative building	5%	1,129,632
Plant equipment	10%	495,040
Furniture and equipment	10% - 20%	586,624
Automobiles and trucks	20% - 33%	779,809
Construction in progress	-	<u>7,019,660</u>
 Total		 97,345,420
Less accumulated depreciation		<u>(34,205,261)</u>
 Net property, plant and equipment		 <u>\$ 63,140,159</u>

Note 5 - LONG-TERM DEBT

In connection with the consolidation described in note 1a, the three formerly separate water districts refunded all their bonds outstanding by the issuance of Consolidated Waterworks District No. 1 revenue bonds on June 30, 1994 in the amount of \$16,298,540 and additional bonds for construction in the amount of \$2,411,460 for a total of \$18,710,000. The bonds were sold at a discount of \$391,384 and issuance costs of \$234,612. The outstanding bonds bear interest at rates ranging from 5.05% to 6.0% and are scheduled to mature November 1, 2013.

In June 1998, the District sold \$8,000,000 of revenue bonds for construction. The bonds were sold at a discount of \$120,464 and issuance costs of \$112,404. The outstanding bonds bear interest at rates ranging from 4.05% to 4.90% and are scheduled to mature November 1, 2017.

Note 5 - LONG-TERM DEBT (Continued)

The following is a summary of bond transactions of the District for the year ended June 30, 2001:

	<u>Water Revenue Bonds</u>
Bonds payable at July 1, 2000	\$22,650,000
Bonds retired	<u>(1,030,000)</u>
Bonds payable at June 30, 2001	21,620,000
Less unamortized bond discount	<u>(267,455)</u>
Net bonds payable at June 30, 2001	<u>\$21,352,545</u>
Long term	\$20,301,552
Current	<u>1,050,993</u>
Total	<u>\$21,352,545</u>

The annual requirements to amortize debt outstanding as of June 30, 2001, including interest payments of \$9,298,237 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 1,085,000	\$1,115,029	\$ 2,200,029
2003	1,140,000	1,060,052	2,200,052
2004	1,200,000	1,001,095	2,201,095
2005	1,260,000	938,015	2,198,015
2006	1,340,000	870,105	2,210,105
2007 - 2011	7,945,000	3,127,355	11,072,355
2012 - 2016	5,870,000	1,098,141	6,968,141
2017 - 2018	<u>1,780,000</u>	<u>88,445</u>	<u>1,868,445</u>
Totals	<u>\$21,620,000</u>	<u>\$9,298,237</u>	<u>\$30,918,237</u>

Note 5 - LONG-TERM DEBT (Continued)

Water Revenue Bonds:

Under the terms of the bond indentures for outstanding Water Revenue Bonds, principal and interest is secured and payable solely from a pledge of the income and revenues to be derived from the operation of the District. All revenues must be deposited in the District and required transfers made to the following Funds on a monthly basis after the payment of operating expenses:

a) Revenue Bond Sinking Fund

Monthly transfers are required to this Fund in an amount necessary to make the principal and interest payments as they become due. The Fund is restricted for this purpose.

b) Bond Reserve Fund

Monies in the amount of \$2,268,545 have been deposited into this fund. This amount is equal to the highest amount of principal and interest due in future years on the District's outstanding water revenue bonds. The Fund is restricted to the payment of principal and interest in case of default.

c) Depreciation and Contingencies Fund

Monthly transfers of 5% of gross revenues of the District for the preceding month is required. The Fund is restricted to payments for extensions, additions, improvements, renewals and replacements necessary to properly operate the District. It will also be used to pay principal and interest if there are not sufficient funds in the Revenue Bond Sinking Fund and Bond Reserve Fund.

d) Bond Requirements

The accounting requirements of the bond resolution for Water Revenue Bonds, as stated in a) through c) above, have been complied with for the year ended June 30, 2001.

Note 6 - CONTRIBUTED CAPITAL

In connection with the consolidation described in Note 1a, the consolidating entities transferred \$9,798,282 of cash and investments and \$34,267,340 of other net assets to the District on July 1, 1994. These transfers are recorded as contributed capital which is comprised of the following:

Waterworks District No. 1	\$26,639,274
Waterworks District No. 2	3,803,900
Waterworks District No. 3	7,416,617
City of Houma Water System	<u>6,205,831</u>
Total	<u>\$44,065,622</u>

Note 7 - DEFINED BENEFIT PENSION PLAN

Plan Description - The District contributes to Plan B of the Parochial Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 205 of the 1952 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1901 through 11:2015, specifically, and other general laws of the State of Louisiana. The System issued a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898.

Funding Policy - Plan members are required to contribute 2.00% of their annual covered salary less \$100 per month and the District is required to contribute at an actuarially determined rate. The District's contribution rate is 2.50% through December 31, 2000 and 2.75% effective January 1, 2001. In addition, the System also receives a percentage of tax revenues from various taxing bodies. The contribution requirements of plan members and the District are established and may be amended by state statute. The District's contributions to the System for the years ended June 30, 2001, 2000, and 1999 were \$54,937, \$49,952 and \$48,981, respectively, equal to the required contributions for each year.

Note 8 - RISK MANAGEMENT

The District is exposed to risk of loss related to group health benefits, general liability, auto liability, workers compensation and property.

The District was self-insured for the first \$17,000 of each group health claim through November 30, 2000. The District was covered under an insurance contract for the excess liability up to \$1,000,000. Effective December 1, 2000, the District participates in a fully-insured group health insurance plan.

Liabilities for group health claims are reported when it is probable that a loss has occurred and the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (INBRs). Claim liabilities are the estimated unpaid ultimate costs of settling claims.

At June 30, 2001, there was no liability for group health insurance claims. The liability is the District's best estimate based on available information. Changes in the reported liabilities during the past two years are as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimate</u>	<u>Net Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2000	\$30,693	\$444,521	\$386,695	\$88,519
2001	\$88,519	\$98,206	\$186,725	\$ -

The District also participates in the Parish's risk management internal service fund for general liability, workers compensation and auto liability. No settlements were made during the year that exceeded the District's insurance coverage. The District pays monthly premiums to the Parish for workers' compensation based on a percentage of payroll. The District's premiums for general liability are based on various factors such as operations and maintenance budget, exposure and claims experience. The premiums for auto liability are based on claims experience, vehicle type and mileage. The Parish handles all claims filed against the District. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described on following page:

Note 8 - RISK MANAGEMENT (Continued)

<u>Policy</u>	<u>Coverage Limits</u>
General Liability	\$6,500,000
Workers' Compensation	Statutory
Auto Liability	\$6,250,000

Coverage for claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$1,431,079 at December 31, 2000, then secondly by the District and other participating funds and agencies. At June 30, 2001, the District had no claims in excess of the above coverage limits.

The District is covered under various insurance contracts for property risks.

Settled claims related to the perils described above have not exceeded the insurance coverage for the past three years.

Note 9 - CONTRACT COMMITMENTS

At June 30, 2001, the District had \$7,078,053 in public works contracts of which \$865,079 was uncompleted and had a commitment to purchase carbon for water filters in the amount of \$112,800.

Note 10 - POSTRETIREMENT HOSPITALIZATION AND LIFE INSURANCE BENEFITS

The District provides for the payment of hospitalization and life insurance premiums for retired employees as approved by the Board of Commissioners. The District will fund the entire premium, including dependent coverage, for all employees retiring with at least twenty years service. The cost of providing these benefits is recognized as an expense as premiums are paid. For the year ended June 30, 2001, those costs amounted to \$28,910.

Future liabilities under the District's plan for potentially eligible employees are dependent upon the age and length of service to those employees. The average employee age and service years are not available. At June 30, 2001, the average hospitalization and life insurance costs per retired employee was approximately \$350 per month and the number of retired employees at June 30, 2001 was 7.

**Note 10 - POSTRETIREMENT HOSPITALIZATION AND LIFE INSURANCE BENEFITS
(Continued)**

The District also reimburses the Parish for the payment of hospitalization and life insurance premiums for certain retired former City of Houma employees. The Parish funds the entire premium for all employees retiring with at least ten years of service or retiring from a formal retirement systems. A retired employee may be provided dependent hospitalization coverage at a cost to the retired employee ranging from \$40 to \$49 per month, depending on the date of retirement. The cost of providing these benefits is recognized as an expense to the District when reimbursement is made to the Parish. For the year ended June 30, 2001, those costs amounted to \$7,179. At June 30, 2001 the average hospitalization and life insurance costs per retired employee was approximately \$300 per month and the number of retired employees at June 30, 2001 was 2.

Note 11 - BOARD MEMBERSHIP AND COMPENSATION OF BOARD COMMISSIONERS

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Payments for</u>		<u>Total Amount</u>
		<u>Meetings Attended</u>	<u>Mileage</u>	
Mary Clayton	20	\$ 870	\$23	\$ 893
Anthony Fazzio	20	810	23	833
Arlen J. Guidry	21	870	27	897
Edward Lapeyre	17	780	69	849
Milton Louviere	23	930	93	1,023
Warb Pledger	24	990	7	997
Richard P. Porche	5	150	7	157
Robert Samanie, III	18	750	115	865
Amos Usie, Jr.	18	720	73	793
Chester P. Voisin	23	<u>960</u>	<u>293</u>	<u>1,253</u>
Totals		<u>\$7,830</u>	<u>\$730</u>	<u>\$8,560</u>

Effective February 14, 2001, the Terrebonne Parish Council increased the board's per diem from \$30 to \$60 per meeting as authorized by LA RS 33:3819.

SUPPLEMENTARY INFORMATION SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Commissioners,
Consolidated Waterworks District No. 1 of the
Parish of Terrebonne, State of Louisiana,
Houma, Louisiana.

Our report on our audit of the general-purpose financial statements of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana (the District) for the year ended June 30, 2001, appears on page 1. That audit was conducted for the purpose of forming an opinion on such financial statements taken as a whole. The information contained in Schedules 1 through 10 is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information, except for certain information marked "unaudited" in Schedules 5, 6 and 7, 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 for the year ended June 30, 2001, taken as a whole.

We also have previously audited, 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, the balance sheets of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana as of June 30, 2000, 1999, 1998 and 1997, and the related statement of revenues, expenses and changes in retained earnings for each of the four years in the period ended June 30, 2000 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the information presented in Schedules 1 through 10, except for certain information marked "unaudited" in Schedules 5, 6, and 7, on which we express no opinion, is fairly stated in all material respects in relation to the general-purpose financial statements from which it has been derived.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
August 17, 2001.

SCHEDULE OF OPERATING REVENUES**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenue from water sales and service charges:			
Customers (net of bad debts - \$22,523)	\$ 9,500,000	\$ 9,644,232	\$ 144,232
Parish of Lafourche	22,000	26,056	4,056
Service connection fees	206,250	215,625	9,375
Meter installation fees	28,000	27,920	(80)
Penalties - reconnections	27,000	27,870	870
	<u>9,783,250</u>	<u>9,941,703</u>	<u>158,453</u>
Other operating revenues:			
Service agreements:			
Sewerage Districts	90,000	93,557	3,557
Garbage Collections	30,000	32,073	2,073
LA Act 125	12,000	11,612	(388)
Miscellaneous	10,000	11,747	1,747
	<u>142,000</u>	<u>148,989</u>	<u>6,989</u>
Total other operating revenues	<u>142,000</u>	<u>148,989</u>	<u>6,989</u>
Total operating revenues	<u>\$ 9,925,250</u>	<u>\$ 10,090,692</u>	<u>\$ 165,442</u>

SCHEDULE OF DEPARTMENTAL EXPENSES**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
ADMINISTRATIVE			
Personal services:			
Salaries	\$ 161,000	\$ 161,921	\$ (921)
Employee group insurance	45,500	45,663	(163)
Payroll taxes	16,600	16,676	(76)
Retirement fund	4,300	4,188	112
	<u>227,400</u>	<u>228,448</u>	<u>(1,048)</u>
Supplies and materials:			
Gasoline and oil	1,500	1,479	21
Office supplies and expense	30,000	29,538	462
	<u>31,500</u>	<u>31,017</u>	<u>483</u>
Other services and charges:			
Accounting and consulting	50,400	46,969	3,431
Attorney	136,000	140,801	(4,801)
Board meetings	8,600	8,560	40
Bond agent fees	2,000	2,167	(167)
Consulting engineer	19,500	18,635	865
Insurance and bonds	24,000	23,836	164
Janitorial services	18,000	18,395	(395)
Publish proceedings	5,000	3,635	1,365
Radio communications	11,000	9,580	1,420
Repairs and maintenance:			
Equipment and building repairs	16,000	17,887	(1,887)
Truck and auto repairs	500	356	144
Seminars and schools	8,000	8,115	(115)
Telephone	500	582	(82)
Utilities - office	19,000	18,966	34
	<u>318,500</u>	<u>318,484</u>	<u>16</u>
Total other services and charges	<u>318,500</u>	<u>318,484</u>	<u>16</u>
Total administrative	<u>577,400</u>	<u>577,949</u>	<u>(549)</u>
BILLING AND COLLECTIONS			
Personal services:			
Salaries	199,800	189,831	9,969
Employee group insurance	68,300	67,223	1,077
Payroll taxes	20,600	19,078	1,522
Retirement fund	5,200	4,935	265
	<u>293,900</u>	<u>281,067</u>	<u>12,833</u>
Total personal services	<u>293,900</u>	<u>281,067</u>	<u>12,833</u>

**Schedule 2
(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
BILLING AND COLLECTIONS (Continued)			
Supplies and materials:			
Gasoline and oil	1,500	1,479	21
Office supplies and expense	13,000	11,177	1,823
Total supplies and materials	<u>14,500</u>	<u>12,656</u>	<u>1,844</u>
Other services and charges:			
Data processing	40,000	40,576	(576)
Insurance and bonds	31,000	33,722	(2,722)
Postage	93,000	96,628	(3,628)
Repairs and maintenance:			
Truck and auto repairs	250	73	177
Seminars and schools	500	152	348
Telephone	8,000	8,168	(168)
Total other services and charges	<u>172,750</u>	<u>179,319</u>	<u>(6,569)</u>
Total billing and collections	<u>481,150</u>	<u>473,042</u>	<u>8,108</u>
METER READING			
Personal services:			
Salaries	291,500	285,247	6,253
Employee group insurance	107,000	105,534	1,466
Payroll taxes	30,200	29,272	928
Retirement fund	7,500	7,457	43
Total personal services	<u>436,200</u>	<u>427,510</u>	<u>8,690</u>
Supplies and materials:			
Gasoline and oil	17,500	15,773	1,727
Office supplies and expense	1,000	1,099	(99)
Small tools	5,000	3,053	1,947
Total supplies and materials	<u>23,500</u>	<u>19,925</u>	<u>3,575</u>
Other services and charges:			
Insurance and bonds	52,000	56,246	(4,246)
Radio communications	500	197	303
Repairs and maintenance:			
Equipment and building repairs	5,800	5,861	(61)
Meter parts and repair	-	757	(757)
Truck and auto repairs	14,000	11,311	2,689
Seminars and schools	500	4	496
Total other services and charges	<u>72,800</u>	<u>74,376</u>	<u>(1,576)</u>
Total meter reading	<u>532,500</u>	<u>521,811</u>	<u>10,689</u>

**Schedule 2
(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
WAREHOUSE AND METER SHOP			
Personal services:			
Salaries	75,000	74,410	590
Employee group insurance	27,000	27,849	(849)
Payroll taxes	7,900	7,938	(38)
Retirement fund	2,100	2,019	81
	<u>112,000</u>	<u>112,216</u>	<u>(216)</u>
Supplies and materials:			
Gasoline and oil	200	206	(6)
Meter repair parts	9,000	6,560	2,440
Office supplies and expenses	1,500	1,539	(39)
Small tools	500	86	414
Warehouse supplies	18,000	16,020	1,980
	<u>29,200</u>	<u>24,411</u>	<u>4,789</u>
Other services and charges:			
Freight	1,200	1,549	(349)
Insurance and bonds	11,000	11,351	(351)
Repairs and maintenance:			
Equipment and building repairs	3,000	3,513	(513)
	<u>15,200</u>	<u>16,413</u>	<u>(1,213)</u>
	<u>156,400</u>	<u>153,040</u>	<u>3,360</u>
ENGINEERING			
Personal services:			
Salaries	166,000	161,862	4,138
Employee group insurance	80,500	80,710	(210)
Payroll taxes	17,500	16,679	821
Retirement fund	4,400	4,255	145
	<u>268,400</u>	<u>263,506</u>	<u>4,894</u>
Supplies and materials:			
Computer supplies	4,000	4,184	(184)
Gasoline and oil	9,800	8,910	890
Office supplies and expenses	2,500	1,385	1,115
	<u>16,300</u>	<u>14,479</u>	<u>1,821</u>
Other services and charges:			
GIS network	10,000	2,880	7,120
Insurance and bonds	21,000	22,351	(1,351)
Mobile phones	1,000	836	164
Radio communications	300	332	(32)

**Schedule 2
(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
ENGINEERING (Continued)			
Other services and charges: (Continued)			
Repairs and maintenance:			
Truck and auto repairs	5,000	6,942	(1,942)
Seminars and schools	6,000	4,466	1,534
Uniforms	-	75	(75)
	<u>43,300</u>	<u>37,882</u>	<u>5,418</u>
Total other services and charges			
Total engineering	<u>328,000</u>	<u>315,867</u>	<u>12,133</u>
OPERATIONS			
Other services and charges:			
Utilities	<u>195,000</u>	<u>209,829</u>	<u>(14,829)</u>
MAINTENANCE AND FIELD CREWS			
Personal services:			
Salaries	572,000	575,060	(3,060)
Employee group insurance	161,700	161,629	71
Payroll taxes	59,000	59,333	(333)
Retirement fund	15,200	15,002	198
	<u>807,900</u>	<u>811,024</u>	<u>(3,124)</u>
Total personal services			
Supplies and materials:			
Chemicals	3,000	2,871	129
Gasoline and oil	18,000	16,161	1,839
Office supplies and expenses	2,300	2,239	61
Small tools	9,500	9,502	(2)
	<u>32,800</u>	<u>30,773</u>	<u>2,027</u>
Total supplies and materials			
Other services and charges:			
Freight	250	25	225
Insurance and bonds	107,000	110,351	(3,351)
Mobile phones	1,000	743	257
Radio communications	500	642	(142)
Repairs and maintenance:			
Equipment repairs - field	30,000	22,944	7,056
Truck and auto repairs	12,000	12,237	(237)
Waterline maintenance	600,000	617,980	(17,980)
Seminars and schools	3,500	3,840	(340)
Uniforms	3,000	2,967	33
	<u>757,250</u>	<u>771,729</u>	<u>(14,479)</u>
Total other services and charges			
Total maintenance and field crews	<u>1,597,950</u>	<u>1,613,526</u>	<u>(15,576)</u>

**Schedule 2
(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
WATER PLANT			
Personal services:			
Salaries	571,000	564,066	6,934
Employee group insurance	130,000	127,336	2,664
Payroll taxes	58,800	57,938	862
Retirement fund	15,500	14,763	737
	<u>775,300</u>	<u>764,103</u>	<u>11,197</u>
Supplies and materials:			
Chemicals	700,000	761,134	(61,134)
Computer supplies	500	195	305
Fuel for generator	10,000	6,019	3,981
Gasoline and oil	8,500	9,161	(661)
Office supplies and expense	5,000	7,091	(2,091)
Raw water	120,000	135,898	(15,898)
Small tools	1,000	748	252
Warehouse supplies	6,000	4,574	1,426
	<u>851,000</u>	<u>924,820</u>	<u>(73,820)</u>
Other services and charges:			
Freight	1,500	535	965
Insurance and bonds	174,000	168,600	5,400
Lab analysis	4,000	6,106	(2,106)
Radio communications	300	289	11
Repairs and maintenance:			
Plant maintenance	180,000	186,765	(6,765)
Tractor repairs	2,500	3,423	(923)
Truck and auto repairs	5,000	4,123	877
Seminars and schools	4,000	3,439	561
Telephone	7,000	6,786	214
Uniforms	1,000	994	6
Utilities	695,000	719,661	(24,661)
	<u>1,074,300</u>	<u>1,100,721</u>	<u>(26,421)</u>
Total other services and charges			
	<u>2,700,600</u>	<u>2,789,644</u>	<u>(89,044)</u>
Total water plant			
BAC-T-LAB			
Personal services:			
Salaries	88,500	91,092	(2,592)
Employee group insurance	28,000	27,489	511
Payroll taxes	9,100	9,244	(144)
Retirement fund	2,400	2,318	82
	<u>128,000</u>	<u>130,143</u>	<u>(2,143)</u>
Total personal services			

**Schedule 2
(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
BAC-T-LAB (Continued)			
Supplies and materials:			
Computer supplies	250	360	(110)
Gasoline and oil	3,000	2,897	103
Lab supplies	10,000	12,043	(2,043)
Office supplies and expense	10,000	7,502	2,498
	<u>23,250</u>	<u>22,802</u>	<u>448</u>
Other services and charges:			
Freight	500	492	8
Insurance and bonds	13,000	14,619	(1,619)
Janitorial services	6,500	6,900	(400)
Lab analysis	1,000	5,308	(4,308)
Repairs and maintenance:			
Equipment and building repairs	5,000	5,465	(465)
Truck and auto repairs	3,000	3,032	(32)
Seminars and schools	5,000	3,364	1,636
Telephone	1,100	1,093	7
Utilities	7,300	7,318	(18)
	<u>42,400</u>	<u>47,591</u>	<u>(5,191)</u>
Total bac-t-lab	<u>193,650</u>	<u>200,536</u>	<u>(6,886)</u>
Totals	<u>\$ 6,762,650</u>	<u>\$ 6,855,244</u>	<u>\$ (92,594)</u>
OPERATING EXPENSES			
Personal services	\$ 3,049,100	\$ 3,018,017	\$ 31,083
Supplies and materials	1,022,050	1,080,883	(58,833)
Other services and charges	2,691,500	2,756,344	(64,844)
Totals	<u>\$ 6,762,650</u>	<u>\$ 6,855,244</u>	<u>\$ (92,594)</u>

SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT**Consolidated Waterworks District No. 1 of the Parish of Terrebonne
State of Louisiana**

June 30, 2001

	Annual Depreciation Rate	Balance July 1, 2000	Additions	Transfers	Retirements	Balance June 30, 2001	Accumulated Depreciation June 30, 2001	Net Book Value
Land	-	\$ 391,838	\$ -	\$ -	\$ -	\$ 391,838	\$ -	\$ 391,838
Water plant	2% - 20%	22,980,342	-	490,162	-	23,470,504	8,442,154	15,028,350
Distribution system	2% - 20%	61,686,768	454,254	1,331,291	-	63,472,313	23,907,435	39,564,878
Administrative building	5%	992,283	-	137,349	-	1,129,632	605,791	523,841
Plant equipment	10%	434,469	60,571	-	-	495,040	295,732	199,308
Furniture and equipment	10% - 20%	538,787	48,887	-	1,050	586,624	407,843	178,781
Automobiles and trucks	20% - 33%	668,300	199,179	-	87,670	779,809	546,306	233,503
Construction in progress	-	5,935,124	3,043,338	(1,958,802)	-	7,019,660	-	7,019,660
Totals		\$ 93,627,911	\$ 3,806,229	\$ -	\$ 88,720	\$ 97,345,420	\$ 34,205,261	\$ 63,140,159

**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS -
RESTRICTED ACCOUNTS REQUIRED BY REVENUE BOND ORDINANCES**

**Consolidated Waterworks District No.1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2001

	Revenue Bond Sinking Fund	Bond Reserve Fund	Depreciation and Contingencies Fund	Unrestricted Construction Fund
Cash and cash equivalents July 1, 2000	\$ 885,148	\$ 2,268,545	\$ 2,167,260	\$ 143,330
Receipts:				
Transfers from the District	2,224,661		568,734	2,056,321
Interest earned	-		-	557
Total receipts	<u>2,224,661</u>		<u>568,734</u>	<u>2,056,878</u>
Total assets available	<u>3,109,809</u>	<u>2,268,545</u>	<u>2,735,994</u>	<u>2,200,208</u>
Disbursements:				
Retirement of matured bonds	1,030,000		-	-
Payment of matured interest coupons	1,166,218		-	-
Capital improvements	-		923,092	2,199,651
Total disbursements	<u>2,196,218</u>		<u>923,092</u>	<u>2,199,651</u>
Cash and cash equivalents, June 30, 2001	<u>\$ 913,591</u>	<u>\$ 2,268,545</u>	<u>\$ 1,812,902</u>	<u>\$ 557</u>

At June 30, 2001, all restricted funds from the consolidation of water districts and proceeds of the 1994 bond issuance have been exhausted in the Unrestricted Construction Fund. Therefore, cash and cash equivalents are reported as unrestricted.

SCHEDULE OF INSURANCE IN FORCE**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

June 30, 2001

(Unaudited)

Insurer	Type of Coverage	Amount of Insurance	Expiration Date
Terrebonne Parish Consolidated Government	Automobile liability	\$ 6,250,000	Not applicable
Terrebonne Parish Consolidated Government	General liability	\$ 6,500,000	Not applicable
Terrebonne Parish Consolidated Government	Workers' compensation	Statutory	Not applicable
American Guarantee & Liability Insurance Co.	Combined building & personal property	\$ 50,874,588	May 17, 2002
Westport Insurance Corp.	Hull coverage on sludge dredge	\$ 83,650	June 27, 2002
CNA Financial Insurance Co.	Public employee dishonesty, theft, disappearance & destruction	\$ 20,000 - 25,000	May 17, 2002
Fireman's Fund Insurance Co.	Computer hardware and software	\$ 108,638	May 17, 2002
Fireman's Fund Insurance Co.	Contractors' equipment	\$ 1,500	May 17, 2002

WATER CUSTOMERS

**Consolidated Waterworks District No. 1
of the Parish of Terrebonne,
State of Louisiana**

June 30, 2001

(Unaudited)

Records maintained by the District indicated 38,088 water customers at June 30, 2001.

There were no unmetered customers.

SCHEDULE OF COST PER SERVICE INSTALLATION**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2001

(Unaudited)

Field Crew Overhead

Chemicals	\$ 2,871
Depreciation expense	50,328
Employee group insurance	161,629
Equipment repairs	22,944
Freight	25
Gasoline and oil	16,161
Insurance and bonds	110,351
Mobile phones	743
Office supplies and expenses	2,239
Payroll taxes	59,333
Radio communications	642
Retirement fund	15,002
Seminars and schools	3,840
Small tools	9,502
Truck and auto repairs	12,237
Uniforms	2,967

Total field crew overhead	470,814
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Service installation salaries as a percentage of total field crew salaries (\$46,414/\$575,060)	8.07%
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Field crew overhead applicable to service installations	37,995
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Administrative Overhead

Total administrative costs	577,949
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Service connection salaries/Total salaries excluding administrative salaries [\$46,414/(\$2,103,489 - \$161,921)]	2.39%
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Administrative overhead applicable to service installations	13,813
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Total service installation overhead costs	\$ 51,808
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Calculation of Average Cost per Service Installation

Service installation work order costs	\$ 177,141
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Total service installation overhead costs	51,808
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Total service installation costs	228,949
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Number of service installations	575
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Average cost per service installation	\$ 398
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SCHEDULE OF OPERATING REVENUES AND OPERATING EXPENSES**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

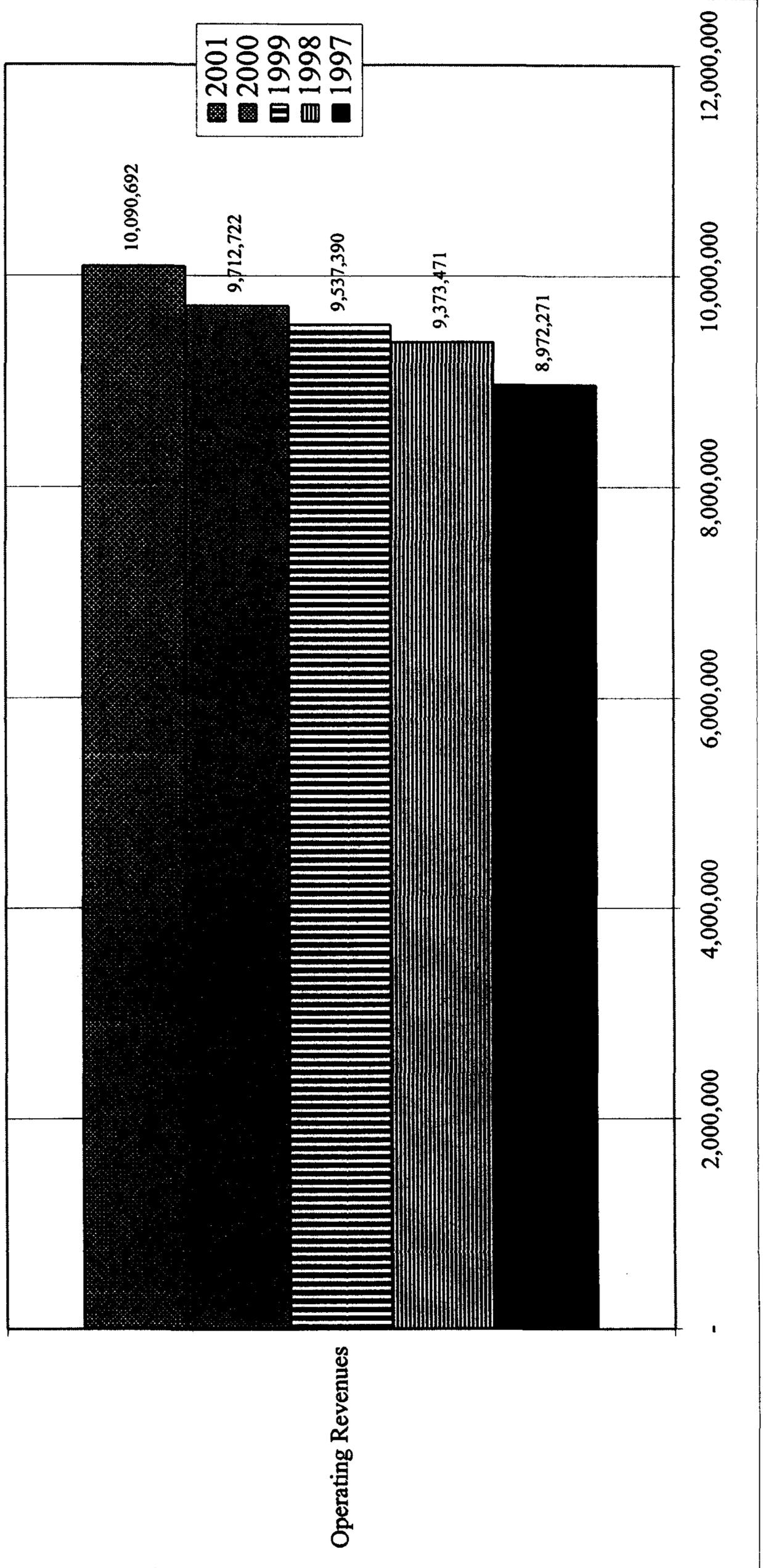
For the years ended June 30, 2001, 2000, 1999, 1998 and 1997

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
OPERATING REVENUES	<u>10,090,692</u>	<u>9,712,722</u>	<u>9,537,390</u>	<u>9,373,471</u>	<u>8,972,271</u>
OPERATING EXPENSES					
Personal services	3,018,017	2,874,076	2,732,724	2,528,753	2,328,599
Supplies and materials	1,080,883	1,060,266	1,008,150	929,857	869,755
Other services and charges	2,756,344	2,376,707	2,208,814	2,016,698	2,109,895
Depreciation and amortization	<u>2,245,825</u>	<u>2,120,320</u>	<u>2,174,704</u>	<u>1,991,143</u>	<u>1,914,215</u>
	<u>9,101,069</u>	<u>8,431,369</u>	<u>8,124,392</u>	<u>7,466,451</u>	<u>7,222,464</u>

OPERATING REVENUES

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

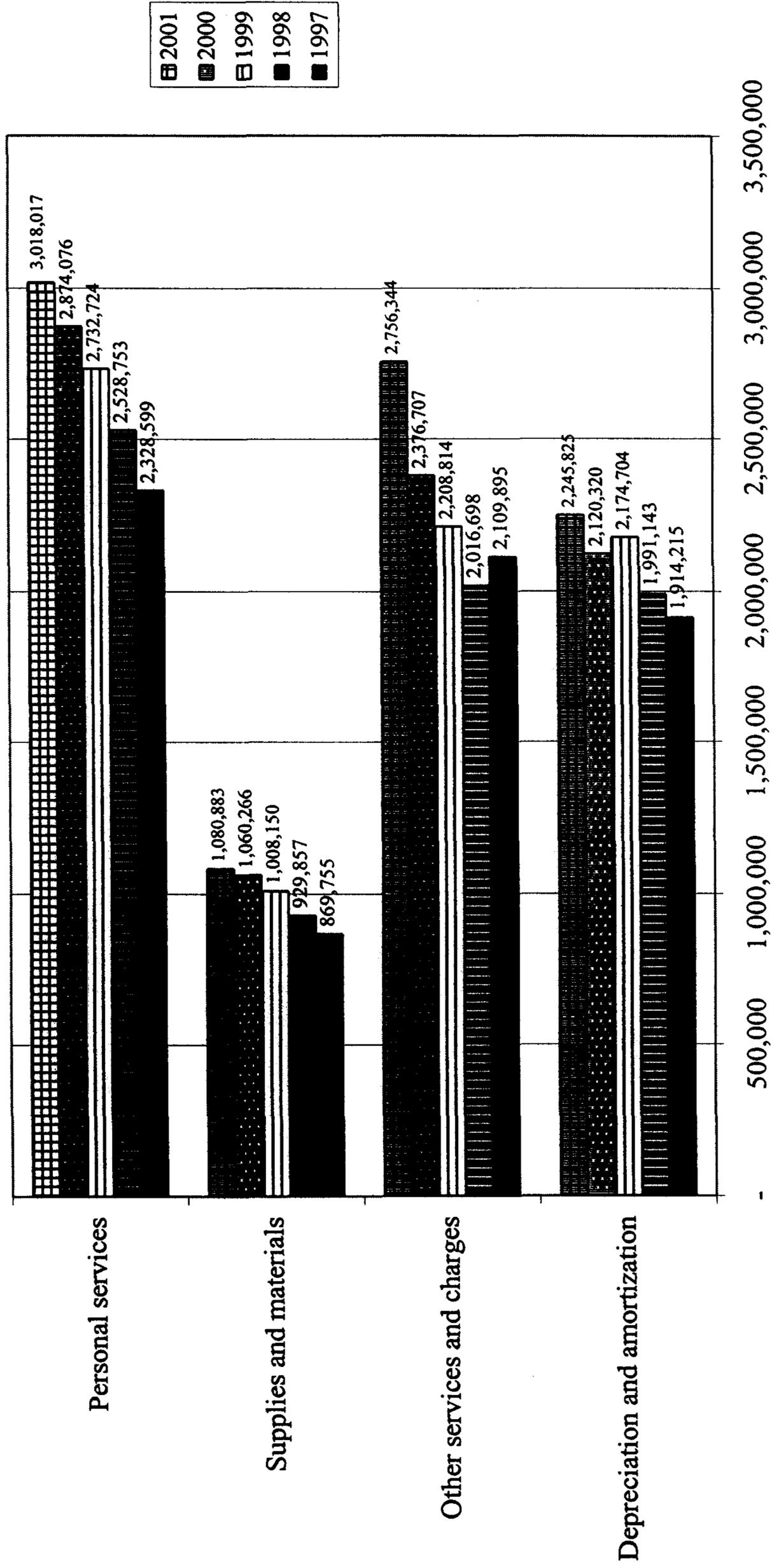
For the years ended June 30, 2001, 2000, 1999, 1998 and 1997



OPERATING EXPENSES

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the years ended June 30, 2001, 2000, 1999, 1998 and 1997



SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

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

To the Board of Commissioners,
Consolidated Waterworks District No. 1 of the
Parish of Terrebonne, State of Louisiana,
Houma, Louisiana.

We have audited the general-purpose financial statements of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana, (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended June 30, 2001, and have issued our report thereon dated August 17, 2001. 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 District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the

internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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 operations that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that we have reported to the District in a separate letter dated August 7, 2001.

This report is intended for the information of the Board of Commissioners, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
August 17, 2001.

SCHEDULE OF FINDINGS

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2001

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not
 considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Consolidated Waterworks District No. 1 of the Parish of Terrebonne did not receive federal awards during the year ended June 30, 2001.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended June 30, 2001.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2001

Section I Internal Control and Compliance Material to the General-Purpose Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended June 30, 2000.
No reportable conditions were reported during the audit for the year ended June 30, 2000.

Compliance

No compliance findings material to the general-purpose financial statements were noted during the audit for the year ended June 30, 2000.

Section II Internal Control and Compliance Material to Federal Awards

Consolidated Waterworks District No. 1 of the Parish of Terrebonne did not receive federal awards during the year ended June 30, 2000.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2000.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana

For the year ended June 30, 2001

Section I Internal Control and Compliance Material to the General-Purpose Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended June 30, 2001.

No reportable conditions were reported during the audit for the year ended June 30, 2001.

Compliance

No compliance findings material to the general-purpose financial statements were noted during the audit for the year ended June 30, 2001.

Section II Internal Control and Compliance Material to Federal Awards

Consolidated Waterworks District No. 1 of the Parish of Terrebonne did not receive federal awards during the year ended June 30, 2001.

Section III Management Letter

01-1 **Recommendation** - We recommend that the District analyze all unaccounted for water variances more closely so that serious problems can be identified and resolved before becoming too costly.

Management's Corrective Action Plan - The District will develop data collection methods to account for non-metered water in a timely manner so that monthly variances in unaccounted for water may be documented and investigated more closely.

MANAGEMENT'S CORRECTIVE ACTION PLAN
(Continued)

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2001

Section III Management Letter (Continued)

01-2 **Recommendation** - We recommend that the District investigate means to increase the return earned on the District's resources.

Management's Corrective Action Plan - The District is currently investigating options for increased returns on the District's resources.