

**ST. MARY PARISH WATER  
AND SEWER COMMISSION NO. 4**

Charenton, Louisiana

Financial Report

Year Ended September 30, 2012

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## INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners  
St. Mary Parish Water and Sewer Commission No. 4  
Charenton, Louisiana

We have audited the accompanying financial statements of the business-type activities and each major fund of St. Mary Parish Water and Sewer Commission No. 4 (hereinafter "Commission"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2012, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these 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 the 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 opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Commission, as of September 30, 2012, and the respective changes in financial position and cash flows thereof 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 March 20, 2013, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The comparative financial statements on pages 30 through 40 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of the Commission's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The financial statements as of and for the year ended September 30, 2012 have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements for the year ended September 30, 2012, taken as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the Commission's basic financial statements for the year ended September 30, 2011 which are not presented with the accompanying financial statements. In our report dated March 13, 2012, we expressed unqualified opinions on the respective financial statements of the business-type activities and each major fund. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's financial statements as a whole. The financial statements of St. Mary Parish Water and Sewer Commission No. 4, Waterworks District No 6 of the Parish of St. Mary, and Sewerage District No. 9 of the Parish of St. Mary on pages 30 through 40 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements as of and for the year ended September 30, 2011. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial statements of St. Mary Parish Water and Sewer Commission No. 4, Waterworks District No. 6 of the Parish of St. Mary, and Sewerage District No. 9 of the Parish of St. Mary are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

The other supplementary information on pages 41 through 44 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide and assurance on them.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City Louisiana  
March 20, 2013

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana  
Statement of Net Assets  
September 30, 2012

ASSETS	<u>Business-type Activities</u>
Current assets:	
Cash and interest-bearing deposits	\$ 450,471
Receivables:	
Accounts	145,091
Prepaid expenses	28,317
Restricted assets:	
Cash and interest-bearing deposits	<u>657,060</u>
Total current assets	<u>1,280,939</u>
Noncurrent assets:	
Restricted assets:	
Cash and interest-bearing deposits	154,840
Capital assets:	
Capital asset not being depreciated	24,728
Capital assets, net of accumulated depreciation	<u>10,783,481</u>
Total noncurrent assets	<u>10,963,049</u>
Other assets:	
Deferred bond issue costs, net	<u>19,471</u>
Total assets	<u>\$ 12,263,459</u>

(continued)

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Statement of Net Assets (continued)  
September 30, 2012

LIABILITIES AND NET ASSETS	<u>Business-type Activities</u>
Current liabilities:	
Accounts payable	\$ 68,652
Accrued liabilities	34,013
Accrued interest	7,837
Current maturities of bonds payable	223,378
Due to other governmental units	49,159
Payable from restricted assets:	
Current maturities of bonds payable	66,000
Accrued interest	5,122
Refundable deposits	143,368
Total current liabilities	<u>597,529</u>
Noncurrent liabilities:	
Bonds payable	4,089,710
Compensated absences	92,879
Total noncurrent liabilities	<u>4,182,589</u>
Total liabilities	<u>4,780,118</u>
Net assets:	
Invested in capital assets, net of related debt	6,793,885
Restricted for debt service	396,692
Unrestricted	292,764
Total net assets	<u>7,483,341</u>
Total liabilities and net assets	<u>\$ 12,263,459</u>

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

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Statement of Activities  
Year Ended September 30, 2012

	Business-type Activities
<b>OPERATING REVENUES</b>	
Water sales	\$ 833,518
Sewer user and inspection fees	372,670
Commissions and fees for services	37,315
Total operating revenues	1,243,503
<b>OPERATING EXPENSES</b>	
Salaries and related benefits	617,696
Supplies and materials	11,157
Operation and maintenance	542,248
Other services and charges	178,215
Plant operation	295,403
Depreciation	807,056
Total operating expenses	2,451,775
Operating loss	(1,208,272)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Ad valorem taxes, net	892,050
Bond interest and fiscal charges	(151,955)
Bond issue costs	(1,435)
Interest expense	(43,435)
Interest income	5,453
Miscellaneous income	12,129
Total nonoperating revenues (expenses)	712,807
Net loss	(495,465)
NET ASSETS, beginning	7,978,806
NET ASSETS, ending	\$ 7,483,341

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



**FUND FINANCIAL STATEMENTS**

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Balance Sheet  
September 30, 2012

ASSETS	Operating	Waterworks District No. 6	Sewerage District No. 9	Total
Current assets:				
Cash and interest-bearing deposits	\$ 214,683	\$ 235,488	\$ 300	\$ 450,471
Receivables:				
Accounts	145,091	-	-	145,091
Due from other funds	-	133,587	5,403	138,990
Prepaid expenses	28,317	-	-	28,317
Restricted assets:				
Cash and interest-bearing deposits	<u>535,183</u>	<u>54,808</u>	<u>67,069</u>	<u>657,060</u>
Total current assets	<u>923,274</u>	<u>423,883</u>	<u>72,772</u>	<u>1,419,929</u>
Noncurrent assets:				
Restricted assets:				
Cash and interest-bearing deposits	83,371	71,469	-	154,840
Capital assets:				
Capital assets not being depreciated	17,802	6,926	-	24,728
Capital assets, net of accumulated depreciation	<u>1,756,034</u>	<u>3,775,749</u>	<u>5,251,698</u>	<u>10,783,481</u>
Total noncurrent assets	<u>1,857,207</u>	<u>3,854,144</u>	<u>5,251,698</u>	<u>10,963,049</u>
Other assets:				
Deferred bond issue costs, net	<u>19,471</u>	<u>-</u>	<u>-</u>	<u>19,471</u>
Total assets	<u>\$2,799,952</u>	<u>\$4,278,027</u>	<u>\$5,324,470</u>	<u>\$12,402,449</u>

(continued)

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Balance Sheet (continued)  
September 30, 2012

	Operating	Waterworks District No. 6	Sewerage District No. 9	Total
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 68,652	\$ -	\$ -	\$ 68,652
Accrued liabilities	34,013	-	-	34,013
Accrued interest	-	7,837	-	7,837
Current maturities of bonds payable	-	206,129	17,249	223,378
Due to other funds	138,990	-	-	138,990
Due to other governmental units	49,159	-	-	49,159
<b>Payable from restricted assets:</b>				
Current maturities of bonds payable	66,000	-	-	66,000
Accrued interest	5,122	-	-	5,122
Refundable deposits	45,322	98,046	-	143,368
Total current liabilities	407,258	312,012	17,249	736,519
<b>Noncurrent liabilities:</b>				
Bonds payable	1,239,000	1,911,702	939,008	4,089,710
Compensated absences	27,994	64,885	-	92,879
Total noncurrent liabilities	1,266,994	1,976,587	939,008	4,182,589
Total liabilities	1,674,252	2,288,599	956,257	4,919,108
<b>Net assets:</b>				
Invested in capital assets, net of related debt	833,600	1,664,844	4,295,441	6,793,885
Restricted for debt service	203,346	126,277	67,069	396,692
Unrestricted	88,754	198,307	5,703	292,764
Total net assets	1,125,700	1,989,428	4,368,213	7,483,341
Total liabilities and net assets	\$ 2,799,952	\$ 4,278,027	\$ 5,324,470	\$ 12,402,449

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

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended September 30, 2012

	<u>Operating</u>	<u>Waterworks District No. 6</u>	<u>Sewerage District No. 9</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				
Water sales	\$ 833,518	\$ -	\$ -	\$ 833,518
Sewer user and inspection fees	372,670	-	-	372,670
Commission and fees for services	37,315	-	-	37,315
Total operating revenues	<u>1,243,503</u>	<u>-</u>	<u>-</u>	<u>1,243,503</u>
<b>OPERATING EXPENSES</b>				
Salaries and related benefits	617,696	-	-	617,696
Supplies and materials	11,157	-	-	11,157
Operation and maintenance	542,248	-	-	542,248
Other services and charges	168,833	9,382	-	178,215
Plant operation	295,403	-	-	295,403
Depreciation	91,925	345,371	369,760	807,056
Total operating expenses	<u>1,727,262</u>	<u>354,753</u>	<u>369,760</u>	<u>2,451,775</u>
Operating loss	<u>(483,759)</u>	<u>(354,753)</u>	<u>(369,760)</u>	<u>(1,208,272)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Ad valorem taxes, net	626,295	265,755	-	892,050
Bond interest and fiscal charges	(53,470)	(98,485)	-	(151,955)
Bond issue costs	(1,435)	-	-	(1,435)
Interest expense	-	-	(43,435)	(43,435)
Interest income	4,138	1,315	-	5,453
Miscellaneous income	12,129	-	-	12,129
Total nonoperating revenues (expenses)	<u>587,657</u>	<u>168,585</u>	<u>(43,435)</u>	<u>712,807</u>
Income (Loss) before operating transfers	103,898	(186,168)	(413,195)	(495,465)
Transfers in	-	56,543	66,923	123,466
Transfers out	<u>(123,466)</u>	<u>-</u>	<u>-</u>	<u>(123,466)</u>
Change in net assets	(19,568)	(129,625)	(346,272)	(495,465)
NET ASSETS, beginning	<u>1,145,268</u>	<u>2,119,053</u>	<u>4,714,485</u>	<u>7,978,806</u>
NET ASSETS, ending	<u>\$1,125,700</u>	<u>\$ 1,989,428</u>	<u>\$ 4,368,213</u>	<u>\$ 7,483,341</u>

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

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Statement of Cash Flows  
Year Ended September 30, 2012

	Operating	Waterworks District No. 6	Sewerage District No. 9	Total
<b>OPERATING ACTIVITIES</b>				
Revenue collected	\$ 1,269,936	\$ -	\$ -	\$1,269,936
Payments for goods and services	(1,003,075)	(9,382)	-	(1,012,457)
Payments to employees	(614,502)	-	-	(614,502)
Net cash used by operating activities	(347,641)	(9,382)	-	(357,023)
<b>NONCAPITAL FINANCING ACTIVITIES</b>				
Proceeds from customer deposits	7,276	-	-	7,276
Miscellaneous receipts	12,129	-	-	12,129
Receipts from other funds	-	56,543	66,923	123,466
Payments to other funds	(123,466)	-	-	(123,466)
Receipts from nonoperating taxes	626,295	265,755	-	892,050
Net cash provided by noncapital financing activities	522,234	322,298	66,923	911,455
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(47,865)	-	-	(47,865)
Interest and fiscal charges paid	(53,642)	(98,922)	(43,435)	(195,999)
Principal payments on bonds	(60,000)	(201,560)	(16,493)	(278,053)
Net cash provided (used) by capital and related financing activities	(161,507)	(300,482)	(59,928)	(521,917)
<b>INVESTING ACTIVITIES</b>				
Interest received	4,138	1,315	-	5,453
Net increase (decrease) in cash and cash equivalents	17,224	13,749	6,995	37,968
Cash and cash equivalents, beginning	816,013	348,016	60,374	1,224,403
Cash and cash equivalents, end	\$ 833,237	\$ 361,765	\$ 67,369	\$1,262,371

(continued)

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Statement of Cash Flows (continued)  
Year Ended September 30, 2012

	<u>Operating</u>	<u>Waterworks District No. 6</u>	<u>Sewerage District No. 9</u>	<u>Total</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (483,759)	\$ (354,753)	\$ (369,760)	\$ (1,208,272)
Adjustments to reconcile operating income to net cash provided (used) by operating activities-				
Depreciation	91,925	345,371	369,760	807,056
Changes in assets and liabilities:				
Increase in receivables	14,571	-	-	14,571
Increase in prepaid expenses and other assets	8,020	-	-	8,020
Decrease in accounts payable	6,992	-	-	6,992
Increase in accrued liabilities	12,550	-	-	12,550
Decrease in due to other governmental entities	2,060	-	-	2,060
Net cash provided (used) by operating activities	<u>\$ (347,641)</u>	<u>\$ (9,382)</u>	<u>\$ -</u>	<u>\$ (357,023)</u>

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

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Notes to Financial Statements

INTRODUCTION

The St. Mary Parish Water and Sewer Commission No. 4 (“Commission”) was created under the provisions of Louisiana Revised Statutes 33:7831 by ordinance issued by the St. Mary Parish Council on January 10, 2007. The Commission is authorized to operate, maintain, improve, extend and/or dispose of all works and facilities for water, sewer, and sewerage treatment or disposal facilities and systems within a designated territory of St. Mary Parish. The Commission is governed by seven board members appointed by the St. Mary Parish Council.

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Government is the financial reporting entity for St. Mary Parish. The financial reporting entity consists of (a) the primary government (parish council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. Mary 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.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Notes to Financial Statements (continued)

This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a) The ability of the Parish 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.
2. Organizations for which the Parish does not appoint a voting majority but are fiscally dependent on the Parish council.
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 Council appoints the Commission's governing body, the Commission was determined to be a component unit of the Parish of St. Mary, the financial reporting entity. Also, based upon the criteria described above, Waterworks District No 6 of the Parish of St. Mary and Sewerage District No. 9 of the Parish of St. Mary were determined to be components of the Commission and have been blended in these financial statements. The accompanying financial statements present information only on the funds maintained by the Commission and its blended components 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

The accompanying financial statements of the Commission have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Fund Financial Statements

The accounts of the Commission 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 proprietary fund is maintained consistent with legal and managerial requirements.



ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Notes to Financial Statements (continued)

The emphasis in fund financial statements is on major funds. Nonmajor funds, if any, are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenses of enterprise funds combined) for the determination of major funds. The Commission may determine as a major fund any fund whose classification as a nonmajor fund may be misleading to the reader. The funds classified as major are as follows:

1. Operating fund
2. Waterworks District No. 6 enterprise fund
3. Sewerage District No. 9 enterprise fund

Proprietary Funds -

Proprietary funds are used to account for ongoing operations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows. The two types of proprietary funds are enterprise and internal service funds. The Commission's funds are enterprise funds.

Enterprise Funds

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

C. 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.

Measurement Focus

Business-type activities are presented using the 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.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Notes to Financial Statements (continued)

Basis of Accounting

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

D. Assets, Liabilities and Equity

Cash and interest-bearing deposits

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit. For the purpose of the cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year end.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond year end, are recorded as prepaid items.

Restricted Assets

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the statement of net assets. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Commission maintains a threshold level of \$2,500 for capitalizing assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Notes to Financial Statements (continued)

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Water system	20-50 years
Sewer System	50 years
Buildings	40 years
Improvements	20 years
Equipment and vehicles	5-20 years

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations.

Bad Debts

Uncollectible amounts due for customers' utility receivables are recognized as bad debts by direct write-off at the time information becomes available which would indicate the uncollectibility of the particular receivable. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles.

Uncollectible amounts due for ad valorem taxes are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

Compensated Absences

The Commission adopted an annual vacation and sick leave policy for all full time employees. Vacation varies with the length of service and cannot be carried forward. Sick leave is accrued at a rate of one day per month and is allowed to accumulate up to 120 days. Up to 90 days of sick leave may be paid as a termination benefit upon retirement.

Long-term Debt

All long-term debt to be repaid from business-type resources is reported as liabilities. The long-term debt consists primarily of bonds payable.

Bond Issue Costs

Bond issue costs are being amortized by the straight-line method over the life of the related bond issue.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Notes to Financial Statements (continued)

Equity Classifications

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on their use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

E. Revenues and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenses

Expenses are classified by function for business-type activities. Expenses are further classified as operating and nonoperating.

Proprietary funds report expenses relating to use of economic resources.

F. Budgets and Budgetary Accounting

Enterprise funds are not required under Louisiana Revised Statute 39:1301 et seq. to adopt a budget and the Commission has elected to not formally adopt a budget. Accordingly, budgeted figures are not presented in this financial report.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Notes to Financial Statements (continued)

G. Use of Estimates

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

(2) Cash and Interest-Bearing Deposits

Under state law, the Commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Commission may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 2012, the Commission has cash and interest-bearing deposits (book balances) totaling \$1,262,371 as follows:

Cash on hand	\$	4,487
Demand deposits		716,409
Time deposits		<u>541,475</u>
Total cash	\$	<u>1,262,371</u>

Under state law, deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Commission or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at September 30, 2012, are secured as follows:

Bank balances		<u>\$ 1,333,622</u>
---------------	--	---------------------

At September 30, 2012, the deposits are secured as follows:

Federal deposit insurance		1,115,369
Pledged securities		<u>218,253</u>
Total		<u>\$ 1,333,622</u>

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Notes to Financial Statements (continued)

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Commission's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. The Commission does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. Since the Commission's total bank balances were fully insured or collateralized, the deposits are not exposed to custodial credit risk.

(3) Restricted Assets

Restricted assets consisted of the following at September 30, 2012:

	Cash
<u>St. Mary Parish Water and Sewer Commission No. 4</u>	
Water improvement bonds	\$ 535,183
Customer security deposits	83,371
	618,554
<u>St. Mary Parish Waterworks District No. 6</u>	
Revenue bond reserve fund	27,404
Capital additions and contingencies fund	27,404
Customer security deposits	71,469
	126,277
<u>St. Mary Parish Sewer District No. 9</u>	
Sinking fund	7,722
Reserve fund	29,672
Contingency fund	29,675
	67,069
 Total	 \$ 811,900

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Notes to Financial Statements (continued)

(4) Interfund Receivables/Payables

	Interfund Receivables	Interfund Payables
Business-type activities:		
Operating fund	\$ -	\$ 138,990
Waterworks District No. 6	133,587	-
Sewerage District No. 9	5,403	-
Total interfund receivables/payables	\$ 138,990	\$ 138,990

These receivables and payables reverse in the normal course of operations. All remaining balances resulted from time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payment between the funds are made.

(5) Ad Valorem Taxes

The following is a summary of authorized and levied ad valorem tax millages:

	Authorized/ Levied Millage
Commission taxes:	
Debt millage	3.5
Operating millage	14.80
District taxes:	
Bond and Interest-	
Waterworks District No. 6 of the Parish of St. Mary	7.54

Levied millages for debt taxes and bond and interest taxes are restricted to payment of principal and interest on general obligation bonds and are reported as nonoperating revenue on the statement of revenues, expenses and changes in net assets.

Ad valorem taxes for the operation and maintenance millage are reported as operating revenue on the statement of revenues, expenses and changes in net assets.

Total taxes of \$895,228 were levied on property having assessed taxable valuations totaling \$69,747,620.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Notes to Financial Statements (continued)

(6) Capital Assets

Capital asset activity for the year ended September 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and improvements	\$ 6,926	\$ -	\$ -	6,926
Construction in progress	<u>562,557</u>	<u>24,194</u>	<u>568,949</u>	<u>17,802</u>
Total capital assets not being depreciated	<u>569,483</u>	<u>24,194</u>	<u>568,949</u>	<u>24,728</u>
Capital assets being depreciated:				
Water system	10,149,056	568,949	15,645	10,702,360
Sewer system	7,153,993	9,716	-	7,163,709
Buildings	244,859	-	-	244,859
Improvements	375,609	10,959	-	386,568
Equipment and vehicles	<u>1,791,610</u>	<u>2,995</u>	<u>-</u>	<u>1,794,605</u>
Total capital assets being depreciated	<u>19,715,127</u>	<u>592,619</u>	<u>15,645</u>	<u>20,292,101</u>
Less accumulated depreciation for:				
Water system	5,711,343	371,467	15,645	6,067,165
Sewer system	2,553,693	360,145	-	2,913,838
Buildings	12,273	4,878	-	17,151
Improvements	66,758	18,174	-	84,932
Equipment and vehicles	<u>373,142</u>	<u>52,392</u>	<u>-</u>	<u>425,534</u>
Total accumulated depreciation	<u>8,717,209</u>	<u>807,056</u>	<u>15,645</u>	<u>9,508,620</u>
Total capital assets being depreciated, net	<u>10,997,918</u>	<u>(214,437)</u>	<u>-</u>	<u>10,783,481</u>
Capital assets, net	<u>\$ 11,567,401</u>	<u>\$ (190,243)</u>	<u>\$ 568,949</u>	<u>\$ 10,808,209</u>

Depreciation expense charged to the Commission's business-type activities for the year ended September 30, 2012 totaled \$807,056.



ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Notes to Financial Statements (continued)

(7) Deferred Bond Issue Costs

As described in Note 9, the Commission issued General Obligation Bonds, Series 2008 and Water Improvement Bonds, Series 2007 in a preceding year. Expenses, primarily legal fees, were incurred in connection with the issuance of the bonds. Accounting principles require such costs to be reported as deferred charges on the balance sheet and amortized from the date of sale until the maturity of the obligation.

At September 30, 2012, the Commission has unamortized deferred bond issue costs as follows:

	Water Improvement Bonds, 2007	General Obligation Bonds, 2008
Bond issue costs	\$ 5,600	\$ 21,422
Amortization recognized	(2,240)	(5,311)
	\$ 3,360	\$ 16,111

For the year ended September 30, 2012, amortization recognized for the Water Improvement and GO Bonds was \$373 and \$1,062 respectively.

(8) Changes in Long-Term Debt

The following is a summary of bond transactions of the Commission for the year ended September 30, 2012:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Water Improvement Bonds, Series 2007	\$ 275,000	\$ -	\$ 20,000	\$ 255,000	\$ 21,000
General Obligation Bonds, Series 2008	1,090,000	-	40,000	1,050,000	45,000
General Obligation Bonds, Series 2004	1,500,000	-	190,000	1,310,000	195,000
\$900,000 Water revenue notes payable	819,391	-	11,560	807,831	11,129
\$1,000,000 Sewer revenue bonds	884,318	-	14,993	869,325	15,681
\$100,000 Sewer revenue bonds	88,432	-	1,500	86,932	1,568
Compensated absences	89,685	3,194	-	92,879	-
	<u>\$4,746,826</u>	<u>\$ 3,194</u>	<u>\$ 278,053</u>	<u>\$4,471,967</u>	<u>\$ 289,378</u>

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Notes to Financial Statements (continued)

Bonds payable at September 30, 2012 are comprised of the following individual issues:

\$350,000 Water Improvement Bonds, Series 2007, dated 09/05/07; due in annual installments of \$16,000-\$30,000 through August 1, 2022; interest rate of 4.119% per annum, secured by system revenue.	<u>\$ 255,000</u>
\$1,200,000 General Obligation Bonds, Series 2008, dated 03/01/08; due in annual installments of \$35,000-\$95,000 through March 1, 2028; interest rate of 3.94% per annum, secured by ad valorem taxation.	<u>\$ 1,050,000</u>
\$1,290,000 General Obligation Refunding Bonds, Series 2004, issued March 2004, payable in annual installments of \$5,000 to \$160,000 from 2005 to 2015, semi-annual interest payable at 3.40% per annum. The bonds maturing March 2010 and thereafter are callable in full, or in part after March 2009; secured by ad valorem tax revenues.	450,000
\$1,200,000 General Obligation Bonds, Series 2004, issued March 2004 for construction improvements to the waterworks plant and system, payable in annual installments of \$35,000 to \$95,000 from 2005 to 2024, semi-annual interest payable at 1.00% to 6.00% per annum. The bonds maturing March 2015 and thereafter are callable for redemption in full, or in part, after March 2014; secured by ad valorem tax revenues.	<u>860,000</u>
Total General Obligation bonds, Series 2004	<u>\$ 1,310,000</u>
\$900,000 Water Revenue Notes Payable, issued for constructing improvements to the waterworks plant and system, payable in Monthly installments of \$4,230 from 2003 to 2043, with interest at 4.75% per annum; secured by system revenues	<u>\$ 807,831</u>
\$1,000,000 Sewerage Revenue Bonds; due in monthly installments of \$4,540 beginning January 5, 2002; one payment of interest of \$45,000 due December 5, 2001; bond is payable over 40 years; interest rate of 4.50% per annum	<u>\$ 869,325</u>
\$100,000 Sewerage Revenue Bonds; due in monthly installments of \$454 beginning January 5, 2002; one payment of interest of \$4,500 due December 5, 2001; bond is payable over 40 years; interest rate of 4.50% per annum	<u>\$ 86,932</u>

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Notes to Financial Statements (continued)

The bonds are due as follows:

Year Ending September 30,	Water Improvement Bonds		General Obligation Bonds		Revenue Bonds/Notes		TOTAL
	Principal	Interest	Principal	Interest	Principal	Interest	
2013	\$ 21,000	\$ 11,092	\$ 240,000	\$ 93,320	\$ 28,378	\$ 82,310	\$ 476,100
2014	22,000	10,179	250,000	83,592	31,768	78,920	476,459
2015	23,000	9,222	265,000	73,670	32,224	78,464	481,580
2016	24,000	8,221	110,000	66,588	33,747	76,941	319,497
2017	25,000	7,178	120,000	61,878	35,344	75,344	324,744
2018 - 2022	140,000	18,706	690,000	227,172	203,440	350,000	1,629,318
2023 - 2027	-	-	590,000	70,383	256,348	297,092	1,213,823
2028 - 2032	-	-	95,000	1,872	323,037	230,403	650,312
2033 - 2037	-	-	-	-	407,100	146,340	553,440
2038 - 2042	-	-	-	-	400,083	44,712	444,795
2043 - 2044	-	-	-	-	12,619	102	12,721
	<u>\$ 255,000</u>	<u>\$ 64,598</u>	<u>\$ 2,360,000</u>	<u>\$ 678,475</u>	<u>\$1,764,088</u>	<u>\$ 1,460,628</u>	<u>\$6,582,789</u>

(9) Interfund Transfers

	<u>Transfers In</u>	<u>Transfers Out</u>
Operating Fund	\$ -	\$ 123,466
Waterworks District No. 6	56,543	-
Sewerage District No. 9	<u>66,923</u>	<u>-</u>
Total	<u>\$ 123,466</u>	<u>\$ 123,466</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Notes to Financial Statements (continued)

(10) Employee Retirement

All full-time employees of the Commission participate in the Parochial Employees' Retirement System of Louisiana (Plan B). This system is a multiple-employer public retirement system (PERS) and is controlled and administered by a separate board of trustees.

Plan members are required to contribute 3.0 percent of their annual covered salary to the system while the Commission is required to contribute the statutory rate of 10 percent of the total annual covered salary. The Commission's contributions to the system for the years ended September 30, 2012, 2011, and 2010, were \$51,816.44, \$49,384, and \$42,699, respectively.

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

(11) Contingencies

The Commission operates a water and sewerage plant, which are regulated by the Department of Environmental Quality and the Environmental Protection Agency. In the opinion of the Board of Commissioners, all applicable regulations have received full compliance, however, due to the complexity of the regulations, differing interpretations of the regulations by DEQ and/or the EPA may result in instances of noncompliance.

(12) Compensation Paid to Board Members

The schedule of compensation paid to the board of commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Louisiana Revised Statute 33:7833 limits compensation paid to board members, with the approval of the board, for per diem and travel allowance to an amount not to exceed \$250 per month.

Thomas Ducote, President	\$ 2,400
Anthony Darden, Vice President	2,700
Willie Scott, Secretary/Treasurer	2,750
Julius Hebert	2,700
Clarence Mathews	2,700
Stephanie Burney	2,475
Camile Punch	2,700
	<u>\$ 18,425</u>

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Notes to Financial Statements (continued)

(13) Related Party Activity

Parish of St. Mary (“Parish”):

The Commission collects garbage fees and mosquito charges on behalf of the Parish. The Commission gets 4.333% of each month’s collections for their services.

(14) Intergovernmental Agreement

On March 1, 1995, the Sewerage District No. 9 of the Parish of St. Mary entered into an agreement with the Sovereign Nation of the Chitimacha (Chitimacha Tribe of Louisiana) for the construction, operation and maintenance of sanitary sewerage collection and treatment facilities. The agreement shall be binding on the District and Tribe for a period of 40 years unless renewed upon mutual consent or terminated by agreement between the parties. The agreement provides for the designation of the components of the proposed sewerage works as joint-service components and non joint-service components. Non joint-service components service either the District or the Tribe, but not both parties. Joint-service components service both the District and the Tribe. The agreement provides that the District and the Tribe will each be responsible for the construction, maintenance and operation of the non joint-service components that service their customers only. The District is responsible for the construction, administration, operation and maintenance of the joint service components. The costs associated with the construction of the sewer treatment facility shall be shared equally by the District and the Tribe up to \$425,000 each. If actual construction costs exceed 10 percent of the projected cost to construct the facility, the parties shall have the right to renegotiate the cost sharing arrangements. The Tribe shall contribute a lump sum amount of \$35,000 as its share of costs related to the construction of other joint service components such as regional pump stations and regional force mains to be constructed under the agreement and that may be constructed in the future over an anticipated 20 year period. For the treatment facility and the other joint service components, ownership shall vest to the District and the Tribe in relation of their cost contribution in proportion to the total costs of the construction.

Subject to the direction of the Management Committee, made up of one representative from the District and one from the Tribe, the District shall be responsible for the proper physical operation and maintenance of all joint service components constructed under the agreement. The District shall determine, establish and institute an equitable system of user charges for the users of the facilities for the payment of the necessary costs of operation and maintenance of the joint service components. The Tribe shall, on a monthly basis, pay to the District their pro-rata share of the costs of operating and maintaining the joint service components. The pro-rata share of the costs shall be determined based on the proportionate burden placed on the facility by the sewer customers of each of the parties as indicated by flow measurements. The District shall pay all costs of operation and maintenance of the facility as they become due and payable and shall submit to the Tribe, monthly, following such payment, an itemized statement showing such costs.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Notes to Financial Statements (continued)

(15) New Accounting Pronouncements

In June 2011, the Governmental Accounting Standards Board (GASB) approved Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The statement changes how governments will organize their statements of financial position (such as the current government-wide statement of net assets). Under this standard, financial statements will include deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities, and will report net position instead of net assets. The provisions of GASB No. 63 must be implemented by the Commission for the year ending September 30, 2013. The effect of implementation on the Commission's financial statements has not yet been determined.

**OTHER SUPPLEMENTARY INFORMATION**

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Operating Fund  
Balance Sheet  
September 30, 2012

With Comparative Totals as of September 30, 2011

	2012	2011
<b>ASSETS</b>		
Current assets		
Cash and interest-bearing deposits	\$ 214,683	\$ 212,633
Receivables		
Accounts	145,091	159,662
Due from other governmental units	-	11,862
Prepaid expenses	28,317	24,475
Restricted assets		
Cash and interest-bearing deposits	535,183	527,605
Total current assets	923,274	936,237
Noncurrent assets		
Restricted assets		
Cash and interest-bearing deposits	83,371	75,775
Capital assets		
Capital assets not being depreciated	17,802	562,557
Capital assets, net of accumulated depreciation	1,756,034	1,255,339
Total noncurrent assets	1,857,207	1,893,671
Other assets		
Deferred bond issue costs, net	19,471	20,906
Total assets	\$2,799,952	\$2,850,814

(continued)



ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Operating Fund  
Balance Sheet (continued)  
September 30, 2012

With Comparative Totals as of September 30, 2011

LIABILITIES AND NET ASSETS	2012	2011
Current liabilities		
Accounts payable	\$ 68,652	\$ 61,660
Due to other funds	138,990	138,990
Due to other governmental units	49,159	47,099
Accrued liabilities	34,013	24,657
Payable from restricted assets		
Current maturities of bonds payable	66,000	60,000
Accrued interest	5,122	5,294
Refundable deposits	45,322	38,046
Total current liabilities	407,258	375,746
Long-term liabilities		
Water improvement bonds payable	234,000	255,000
General obligation bonds payable	1,005,000	1,050,000
Compensated absences	27,994	24,800
Total long term liabilities	1,266,994	1,329,800
 Total liabilities	 1,674,252	 1,705,546
Net assets		
Invested in capital assets, net of related debt	833,600	844,075
Restricted for debt service	203,346	168,861
Unrestricted	88,754	132,332
Total net assets	1,125,700	1,145,268
 Total liabilities and net assets	 \$ 2,799,952	 \$ 2,850,814

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Operating Fund  
Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended September 30, 2012  
With Comparative Totals for the Year Ended September 30, 2011

	<u>2012</u>	<u>2011</u>
<b>OPERATING REVENUES</b>		
Water sales	\$ 833,518	\$ 866,644
Sewer user and inspection fees	372,670	378,805
Commissions and fees for services	37,315	37,682
Total operating revenues	<u>1,243,503</u>	<u>1,283,131</u>
<b>OPERATING EXPENSES</b>		
Salaries and related benefits	617,696	681,485
Supplies and materials	11,157	8,454
Operation and maintenance	542,248	332,546
Other services and charges	168,833	162,444
Plant operation	295,403	276,528
Depreciation	91,925	80,759
Total operating expenses	<u>1,727,262</u>	<u>1,542,216</u>
Operating income	<u>(483,759)</u>	<u>(259,085)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Ad valorem taxes - debt service	626,295	582,292
Bond interest and fiscal charges	(53,470)	(55,401)
Bond issue costs	(1,435)	(1,435)
Interest income	4,138	4,122
Intergovernmental revenue	-	11,862
Miscellaneous income	12,129	11,873
Total nonoperating revenue (expense)	<u>587,657</u>	<u>553,313</u>
Income (Loss) before contributions and transfers	<u>103,898</u>	<u>294,228</u>
Transfers out	<u>(123,466)</u>	<u>(124,268)</u>
Change in net assets	(19,568)	169,960
NET ASSETS, beginning	<u>1,145,268</u>	<u>975,308</u>
NET ASSETS, ending	<u>\$ 1,125,700</u>	<u>\$ 1,145,268</u>

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Operating Fund  
Statement of Cash Flows  
Year Ended September 30, 2012

With Comparative Totals for the Year Ended September 30, 2011

	2012	2011
<b>OPERATING ACTIVITIES</b>		
Revenue collected	\$ 1,269,936	\$ 1,260,876
Payments for goods and services	(1,003,075)	(1,367,795)
Payments to employees	(614,502)	(681,485)
Net cash used by operating activities	(347,641)	(788,404)
<b>NONCAPITAL FINANCING ACTIVITIES</b>		
Proceeds from customer deposits	7,276	13,850
Miscellaneous receipts	12,129	11,873
Receipts from other funds	-	138,990
Payments to other funds	(123,466)	(124,268)
Receipts from nonoperating taxes	626,295	582,292
Net cash provided by noncapital financing activities	522,234	622,737
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(47,865)	114,838
Intergovernmental revenues	-	11,862
Interest and fiscal charges paid	(53,642)	(55,610)
Principal payments on bonds	(60,000)	(60,000)
Net cash provided (used) by capital and related financing activities	(161,507)	11,090
<b>INVESTING ACTIVITIES</b>		
Interest received	4,138	4,122
Net decrease in cash	17,224	(150,455)
Cash and cash equivalents, beginning	816,013	966,468
Cash and cash equivalents, end	\$ 833,237	\$ 816,013

(continued)

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Operating Fund  
Statement of Cash Flows (continued)  
Year Ended September 30, 2012

With Comparative Totals for the Year Ended September 30, 2011

	2012	2011
Reconciliation of operating income to net cash provided (used)		
by operating activities:		
Operating income	\$ (483,759)	\$ (259,085)
Adjustment to reconcile operating income to net cash		
provided (used) by operating activities -		
Depreciation	91,925	80,759
Changes in assets and liabilities:		
Decrease (Increase) in receivables	14,571	(16,448)
Increase (Decrease) in prepaid expenses and other assets	8,020	(8,789)
Increase (Decrease) in accounts payable	6,992	(467,401)
Increase in accrued liabilities	12,550	3,939
Increase (Decrease) in due to other governmental entities	2,060	(121,379)
Net cash provided (used) by operating activities	\$ (347,641)	\$ (788,404)

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Waterworks District No. 6 Enterprise Fund  
Balance Sheet  
September 30, 2012  
With Comparative Totals as of September 30, 2011

	2012	2011
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 235,488	\$ 227,938
Receivables:		
Due from other funds	133,587	133,587
Restricted assets:		
Cash	54,808	49,420
Total current assets	423,883	410,945
Noncurrent assets:		
Restricted assets		
Cash	71,469	70,658
Capital assets:		
Capital assets not being depreciated	6,926	6,926
Capital assets, net of accumulated depreciation	3,775,749	4,121,120
Total noncurrent assets	3,854,144	4,198,704
Total assets	\$4,278,027	\$4,609,649
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Current maturities of bonds payable	\$ 206,129	\$ 201,560
Accrued interest	7,837	8,274
Payable from restricted assets:		
Refundable deposits	98,046	98,046
Total current liabilities	312,012	307,880
Noncurrent liabilities:		
Bonds payable	1,911,702	2,117,831
Compensated absences	64,885	64,885
Total noncurrent liabilities	1,976,587	2,182,716
Total liabilities	2,288,599	2,490,596
Net Assets:		
Invested in capital assets, net of related debt	1,664,844	1,808,655
Restricted	126,277	120,078
Unrestricted	198,307	190,320
Total net assets	1,989,428	2,119,053
Total liabilities and net assets	\$4,278,027	\$4,609,649

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Waterworks District No. 6 Enterprise Fund  
Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended September 30, 2012  
With Comparative Totals for the Year Ended September 30, 2011

	2012	2011
<b>OPERATING EXPENSES</b>		
Other services and charges	\$ 9,382	\$ 9,081
Depreciation	345,371	347,231
Total operating expenses	354,753	356,312
Operating loss	(354,753)	(356,312)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Ad valorem taxes	265,755	260,025
Bond interest and fiscal charges	(98,485)	(104,902)
Interest income	1,315	1,652
Total non-operating revenues (expenses)	168,585	156,775
Loss before operating transfers	(186,168)	(199,537)
Transfers in	56,543	56,895
Change in net assets	(129,625)	(142,642)
NET ASSETS, beginning	2,119,053	2,261,695
NET ASSETS, ending	\$1,989,428	\$2,119,053

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Waterworks District No. 6 Enterprise Fund  
Statement of Cash Flows  
Year Ended September 30, 2012  
With Comparative Totals for the Year Ended September 30, 2011

	2012	2011
<b>OPERATING ACTIVITIES</b>		
Payments for goods and services	\$ (9,382)	\$ (9,081)
<b>NON-CAPITAL FINANCING ACTIVITIES</b>		
Receipts from other funds	56,543	56,895
Payments to other funds	-	(37,505)
Receipts from non-operating taxes	<u>265,755</u>	<u>260,282</u>
Net cash provided by non-capital financing activities	<u>322,298</u>	<u>279,672</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Interest and fiscal charges paid	(98,922)	(105,429)
Principle paid on bonds	<u>(201,560)</u>	<u>(191,018)</u>
Net cash used for capital and related financing activities	<u>(300,482)</u>	<u>(296,447)</u>
<b>INVESTING ACTIVITIES</b>		
Interest received	<u>1,315</u>	<u>1,652</u>
Net increase (decrease) in cash and cash equivalents	13,749	(24,204)
Cash and cash equivalents, beginning	<u>348,016</u>	<u>372,220</u>
Cash and cash equivalents, ending	<u>\$ 361,765</u>	<u>\$ 348,016</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (354,753)	\$ (356,312)
Adjustment to reconcile operating loss to net cash provided by operating activities - Depreciation	<u>345,371</u>	<u>347,231</u>
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<u>\$ (9,382)</u>	<u>\$ (9,081)</u>

ST. MARY PARISH WATER AND SEWER DISTRICT NO. 4  
Charenton, Louisiana

Sewerage District No. 9 Enterprise Fund  
Balance Sheet  
September 30, 2012  
With Comparative Totals as of September 30, 2011

	2012	2011
<b>ASSETS</b>		
Current assets:		
Cash and interest-bearing deposits	\$ 300	\$ 600
Due from other funds	5,403	5,403
Restricted assets:		
Cash - contingency, reserve, and sinking funds	67,069	59,774
Total current assets	72,772	65,777
Noncurrent assets:		
Capital assets, net of accumulated depreciation	5,251,698	5,621,458
Total assets	\$ 5,324,470	\$ 5,687,235
<b>LIABILITIES</b>		
Current liabilities:		
Current portion of revenue bonds payable	\$ 17,249	\$ 16,492
Noncurrent liabilities:		
Revenue bonds payable	939,008	956,258
Total liabilities	956,257	972,750
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	4,295,441	4,648,708
Restricted for debt service	67,069	59,774
Unrestricted	5,703	6,003
Total net assets	4,368,213	4,714,485
Total liabilities and net assets	\$ 5,324,470	\$ 5,687,235



ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Sewerage District No. 9 Enterprise Fund  
Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended September 30, 2012  
With Comparative Totals for the Year Ended September 30, 2011

	2012	2011
OPERATING REVENUES		
Miscellaneous	\$ -	\$ 922
OPERATING EXPENSES		
Depreciation	369,760	369,759
Operating loss	(369,760)	(368,837)
NONOPERATING REVENUES (EXPENSES)		
Interest expense	(43,435)	(44,161)
Loss before operating transfers	(413,195)	(412,998)
Transfers in	66,923	67,373
Change in net assets	(346,272)	(345,625)
NET ASSETS, beginning	4,714,485	5,060,110
NET ASSETS, ending	\$4,368,213	\$4,714,485

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Sewerage District No. 9 Enterprise Fund  
Statement of Cash Flows  
Year Ended September 30, 2012  
With Comparative Totals for the Year Ended September 30, 2011

	<u>2012</u>	<u>2011</u>
OPERATING ACTIVITIES		
Receipts from customers and users	\$ -	\$ 922
NONCAPITAL FINANCING ACTIVITIES		
Receipts from other funds	66,923	67,373
Payments to other funds	<u>-</u>	<u>(5,403)</u>
Net cash provided (used) by noncapital financing activities	<u>66,923</u>	<u>61,970</u>
CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on capital debt	(16,493)	(15,767)
Interest paid on capital debt	<u>(43,435)</u>	<u>(44,161)</u>
Net cash used in capital and related financing activities	<u>(59,928)</u>	<u>(59,928)</u>
Net increase in cash	6,995	2,964
Cash and cash equivalents, beginning	<u>60,374</u>	<u>57,410</u>
Cash and cash equivalents, end	<u>\$ 67,369</u>	<u>\$ 60,374</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (369,760)	\$ (368,837)
Adjustment to reconcile operating loss to net cash provided by operating activities -		
Depreciation	<u>369,760</u>	<u>369,759</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	<u>\$ -</u>	<u>\$ 922</u>

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Schedule of Number of Customers  
(Unaudited)  
September 30, 2012

On January 12, 2007, the St. Mary Parish Council adopted Ordinance No. 1753 creating St. Mary Parish Water and Sewer Commission No. 4 and providing the commission jurisdiction over all works and facilities for water, sewer, and sewerage disposal and treatment facilities now owned or operated by Waterworks District No. 6 of the Parish of St. Mary, Sewerage District No. 9 of the Parish of St. Mary, Sewerage District No. 7 of the Parish of St. Mary and portions of the boundaries of the previously abolished Sewerage District No. 10 of the Parish of St. Mary. Effective July 1, 2007, Water and Sewer Commission No. 4 began operations and effectively terminated the operations of Waterworks District No. 6, Sewerage District No. 9, and Sewerage District No. 7.

Records maintained by the Commission indicate the following number of residential and non-residential water customers were being served during the month of September, 2012 were as follows:

	<u>Water</u>	<u>Sewer</u>
Residential	2,274	500
Non-residential	<u>150</u>	<u>15</u>
Total	<u>2,424</u>	<u>515</u>

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Schedule of Insurance in Force  
(Unaudited)  
September 30, 2012

On January 12, 2007, the St. Mary Parish Council adopted Ordinance No. 1753 creating St. Mary Parish Water and Sewer Commission No. 4 and providing the commission jurisdiction over all works and facilities for water, sewer, and sewerage disposal and treatment facilities now owned or operated by Waterworks District No. 6 of the Parish of St. Mary, Sewerage District No. 9 of the Parish of St. Mary, Sewerage District No. 7 of the Parish of St. Mary and portions of the boundaries of the previously abolished Sewerage District No. 10 of the Parish of St. Mary. Effective July 1, 2007, Water and Sewer Commission No. 4 began operations and effectively terminated the operations of Waterworks District No. 6, Sewerage District No. 9, and Sewerage District No. 7.

The insurance for the District is now accounted for in Water and Sewer Commission No. 4 and is as follows:

<u>Description of Coverage</u>	<u>Expiration Date</u>	<u>Coverage Amounts</u>
General Liability	2/25/2013	\$ 300,000.00
Surety Bonds-		
Blanket coverage of Board of Directors		60,000
Public Officials and Employees		3,000,000
Employee Theft	3/6/2013	42,000 per occurrence
Real and Personal Property	2/26/2013	Replacement Cost

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Schedule of Aged Accounts  
(Unaudited)  
September 30, 2012

On January 12, 2007, the St. Mary Parish Council adopted Ordinance No. 1753 creating St. Mary Parish Water and Sewer Commission No. 4 and providing the commission jurisdiction over all works and facilities for water, sewer, and sewerage disposal and treatment facilities now owned or operated by Waterworks District No. 6 of the Parish of St. Mary, Sewerage District No. 9 of the Parish of St. Mary, Sewerage District No. 7 of the Parish of St. Mary and portions of the boundaries of the previously abolished Sewerage District No. 10 of the Parish of St. Mary. Effective July 1, 2007, Water and Sewer Commission No. 4 began operations and effectively terminated the operations of Waterworks District No. 6, Sewerage District No. 9, and Sewerage District No. 7.

Billings and collections relative to revenues and receivables are being accounted for in Water and Sewer Commission No. 4. Aged receivables were as follows at September 30, 2012:

Under 30 days	\$ 98,917
31 to 60 days	2,508
61 to 90 days	802
91 to 120 days	(480)
Over 120 days	<u>(3,290)</u>
Subtotal	98,457
Accrual for unbilled receivables	<u>46,634</u>
Total receivables	<u>\$ 145,091</u>

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Schedule of Water and Sewer Rates  
(Unaudited)  
September 30, 2012

On January 12, 2007, the St. Mary Parish Council adopted Ordinance No. 1753 creating St. Mary Parish Water and Sewer Commission No. 4 and providing the commission jurisdiction over all works and facilities for water, sewer, and sewerage disposal and treatment facilities now owned or operated by Waterworks District No. 6 of the Parish of St. Mary, Sewerage District No. 9 of the Parish of St. Mary, Sewerage District No. 7 of the Parish of St. Mary and portions of the boundaries of the previously abolished Sewerage District No. 10 of the Parish of St. Mary. Effective July 1, 2007, Water and Sewer Commission No. 4 began operations and effectively terminated the operations of Waterworks District No. 6, Sewerage District No. 9, and Sewerage District No. 7.

Residential and non-residential:

\$12.50 per month for the first 2,000 gallons

\$2.50 per thousand or part thereof over 2,000 gallons

**INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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

The Board of Commissioners  
St. Mary Parish Water and Sewer Commission No. 4  
Charenton, Louisiana

We have audited the financial statements of the business-type activities and each major fund of the St. Mary Parish Water and Sewer Commission No. 4, (hereinafter "Commission"), a component unit of the Parish of St. Mary as of and for the year ended September 30, 2012, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated March 20, 2013. 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.

### Internal Control over Financial Reporting

Management of the Commission is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of audit results and findings, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.



A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of audit results and findings as item 2012-1 to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

The Commission's response to the finding identified in our audit is described in the accompanying corrective action plan for current year findings. We did not audit the Commission's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Board of Commissioners, management and others within the organization, the St. Mary Parish Council, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

***Kolder, Champagne, Slaven & Company, LLC***

Certified Public Accountants

Morgan City Louisiana  
March 20, 2013

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Schedule of Audit Results and Findings  
Year Ended September 30, 2012

Part I. Summary of auditor's results:

An unqualified opinion was issued on the financial statements of the Commission's business-type activities and each major fund (Operating fund, Waterworks District No. 6 enterprise fund, and Sewerage District No. 9 enterprise fund).

A deficiency in internal control was disclosed by the audit of the financial statements and it is considered to be a material weakness.

There were no instances of noncompliance required to be reported under *Government Auditing Standards*.

A management letter was not issued.

Part II. Findings required to be reported in accordance with *Government Auditing Standards*:

A. Internal Control

2012-1 - Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Commission's internal control over financial reporting includes those policies and procedures that pertain to the Commission's ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Schedule of Audit Results and Findings (continued)  
Year Ended September 30, 2012

B. Compliance

No compliance issues are reported.

Part III. Findings and questioned costs for Federal awards reported in accordance with Office of Management and Budget Circular A-133:

The requirements of OMB Circular A-133 do not apply to the Commission.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Summary Schedule of Prior Audit Findings  
Year Ended September 30, 2012

A. Internal Control-

2011-01 - Segregation of Duties:

CONDITION: Accounting and financial functions are not adequately segregated.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: See schedule of audit results and findings item 2012-1.

B. Compliance-

There were no findings previously reported under this section.

C. OMB A-133-

This section was not applicable.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Charenton, Louisiana

Corrective Action Plan for Current Year Findings  
Year Ended September 30, 2012

Response to Finding 2012-1:

Due to the size of the operation and the cost-benefit of additional personnel, it is not feasible to achieve complete segregation of duties.