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WARD 5 WATERWORKS
DISTRICT #1 OF
EVANGELINE PARISH
ST LANDRY, LOUISIANA

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-19-05



Juanita DeVillier Brouillette

— Certified Public Accountant —

318-346-9468 ° 1230 Hwy 71 South ° Post Office Box 153 ° Bunkie, La. 71322

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH

DECEMBER 31, 2003

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Juanita DeVillier Brouillette

Certified Public Accountant

December 16, 2004

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Ward 5 Waterworks District #1 of Evangeline Parish

I have audited the accompanying basic financial statements of the business-type activities of Ward 5 Waterworks District #1 of Evangeline Parish, St Landry, Louisiana, a component unit of the Evangeline Parish Police Jury, as of December 31, 2003 and for the year then ended, which collectively comprise the District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted the 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 I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinion.

In my opinion the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Ward 5 Waterworks District #1 of Evangeline Parish, as of December 31, 2003, and the respective changes in financial position and cash flows for the year then ended in conformity with principles generally accepted in the United States of America.

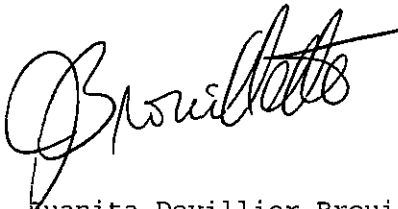
As described in Note 1, the District has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of December 31, 2003.

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Ward 5 Waterworks District #1 of Evangeline Parish has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements

In accordance with *Government Auditing Standards*, I have also issued my report dated December 16, 2004, on my consideration of Ward 5 Waterworks District #1's internal control over financial reporting and on my 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 my audit.

The audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Ward 5 Waterworks District #1 of Evangeline Parish basic financial statements. The accompanying schedule of expenditures of federal awards are presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Juanita Devillier Brouillette
Certified Public Accountant

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
STATEMENT OF NET ASSETS
DECEMBER 31, 2003

ASSETS	
CURRENT ASSETS	
Prepaid Insurance	\$ 357
Accounts receivable - Water sales	<u>5,315</u>
Total Current Assets	<u>\$ 5,672</u>
NONCURRENT ASSETS	
Restricted cash funds	\$ 23,808
Capital Assets:	
Land	1,000
Plant, distribution system, and equipment	1,197,347
Less: accumulated depreciation	<u>(202,214)</u>
Total Noncurrent Assets	<u>\$1,019,941</u>
TOTAL ASSETS	<u>\$1,025,613</u>
LIABILITIES	
CURRENT LIABILITIES	
Overdraft in operating account	\$ 453
Accounts payable	1,532
Payroll and sales tax payable	399
Current portion of water revenue bonds payable	<u>4,470</u>
Total Current Liabilities	\$ 6,854
NONCURRENT LIABILITIES	
Customer meter deposits	\$ 1,800
Water revenue bonds payable	<u>334,291</u>
Total Noncurrent Liabilities	<u>\$ 336,091</u>
TOTAL LIABILITIES	<u>\$ 342,945</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 657,372
Restricted for debt service and contingency	22,008
Unrestricted	<u>3,288</u>
TOTAL NET ASSETS	\$ 682,668 =====

The accompanying notes are an integral part of the financial statements.

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
YEAR ENDED DECEMBER 31, 2003

OPERATING REVENUES		
Water sales	\$56,641	
Connection, meter, late charges	<u>3,802</u>	
Total Operating Revenues		\$ 60,443
OPERATING EXPENSES		
Board fees	\$ 1,290	
Depreciation	30,016	
Dues and licenses	1,154	
Insurance	2,388	
Office expense	2,145	
Professional fees	2,130	
Rent	1,800	
Repairs and maintenance	6,187	
Salaries	19,928	
Taxes	2,290	
Utilities	<u>2,624</u>	
Total Operating Expenses		<u>71,952</u>
OPERATING INCOME (LOSS)		\$(11,509)
NONOPERATING REVENUES AND (EXPENSES)		
Interest income	\$ 225	
Interest expense	<u>(15,356)</u>	
Nonoperating expense over revenue		<u>(15,131)</u>
INCREASE (DECREASE) IN NET ASSETS		\$(26,640)
NET ASSETS BEGINNING OF YEAR		<u>709,308</u>
NET ASSETS END OF YEAR		\$682,668 =====

The accompanying notes are an integral part of the financial statements.

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	61,380
Payments for goods and services	(21,466)
Payments to employees	<u>(19,928)</u>
Net Cash Provided By Operating Activities	19,986
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Principal paid on capital debt	(4,584)
Interest paid on capital debt	<u>(15,356)</u>
Net Cash Used for Capital Financing Activities	(19,940)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>225</u>
NET INCREASE IN CASH	271
BALANCE, BEGINNING OF YEAR	<u>23,537</u>
BALANCE, END OF YEAR	\$ 23,808
	=====
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (11,509)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation	30,016
Changes in operating assets and liabilities:	
Accounts receivable	(113)
Prepaid insurance	(10)
Accounts and taxes payable	1,677
Customers' meter deposits	<u>(75)</u>
Net Cash Provided By Operating Activities	19,986
	=====

The accompanying notes are an integral part of the financial statements.

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Ward 5 Waterworks District #1 of Evangeline Parish was created by an ordinance of the Evangeline Parish Police Jury on March 9, 1992. The District provides water to rural residential and agricultural customers in the northeast portion of Evangeline Parish. The governing authority of the District consists of five members of a Board of Commissioners appointed by the Evangeline Parish Police Jury.

The Ward 5 Waterworks District #1 operates autonomously from the other Parish agencies. Therefore, the District reports as an independent reporting entity. This report includes all funds which are controlled by or dependent upon the District. The District, a component unit of the Evangeline Parish Police Jury, is an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises- where the intent of the governing body is that cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Method of Accounting

In January 2003, the District adopted the provisions of Statement No.34 (Statement 34) of the Governmental Accounting Standards Board *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Statement 34 established standards for external reporting for all state and local governmental entities which includes a statement of net assets, a statement of activities and changes in net assets, and a statement of cash flows. It requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

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

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

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003

enabling legislation.

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

Cash

Cash includes amounts in demand deposits, interest-bearing savings accounts, certificates of deposit, and investments with a maturity date within three months of the date acquired by the District. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market savings accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Accounts Receivable, Bad Debts

Amounts due from customers are recognized as bad debts as they are considered uncollectible. Minimum losses are sustained since the customer's meter deposit is applied to any unpaid balance. In the opinion of management, all receivables were collectible and an allowance for doubtful accounts was not considered necessary.

Restricted Assets

Certain proceeds related to customers' meter deposits and water revenue bond funds are classified as restricted assets on the balance sheet because their use is limited by applicable laws and regulations. The meter fund is used to account for customers' meter deposits received from and returned to customers. The water revenue bond funds are used to account for transfers from regular operations as required under the bond agreement.

Property, Plant, and Equipment

Property, plant, and equipment is stated at cost when purchased or constructed. Donations of property, plant, and equipment are recorded at their estimated fair value on the date donated. Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows:

Plant and distribution system - 40 years
Equipment - 7 to 12 years

The District capitalizes interest as a component of the cost of property, plant, and equipment constructed for its own use. Capitalization stops when the asset is substantially complete and ready for its intended use.

Customer Deposits

Customer deposits represent refundable deposits received from customers to guarantee payment of their water bills.

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2003

Estimates

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

Operating Revenues

Operating revenues include all revenues generated from water sales to customers, and any other charges to customers related to water sales, such as late charges, and connection and meter fees.

2. CASH

At December 31, 2003 cash consisted of the following:

	<u>Total</u>	<u>Unrestricted</u>	<u>Restricted</u>
Cash in bank	\$23,808	\$ -0-	\$23,808

At December 31, 2003, restricted assets consisted of the following:

Restricted for customer deposits for water service	\$ 1,579
Restricted in accordance with United States Department of Agriculture bond covenants. These funds may be used to finance emergency repairs, system improvements, and debt service.	7,270
Restricted for payment of bond principal and interest in accordance with the United States Department of Agriculture bonds.	6,147
Restricted for payment of principal and interest on the bonds in event of default, in accordance with the United States Department of Agriculture bond agreement.	<u>8,812</u>
	\$23,808
	=====

Cash in bank is stated at cost, which approximates market. Under state law, the resulting bank balances must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. At December 31, 2003 cash in bank is secured by federal deposit insurance. For the purposes of the statement of cash flows, the District considers all deposits with Financial Institutions with a maturity of three months or less to be cash.

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003

3. ACCOUNTS RECEIVABLE

Receivables arising from water service furnished to members consist of uncollected billings rendered customers on monthly cycle billings. At December 31, 2003 these receivables were \$5,315.

4. RESTRICTIONS ON USE OF FUNDS

Under the terms of the bond indenture on the outstanding Water Utility Revenue Bond dated March 21, 1996, all income and revenues earned or derived from the operation of the water system are to be set aside into the Waterworks Revenue Fund. Out of the funds on deposit in the Waterworks Revenue Fund after the reasonable and necessary expenses of operating, repairing, maintaining and insuring the System have been paid, monies are to be transferred to various funds as provided in the resolution:

Sinking Fund - Monthly transfer of \$1661.64 to pay the monthly principal and interest due on the bond. Balance at December 31, 2003 - \$0.

Reserve Fund - Monthly transfer of \$84 until \$19,939.68 has been accumulated therein. These monies shall be utilized to pay the principal and interest due on the bond payable from the sinking fund as to which there would otherwise be default. Balance at December 31, 2003 - \$14,959.

Contingency Fund - Monthly transfer of \$85 to continue over the life of the bonds. These monies are to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the System. Balance at December 31, 2003 - \$7,270.

5. BOARD OF COMMISSIONERS

The District is governed by a board of five commissioners appointed by the Evangeline Parish Police Jury. These commissioners were:

<u>COMMISSIONER</u>	<u>TERM SERVED</u>	<u>COMPENSATION</u>
James Donald Deville	January 2003 - December 2003	\$300
Faron O'Quin	January 2003 - March 2003	\$ 60
Sarah O'Quin	April 2003 - December 2003	\$180
Calvin Ortego	January 2003 - December 2003	\$360
James Ortego	January 2003 - December 2003	\$300
Vincent K Siffert	January 2003 - December 2003	\$ 90

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003

6. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consisted of the following at December 31, 2003

	BEGINNING <u>BALANCE</u>	ADDITIONS/ <u>DELETIONS</u>	ENDING <u>BALANCE</u>
Land	\$ 1,000	\$	\$ 1,000
Plant & distribution system	1,196,247		1,196,247
Equipment	<u>1,100</u>	_____	<u>1,100</u>
	1,198,347		1,198,347
Less: Accumulated depreciation	<u>172,198</u>	30,016	<u>202,214</u>
Total Property and Equipment	\$1,026,149		\$ 996,133

Depreciation expense for 2003 was \$30,016. Property, plant, and equipment serves as collateral for the bonds payable.

7. BONDS PAYABLE

Bonds payable at December 31, 2003, consisted of the following:

	INTEREST <u>RATE</u>	MATURITY <u>DATE</u>	<u>AMOUNT</u>
United States Department of Agriculture	4.50%	March 21, 2037	\$338,761

Changes in outstanding debt during the year are as follows:

Balance January 1, 2003	\$343,345
Retirements	<u>4,584</u>
Balance December 31, 2003	\$338,761

All property, plant, and equipment of the District serves as collateral for the bonds. Aggregate maturities of bonds payable of the District, based upon terms in effect at December 31, 2003, are as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2004	4,470	15,470	19,940
2005	4,679	15,261	19,940
2006	4,897	15,043	19,940
2007	5,126	14,814	19,940
2008	5,365	14,575	19,940
2009-2012	23,769	55,991	79,760
2013-2017	36,988	62,712	99,700
2018-2022	46,460	53,240	99,700
2023-2027	58,358	41,342	99,700
2028-2032	73,303	26,397	99,700
2033-2037	<u>75,346</u>	<u>9,405</u>	<u>84,751</u>
	\$338,761	\$324,250	\$663,011

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003

In 2003, total interest incurred was \$15,356 which was all charged to nonoperating expense.

8. NOTE TO STATEMENT OF CASH FLOWS

Interest paid during 2003 was \$15,356, all of which was charged to nonoperating expense. There were no material non-cash investing or financing activities during the year ending December 31, 2003 that affected recognized assets and liabilities.

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED DECEMBER 31, 2003

<u>FEDERAL AGENCY AND PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>IDENTIFYING NUMBER</u>	<u>OUTSTANDING LOAN BALANCE</u>
U.S. Department of Agriculture Rural Utilities Service Water and Waste Disposal Systems for Rural Communities Loan balance outstanding at year end	10.760	95.01	\$338,761

See independent auditor's report.



Juanita DeVillier Brouillette

Certified Public Accountant

December 16, 2004

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

Board of Commissioners
Ward 5 Waterworks District #1 of Evangeline Parish

I have audited the basic financial statements of the Ward 5 Waterworks District #1 of Evangeline Parish as of and for the period ended December 31, 2003, and have issued my report thereon dated December 16, 2004. I conducted the 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 basic financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. However, I noted certain instances of material non-compliance that are required to be reported under *Government Auditing Standards*.

Item 2003.1: Material Non-compliance - The audit engagement was not completed within six months of the close of the fiscal year end, as required by state law. Management did not secure an audit engagement in a timely manner due to lack of funds to pay for this service. Rising costs of operation and maintenance of the water system has resulted in continued depletion of available cash to pay these expenses.

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Internal Control Over Financial Reporting

In planning and performing the audit of the basic financial statements of the District, I considered its internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a certain matter involving internal control and its operation that I consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control that, in my judgment, could adversely affect the District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statement.

Item 2003.2: Lack of Documentation - There is no documentation of board authorization of waiver of late fees or disconnect fees for customers who have not paid their monthly water bill by the due date. Authorization of waiver of these fees should be properly documented.

A material weakness is a reportable 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 errors or fraud in amounts that would be material in relation to the basic 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.

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

This report is intended for the information of the Board of Commissioners, management, Louisiana Legislative Auditor, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Juanita Devillier Brouillette
Certified Public Accountant



Juanita DeVillier Brouillette

Certified Public Accountant

December 16, 2004

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO THE MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
Ward 5 Waterworks District #1 of Evangeline Parish

Compliance

I have audited the compliance of Ward 5 Waterworks District #1 of Evangeline Parish with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2003. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the District's management. My responsibility is to express an opinion on the District's compliance based on my audit.

I conducted the audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the District's compliance with those requirements.

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In my opinion, Ward 5 Waterworks District #1 of Evangeline Parish complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

Internal Control Over Compliance

The management of Ward 5 Waterworks District #1 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing the audit, I considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Commissioners, management, Louisiana Legislative Auditor, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.


Juanita Devillier Brouillette
Certified Public Accountant

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2003

PART I - SUMMARY OF AUDITOR'S RESULTS

1. I issued an unqualified opinion on the financial statements of Ward 5 Waterworks District #1 of Evangeline Parish.
2. My tests of internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards* disclosed one reportable condition. The reportable condition is not a material weakness. The reportable condition is reported as item 2003.2 in the REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.
3. My tests of compliance based on an audit of financial statements performed in accordance with *Government Auditing Standards* disclosed one material instance of noncompliance that is required to be reported under *Government Auditing Standards*. The material instance of noncompliance is reported as item 2003.1 in the REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.
4. I noted no matters involving the internal control over compliance and its operations that I considered to be material weaknesses required to be reported in accordance with OMB Circular A-133.
5. I issued an unqualified opinion on the District's compliance with requirements applicable to its major program in accordance with OMB Circular A-133.
6. My audit disclosed no audit findings which I am required to report under Section 510(a) of OMB Circular A-133.
7. I identified the following program of the District as a major program:

CFDA #10.760 - Water and Waste Disposal Systems for Rural Communities
8. The dollar threshold used to distinguish between Type A and Type B programs, as described in Section 520(b) of OMB Circular A-133, was \$300,000.
9. Ward 5 Waterworks District #1 of Evangeline Parish did not qualify as a low risk auditee under Section 530 of OMB Circular A-133.

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED DECEMBER 31, 2003

PART II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Item 2003.1: Material Non-compliance - The audit engagement was not completed within six months of the close of the fiscal year end, as required by state law. Management did not secure an audit engagement in a timely manner due to lack of funds to pay for this service. Rising costs of operation and maintenance of the water system has resulted in continued depletion of available cash to pay these expenses.

Item 2003.2: Lack of Documentation - There is no documentation of board authorization of waiver of late fees or disconnect fees for customers who have not paid their monthly water bill by the due date. Authorization of waiver of these fees should be properly documented.

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Juanita DeVillier Brouillette

Certified Public Accountant

December 16, 2004

MANAGEMENT LETTER

Board of Commissioners
Ward 5 Waterworks District #1 of Evangeline Parish

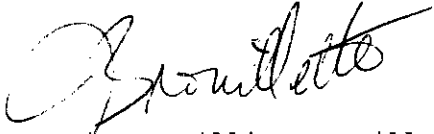
In planning and performing the audit of the basic financial statements of Ward 5 Waterworks District #1 of Evangeline Parish, St Landry, Louisiana, a component unit of the Evangeline Parish Police Jury, for the year ended December 31, 2003, I considered the Company's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control. However, during the audit I became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes my comments and suggestions regarding those matters. A separate report dated December 16, 2004, contains my report on reportable conditions in the Company's internal control. This letter does not affect my report dated December 16, 2004, on the financial statements of Ward 5 Waterworks District #1 of Evangeline Parish, St Landry, Louisiana, a component unit of the Evangeline Parish Police Jury.

Management Point #1 - The provisions of the USDA loan agreement specify that monthly transfers to restricted accounts are to be made after payment of reasonable and necessary operating expenses. Due to lack of operating cash, these transfers were not made during some months during 2003; however, as cash became available, the transfers were then made in the later months. I recommend that the board be advised when current available cash is not sufficient to make these transfers, in order to document their awareness of the cash position of the District.

Management Point #2 - Employees are reimbursed for certain expenses, such as travel, incurred on behalf of the District. There is no indication how these payments are reported to IRS for tax purposes, or how compliance with tax regulations is met. I recommend that IRS reporting regulations be reviewed, and proper documentation for these items be secured.

318-346-9468 ° 1230 Hwy 71 South ° Post Office Box 153 ° Bunkie, La. 71322

I will review the status of these comments during our next audit engagement. I have already discussed these comments and suggestions with District management, and I will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

A handwritten signature in cursive script, appearing to read "J. Devillier Brouillette".

Juanita Devillier Brouillette
Certified Public Accountant

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
MANAGEMENT'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2003

There are no prior audit findings.

**WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2003**

The Ward 5 Waterworks District #1 of Evangeline Parish respectfully submits the following corrective action plan for the year ended December 31, 2003.

Independent Public Accounting Firm: Juanita Devillier Brouillette, CPA
Post Office Box 153
Bunkie, Louisiana 71322

Audit period: January 1, 2003 through December 31, 2003

REPORTABLE CONDITION

Item 2003.1: Material Non-compliance - The audit engagement was not completed within six months of the close of the fiscal year end, as required by state law. Management did not secure an audit engagement in a timely manner due to lack of funds to pay for this service. Rising costs of operation and maintenance of the water system has resulted in continued depletion of available cash to pay these expenses.

MANAGEMENT'S RESPONSE Management is aware of the importance of timely completion of the audit and will make sure that this is completed timely in the future.

REPORTABLE CONDITION

Item 2003.2: Lack of Documentation - There is no documentation of Board authorization of waiver of late fees or disconnect fees for customers who have not paid their monthly water bill by the due date. Authorization of waiver of these fees should be properly documented.

MANAGEMENT'S RESPONSE Management currently prepares a monthly report of delinquent customers, and does review with the Board, but will provide the Board with a copy of said monthly report and document Board approval of any waiver of late fees and/ or disconnect fees.

OTHER COMMENTS AND RECOMMENDATIONS

MANAGEMENT POINT #1

The provisions of the loan agreement specify that monthly transfers are to be made after payment of reasonable and necessary operating expenses. Due to lack of operating cash, these transfers were not made during some months during 2003; however, as cash became available, the transfers were then made in the later months. I recommend that the board be advised when current available cash is not sufficient to make these transfers, in order to document their awareness of the cash position of the District.

MANAGEMENT'S RESPONSE Should this situation occur again, management will advise the Board of the lack of current cash availability, and document such in the minutes of the Board meetings.

MANAGEMENT POINT #2

Employees are reimbursed for certain expenses, such as travel, incurred on behalf of

the District. There is no indication how these payments are reported to IRS for tax purposes, or how compliance with tax regulations is met. I recommend that IRS reporting regulations be reviewed, and proper documentation for these items be secured.

MANAGEMENT'S RESPONSE Management will review IRS regulations concerning the proper reporting of certain payments to employees for expenses incurred on behalf of the District, and secure proper documentation for said expenses.