

***Financial Report***  
***Consolidated Waterworks District No. 1***  
***of the Parish of Terrebonne,***  
***State of Louisiana***  
***June 30, 2004***

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 12-8-04

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June 30, 2004

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**FINANCIAL SECTION**



**Bourgeois Bennett**

## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana, as of June 30, 2004, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 3, 2004 on our consideration of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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Management's Discussion and Analysis on pages 3 through 8, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
September 3, 2004.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

This section of the District's financial report presents our analysis of the District's financial performance during the year ended June 30, 2004. Please read it in conjunction with the basic financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

- The District's net assets increased by \$983 thousand or 1.9 percent.
- During the year the District's operating revenues increased by \$766 thousand or 7.8 percent, while operating expenses increased by \$362 thousand or 4.0 percent.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This financial report consists of three parts: Management's Discussion and Analysis, Basic Financial Statements, and Supplementary Information. The Basic Financial Statements also include notes to the financial statements, which explain some of the information in the financial statements in more detail.

#### **REQUIRED BASIC FINANCIAL STATEMENTS**

The Basic Financial Statements of the District report information about the District using accounting methods similar to those used by private sector businesses. These statements offer short- and long-term financial information about its activities. The Statement of Net Assets includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Assets. This statement measures the success of the District's operations over the year and can be used to determine whether the District has successfully recovered all its costs through its fees and other charges, profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments throughout the year. This statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing, and financing activities.

## FINANCIAL ANALYSIS OF THE DISTRICT

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report information in a way that the reader can determine if the District is in a better financial position as a result of the year's activities. These statements report the net assets of the District and changes in them. The net assets (difference between assets and liabilities) can be used to measure financial health or financial position. Over time, increases and decreases in the District's net assets are one indicator as to whether its financial health is improving or deteriorating. There are other non-financial factors to consider, such as changes in economic conditions, population growth and new or changed government legislation.

### NET ASSETS

To begin our analysis, a summary of the District's Statement of Net Assets is presented in Table A-1.

**TABLE A-1**  
**Condensed Statements of Net Assets**  
**(In millions of dollars)**

	June 30,		Dollar Change	Total Percent Change
	2004	2003		
Current and Other Assets	\$ 18.8	\$ 12.1	\$ 6.7	55.4%
Capital Assets	62.3	62.7	(0.4)	(.6)%
Total Assets	<u>\$ 81.1</u>	<u>\$ 74.8</u>	<u>\$ 6.3</u>	8.4%
Long-term Debt Outstanding	\$ 23.3	\$ 18.0	\$ 5.3	29.4%
Other Liabilities	3.8	3.8	0.0	0.0%
	<u>27.1</u>	<u>21.8</u>	<u>5.3</u>	24.3%
Invested in Capital Assets,				
Net of Related Debt	43.9	43.5	0.4	.9%
Restricted	4.1	3.8	0.3	7.9%
Unrestricted	6.0	5.7	0.3	5.3%
Total Net Assets	<u>54.0</u>	<u>53.0</u>	<u>1.0</u>	1.9%
Total Liabilities and Net Assets	<u>\$ 81.1</u>	<u>\$ 74.8</u>	<u>\$ 6.3</u>	8.4%



As can be seen from the table on the previous page, net assets increased \$1.0 million to \$54.0 million in the year ended June 30, 2004. This increase reflects capital works projects financed primarily from Unrestricted Net Assets (those that can be used to finance day-to-day operations). Long-term debt increased as a result of new bonds being issued in the amount of \$6.6 million. The bond issue included \$10.4 million refunding bonds. A total of \$1.2 million was paid toward outstanding principal during the year.

**Table A-2**  
**Condensed Statement of Revenues,**  
**Expenses and Changes in Net Assets**  
(In millions of dollars)

	For the year ended June 30,		Dollar Change	Total Percent Change
	2004	2003		
Operating Revenues	\$ 11.0	\$ 10.2	\$ 0.8	7.8%
Non-Operating Revenues	0.2	0.2	0.0	0.0%
Total Revenues	<u>11.2</u>	<u>10.4</u>	<u>0.8</u>	7.7%
Depreciation & Amortization Expense	2.4	2.3	0.1	4.3%
Other Operating Expenses	7.0	6.8	0.2	2.9%
Non-Operating Expenses	<u>0.8</u>	<u>1.1</u>	<u>(0.3)</u>	(27.3)%
Total Expenses	<u>10.2</u>	<u>10.2</u>	<u>0.0</u>	0.0%
Change in Net Assets	1.0	0.2	0.8	400.0%
Beginning Net Assets	<u>53.0</u>	<u>52.8</u>	<u>0.2</u>	0.4%
Ending Net Assets	<u>\$ 54.0</u>	<u>\$ 53.0</u>	<u>\$ 1.0</u>	1.9%

The Statements of Revenues, Expenses, and Changes in Net Assets provides answers as to the nature and source of changes in net assets. The District's Operating Revenues increased by \$.8 million to \$11.0 million in the year ended June 30, 2004 largely in part due to a water rate increase that went into effect October 1, 2003. The District's Other Operating Expenses increased by \$.2 million to \$7.0 million in the year ended June 30, 2004. The District experienced the largest increase in personal services, including increased group insurance premiums and an increase in the employer contribution to the retirement fund. Additionally, a 3% cost of living adjustment was approved for the fiscal year ended June 30, 2004.

## **BUDGETARY HIGHLIGHTS**

As required by revenue bond resolutions, the District adopts a line item budget no later than 30 days prior to the start of the following year. The budget is reviewed and amended as needed. During the year ended June 30, 2004, the budget was amended in the third and fourth quarters. The third quarter amendments reflected an increase in budgeted revenues due to the rate increase of October 1, 2003. The amendments also reflected an increase in budgeted health insurance premiums and an increase in the retirement system employer contribution rate from 3.75% to 5.25% of gross employee earnings. The amendments in the fourth quarter were to prevent budgeted expense overruns. The largest budget adjustment was an increase to budgeted revenues of \$231 thousand due to increased billings higher than anticipated receipt from other services. Budgeted expenses were decreased by \$101 thousand due largely in part to a six-month waiver of general liability premiums and a reduction in property insurance premiums. Actual operating expenses were \$78 thousand below final budget amounts. The most significant positive variance was in Other Services & Charges due to lower property and general liability insurance premiums and in waterline maintenance due to lower than anticipated maintenance costs. The most significant overruns were in plant maintenance, chemicals and utilities. A more detailed analysis of the District's budget is presented in the supplemental information section of this report.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

At June 30, 2004, the District had invested \$102.5 million in a broad range of infrastructure including water plants at Schriever and Houma, distribution system, warehouse and administration facilities, vehicles, furniture and equipment as shown in Table A-3. This amount represents a net increase of \$1.7 million, or 1.7 percent, over last year.

**Table A-3**  
**Capital Assets**  
**(In millions of dollars)**

	<u>June 30,</u>		<b>Dollar</b> <b>Change</b>	<b>Total</b> <b>Percent</b> <b>Change</b>
	<u>2004</u>	<u>2003</u>		
Land	\$ 0.4	\$ 0.4	\$ -	0.0%
Water plant	32.7	23.8	8.9	37.4%
Distribution system	65.6	65.1	.5	.8%
Administrative building	1.1	1.1	-	0.0%
Plant equipment	0.6	0.6	-	0.0%
Furniture and equipment	0.6	0.6	-	0.0%
Automobiles and trucks	0.8	0.8	-	0.0%
Construction in progress	<u>0.7</u>	<u>8.4</u>	<u>(7.7)</u>	<u>(91.7%)</u>
Subtotal	102.5	100.8	1.7	1.7%
Less accumulated depreciation	<u>40.1</u>	<u>38.1</u>	<u>2.0</u>	<u>5.2%</u>
Net book value	<u>\$62.4</u>	<u>\$62.7</u>	<u>\$(0.3)</u>	<u>(0.5%)</u>

This year's capital improvements included:

- Completion of Schriever Water Plant Expansion
- Repairs to Houma Plant - \$123,000
- Electronic Meter Reading Equipment - \$163,000

The District currently has \$0.7 million in construction in progress, the majority of which are capital improvements projects being funded through the August 2003 Bond Issue. The District's fiscal year 2005 budget projects spending another \$1.6 million for capital projects, principally for improvements to the distribution system, but also for vehicles, replacement of granular activated carbon and electronic meter reading equipment. The District believes these projects can be financed from available resources based on projected cash flows. More information about the District's Capital Assets is presented in the Notes to the Financial Statements.

### **LONG-TERM DEBT**

At June 30, 2004, the District had \$23.3 million in long-term debt (water revenue bonds) up from \$18.0 million at June 30, 2003 for an increase of \$5.3 million. In August, 2003, the District issued \$6.6 million in new bonds and \$10.4 million refunding bonds. In fiscal year 2004, the District paid \$1.2 million in principal payments on outstanding debt. More detailed information about the District's long-term debt is presented in the Notes to the Financial Statements.

The District's water revenue bonds maintain an AAA rating from Moody's Investors Service and an AAA rating from Standard and Poor's Rating Service.

Bond Covenants allow for the issuance of additional debt, on a parity basis, subject to certain conditions. The major criteria is that annual net revenues must be at least 1.2 times the highest combined annual principal and interest requirements. The District currently carries a coverage ratio of 1.9, up from last year's ratio of 1.5.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The District's Board of Directors and management considered many factors when setting the fiscal year 2005 budget. One of those factors is the economy. The District's customer base has risen steadily as a result of continued new development in Terrebonne Parish, both commercially and residentially. The District also uses the National Consumer Price Index when considering employment cost increases.

Operating revenues available for recovering operating expenses are projected to be \$11.1 million, an increase of \$100 thousand over fiscal year 2004 revenues of \$11.0 million. Non-operating revenues are projected to decrease due to lower interest earnings. Budgeted operating expenses are expected to rise over fiscal year 2004 actual by 6 percent to \$10.0 million. Increases in group and general liability health insurance and administrative costs are expected. Employment costs will increase due to a 2% cost-of-living adjustment.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. If you have questions about this report or need additional financial information, contact Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana, Office Manager, P. O. Box 630, Houma, LA 70361.

**STATEMENT OF NET ASSETS**

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

June 30, 2004

**ASSETS**

**Current**

Cash and cash equivalents	\$ 1,688,750
Accounts receivable:	
Customers	523,813
Unbilled water sales	771,170
Due from State of Louisiana	49,399
Inventory of materials and supplies	345,329
Prepaid insurance	172,467
Prepaid maintenance	325,029
Deferred charges	<u>52,418</u>

Total current assets 3,928,375

**Restricted Cash and Cash Equivalents**

Meter Deposit Fund	1,760,693
Revenue Bond Sinking Fund	982,232
Bond Reserve Fund	2,338,393
Depreciation and Contingencies Fund	2,721,590
Construction Fund	<u>6,089,929</u>

Total restricted cash and cash equivalents 13,892,837

**Capital Assets**

Non-depreciable	1,065,051
Depreciable, net	<u>61,283,260</u>

Total capital assets 62,348,311

**Other**

Deposit	24,885
Prepaid maintenance	565,284
Deferred charges	<u>338,447</u>

Total other assets 928,616

Total assets \$ 81,098,139

See notes to financial statements.

**LIABILITIES****Current**

## Payable from current assets:

Accounts payable and accrued expenses	\$ 354,827
Contracts payable	<u>318,337</u>

Total current liabilities payable from current assets 673,164

## Payable from restricted assets:

Accrued interest on bonds	192,232
Revenue bonds:	
Bonds payable	1,185,000
Deferred amount on refunding	(114,108)
Unamortized bond discount	(7,776)
Unamortized bond premium	136,730
Meter deposits	<u>1,760,693</u>

Total current liabilities payable from restricted assets 3,152,771

Total current liabilities 3,825,935

**Long-term**

## Revenue bonds:

Bonds payable	22,985,000
Deferred amount on refunding	(509,004)
Unamortized bond discount	(63,710)
Unamortized bond premium	<u>856,252</u>

Total long-term liabilities 23,268,538

Total liabilities 27,094,473

**NET ASSETS****Net Assets**

Invested in capital assets, net of related debt	43,938,223
Restricted for:	
Debt service	1,415,585
Renewal and replacement	2,721,590
Unrestricted	<u>5,928,268</u>

Total net assets 54,003,666

Total liabilities and net assets \$ 81,098,139

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET ASSETS**

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

For the year ended June 30, 2004

**OPERATING REVENUES**

Revenues from water sales and services	\$ 10,756,633
Other operating revenues	<u>245,897</u>
Total operating revenues	<u>11,002,530</u>

**OPERATING EXPENSES**

Personal services	3,425,690
Supplies and materials	986,070
Other services and charges	2,584,522
Depreciation and amortization	<u>2,429,611</u>
Total operating expenses	<u>9,425,893</u>

Operating income	<u>1,576,637</u>
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**NON-OPERATING REVENUES (EXPENSES)**

Investment income	70,826
Intergovernmental	15,133
Bond interest	(744,224)
Amortization of bond discount and issuance costs	72,656
Amortization of costs of consolidation	<u>(8,518)</u>
Total non-operating revenues (expenses)	<u>(594,127)</u>

Change in net assets	982,510
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**NET ASSETS**

Beginning of year	<u>53,021,156</u>
End of year	<u>\$ 54,003,666</u>

See notes to financial statements.

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

For the year ended June 30, 2004

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 11,163,198
Cash payments to suppliers for goods and services	(3,490,338)
Cash payments to employees for services and benefits	<u>(3,398,299)</u>
Net cash provided by operating activities	<u>4,274,561</u>

**CASH FLOWS FROM CAPITAL AND RELATED  
FINANCING ACTIVITIES**

Acquisition and construction of capital assets	(1,509,073)
Proceeds from issuance of bonds	17,790,639
Payments for advance refunding of bonds	(11,574,487)
Principal paid on outstanding debt	(1,200,000)
Interest paid on outstanding debt	(952,716)
Purchases of water tank maintenance and filtration material	(118,414)
Grant proceeds	<u>15,133</u>
Net cash provided by capital and related financing activities	<u>2,451,082</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received	<u>70,826</u>
Net increase in cash and cash equivalents	6,796,469

**CASH AND CASH EQUIVALENTS**

Beginning of year	<u>8,785,118</u>
End of year	<u>\$ 15,581,587</u>

**CLASSIFIED AS**

Current assets	\$ 1,688,750
Restricted assets	<u>13,892,837</u>
Total cash and cash equivalents	<u>\$ 15,581,587</u>



**Exhibit C**  
**(Continued)**

**RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 1,576,637
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	2,098,563
Amortization:	
Tank maintenance	230,448
Water filters	100,600
(Increase) decrease in assets:	
Accounts receivable	160,668
Due from State of Louisiana	(6,129)
Inventory of material and supplies	(52,023)
Prepaid insurance	29,634
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	67,536
Meter deposits	68,627
	<hr/>
Total adjustments	2,697,924
	<hr/>
Net cash provided by operating activities	\$ 4,274,561

**NON CASH OPERATING, CAPITAL AND RELATED FINANCING  
ACTIVITIES AND INVESTING:**

Amortization of bond issuance cost, bond discount and costs of  
consolidation was \$64,138.

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

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

June 30, 2004

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**a) Reporting Entity**

Following Louisiana legislation passed in the 1992 session, the Terrebonne Parish Consolidated Government passed an ordinance creating the Consolidated Waterworks District No. 1 of the Parish of Terrebonne (the District) for the purpose of providing water services to the citizens of Terrebonne Parish. On July 1, 1994 Waterworks District Nos. 1, 2, 3 of Terrebonne Parish and the City of Houma water system transferred \$9,798,282 of cash and investments and \$34,267,340 of other net assets to the District.

In accordance with the implementation of GASB Statement No.14, "the Financial Reporting Entity", the District's financial statements include the accounts of all functions and activities. The criteria used to determine whether the District has component units (separate governmental units, agencies, or nonprofit corporations associated with the District) includes appointment of a voting majority, imposition of will, imposition of financial benefit to or burden on the District, and fiscal dependency. The District has determined that no other outside entity meets the above criteria and should be included in its financial statements. It has been determined however based upon the above criteria that the District is a component unit of the Terrebonne Parish Consolidated Government and will be included in its comprehensive financial report for the year ending December 31, 2004.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Method of Accounting**

On July 1, 2001, the District adopted the provisions of GASB Statement No. 34 which established standards for external financial reporting for all state and local governmental entities which includes a statement of net assets, a statement of revenues, expenses 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, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant 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 asset 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 enabling legislation.
- Unrestricted net assets - This 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".

The basic financial statements of the District are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. Under GASB Statement No. 20, the District has elected not to apply Financial Accounting Standards Board provisions issued after November 30, 1989.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Use of Estimates**

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

**d) Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considers cash and cash equivalents to include amounts in checking accounts and investments in certificates of deposits with maturities of three months or less when purchased and the Louisiana Asset Management Pool (LAMP).

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

**e) Accounts Receivables**

The basic financial statements contain no allowance for uncollectible accounts receivable. It is the opinion of management that receivables at June 30, 2004 are collectible and possible bad debt losses are immaterial.

**f) Inventory of Material and Supplies**

Inventory of materials and supplies are valued at average cost.

**g) Restricted Assets**

Specific assets are required to be segregated as to use and are therefore identified as restricted assets. Certain assets are restricted pursuant to restrictions arising from various bond indenture agreements. (See note 6)

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h) Capital Assets**

Capital assets are valued at historical costs or estimated cost if purchased or constructed. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized at completion of construction projects. The District also capitalizes a portion of interest expense as part of the historical cost of constructing expansions to the system.

Depreciation of all capital assets, excluding land, is calculated over the estimated useful lives using the straight-line method as follows:

<u>Type of Capital Asset</u>	<u>Depreciation Rate</u>
Water plant	2% - 20%
Distribution system	2% - 20%
Administrative building	5%
Plant equipment	10%
Furniture and equipment	10% - 20%
Automobiles and trucks	20% - 33%

**i) Capitalization on Interest**

In conformity with Financial Accounting Standards No. 62, "Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants" the District capitalizes interest costs net of related interest earned, for the date of the borrowing until the projects acquired with those funds are ready for their intended use. During 2004, approximately \$318,000 of interest costs, net of \$46,000 interest earned, were capitalized as capital assets as part of the costs of construction various projects. Total interest costs incurred and interest earned in fiscal year 2004 amounted to approximately \$973,000 and \$70,000 respectively.

**j) Prepaid Maintenance**

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

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**k) Long-Term Debt**

Long-term debt and other obligations are reported as liabilities. Bond premiums, discounts and gains (losses) on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bond payable costs are reported net of applicable bond premium, discount and deferred amount on refunding.

**l) Accumulated Unpaid Vacation and Sick Leave**

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

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

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

**m) Deferred Charges**

Deferred charges consist of bond issuance costs and cost of consolidation. Bond issuance costs are being amortized by the interest method over the term of the related bond.

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

**n) Contracts Payable**

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

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**o) Revenues and Expenses**

Operating revenue and expenses consists of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the District's policy to apply those expenses to restricted assets to the extent such are available and then to unrestricted net assets.

**Note 2 - DEPOSITS AND INVESTMENTS**

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

**Bank Deposits:**

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

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

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

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

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

**Note 2 - DEPOSITS AND INVESTMENTS (Continued)**

The year end balances of deposits are as follows:

	<u>Bank Balances</u>			<u>Book Balances</u>
	<u>Risk Category</u>			
	<u>1</u>	<u>2</u>	<u>3</u>	
Cash	\$150,597	\$ -	\$ 878,488	\$ 782,052
Certificates of deposit	<u>700,000</u>	<u>-</u>	<u>8,923,385</u>	<u>9,623,385</u>
Totals	<u>\$850,597</u>	<u>\$-</u>	<u>\$9,801,873</u>	<u>\$10,405,437</u>

At June 30, 2004, cash and certificates of deposit in excess of the FDIC insurance were collateralized by securities held by unaffiliated banks for the account of the depositor. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

**Investments:**

State statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool.

The year end balance of investments is as follows (not subject to categorization):

	<u>Reported Amount</u>
Louisiana Asset Management Pool (LAMP)	<u>\$5,176,000</u>



**Note 2 - DEPOSITS AND INVESTMENTS (Continued)**

Investments held at June 30, 2004 consist of \$5,176,000 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section I50.126, the investment in LAMP at June 30, 2004 is not categorized in the three risk categories provided by GASB Codification Section I50.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

**Note 2 - DEPOSITS AND INVESTMENTS (Continued)**

A reconciliation of deposits and investments as shown on the Statement of Net Assets is as follows:

Cash on hand	\$ 150
Reported amount of deposits	10,405,437
Reported amount of investments	<u>5,176,000</u>
Total	<u>\$15,581,587</u>
Classified as:	
Current assets	\$1,688,750
Restricted assets	<u>13,892,837</u>
Total	<u>\$15,581,587</u>

**Note 3 - BUDGET**

The Board is required by revenue bond resolutions to adopt a line item budget for the District within thirty days of the end of its fiscal year for the following year. The Board adopted a line item budget for the year ended June 30, 2004. All revisions to the budget must be approved by the Board. The budget lapses at year-end.

**Exhibit D  
(Continued)**

**Note 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2004 was as follows:

	Balance July 1, 2003	Additions	Adjustments and Deletions	Balance June 30, 2004
<b>Capital assets not being depreciated:</b>				
Land	\$ 391,838	\$ -	\$ -	\$ 391,838
Construction in progress	8,441,098	1,163,473	(8,931,358)	673,213
<b>Total capital assets not being depreciated</b>	<b>8,832,936</b>	<b>1,163,473</b>	<b>(8,931,358)</b>	<b>1,065,051</b>
<b>Capital assets being depreciated:</b>				
Water plant	23,768,819	8,896,828	-	32,665,647
Distribution system	65,044,841	495,915	-	65,540,756
Administrative building	1,130,563	-	-	1,130,563
Plant equipment	594,584	11,384	(419)	605,549
Furniture and equipment	623,211	16,132	(290)	639,053
Automobiles and trucks	838,181	56,945	(56,620)	838,506
<b>Total capital assets being depreciated</b>	<b>92,000,199</b>	<b>9,477,204</b>	<b>(57,329)</b>	<b>101,420,074</b>
<b>Less accumulated depreciation for:</b>				
Water plant	(9,477,324)	(609,954)	-	(10,087,278)
Distribution system	(26,435,858)	(1,287,886)	-	(27,723,744)
Administrative building	(691,139)	(42,674)	-	(733,813)
Plant equipment	(381,077)	(38,307)	419	(418,965)
Furniture and equipment	(478,728)	(33,436)	290	(511,874)
Automobiles and trucks	(631,454)	(86,306)	56,620	(661,140)
<b>Total accumulated depreciation</b>	<b>(38,095,580)</b>	<b>(2,098,563)</b>	<b>57,329</b>	<b>(40,136,814)</b>
<b>Total capital assets being depreciated, net</b>	<b>53,904,619</b>	<b>7,378,641</b>	<b>-</b>	<b>61,283,260</b>
<b>Total capital assets, net</b>	<b>\$ 62,737,555</b>	<b>\$ 8,542,114</b>	<b>\$ (8,931,358)</b>	<b>\$ 62,348,311</b>

**Note 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES**

Accounts payable and accrued expenditures at June 30, 2004 consisted of the following:

Vendors	\$169,674
Salaries and benefits	180,329
Other	<u>4,824</u>
Total	<u>\$354,827</u>

**Note 6 - LONG-TERM DEBT**

In connection with the consolidation described in note 1a, the three formerly separate water districts refunded all their bonds outstanding by the issuance of District revenue bonds on June 30, 1994 in the amount of \$16,298,540 and additional bonds for construction in the amount of \$2,411,460 for a total of \$18,710,000. The bonds were sold at a discount of \$391,384 and issuance costs of \$234,612. These bonds, \$11,060,000, were refunded with 2003 Water Revenue Bonds.

In June 1998, the District sold \$8,000,000 of revenue bonds for construction. The bonds were sold at a discount of \$120,464 and issuance costs of \$112,404. The outstanding bonds, \$7,135,000 at June 30, 2004, bear interest at rates ranging from 4.05% to 4.90% and are scheduled to mature November 1, 2017.

In August 2003, the District sold \$6,610,000 of revenue bonds for construction extensions and improvements to the Water System. The bonds were sold at a premium of \$375,170 and issuance costs of \$126,988. The outstanding bonds, \$6,610,000 at June 30, 2004, bear an interest rate of 5.25% and are scheduled to mature November 1, 2023.

In August 2003, the District sold \$10,425,000 of revenue bonds to refund \$11,060,000 of outstanding 1994 revenue bonds. The bonds were sold at a premium of \$767,334 and issuance costs of \$241,877. The outstanding bonds, \$10,425,000 at June 30, 2004, bear interest rates ranging from 4.00% to 5.00% and are scheduled to mature November 1, 2013.

**Note 6 - LONG-TERM DEBT (Continued)**

The following is a summary of bond transactions of the District for the year ended June 30, 2004:

	<u>Water Revenue Bonds</u>
Bonds payable at July 1, 2003	\$19,395,000
Bonds retired	(12,260,000)
New issues	<u>17,035,000</u>
Bonds payable at June 30, 2004	24,170,000
Less:	
Unamortized bond discount	(71,486)
Unamortized bond premium	992,982
Deferred amount on refunding	<u>(623,112)</u>
Net bonds payable at June 30, 2004	<u>\$24,468,384</u>
Classified as:	
Long term	\$23,268,538
Current	<u>1,199,846</u>
Total	<u>\$24,468,384</u>

The annual requirements to amortize debt outstanding as of June 30, 2004, including interest payments of \$11,498,727 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 1,185,000	\$1,129,436	\$ 2,314,436
2006	1,215,000	1,080,803	2,295,803
2007	1,270,000	1,030,278	2,300,278
2008	1,320,000	977,499	2,297,499
2009	1,375,000	922,445	2,297,445
2010 - 2014	7,820,000	3,548,140	11,368,140
2015 - 2019	4,375,000	2,042,313	6,417,313
2020 - 2024	<u>5,610,000</u>	<u>767,813</u>	<u>6,377,813</u>
Totals	<u>\$24,170,000</u>	<u>\$11,498,727</u>	<u>\$35,668,727</u>

**Note 6 - LONG-TERM DEBT (Continued)**

**Water Revenue Bonds:**

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

**a) Revenue Bond Sinking Fund**

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

**b) Bond Reserve Fund**

Monies in the amount of \$2,338,393 have been deposited into this fund. This amount is equal to the highest amount of principal and interest due in future years on the District's outstanding water revenue bonds. The Fund is restricted to the payment of principal and interest in case of default.

**c) Depreciation and Contingencies Fund**

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

**d) Bond Requirements**

The accounting requirements of the bond resolution for Water Revenue Bonds, as stated in a) through c) above, have been complied with for the year ended June 30, 2004.

**Note 7 - DEFINED BENEFIT PENSION PLAN**

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

**Funding Policy** - Plan members were required to contribute 3.00% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The District's contribution rate is 3.75% through December 31, 2003, and 5.25% effective January 1, 2004. In addition, the System also receives a percentage of tax revenues from various taxing bodies. The contribution requirements of plan members and the District are established and may be amended by state statute. The District's contributions to the System for the years ended June 30, 2004, 2003, and 2002 were \$107,289, \$73,474, and \$58,912, respectively, equal to the required contributions for each year.

**Note 8 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance and also participates in the Parish's risk management program for general liability, workers' compensation and auto liability. No settlements were made during the year that exceeded the District's insurance coverage. The District pays monthly premiums to the Parish for workers' compensation based on a fixed percentage of payroll. The District's premiums for general liability is based on various factors such as its operations and maintenance budget, exposure and claims experience. The premiums for auto liability are based on claims experience, vehicle type and mileage. The Parish handles all claims filed against the District for which it has insurance coverage under the Parish. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described on the following page:

**Note 8 - RISK MANAGEMENT (Continued)**

<u>Policy</u>	<u>Coverage Limits</u>
General Liability	\$6,500,000
Workers' Compensation	\$25,000,000
	\$1,000,000 (employer's liability)
Auto Liability	\$6,500,000

Coverage for general liability, workers' compensation and auto claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$1,501,126 at December 31, 2003, then secondly by the District. At June 30, 2004, the District had no claims in excess of the above coverage limits. Total premiums paid to the Parish for the above insurance for the year ended June 30, 2004 amounted to \$251,672.

**Note 9 - CONTRACT COMMITMENTS**

At June 30, 2004, the District had \$79,525 in public works contracts of which \$45,239 was uncompleted.

**Note 10 - LITIGATION**

The District is a defendant in three lawsuits involving construction at its water plants. While it is not feasible to predict or determine the outcome of these matters, it is the opinion of the District's attorney that the District will prevail in each suit, furthermore, management believes that the ultimate outcome will not have a material adverse effect on the financial position of the District. Accordingly, no obligations for the claims have been recognized by the District in the basic financial statements.

**Note 11 - POSTRETIREMENT HOSPITALIZATION AND LIFE INSURANCE BENEFITS**

The District provides for the payment of hospitalization and life insurance premiums for retired employees as approved by the Board of Commissioners. The District will fund the entire premium, including dependent coverage, for all employees retiring with at least twenty years service. The cost of providing these benefits is recognized as an expense as premiums are paid. For the year ended June 30, 2004, those costs amounted to \$78,023.



**Note 11 - POSTRETIREMENT HOSPITALIZATION AND LIFE INSURANCE BENEFITS  
(Continued)**

Future liabilities under the District's plan for potentially eligible employees are dependent upon the age and length of service to those employees. The average employee age and service years are not available. At June 30, 2004, the average hospitalization and life insurance costs per retired employee was approximately \$591 per month and the number of retired employees at June 30, 2004 was 11.

**Note 12 - BOARD MEMBERSHIP AND COMPENSATION OF BOARD COMMISSIONERS**

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Payments for</u>		<u>Total Amount</u>
		<u>Meetings Attended</u>	<u>Mileage</u>	
Mary Clayton	23	\$ 1,380	\$ 34	\$ 1,414
Anthony Fazzio	19	1,140	28	1,168
Arlen J. Guidry	24	1,440	39	1,479
Billy Hebert	26	1,560	95	1,655
Milton Louviere	27	1,620	139	1,759
Warb Pledger	24	1,440	9	1,449
Robert Samanie, III	14	840	114	954
Amos Usie, Jr.	15	900	77	977
Chester P. Voisin	27	<u>1,620</u>	<u>436</u>	<u>2,056</u>
<b>Totals</b>		<b><u>\$11,940</u></b>	<b><u>\$971</u></b>	<b><u>\$12,911</u></b>

**Note 13 - REFUNDING OF REVENUE BONDS**

On August 13, 2003, the District issued \$6,610,000 of Water Revenue Bonds, Series 2003A with an interest rate of 5.25% for the purpose of acquiring and constructing extensions and improvements to the Water System. The net proceeds were \$6,919,248 (including original issue premium \$357,170, \$11,568 of accrued interest and payments of \$59,490 in underwriting fees, insurance and other issuance costs).

On August 13, 2003, the District issued \$10,425,000 of Water Revenue Bonds, Series 2003B with an interest rate ranging from 4.00% to 5.00% to refund \$11,060,000 of outstanding Water Revenue Bonds, Series 1994, dated June 1, 1994, with an interest rate

**Note 13 – REFUNDING OF REVENUE BONDS (Continued)**

ranging from 5.35% to 6.00%. The net proceeds were \$11,114,139 (including original issue premium \$767,334, \$15,630 of accrued interest and payment of \$93,825 in underwriting fees, insurance and other issuance costs). The net proceeds were used to pay out all outstanding Series 1994 Water Revenue bonds at August 13, 2003; except for \$1,010,000 due November 1, 2003. The refunding was undertaken to obtain lower rates. The District advance refunded the bonds for a net savings of approximately \$1,294,000 and an economic gain of approximately \$1,230,000.

**SUPPLEMENTARY INFORMATION SECTION**



Bourgeois Bennett

## INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

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

Our report on our audit of the financial statements of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana (the District) for the year ended June 30, 2004, appears on page 1. That audit was conducted for the purpose of forming an opinion on such financial statements taken as a whole. The information contained in Schedules 1 through 10 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for certain information marked "unaudited" in Schedules 5, 6 and 7, on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements for the year ended June 30, 2004, taken as a whole.

We also have previously audited, 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, the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana statement of net assets as of June 30, 2003, and balance sheets as of June 30, 2002, 2001 and 2000, and the related statement of revenues, expenses and changes in net assets/retained earnings for each of the four years in the periods ended June 30, 2003 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the information presented in Schedules 1 through 10, except for certain information marked "unaudited" in Schedules 5, 6, and 7, on which we express no opinion, is fairly stated in all material respects in relation to the financial statements from which it has been derived.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
September 3 2004.

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
NET ASSETS (BUDGET AND ACTUAL)**

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

For the year ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Revenues from water sales and services	\$ 9,990,625	\$ 10,731,000	\$ 10,756,633	\$ 25,633
Other operating revenues	206,500	236,300	245,897	9,597
Total operating revenues	<u>10,197,125</u>	<u>10,967,300</u>	<u>11,002,530</u>	<u>35,230</u>
<b>OPERATING EXPENSES</b>				
Personal services	3,403,200	3,473,200	3,425,690	47,510
Supplies and materials	922,800	968,050	986,070	(18,020)
Other services and charges	2,711,700	2,632,800	2,584,522	48,278
Depreciation and amortization	<u>2,331,110</u>	<u>2,394,407</u>	<u>2,429,611</u>	<u>(35,204)</u>
Total operating expenses	<u>9,368,810</u>	<u>9,468,457</u>	<u>9,425,893</u>	<u>42,564</u>
Operating income	<u>828,315</u>	<u>1,498,843</u>	<u>1,576,637</u>	<u>77,794</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	100,000	75,000	70,826	(4,174)
Intergovernmental	-	-	15,133	15,133
Bond interest	(744,224)	(744,224)	(744,224)	-
Amortization of bond discount and issuance cost	72,656	72,656	72,656	-
Amortization of cost of consolidation	<u>(8,518)</u>	<u>(8,518)</u>	<u>(8,518)</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>(580,086)</u>	<u>(605,086)</u>	<u>(594,127)</u>	<u>10,959</u>
Change in net assets	<u>\$ 248,229</u>	<u>\$ 893,757</u>	982,510	<u>\$ 88,753</u>
<b>NET ASSETS</b>				
Beginning of year			<u>53,021,156</u>	
End of year			<u>\$ 54,003,666</u>	

**SCHEDULE OF OPERATING REVENUES (BUDGET AND ACTUAL)****Consolidated Waterworks District No. 1 of the Parish of Terrebonne,  
State of Louisiana**

For the year ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUE FROM WATER SALES AND SERVICE CHARGES</b>				
Customers	\$ 9,700,000	\$ 10,350,000	\$ 10,369,290	\$ 19,290
Parish of Lafourche	22,000	26,000	24,738	(1,262)
Service connection fees	215,625	285,000	288,385	3,385
Meter installation fees	28,000	30,000	31,945	1,945
Penalties - reconnections	25,000	40,000	42,275	2,275
Total revenue from water sales and services	<u>9,990,625</u>	<u>10,731,000</u>	<u>10,756,633</u>	<u>25,633</u>
<b>OTHER OPERATING REVENUES</b>				
Service agreements:				
Sewerage Districts	100,000	112,000	115,989	3,989
Garbage Collections	70,000	85,000	86,569	1,569
LA Act 125	12,000	12,000	12,466	466
Miscellaneous	24,500	27,300	30,873	3,573
Total other operating revenues	<u>206,500</u>	<u>236,300</u>	<u>245,897</u>	<u>9,597</u>
Total operating revenues	<u>\$ 10,197,125</u>	<u>\$ 10,967,300</u>	<u>\$ 11,002,530</u>	<u>\$ 35,230</u>

**SCHEDULE OF DEPARTMENTAL EXPENSES (BUDGET AND ACTUAL)****Consolidated Waterworks District No. 1 of the Parish of Terrebonne,  
State of Louisiana**

For the year ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>ADMINISTRATIVE</b>				
Personal services:				
Salaries	\$ 178,500	\$ 178,500	\$ 177,618	\$ 882
Employee group insurance	40,000	43,700	40,578	3,122
Payroll taxes	17,600	18,600	18,083	517
Retirement fund	6,700	8,300	7,874	426
Total personal services	242,800	249,100	244,153	4,947
Supplies and materials:				
Gasoline and oil	1,400	1,800	1,957	(157)
Office supplies and expense	26,000	33,500	33,957	(457)
Total supplies and materials	27,400	35,300	35,914	(614)
Other services and charges:				
Accounting and consulting	38,000	38,000	38,156	(156)
Attorney	145,000	145,000	147,244	(2,244)
Board meetings	14,000	14,000	12,910	1,090
Bond agent fees	2,000	2,000	2,000	-
Consulting engineer	20,000	20,000	18,060	1,940
Insurance and bonds	31,000	22,000	19,917	2,083
Janitorial services	18,000	18,000	16,800	1,200
Publish proceedings	4,000	5,000	4,956	44
Radio communications	10,000	10,000	10,803	(803)
Repairs and maintenance:				
Equipment and building repairs	17,000	22,000	20,886	1,114
Truck and auto repairs	500	500	308	192
Seminars and schools	11,500	8,000	7,432	568
Telephone	400	400	349	51
Utilities - office	16,000	17,500	17,680	(180)
Total other services and charges	327,400	322,400	317,501	4,899
Total administrative	597,600	606,800	597,568	9,232
<b>BILLING AND COLLECTIONS</b>				
Personal services:				
Salaries	223,500	223,500	220,018	3,482
Employee group insurance	69,800	74,100	72,611	1,489
Payroll taxes	22,200	22,200	20,653	1,547
Retirement fund	8,400	10,800	9,725	1,075
Total personal services	323,900	330,600	323,007	7,593

Schedule 3  
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>BILLING AND COLLECTIONS (Continued)</b>				
Supplies and materials:				
Gasoline and oil	1,400	1,800	1,957	(157)
Office supplies and expense	12,000	18,000	18,692	(692)
<b>Total supplies and materials</b>	<b>13,400</b>	<b>19,800</b>	<b>20,649</b>	<b>(849)</b>
Other services and charges:				
Data processing	40,000	40,000	38,411	1,589
Insurance and bonds	40,000	28,000	23,907	4,093
Postage	115,000	122,000	124,453	(2,453)
Repairs and maintenance:				
Truck and auto repairs	1,000	600	507	93
Seminars and schools	500	500	325	175
Telephone	7,000	7,000	5,805	1,195
<b>Total other services and charges</b>	<b>203,500</b>	<b>198,100</b>	<b>193,408</b>	<b>4,692</b>
<b>Total billing and collections</b>	<b>540,800</b>	<b>548,500</b>	<b>537,064</b>	<b>11,436</b>
<b>METER READING</b>				
Personal services:				
Salaries	320,000	320,000	326,776	(6,776)
Employee group insurance	95,000	99,700	93,666	6,034
Payroll taxes	31,600	31,600	31,637	(37)
Retirement fund	12,000	15,000	14,507	493
<b>Total personal services</b>	<b>458,600</b>	<b>466,300</b>	<b>466,586</b>	<b>(286)</b>
Supplies and materials:				
Gasoline and oil	15,000	19,000	20,877	(1,877)
Office supplies and expense	1,500	1,500	1,227	273
Small tools	2,500	2,500	2,343	157
<b>Total supplies and materials</b>	<b>19,000</b>	<b>23,000</b>	<b>24,447</b>	<b>(1,447)</b>
Other services and charges:				
Insurance and bonds	69,000	49,000	44,000	5,000
Mobile phones	300	300	379	(79)
Radio communications	250	250	207	43
Repairs and maintenance:				
Equipment and building repairs	4,000	5,500	5,393	107
Meter parts and repair	1,000	500	341	159
Truck and auto repairs	10,000	20,000	19,776	224
Seminars and schools	500	100	60	40
<b>Total other services and charges</b>	<b>85,050</b>	<b>75,650</b>	<b>70,156</b>	<b>5,494</b>
<b>Total meter reading</b>	<b>562,650</b>	<b>564,950</b>	<b>561,189</b>	<b>3,761</b>



Schedule 3  
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>WAREHOUSE AND METER SHOP</b>				
Personal services:				
Salaries	84,000	84,000	85,343	(1,343)
Employee group insurance	32,000	35,500	33,454	2,046
Payroll taxes	8,300	8,300	8,191	109
Retirement fund	3,200	4,000	3,788	212
<b>Total personal services</b>	<b>127,500</b>	<b>131,800</b>	<b>130,776</b>	<b>1,024</b>
Supplies and materials:				
Gasoline and oil	200	200	239	(39)
Meter repair parts	10,000	10,000	9,370	630
Office supplies and expenses	1,000	1,000	1,706	(706)
Small tools	100	250	218	32
Warehouse supplies	12,000	12,000	12,814	(814)
<b>Total supplies and materials</b>	<b>23,300</b>	<b>23,450</b>	<b>24,347</b>	<b>(897)</b>
Other services and charges:				
Freight	1,000	1,500	1,598	(98)
Insurance and bonds	15,500	11,500	9,217	2,283
Repairs and maintenance:				
Equipment and building repairs	2,000	2,000	865	1,135
Seminars and schools	200	200	210	(10)
<b>Total other services and charges</b>	<b>18,700</b>	<b>15,200</b>	<b>11,890</b>	<b>3,310</b>
<b>Total warehouse and meter shop</b>	<b>169,500</b>	<b>170,450</b>	<b>167,013</b>	<b>3,437</b>
<b>ENGINEERING</b>				
Personal services:				
Salaries	182,000	182,000	181,993	7
Employee group insurance	48,000	51,500	49,517	1,983
Payroll taxes	18,000	18,000	17,678	322
Retirement fund	6,900	8,700	8,115	585
<b>Total personal services</b>	<b>254,900</b>	<b>260,200</b>	<b>257,303</b>	<b>2,897</b>
Supplies and materials:				
Computer supplies	4,000	4,000	4,263	(263)
Gasoline and oil	8,000	11,000	11,896	(896)
Office supplies and expenses	2,500	2,500	1,871	629
<b>Total supplies and materials</b>	<b>14,500</b>	<b>17,500</b>	<b>18,030</b>	<b>(530)</b>
Other services and charges:				
GIS network	6,000	7,000	9,654	(2,654)
Freight	-	-	4	(4)
Insurance and bonds	27,000	21,000	16,996	4,004
Mobile phones	800	950	1,028	(78)
Radio communications	400	400	240	160

Schedule 3  
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>ENGINEERING (Continued)</b>				
Other services and charges: (Continued)				
Repairs and maintenance:				
Truck and auto repairs	5,000	3,500	2,694	806
Seminars and schools	5,000	6,000	5,976	24
Uniforms	300	300	318	(18)
Total other services and charges	<u>44,500</u>	<u>39,150</u>	<u>36,910</u>	<u>2,240</u>
Total engineering	<u>313,900</u>	<u>316,850</u>	<u>312,243</u>	<u>4,607</u>
<b>OPERATIONS</b>				
Other services and charges:				
Utilities	<u>160,000</u>	<u>185,000</u>	<u>182,303</u>	<u>2,697</u>
<b>MAINTENANCE AND FIELD CREWS</b>				
Personal services:				
Salaries	660,000	650,000	635,105	14,895
Employee group insurance	164,500	169,500	164,425	5,075
Payroll taxes	65,000	65,000	61,929	3,071
Retirement fund	<u>24,800</u>	<u>31,200</u>	<u>28,311</u>	<u>2,889</u>
Total personal services	<u>914,300</u>	<u>915,700</u>	<u>889,770</u>	<u>25,930</u>
Supplies and materials:				
Chemicals	2,500	7,500	7,623	(123)
Gasoline and oil	15,000	19,000	21,611	(2,611)
Office supplies and expenses	1,800	1,800	1,389	411
Small tools	<u>8,500</u>	<u>8,500</u>	<u>7,048</u>	<u>1,452</u>
Total supplies and materials	<u>27,800</u>	<u>36,800</u>	<u>37,671</u>	<u>(871)</u>
Other services and charges:				
Freight	100	100	-	100
Insurance and bonds	156,000	116,000	112,204	3,796
Mobile phones	750	750	468	282
Radio communications	1,000	1,000	1,026	(26)
Repairs and maintenance:				
Equipment repairs - field	30,000	35,000	36,035	(1,035)
Truck and auto repairs	13,500	13,500	15,664	(2,164)
Wattertower maintenance	25,000	25,000	19,966	5,034
Waterline maintenance	550,000	550,000	492,036	57,964
Seminars and schools	5,000	500	258	242
Uniforms	<u>2,500</u>	<u>2,500</u>	<u>3,707</u>	<u>(1,207)</u>
Total other services and charges	<u>783,850</u>	<u>744,350</u>	<u>681,364</u>	<u>62,986</u>
Total maintenance and field crews	<u>1,725,950</u>	<u>1,696,850</u>	<u>1,608,805</u>	<u>88,045</u>

Schedule 3  
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>WATER PLANT</b>				
Personal services:				
Salaries	660,000	660,000	660,680	(680)
Employee group insurance	160,400	189,000	184,614	4,386
Payroll taxes	65,000	65,000	63,796	1,204
Retirement fund	24,800	31,200	29,423	1,777
<b>Total personal services</b>	<b>910,200</b>	<b>945,200</b>	<b>938,513</b>	<b>6,687</b>
Supplies and materials:				
Chemicals	625,000	625,000	643,880	(18,880)
Computer supplies	500	800	1,286	(486)
Fuel for generator	10,000	10,000	7,672	2,328
Gasoline and oil	7,500	9,500	10,048	(548)
Office supplies and expense	7,000	9,500	10,700	(1,200)
Raw water	120,000	120,000	111,011	8,989
Small tools	1,200	1,200	1,325	(125)
Warehouse supplies	5,500	5,500	4,563	937
<b>Total supplies and materials</b>	<b>776,700</b>	<b>781,500</b>	<b>790,485</b>	<b>(8,985)</b>
Other services and charges:				
Freight	600	3,000	3,047	(47)
Insurance and bonds	260,000	200,000	212,707	(12,707)
Lab analysis	2,000	2,000	870	1,130
Radio communications	300	600	622	(22)
Repairs and maintenance:				
Plant maintenance	175,000	210,000	218,012	(8,012)
Tractor repairs	4,000	4,000	3,170	830
Truck and auto repairs	5,000	5,000	5,232	(232)
Seminars and schools	10,000	4,000	4,110	(110)
Telephone	6,000	4,500	4,149	351
Uniforms	1,200	1,200	1,612	(412)
Utilities	550,000	550,000	572,184	(22,184)
<b>Total other services and charges</b>	<b>1,014,100</b>	<b>984,300</b>	<b>1,025,715</b>	<b>(41,415)</b>
<b>Total water plant</b>	<b>2,701,000</b>	<b>2,711,000</b>	<b>2,754,713</b>	<b>(43,713)</b>
<b>BAC-T-LAB</b>				
Personal services:				
Salaries	124,500	124,500	126,218	(1,718)
Employee group insurance	29,500	31,500	30,592	908
Payroll taxes	12,300	12,300	13,225	(925)
Retirement fund	4,700	6,000	5,547	453
<b>Total personal services</b>	<b>171,000</b>	<b>174,300</b>	<b>175,582</b>	<b>(1,282)</b>

Schedule 3  
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>BAC-T-LAB (Continued)</b>				
Supplies and materials:				
Computer supplies	200	200	-	200
Gasoline and oil	3,000	4,500	4,138	362
Lab supplies	10,000	18,500	20,070	(1,570)
Office supplies and expense	7,500	7,500	10,319	(2,819)
Total supplies and materials	<u>20,700</u>	<u>30,700</u>	<u>34,527</u>	<u>(3,827)</u>
Other services and charges:				
Freight	2,500	2,500	2,086	414
Insurance and bonds	23,500	18,000	15,403	2,597
Janitorial services	7,000	7,000	6,900	100
Lab analysis	20,000	20,000	17,470	2,530
Repairs and maintenance:				
Equipment and building repairs	5,000	7,000	9,269	(2,269)
Truck and auto repairs	2,000	2,000	2,240	(240)
Seminars and schools	7,000	4,550	4,529	21
Telephone	1,100	1,100	943	157
Utilities	6,500	6,500	6,435	65
Total other services and charges	<u>74,600</u>	<u>68,650</u>	<u>65,275</u>	<u>3,375</u>
Total bac-t-lab	<u>266,300</u>	<u>273,650</u>	<u>275,384</u>	<u>(1,734)</u>
Totals	<u>\$ 7,037,700</u>	<u>\$ 7,074,050</u>	<u>\$ 6,996,282</u>	<u>\$ 77,768</u>
<b>OPERATING EXPENSES</b>				
Personal services	\$ 3,403,200	\$ 3,473,200	\$ 3,425,690	\$ 47,510
Supplies and materials	922,800	968,050	986,070	(18,020)
Other services and charges	<u>2,711,700</u>	<u>2,632,800</u>	<u>2,584,522</u>	<u>48,278</u>
Totals	<u>\$ 7,037,700</u>	<u>\$ 7,074,050</u>	<u>\$ 6,996,282</u>	<u>\$ 77,768</u>

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

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

For the year ended June 30, 2004

	Total	Revenue Bond Sinking Fund	Bond Reserve Fund	Depreciation and Contingencies Fund	2003 Construction Fund
Cash and cash equivalents July 1, 2003	\$ 5,676,560	\$ 971,933	\$ 2,268,545	\$ 2,436,082	\$ -
Receipts:					
Transfers from the District	2,932,243	2,321,296	-	610,947	-
Proceeds from issuance of bonds	6,638,970	27,198	69,848	-	6,541,924
Interest earned	45,820	-	-	-	45,820
Total assets available	<u>15,293,593</u>	<u>3,320,427</u>	<u>2,338,393</u>	<u>3,047,029</u>	<u>6,587,744</u>
Disbursements:					
Retirement of matured bonds	1,200,000	1,200,000	-	-	-
Payment of matured interest coupons	979,914	979,914	-	-	-
Capital improvements	823,254	-	-	325,439	497,815
Payments for advance refunding of bonds	158,281	158,281	-	-	-
Total disbursements	<u>3,161,449</u>	<u>2,338,195</u>	<u>-</u>	<u>325,439</u>	<u>497,815</u>
Cash and cash equivalents, June 30, 2004	<u>\$ 12,132,144</u>	<u>\$ 982,232</u>	<u>\$ 2,338,393</u>	<u>\$ 2,721,590</u>	<u>\$ 6,089,929</u>

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

June 30, 2004

(Unaudited)

Insurer	Type of Coverage	Amount of Insurance	Expiration Date
Terrebonne Parish Consolidated Government	Automobile liability	\$ 6,500,000	Not applicable
Terrebonne Parish Consolidated Government	General liability	\$ 6,500,000	Not applicable
Terrebonne Parish Consolidated Government	Workers' compensation	\$ 25,000,000 1,000,000 (employer's liability)	Not applicable
Continental Casualty Company	Combined building & personal property	\$ 51,973,279	May 17, 2005
Continental Insurance Co.	Public employee dishonesty, theft, disappearance & destruction	\$ 25,000	May 17, 2005
Firemans Fund Insurance Companies	Computer hardware and software	\$ 114,308	May 17, 2005

**WATER CUSTOMERS**

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

June 30, 2004

(Unaudited)

Records maintained by the District indicated 39,677 water customers at June 30, 2004.

There were no unmetered customers.

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

For the year ended June 30, 2004

(Unaudited)

<b>Field Crew Overhead</b>	
Chemicals	\$ 7,623
Depreciation expense	53,749
Employee group insurance	164,425
Equipment repairs	36,035
Gasoline and oil	21,611
Insurance and bonds	112,204
Mobile phones	468
Office supplies and expenses	1,389
Payroll taxes	61,929
Radio communications	1,026
Retirement fund	28,311
Seminars and schools	258
Small tools	7,048
Truck and auto repairs	15,664
Uniforms	3,707
	<hr/>
Total field crew overhead	515,447
Service installation salaries as a percentage of total field crew salaries (\$62,060/\$635,105)	<hr/> 9.77%
Field crew overhead applicable to service installations	<hr/> 50,359
<b>Administrative Overhead</b>	
Total administrative costs	597,568
Service installation salaries/Total salaries excluding administrative salaries [\$62,060/(\$2,413,751 - \$177,618)]	<hr/> 2.78%
Administrative overhead applicable to service installations	<hr/> 16,612
Total service installation overhead costs	<hr/> <u>\$ 66,971</u>
<b>Calculation of Average Cost per Service Installation</b>	
Service installation work order costs	\$ 235,662
Total service installation overhead costs	<hr/> 66,971
Total service installation costs	302,633
Number of service installations	<hr/> 742
Average cost per service installation	<hr/> <u>\$ 408</u>



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

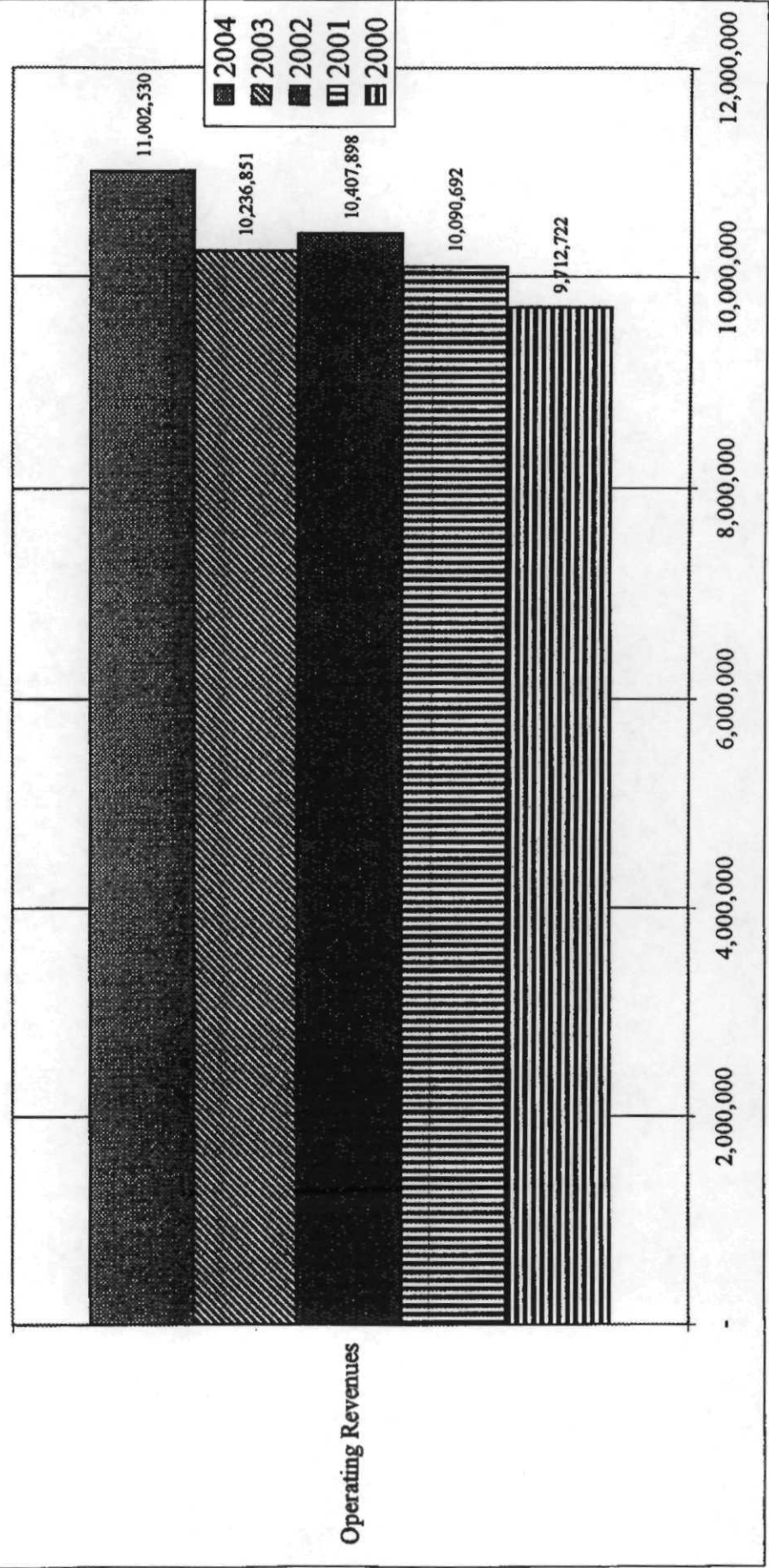
For the years ended June 30, 2004, 2003, 2002, 2001 and 2000

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b>OPERATING REVENUES</b>	<b>\$ 11,002,530</b>	<b>\$ 10,236,851</b>	<b>\$ 10,407,898</b>	<b>\$ 10,090,692</b>	<b>\$ 9,712,722</b>
<b>OPERATING EXPENSES</b>					
Personal services	\$ 3,425,690	\$ 3,164,699	\$ 3,042,553	\$ 3,018,017	\$ 2,874,076
Supplies and materials	986,070	980,205	977,748	1,080,883	1,060,266
Other services and charges	2,584,522	2,644,270	2,508,069	2,756,344	2,376,707
Depreciation and amortization	<u>2,429,611</u>	<u>2,275,200</u>	<u>2,335,297</u>	<u>2,245,825</u>	<u>2,120,320</u>
Totals	<u>\$ 9,425,893</u>	<u>\$ 9,064,374</u>	<u>\$ 8,863,667</u>	<u>\$ 9,101,069</u>	<u>\$ 8,431,369</u>

**OPERATING REVENUES**

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

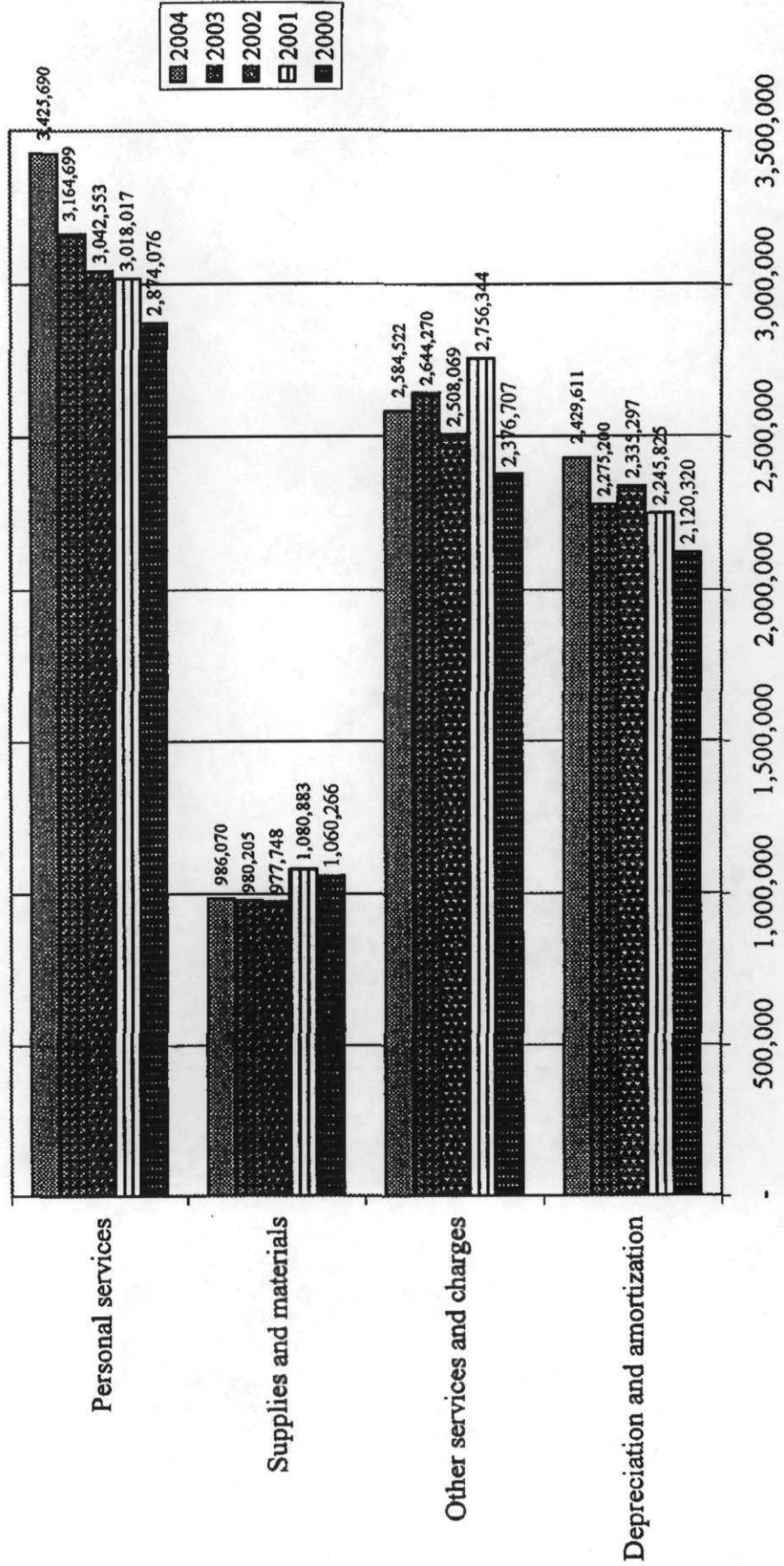
For the years ended June 30, 2004, 2003, 2002, 2001 and 2000



**OPERATING EXPENSES**

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

For the years ended June 30, 2004, 2003, 2002, 2001 and 2000



**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**



**Bourgeois Bennett**

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

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

We have audited the basic financial statements of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana, (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended June 30, 2004, and have issued our report thereon dated September 3, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

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

internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
September 3, 2004.

**SCHEDULE OF FINDINGS**

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

For the year ended June 30, 2004

**Section I Summary of Auditor's Results**

**a) Financial Statements**

Type of auditor's report issued: unqualified

*Internal control over financial reporting:*

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

**b) Federal Awards**

Consolidated Waterworks District No. 1 of the Parish of Terrebonne did not receive federal awards during the year ended June 30, 2004 exceeding \$500,000.

**Section II Financial Statement Findings**

No financial statement findings were noted during the audit for the year ended June 30, 2004.

**Section III Federal Award Findings and Questioned Costs**

Not applicable.

**REPORTS BY MANAGEMENT**



**SCHEDULE OF PRIOR YEAR FINDINGS**

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

For the year ended June 30, 2004

**Section I Internal Control and Compliance Material to the Basic Financial Statements**

**Internal Control**

No material weaknesses were reported during the audit for the year ended June 30, 2003.  
No reportable conditions were reported during the audit for the year ended June 30, 2003.

**Compliance**

No compliance findings material to the basic financial statements were noted during the audit for the year ended June 30, 2003.

**Section II Internal Control and Compliance Material to Federal Awards**

Consolidated Waterworks District No. 1 of the Parish of Terrebonne did not receive federal awards exceeding \$300,000 during the year ended June 30, 2003.

**Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 2003.

**MANAGEMENT'S CORRECTIVE ACTION PLAN**

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

For the year ended June 30, 2004

**Section I Internal Control and Compliance Material to the Basic Financial Statements**

**Internal Control**

No material weaknesses were reported during the audit for the year ended June 30, 2004.  
No reportable conditions were reported during the audit for the year ended June 30, 2004.

**Compliance**

No compliance findings material to the basic financial statements were noted during the audit for the year ended June 30, 2004.

**Section II Internal Control and Compliance Material to Federal Awards**

Consolidated Waterworks District No. 1 of the Parish of Terrebonne did not receive federal awards exceeding \$500,000 during the year ended June 30, 2004.

**Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 2004.