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**WARD FOUR WATER DISTRICT OF
EVANGELINE PARISH, LOUISIANA**

Gladale, Louisiana

Financial Report

Year Ended September 30, 1998

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the media, or interested entity and other appropriate public officials. The report is available for public inspection at the State House office of the Legislative Auditor for that year, appropriate, at the office of the parish clerk of court.

Release Date APR 1 5 1999

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INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Ward Four Water District of Evangeline Parish
Orlando, Louisiana

We have audited the accompanying general purpose financial statements of the Ward Four Water District of Evangeline Parish, a component unit of the Evangeline Parish Police Jury, as of and for the year ended September 30, 1998, as listed in the table of contents. These financial statements are the responsibility of the Board of Commissioners. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as we discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Governmental Accounting Standards Board Technical Bulletin #8-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue. The Ward Four Water District has included such disclosures in Note 13. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support Ward Four Water District's disclosures with respect to the year 2000 issue made in Note 13. Further, we do not provide assurance that the District is or will be year 2000 ready, that Ward Four Water District's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the District does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the general purpose financial statements referred above present fairly, in all material respects, the financial position of Ward Four Water District of Evangeline Parish, as of September 30, 1998, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 1998 on our consideration of Ward Four Water District's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements.

Kobler, Champagne, Sivore & Rainey, LLC
Certified Public Accountants

Villiv Place, Louisiana
December 28, 1993

GENERAL PURPOSE FINANCIAL STATEMENTS

WARD FOUR WATER DISTRICT OF
 BIVANTRILINE PARISH, LOUISIANA
 Opelousas, Louisiana

Proprietary Fund Type
 Enterprise Fund
 Comparative Balance Sheet
 September 30, 1998 and 1997

	1998	1997
ASSETS		
Current assets:		
Cash	\$ 6,797	\$ 7,859
Accounts receivable	<u>5,315</u>	<u>4,712</u>
Total current assets	<u>12,112</u>	<u>12,571</u>
Restricted assets:		
Revenue bond and interest sinking account -		
Interest-bearing deposits	36,996	38,716
Revenue bond reserve account -		
Interest-bearing deposits	2,843	1,284
Certificate of deposit	8,517	5,622
Revenue bond contingency account -		
Interest-bearing deposits	2,198	2,198
Customer deposits -		
Certificate of deposit	<u>11,208</u>	<u>11,389</u>
Total restricted assets	<u>61,758</u>	<u>69,709</u>
Property, plant and equipment, at cost, net of accumulated depreciation (1998 \$165,020; 1997 \$138,537)	<u>882,747</u>	<u>815,235</u>
Total assets	<u>\$956,617</u>	<u>\$916,525</u>

The accompanying notes are an integral part of this statement.

LIABILITIES AND FUND-EQUITY

Liabilities:

Current liabilities (payable from current assets) -

Accounts payable	\$ 617	\$ 1,224
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Current liabilities (payable from restricted assets) -

Revenue bonds payable	3,294	2,909
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Accrued interest payable	12,341	12,948
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Customers' deposits	<u>11,280</u>	<u>15,389</u>
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Total current liabilities (payable from restricted assets)	<u>27,925</u>	<u>37,199</u>
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Long-term liabilities:

Revenue bonds payable	<u>285,053</u>	<u>358,427</u>
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Total liabilities	<u>512,978</u>	<u>695,626</u>
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Fund equity:

Contributed capital net of accumulated amortization (1998 \$140,113; 1997 \$83,754)	671,148	680,498
--	---------	---------

Retained earnings (deficit) - Unreserved	<u>(27,147)</u>	<u>(20,512)</u>
---	-----------------	-----------------

Total fund equity	<u>643,999</u>	<u>659,987</u>
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Total liabilities and fund equity	<u>\$557,983</u>	<u>\$985,777</u>
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**WARD FOUR WATER DISTRICT OF
EVANGELINE PARISH, LOUISIANA**
Orlando, Louisiana

**Proprietary Fund Type
Enterprise Fund**

**Comparative Statement of Revenues, Expenses and Changes in Retained Earnings
Years Ended September 30, 1998 and 1997**

	1998	1997
Operating revenues:		
Charges for services -		
Water sales	\$ 50,813	\$ 45,879
Connection charges	4,598	2,320
Late charges	908	2,176
Miscellaneous	856	-
Total operating revenues	57,175	50,375
Operating expenses	71,371	78,389
Operating loss	(14,196)	(18,014)
Nonoperating revenues (expenses):		
Interest income	5,100	3,542
Interest expense	(17,185)	(16,247)
Total nonoperating revenues (expense)	(12,085)	(12,705)
Net loss	(26,281)	(30,719)
Add: Depreciation on fixed assets acquired by federal grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	18,238	19,356
Increase (decrease) in retained earnings	(8,043)	(11,363)
Retained earnings (deficit), beginning as retained	(20,532)	(5,149)
Retained earnings (deficit), ending	\$ (27,447)	\$ (20,532)

The accompanying notes are an integral part of this statement.

WARD FOUR WATER DISTRICT OF
 EWAINGELINE PARISH, LOUISIANA
 Oakdale, Louisiana

Proprietary Fund Type
 Enterprise Fund
 Comparative Statement of Cash Flows
 Years Ended September 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Cash flows from operating activities		
Operating loss	\$ (13,898)	\$ (19,934)
Adjustments to reconcile operating income to net cash provided by operating activities -		
Depreciation	32,488	28,244
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(967)	(1,185)
Increase (decrease) in accounts payable	(607)	(784)
Increase (decrease) in accrued interest payable	408	2,434
Total adjustments	<u>31,719</u>	<u>28,805</u>
Net cash provided by operating activities	<u>17,821</u>	<u>8,871</u>
Cash flows from capital and related financing activities		
Proceeds from long-term debt	-	72,889
Principal paid on revenue bonds and notes	(2,949)	(11,715)
Interest paid on revenue bonds and notes	(17,183)	(18,247)
Net change in meter deposits	(180)	407
Acquisition of capital assets	-	(162,617)
Capital contributed from federal sources	-	185,212
Net cash used by capital and related financing activities	<u>(28,124)</u>	<u>11,927</u>
Cash flows from investing activities		
Interest received on interest bearing deposits	1,340	1,340
Net increase in cash and cash equivalents	2,737	23,473
Cash and cash equivalents, beginning of period	<u>66,798</u>	<u>43,325</u>
Cash and cash equivalents, end of period	<u>\$ 69,535</u>	<u>\$ 66,798</u>

The accompanying notes are an integral part of this statement.

WARD FOUR WATER DISTRICT OF
EVANGELINE PARISH, LOUISIANA
Orleans, Louisiana

Notes to the Financial Statements

11) Summary of Significant Accounting Policies

The Ward Four Water District of Evangeline Parish (District) was created on August 12, 1986 by the Evangeline Parish Police Jury, as authorized by Louisiana Revised Statutes 18:1751-1802. The District is governed by a five member board of commissioners appointed by the police jury and is authorized to construct, maintain, and improve the system of water supply within the district.

The Water District is a component unit of the Evangeline Parish Police Jury, the primary government. The commissioners of the District are appointed by the Evangeline Parish Police Jury.

The Water District serves approximately 200 customers and has two employees.

A. Basis of Presentation

The accounting and reporting policies of the Ward Four Water District conform to generally accepted accounting principles applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audit of State and Local Governmental Units, published by the American Institute of Certified Public Accountants. The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions based on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements in which case, GASB prevails.

B. Reporting Entity

For financial reporting purposes, those component unit financial statements include all funds and activities that are controlled by the District as an independent political subdivision of the State of Louisiana. Although legally separate from the Evangeline Parish Police Jury, the Evangeline Parish Police Jury appoints the Board of Commissioners and has the ability to impose its will on the District and therefore is considered to be a component unit of the Evangeline Parish Police Jury (primary government), the financial reporting entity.

WARD FOUR WATER DISTRICT OF
Evangeline Parish, Louisiana
Orlando, Louisiana

Notes to the Financial Statements (Continued)

C. Fund Accounting

The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

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

D. Basis of Accounting

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

Proprietary funds are accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Unbilled utility service receivables, resulting from utility services rendered between the date of meter reading and billing and the end of the month, are considered noncurrent and are not recorded at year-end.

E. Fixed Assets and Liabilities

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement basis, and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

WARD FOUR WATER DISTRICT OF
EVANGELINE PARISH, LOUISIANA
Catahoula, Louisiana

Notes to the Financial Statements (Continued)

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	5 years
Buildings	20 years
Utility System and Improvements	40 years

F. Bad Debts

Uncollectible amounts due for customer's utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting practices (GAAP), an allowance for uncollectible receivables was made due to immateriality at September 30, 1978.

G. Compensated Absence

Vacation and sick leave are recorded as expenditures of the period in which paid. Although sick leave accumulates and is available for employees when needed, it does not vest, nor is it payable at termination of employment. Vacation must be taken in the year accrued and cannot be carried over. Although this method is not in conformity with generally accepted accounting principles (GAAP), no accrual amount was recorded as of September 30, 1978, due to immateriality.

H. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing deposits, and time deposits. For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, interest-bearing demand deposits, or time deposits with state banks registered under Louisiana law or any other state of the United States, or under the laws of the United States.

I. Fund Equity

Contributed Capital

Amounts contributed to the enterprise fund that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is measured based on the depreciation recognized on that portion of the assets acquired from such contributions. This depreciation is shown to the contributed capital account and is reflected as an adjustment to net income.

WARD FOUR WATER DISTRICT OF
EVANGELINE PARISH, LOUISIANA
Orlando, Louisiana

Notes to the Financial Statements (Continued)

Reserves

Reserves represent those portions of fund equity legally segregated for a specific future use.

(2) Cash and Interest-Bearing Deposits

At September 30, 1998, the District had cash and interest-bearing deposits (bank balances) totaling \$89,319 as follows:

	<u>1998</u>
Demand deposits	\$ 6,797
Interest bearing deposits	<u>82,522</u>
Total	<u>\$89,319</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank.

Deposit balances (bank balances) at September 30, 1998 of \$89,319 were secured in total by federal deposit insurance.

WARD FOUR WATER DISTRICT OF
EVANGELINE PARISH, LOUISIANA
Catahoula, Louisiana

Notes to the Financial Statements (Continued)

43) **Restricted Assets**

Restricted assets consisted of the following at September 30:

	1998	1997
Revenue bond reserve	\$ 2,040	\$ 1,864
Revenue bond and interest sinking	25,796	27,416
Revenue bond contingency	3,165	3,098
Customers deposits	11,289	11,308
Certificate of deposit	28,517	35,822
	\$62,712	\$89,508

44) **Deficit in Retained Earnings**

At September 30, 1998, the unreserved retained earnings deficit totals \$27,343. Management intends to eliminate the deficit with water sales from future years.

45) **Fixed Assets**

A summary of proprietary fixed type fixed assets at September 30, follows:

	1998	1997
Equipment	\$ 28,281	\$ 28,281
Buildings	36,310	16,519
Water System	1,086,176	1,086,176
Total	1,050,767	1,050,976
Less: Accumulated depreciation	168,000	131,212
Net	\$ 882,767	\$ 919,764

**WARD FOUR WATER DISTRICT OF
EVENINGLAND PARKS, LOUISIANA
Caldwell, Louisiana**

Notes to the Financial Statements (Continued)

(6) Changes in Long-Term Debt

The following is a summary of debt transactions of the District for the year ended September 30, 1998:

	<u>Utility Revenue Bonds</u>
Long-term obligations payable, September 30, 1997	\$291,146
Additions	-
Deductions	<u>2,019</u>
Long-term obligations payable, September 30, 1998	<u>\$289,127</u>

Long-term debt payable at September 30, 1998 is composed of the following:

Utility Revenue Bonds:

<p>\$229,808 Water Revenue Bonds due in annual installments of \$13,328 through December 31, 2008; interest at 6.0 percent.</p>	\$217,168
<p>\$72,080 Water Revenue Bonds due in annual installments of \$4,260 through December 31, 2003; interest at 5.125 percent.</p>	<u>71,267</u>
	<u>\$288,435</u>

WARD FOUR WATER DISTRICT OF
EVANGELINE PARISH, LOUISIANA
Orlando, Louisiana

Notes to the Financial Statements (Continued)

The annual requirements to amortize all debts outstanding at September 30, 1998, including interest payments of \$158,313 are as follows:

September 30,

1999	\$ 39,623
2000	39,623
2001	39,623
2002	39,623
2003	39,623
2004-2005	<u>511,395</u>
	<u>\$649,443</u>

(7) Flow of Funds Restrictions on Use - Utility Revenues

Under the terms of the \$120,000 Water Revenue Bonds, dated December 27, 1990, and the \$72,000 Water Revenue Bonds dated October 2, 1996, all income and revenues (hereinafter referred to as revenues) of every nature, earned or derived from operations of the Water Utility System are pledged and dedicated to the retirement of said bonds and are to be set aside into the following special funds:

Sinking Fund

The district is required to set aside into a Water Revenue Bond and Interest Sinking Fund each month a sum equal to 1/12th of the principal and the interest falling due on the next annual payment date for the Bonds. Funds in this account are available only for the retirement of outstanding bonds interest.

Reserve Fund

The Water Revenue Reserve Fund is maintained solely for the purpose of paying the principal and interest on the bonds payable from the sinking fund as to which there would otherwise be a deficit. The fund is required to be funded to an amount equal to the reserve fund requirements (\$19,613 at September 30, 1998).

Depreciation and Contingency Fund

The Contingency Fund was established to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the System and to pay the principal of and the interest on the bonds, including any additional pari passu bonds issued hereafter in the manner provided by the Resolution, for the payment of which there is not sufficient money in the Sinking Fund or Reserve Fund.

**NAKED-FOUR WATER DISTRICT OF
EVENINGLAND PARISH, LOUISIANA
Orlando, Louisiana**

Notes to the Financial Statements (Continued)

The District was in compliance with all sufficient limitations and restrictions in the bond indentures as of September 30, 1998.

(6) Litigation

As of September 30, 1998, there is no litigation pending against the District.

(7) Schedule of Operating Expenses

	1998	1997
Salaries	\$14,100	\$ 8,850
Payroll Taxes	1,141	935
Sales tax expense	1,843	1,716
Auto allowance	-	808
Advertising	-	327
Repairs and maintenance	6,818	7,216
Office expense	1,878	2,838
Charitra	347	738
Supplies	5,779	8,943
Utilities	2,390	3,872
Telephone	670	615
Insurance	2,904	2,282
Depreciation expense	22,488	20,204
Deam	150	258
Professional fees	1,580	3,848
Miscellaneous	342	237
	\$71,371	\$78,289

WARD FOUR WATER DISTRICT OF
EVALENE, BOYD PARISH, LOUISIANA
Catahoula, Louisiana

Notes to the Financial Statements (Continued)

(10) **Aged Accounts Receivable**

	<u>1998</u>	<u>1997</u>
0-30 days	\$4,279	\$4,190
31-120 days	1,816	362
	<u>\$3,115</u>	<u>\$4,152</u>

(11) **Risk Management**

The District is exposed to risks of loss in the areas of general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

(12) **Board Member's Compensation**

The following is a list of board members active during the fiscal year end September 30, 1998. No compensation is paid to board members.

1998

Nathan Johnson
Joseph Andelin
Farron Gordon
Kenneth Jackson
James Gordon

(13) **Impact of Year 2000 on Computer Programs (Unaudited)**

The year 2000 issue is the result of computer programs being written using two digit values that fail to define the applicable year. Any of the District's computer programs that have time sensitive software may misrecognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, or engage in similar normal business activities.

According to the District's management and the District's software provider, the computer programs being used by the District are year 2000-compliant.

INTERNAL CONTROL AND COMPLIANCE

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**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 Four Water District of Evangeline Parish
Oakdale, Louisiana**

We have audited the financial statements of the Ward Four Water District of Evangeline Parish, a component unit of the Evangeline Parish Police Jury as of and for the year ended September 30, 1998, and have issued our report thereon dated December 28, 1998. In our report, our opinion was qualified because insufficient audit evidence exists to support the District's disclosures with respect to the year 2000 issue. Except as discussed in the preceding sentence, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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 financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Summary Schedule of Prior and Current Year Audit Findings on Item 98-L.

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

This report is intended for the information of the Board of Commissioners. However, this report is a matter of public record and its distribution is not limited.

Keller, Champagne, Stone & Rainey, LLC
Certified Public Accountants

Ville Platte, Louisiana
December 28, 1998

WARD FOUR WATER DISTRICT OF BROWARD COUNTY FLORIDA
Okechobe, Leoville

Summary Schedule of Current and Prior Year Audit Findings and Corrective Action Plan
Year Ended September 30, 1993

Aud. No.	Fiscal Year Finding Involves	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
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Internal Control:

98-1	Customers	Due to the small number of employees, the District did not have adequate segregation of functions within the accounting system.	No	Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.	Nathan Johnson, President	8/93
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OTHER SUPPLEMENTARY INFORMATION

WARD FOUR WATER DISTRICT OF
EVANGELINE PARISH, LOUISIANA
Orlando, Louisiana

Schedule of Insurance in Force
(Unaudited)
September 30, 1998

	<u>Coverage Amounts</u>
Associations of Citizens	
Public Employees Position Bond -	
President	\$ 28,000
Secretary/Treasurer	28,000
General Liability and Property -	
Liability	100,000
Office building	5,100
Contents	2,400
Equipment	100,000
Workers compensation	-