

DECEMBER 31, 1998

00 JUN 1 12:00

OFFICIAL
FILE COPY
DO NOT SEND OUT
(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
COMBINED BALANCE SHEET- ALL FUND TYPES	3-4
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7-13
ADDITIONAL INFORMATION	14
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	15
OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING	
STANDARDS AND OMB CIRCULAR A-133	16
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	17-19
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	20-22
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	23
MEMORANDUM OF OTHER COMMENTS AND RECOMMENDATIONS	24
DISCLOSURE OF LACK OF MANAGEMENT LETTER	25
MANAGEMENT'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	26
MANAGEMENT'S CORRECTIVE ACTION PLAN	27

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 ~~JUN 23 1999~~



Juanita DeVillier Brouillette

Certified Public Accountant

June 23, 1999

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of Ward 5 Waterworks District #1 of Evangeline Parish, St Landry, Louisiana as of December 31, 1998 and for the period ended December 31, 1998, as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as discussed in the following paragraph, I conducted the 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 I 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. I believe that the audit provides a reasonable basis for my opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue. Ward 5 Waterworks District #1 of Evangeline Parish has included such disclosures in Note 9. 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 the District's disclosures with respect to the year 2000 issue made in Note 9. Further, I do not provide assurance that the District is or will be year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with which the District does business will be 2000 ready.

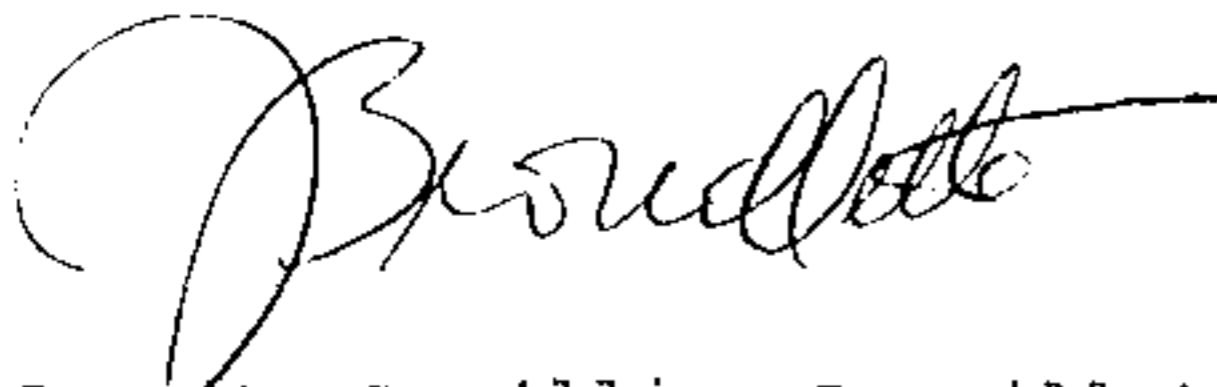
In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to examine evidence regarding year 2000 disclosures, the financial statements referred to above present fairly, in all material

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

respects, the financial position of Ward 5 Waterworks District #1 of Evangeline Parish, as of December 31, 1998, and the results of its operations, and the cash flows of its proprietary fund type for the period ended December 31, 1998, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 23, 1999, on my consideration of the Ward 5 Waterworks District #1's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

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



Juanita Devillier Brouillette
Certified Public Accountant

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
 COMBINED BALANCE SHEET - ALL FUND TYPES
 DECEMBER 31, 1998

	GOVERNMENTAL <u>FUND TYPE</u> CAPITAL PROJECTS <u>FUND</u>	PROPRIETARY <u>FUND TYPE</u> ENTERPRISE <u>FUND</u>	TOTALS (MEMORANDUM) <u>ONLY</u>
ASSETS			
CURRENT ASSETS			
Cash	\$	\$ 2,595	\$ 2,595
Accounts receivable			
Water sales		3,942	3,942
Prepaid insurance		342	342
Grant receivable	<u>-0-</u>	<u> </u>	<u>-0-</u>
Total Current Assets	<u>\$ -0-</u>	<u>\$ 6,879</u>	<u>\$ 6,879</u>
RESTRICTED ASSETS			
Meter fund deposits	\$	\$ 1,350	\$ 1,350
Water revenue bond funds	<u> </u>	<u>11,591</u>	<u>11,591</u>
Total Restricted Assets	<u>\$</u>	<u>\$ 12,941</u>	<u>\$ 12,941</u>
PROPERTY, PLANT, AND EQUIPMENT			
Plant and distribution system	\$	\$1,196,247	\$1,196,247
Less: accumulated depreciation	<u> </u>	<u>52,336</u>	<u>52,336</u>
Net Depreciable Assets	\$	\$1,143,911	\$1,143,911
Land	<u> </u>	<u>1,000</u>	<u>1,000</u>
Total Property, Plant, and Equipment	<u>\$</u>	<u>\$1,144,911</u>	<u>\$1,144,911</u>
TOTAL ASSETS	\$ -0-	\$1,164,731	\$1,164,731
	=====	=====	=====

	GOVERNMENTAL <u>FUND TYPE</u> CAPITAL PROJECTS <u>FUND</u>	PROPRIETARY <u>FUND TYPE</u> ENTERPRISE <u>FUND</u>	TOTALS (MEMORANDUM) <u>ONLY</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)			
Accounts payable	\$ -0-	\$ 265	\$ 265
Payroll and sales taxes payable		<u>237</u>	<u>237</u>
Total Current Liabilities (Payable from Current Assets)	\$ <u>-0-</u>	\$ <u>502</u>	\$ <u>502</u>
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)			
Customer meter deposits	\$	\$ 1,350	\$ 1,350
Current portion of water revenue bonds payable		<u>3,559</u>	<u>3,559</u>
Total Current Liabilities (Payable from Restricted Assets)	\$ <u>-0-</u>	\$ <u>4,909</u>	\$ <u>4,909</u>
LONG-TERM LIABILITIES			
Water revenue bonds payable	\$	\$ <u>356,194</u>	\$ <u>356,194</u>
Total Long-Term Liabilities	\$ <u>-0-</u>	\$ <u>356,194</u>	\$ <u>356,194</u>
Total Liabilities	\$ <u>-0-</u>	\$ <u>361,605</u>	\$ <u>361,605</u>
EQUITY			
Contributed capital	\$	\$ 831,247	\$ 831,247
Retained earnings- unreserved		(28,121)	(28,121)
Fund Balance- unreserved, undesignated	<u>-0-</u>		
Total Equity	\$ <u>-0-</u>	\$ <u>803,126</u>	\$ <u>802,126</u>
TOTAL LIABILITIES AND EQUITY	\$ <u>-0-</u>	\$1,164,731	\$1,164,731
	=====	=====	=====

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

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE - ENTERPRISE FUND
YEAR ENDED DECEMBER 31, 1998

OPERATING REVENUES		
Water sales	\$44,044	
Miscellaneous	<u>679</u>	
Total Operating Revenues		\$ 44,723
OPERATING EXPENSES		
Board fees	\$ 1,320	
Depreciation	29,906	
Dues	270	
Insurance	1,838	
Office expense	962	
Professional fees	3,410	
Repairs and maintenance	2,577	
Salaries	11,489	
Taxes	1,375	
Utilities	<u>1,978</u>	
Total Operating Expenses		<u>55,125</u>
OPERATING INCOME (LOSS)		\$(10,402)
NONOPERATING REVENUES AND (EXPENSES)		
Interest income	\$ 226	
Interest expense	<u>(16,278)</u>	
Nonoperating expense over revenue		<u>(16,052)</u>
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS		\$(26,454)
OPERATING TRANSFER FROM CAPITAL PROJECTS FUND		<u>358</u>
NET INCOME (LOSS)		\$(26,096)
RETAINED EARNINGS, (DEFICIT) BEGINNING OF YEAR		<u>(2,025)</u>
RETAINED EARNINGS (DEFICIT), END OF YEAR		\$(28,121)
		=====

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

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE - ENTERPRISE FUND
YEAR ENDED DECEMBER 31, 1998

OPERATING ACTIVITIES	
Net income (loss)	\$ (26,096)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation	29,906
Changes in operating assets and liabilities:	
Accounts receivable	1,263
Prepaid insurance	(342)
Accounts and taxes payable	502
Customers' meter deposits	<u>375</u>
Net Cash Provided By Operating Activities	5,608
NONCAPITAL FINANCING ACTIVITIES	
	-0-
CAPITAL FINANCING ACTIVITIES	
Loan payments	<u>(3,661)</u>
Net Cash Provided By Capital Financing Activities	(3,661)
INVESTING ACTIVITIES	
	<u>-0-</u>
INCREASE IN CASH	1,947
CASH, BEGINNING OF YEAR	<u>13,589</u>
CASH, END OF YEAR	\$ 15,536
	=====

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

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Ward 5 Waterworks District #1 of Evangeline Parish (hereafter referred to as the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting Entity

Ward 5 Waterworks District #1 of Evangeline Parish was created by an ordinance of the Evangeline Parish Police Jury on March 9, 1992. The District provides water to rural residential and agricultural customers in the northeast portion of Evangeline Parish.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GAAP. Generally, component units are legally separate organizations for which the elected officials or appointed board members of the primary government are financially accountable. Some of the criteria considered under "legally separate organization" are the capacity for the organization to have its own name, the right for the organization to sue and be sued in its own name without recourse to the primary government, and the right to buy, sell, lease, and mortgage property in its own name. Some of the criteria used to consider "financially accountable" include appointment of the voting majority of the organization's governing body, ability for the primary government to impose its will on the organization, whether the organization has the potential to provide specific financial benefits to, or improve specific financial burdens on the primary government, and fiscal dependence of the organization. Based on the application of these criteria, only the operating activities of the Ward 5 Waterworks District #1 are included in these financial statements.

The Ward 5 Waterworks District #1 operates autonomously from the other Parish agencies. Therefore, the District reports as an independent reporting entity. This report includes all funds which are controlled by or dependent upon the District.

Fund Accounting

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1998

financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The District's funds are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for construction of property, plant, and equipment.

The District's operating account is considered a proprietary fund. Proprietary funds are used to account for activity similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Where goods or services are provided to outside parties, such as customers receiving water, the proprietary fund is considered an enterprise fund.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All government funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Cash

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

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1998

Accounts Receivable, Bad Debts

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

Restricted Assets

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

Property, Plant, and Equipment

Property, plant, and equipment is stated at cost when purchased or constructed. Donations of property, plant, and equipment are recorded as contributed capital at their estimated fair value.

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

Depreciation is computed using the straight-line method over the estimated useful life of the asset.

Customer Deposits

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

Contributed Capital

Contributed capital is recorded on the balance sheet when amounts are received through capital grants or through contributions from developers and customers.

Totals - Memorandum Only Columns

Total columns on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 1998

these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Estimates

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

2. CASH

At December 31, 1998 cash consisted of the following:

	<u>Total</u>	<u>Unrestricted</u>	<u>Restricted</u>
Cash in bank	\$15,536	\$2,595	\$12,941

Cash in bank is stated at cost, which approximates market. Under state law, the resulting bank balances must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. At December 31, 1998 cash in bank is secured by federal deposit insurance.

3. ACCOUNTS RECEIVABLE

Receivables arising from water service furnished to members consist of uncollected billings rendered customers on monthly cycle billings. At December 31, 1998, these receivables were \$3,942.

4. PROPERTY, PLANT, AND EQUIPMENT

There has been no change in property, plant, and equipment during the current year. Property, plant, and equipment consisted of the following at December 31, 1998:

	<u>ESTIMATED LIFE</u>	<u>AMOUNT</u>
Land		\$ 1,000
Plant and distribution system	40 years	<u>1,196,247</u>
Less:		1,197,247
Accumulated depreciation		<u>52,336</u>
		\$1,144,911

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 1998

Depreciation expense for 1998 was \$29,906.

Property, plant, and equipment serves as collateral for the bonds payable.

5. BONDS PAYABLE

Bonds payable at December 31, 1998, consisted of the following:

	INTEREST RATE	MATURITY DATE	<u>AMOUNT</u>
United States Department of Agriculture	4.50%	March 21, 2036	\$359,753

All property, plant, and equipment of the District serves as collateral for the bonds. Aggregate maturities of principal amounts of bonds payable of the District, based upon terms in effect at December 31, 1998, are as follows:

<u>YEAR</u>	<u>AMOUNT</u>
1999	\$ 3,559
2000	3,725
2001	3,899
2002	4,080
2003	4,271
2004-2029	<u>340,219</u>
	\$359,753

In 1998, total interest incurred was \$16,278, which was all charged to operations.

6. RESTRICTED ASSETS

At December 31, 1998, restricted assets consisted of the following:

Restricted for customer deposits for water service	\$ 1,350
Restricted in accordance with United States Department of Agriculture bond covenants. These funds may be used to finance emergency repairs, system improvements, and debt service.	1,822
Restricted for payment of bond principal and interest in accordance with the United States Department of Agriculture bonds.	6,782
Restricted for payment of principal and interest on the bonds in event of default, in accordance with the United States Department of Agriculture bond agreement.	<u>2,987</u>
	\$ 12,941

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1998

7. CONTRIBUTED CAPITAL

There have been no changes in contributed capital during the year. The balance of contributed capital at December 31, 1998 is \$831,247.

8. DEFICIT FUND EQUITY

At December 31, 1998 the following individual fund deficit retained earnings existed:

Proprietary Fund Type- Enterprise Fund	\$28,121
----------------------------------------	----------

The deficit in unreserved retained earnings is attributable to depreciation of property, plant, and equipment acquired with contributed capital.

9. YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the District's operations as early as 1999.

The District has no computer systems, but they have completed an inventory of the operating equipment that may be affected by the year 2000 issue and that are necessary to conducting the District's operations. This inventory identified only one piece of equipment that possibly contains an electronic component. Management has contacted the manufacturer of the component, a sensor, and has received the manufacturer's statement that this piece of equipment should not malfunction due to the Year 2000 programming problems. Because this sensor does not affect the operation of the system, and management has no way of testing this piece of equipment for Year 2000 compliance, management's corrective action plan is to manually monitor the function of the equipment more closely, especially at December 1999, and January 2000, should the sensor fail. Should the sensing device fail to operate, or malfunction due to Year 2000 compliance, the system operator would manually monitor the equipment until a replacement sensor could be installed. The cost of a replacement sensor, should one be needed, is less than \$300.

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. Management cannot assure that the District is or will be year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be year 2000 ready.

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1998

10. NOTE TO STATEMENT OF CASH FLOWS

Interest paid during 1998 amounted to \$16,278, all of which was charged to operating expense. There were no material non-cash investing or financing activities during the year ending December 31, 1998 that affected recognized assets and liabilities.

11. BOARD OF COMMISSIONERS

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

COMMISSIONER	TERM SERVED	COMPENSATION
Ronnie Borer	March 1998 - December 1998	300
Carl Foreman	January 1998 - December 1998	270
Henry Kelly	January 1998 - December 1998	180
Wesley McIntosh	January 1998 - December 1998	270
Faron O'Quin	January 1998 - February 1998	none
Calvin Ortego	January 1998 - December 1998	300

ADDITIONAL INFORMATION

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED DECEMBER 31, 1998

FEDERAL AWARD			TOTAL	EXPENDED OR
<u>FEDERAL AGENCY AND</u>	<u>CFDA</u>	<u>IDENTIFYING</u>	<u>FEDERAL</u>	<u>OUTSTANDING</u>
<u>PROGRAM TITLE</u>	<u>NUMBER</u>	<u>NUMBER</u>	<u>AWARD</u>	<u>LOAN BALANCE</u>
U.S. Department of Agriculture				
Rural Utilities Service				
Water and Waste Disposal		22-020-		
Systems for Rural Communities		0025909701-		
Current Expenditures	10.760		\$829,600	\$ -0-
Loan balance outstanding				
at year end	10.760	95.01		<u>359,753</u>
				\$359,753

See independent auditor's report.

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND OMB CIRCULAR A-133

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



Juanita DeVillier Brouillette

Certified Public Accountant

June 23, 1999

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

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

I have audited the financial statements of the Ward 5 Waterworks District #1 of Evangeline Parish as of and for the period ended December 31, 1998, and have issued my report thereon dated June 23, 1999, which was qualified because insufficient audit evidence exists to support the District's disclosures with respect to the year 2000 issue. I conducted the 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, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

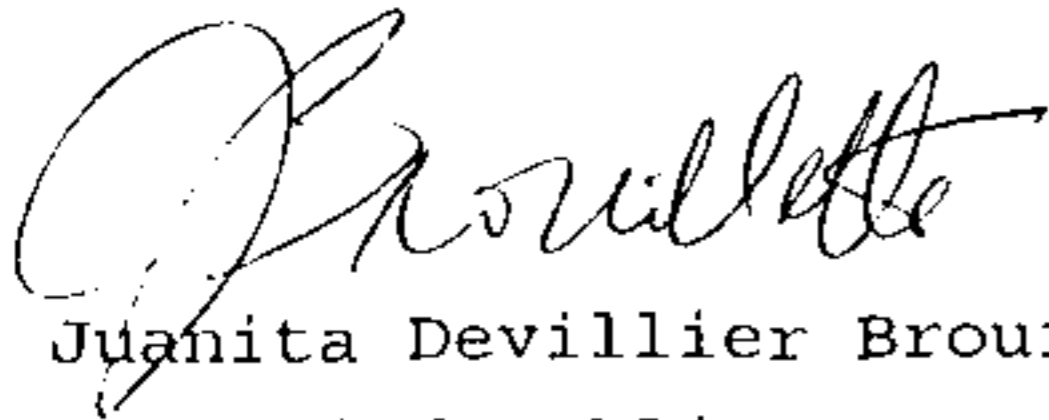
Internal Control Over Financial Reporting

In planning and performing the audit, I considered the District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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

318-346-9468 ° 1230 Hwy 71 South ° 1 Post Office Box 153 ° Bunkie, La. 71322

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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management, Louisiana Legislative Auditor, and federal awarding agencies. However, this report is a matter of public record and its distribution is not limited.



Juanita Devillier Brouillette
Certified Public Accountant

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



Juanita DeVillier Brouillette

Certified Public Accountant

June 23, 1999

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

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

Compliance

I have audited the compliance of Ward 5 Waterworks District #1 of Evangeline Parish with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 1998. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the District's management. My responsibility is to express an opinion on the District's compliance based on my audit.

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

In my opinion, Ward 5 Waterworks District #1 of Evangeline Parish complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1998.

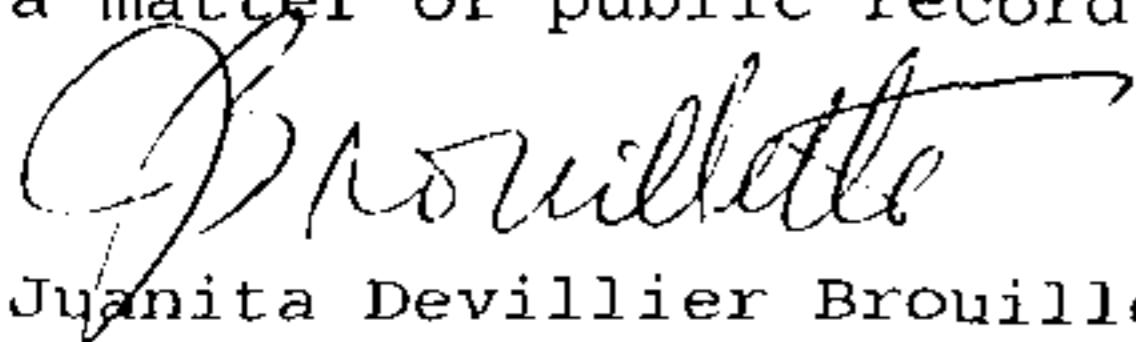
318-346-9468 ° 1230 Hwy 71 South ° 2Post Office Box 153 ° Bunkie, La. 71322

Internal Control Over Compliance

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

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management, Louisiana Legislative Auditor, and federal awarding agencies. However, this report is a matter of public record and its distribution is not limited.



Juanita Devillier Brouillette
Certified Public Accountant

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 1998

PART I - SUMMARY OF AUDITOR'S RESULTS

1. I issued a qualified opinion on the financial statements of Ward 5 Waterworks District #1 of Evangeline Parish due to the year 2000 issue as explained in the notes to financial statements.
2. My tests of internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards* disclosed no reportable conditions.
3. My tests of compliance based on an audit of financial statements performed in accordance with *Government Auditing Standards* disclosed no material instances of noncompliance that are required to be reported under *Government Auditing Standards*.
4. I noted no matters involving the internal control over compliance and its operations that I considered to be material weaknesses required to be reported in accordance with OMB Circular A-133.
5. I issued an unqualified opinion on the District's compliance with requirements applicable to its major program in accordance with OMB Circular A-133.
6. My audit disclosed no audit findings which I am required to report under Section 510(a) of OMB Circular A-133.
7. I identified the following program of the District as a major program:

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

PART II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

MEMORANDUM OF OTHER COMMENTS AND RECOMMENDATIONS

MEMORANDUM OF OTHER COMMENTS AND RECOMMENDATIONS

Management Letter:

There is no management letter issued with this report.

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
MANAGEMENT'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 1998

97-1 COMPLIANCE WITH STATE LAW - TIMELY SUBMISSION OF AUDIT

Management's Corrective Action: Finding fully corrected.

FINDING 97-2 LEGAL COMPLIANCE WITH FEDERAL GRANT AND LOAN PROVISIONS -
NONAPPROVAL OF GRANT/ LOAN EXPENDITURES

Management's Corrective Action: Finding fully corrected.

FINDING 97-3 LEGAL COMPLIANCE WITH WATER REVENUE BOND PROVISIONS -
MONTHLY LOAN PAYMENTS

Management's Corrective Action: Finding fully corrected.

FINDING 97-4 LEGAL COMPLIANCE WITH PUBLIC RECORDS LAW -
WRITTEN MINUTES

Management's Corrective Action: Finding fully corrected.

FINDING 97-5 LEGAL COMPLIANCE WITH SANITARY CODE -
CERTIFICATION OF SYSTEM OPERATOR/ MONITOR

Management's Corrective Action: Finding fully corrected.

FINDING 97-6 MONTHLY TRANSFER TO RESERVE FUND

Management's Corrective Action: Finding fully corrected.

FINDING 97-7 STORAGE OF FINANCIAL RECORDS

Management's Corrective Action: We have studied the feasibility of moving the District's records to a central location, but decided that the most convenient, secure, and accessible location at this time would be at the home of the office manager. We have, however, purchased a fire-proof safe for storage of these records.

FINDING 97-8 YEAR 2000 ISSUE

Management's Corrective Action: We have identified the operating equipment that could possibly be affected by the Year 2000 issue, and have ascertained from the manufacturer that there should be no malfunction of this equipment due to the Year 2000 issue. We have no way of testing this equipment, but can only diligently monitor the equipment at year end, for any signs of malfunction or failure.

WARD 5 WATERWORKS DISTRICT #1 OF EVANGELINE PARISH
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 1998

The Ward 5 Waterworks District #1 of Evangeline Parish respectfully submits the following corrective action plan for the year ended December 31, 1998.

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

Audit period: January 1, 1998 through December 31, 1998

There are no findings from the Schedule of Findings and Questioned costs, nor are there any current year findings addressed in a Memorandum of Other Comments and Recommendations. Therefore there is no corrective action to be taken.

REPORTABLE CONDITIONS

None

OTHER COMMENTS AND RECOMMENDATIONS

None