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WEST VERNON PARISH WATERMORES DISTRICT
FINANCIAL STATEMENTS
December 31, 2003

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Release Date 7-21-04

CONTENTS

	<u>Page No.</u>
UNQUALIFIED OPINION ON GENERAL-PURPOSE FINANCIAL STATEMENTS-GOVERNMENTAL ENTITY	1 - 2
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	3 - 4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	5 - 6
BALANCE SHEET - EXHIBIT A	7
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS - EXHIBIT B	8
STATEMENT OF CASH FLOWS - EXHIBIT C	9
NOTES TO FINANCIAL STATEMENTS	10 - 19
SUPPLEMENTARY INFORMATION	
Schedule 1 - Compensation of Board Members	21
Schedule 2 - Schedule of Prior Year Findings	22
Schedule 3 - Management's Corrective Action Plan	23

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UNQUALIFIED OPINION ON GENERAL-PURPOSE FINANCIAL STATEMENTS-GOVERNMENTAL ENTITY

REPORT OF INDEPENDENT PUBLIC ACCOUNTANT

Board of Commissioners
West Vernon Waterworks District:

I have audited the accompanying general-purpose financial statements of West Vernon Waterworks District, a component unit of the Vernon Parish Police Jury, as of and for the year ended December 31, 2003, as listed in the table of contents. These general-purpose financial statements are the responsibility of West Vernon Waterworks District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the general-purpose 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 my audit provides a reasonable basis for my opinion.

In my opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of West Vernon Waterworks District as of December 31, 2003, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated June 26, 2004, on my consideration of West Vernon Waterworks District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The accompanying schedules listed in the table of contents are presented for purposes of additional analysis and are 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 my opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Elliott & Assoc., APC
Elliott & Assoc., APC
Leesville, Louisiana
June 26, 2004

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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
West Vernon Waterworks District

I have audited the general-purpose financial statements of the West Vernon Waterworks District, a component unit of the Vernon Parish Police Jury, as of and for the year ended December 31, 2003, and have issued my report thereon dated June 18, 2004. I conducted my 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 West Vernon Waterworks District's general-purpose 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 statements 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 one instance of noncompliance that is required to be reported under Government Auditing Standards.

2003.1- Filing- During the year ended December 31, 2003, the District was delinquent in paying its scheduled debt service to the USMA in the amount of \$79,946; this is a violation of Louisiana R.S. 33:989.1 as they did not contact the Legislative Auditor's office of such default.

Management Response

The District's Board met with the Fiscal Review Committee of the Louisiana State Bond Commission and USMA officials over a three month period from November 2003 through February 2004 and reached agreement on a rescheduling debt agreement with USMA to allow the District to repay the delinquent indebtedness over the remaining term of the original debt in the monthly installments of \$338,000 the life of the forty year mortgage. Furthermore, the District is required to submit quarterly financial statement data to the State Bond Commission effective with the 1st quarter ended, March 31, 2004.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the West Vernon Waterworks 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 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 solely for the information of the Board of Commissioners and management of the West Vernon Waterworks District and the Legislative Auditor's office of the State of Louisiana and is not intended to be, and should not be, used by anyone other than those specified parties.

W. H. & Assoc. "CPA"
Monroe, Louisiana
June 28, 2004

**WEST VERNON WATERWORKS DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Fiscal Year Ended December 31, 2003

I have audited the financial statements of West Vernon Waterworks District as of and for the year ended December 31, 2003, and have issued my report thereon dated June 24, 2004. I conducted my 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. My audit of the financial statements as of December 31, 2003 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

**a. Report on Internal Control and Compliance Material to the
Financial Statements**

Internal Control

Material Weaknesses	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
Reportable Conditions	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No

Compliance

Compliance Material to Financial Statements	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
--	--------------------------	-----	-------------------------------------	----

b. Federal Awards

Internal Control

Material Weaknesses	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A
Reportable Conditions	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A

Type of Opinion On Compliance For Major Programs

Unqualified	<input type="checkbox"/>	Qualified	<input type="checkbox"/>
Disclaimer	<input type="checkbox"/>	Adverse	<input type="checkbox"/>
N/A	<input checked="" type="checkbox"/>		

Are their findings required to be reported in accordance with
Circular A-133, Section .310(c)?

Yes No N/A

e. Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
None	None
Dollar threshold used to distinguish between Type A and Type B Programs: <u> \$ N/A</u>	
Is the auditee a "low-risk" auditee, as defined by OIG Circular A-133?	
<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	

Section II Financial Statement Findings

2003.1- Finding- At December 31, 2003, the District was delinquent in paying its scheduled debt service to the USDA in the amount of \$73,994; this is a violation of Louisiana R.S.19:569.1 as they did not contact the Legislative Auditor's office of such default.

Section III Federal Award Findings and Questioned Costs

N/A

See Independent auditor's report.

West Verson Parish Waterworks District

BALANCE SHEET

December 31, 2003

ASSETS

Current assets:	
Cash (Note 2)	\$ 80,383
State revenue sharing receivable	---
Accounts receivable - water	39,529
Ad valorem taxes receivable (Note 3)	<u>39,613</u>
Total current assets	<u>159,525</u>
Restricted assets:	
Revenue fund-cash (Note 2)	34,617
Depreciation and contingency fund-cash (Note 2)	33,944
Meter deposit fund-cash (Note 2)	7,819
Debt service cash and cash equivalents (Note 3)	45,593
Debt service ad valorem taxes receivable (Note 3)	<u>37,922</u>
Total restricted assets	<u>159,895</u>
Organization costs (Note 4)	<u>32,718</u>
Fixed Assets (Note 5):	
Land	73,513
Equipment	23,847
Plant system	6,889,736
Less: accumulated depreciation	<u>(2,952,288)</u>
Total fixed assets	<u>5,263,316</u>
 Total assets	 <u>86,082,308</u>

The accompanying notes are an integral part of this statement.

LIABILITIES AND EQUITY

Current liabilities:	
Accounts payable	\$ 1,087
Salaries payable	3,170
Payroll taxes payable	1,486
Sales taxes payable	36
Ad valorem deductions payable (Note 3)	<u>1,345</u>
Total current liabilities	\$ <u>6,124</u>
Current liabilities from restricted assets:	
Accrued interest payable (Note 4)	31,487
Current maturities-long term debt	37,388
Bonds payable (Note 4)	36,080
Meter deposits	1,528
Ad valorem deductions payable (Note 3)	<u>683</u>
Total current liabilities from restricted assets	\$ <u>106,982</u>
Long-term liabilities:	
Bonds payable (Note 4)	275,000
Long-term debt (Note 4)	<u>4,387,517</u>
Total long-term liabilities	<u>4,662,517</u>
Total liabilities	<u>49,211,523</u>
Equity:	
Contributed capital, net (Note 7)	<u>31,188,043</u>
Retained earnings:	
Reserved for debt service (Note 8)	35,914
Reserved for meter deposits	6,254
Unreserved	<u>85,453</u>
Total retained earnings	<u>127,621</u>
Total equity	<u>31,315,664</u>
Total liabilities and equity	<u>80,527,187</u>

West Vernon Parish Waterworks District
 Statement of Revenues, Expenses, and Changes in Retained
 Earnings
 for the year ended December 31, 2009

Operating revenues:	
Charges for sales and services:	
Water sales	\$ 347,488
Connection fees	448
Total operating revenues	<u>348,136</u>
Operating expenses:	
Current:	
Salaries	67,442
Office expenses	1,178
Travel expenses (Note 8)	18,487
Insurance	17,499
Automobile expenses	13,708
Professional fees	12,818
Water Supplies	20,358
Telephone and utilities	21,608
Truck lease expense	4,802
State fees	4,575
Repairs	13,228
Depreciation (Note 5)	153,887
State sales taxes	4,487
Board per diem	<u>2,763</u>
Total operating expenses	<u>597,872</u>
Net income (Loss) before nonoperating revenues (expenses)	<u>(249,736)</u>
Nonoperating revenues (expenses):	
Interest income	7,873
Interest expense (Note 8)	(188,478)
State revenue sharing	23,829
Ad valorem taxes-restricted (Notes 3 and 8)	36,230
Ad valorem taxes-unrestricted (Notes 3 and 8)	28,589
Grant income	<u>22,388</u>
Total nonoperating revenues (expenses)	<u>(103,159)</u>
Net loss	(352,895)
Retained earnings, beginning	<u>211,248</u>
Retained earnings, ending	<u>\$ 158,353</u>

The accompanying notes are an integral part of this statement.

West Vernon Parish Waterworks District
Statement of Cash Flows
For the year ended December 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES

Operating income	\$4 9,435
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	153,457
Changes in assets and liabilities:	
Accounts payable	130,745
Other current liabilities	5,718
Bills from others	(12,943)
Customer deposits	<u>838</u>
Net cash (used) by operating activities	<u>137,987</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Ad valorem taxes	41,509
Miscellaneous income	<u>12,000</u>
Net cash provided by noncapital financing activities	<u>53,509</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Ad valorem taxes	34,397
Acquisition of property, plant and equipment	(4,745)
Proceeds from contributed capital	--
Interest paid on long-term debt	(247,149)
Payments of revenue bonds	<u>160,680</u>
Net cash provided by capital financing activities	<u>(177,477)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	7,413
Organization cost	<u>9,713</u>
Net cash provided by investing activities	<u>17,126</u>

Decrease in cash & cash equivalents (49,183)

Cash & cash equivalents, beginning of fiscal year 218,814Cash & cash equivalents, end of fiscal year \$169,631

CLASSIFIED AS

Current assets	\$ 99,383
Restricted assets	<u>70,248</u>
Total	<u>\$169,631</u>

The accompanying notes are an integral part of this statement.

West Vernon Parish Waterworks District

Notes to the Financial Statements

December 31, 2022

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Vernon Parish Police Jury is a political subdivision of the State of Louisiana. The Vernon Parish Police Jury is the reporting entity for Vernon Parish as defined by NOLA Statement 3, "Defining the Governmental Reporting Entity."

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governments. In November of 1984, the GASB issued a codification of governmental accounting and financial reporting standards. This codification is recognized as generally accepted accounting principles for state and local governments.

West Vernon Parish Waterworks District, "District," is a component unit of the Vernon Parish Police Jury as defined by GASB codification Section 2100. The District was created by the Vernon Parish Police Jury as authorized by Louisiana Revised Statutes 33:3811-21. The District is governed by a board of five commissioners appointed by the Vernon Parish Police Jury, who are responsible for providing water service within the boundaries of the district.

A. FUND ACCOUNTING

West Vernon Parish Waterworks District is organized and operated on a fund basis as a Proprietary Fund Type--Enterprise Fund. In an enterprise fund the accrual basis of accounting is utilized and revenues are recognized when earned and expenses are recognized when incurred. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that 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.

West Vernon Parish Waterworks District

Notes to the Financial Statements (Continued)

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

B. BASIS OF ACCOUNTING

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

Proprietary funds follow GASB prescribed by the Governmental Accounting Standards Board and all Financial Accounting Standards Board's standards issued prior to November 10, 1989. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets 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 (e.g., revenues) and decreases (e.g., expenses) in net total assets.

C. CASH AND CASH EQUIVALENTS

Under state law, the District may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in United States bonds, treasury notes, time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, investments as stipulated in state law, or any other federally insured investment.

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits, with maturities of three months or less.

West Vernon Parish Waterworks District

Notes to the Financial Statements (Continued)

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

D. BUDGETARY PRACTICE

The West Vernon Parish Waterworks District utilizes the following budgetary practice:

Annually the District adopts a budget for the general fund type as a management device for control of revenues and expenses. The budget is amended at various times during the year as the need arises.

E. BAD DEBTS

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

West Vernon Parish Waterworks District
Notes to the Financial Statements (Continued)

NOTE 2--CASH AND CASH EQUIVALENTS

At December 31, 2003, the District had cash and investments as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash (demand deposits)	\$ 80,382	\$ 21,343	\$181,725
Investments	---	---	---
Total	<u>\$ 80,382</u>	<u>\$ 21,343</u>	<u>\$181,725</u>

At year end, the carrying amount of the District's deposits were \$181,725, and bank balances were \$181,488. A summary of collateralization of bank balances is presented below.

Insured (Federal deposit insurance)	\$181,488
Uninsured (in accordance with GNAP - See below)	---
	<u>\$181,488</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 bank. The market value of the pledged securities plus the federal deposit insurance must at all times at least equal the amount on deposit with the fiscal agent.

West Vernon Parish Waterworks District

Notes to the Financial Statements (Continued)

NOTE 3--AD VALOREM TAXES RECEIVABLE

The District utilized the Vernon Parish Sheriff's Office to collect its property taxes using the assessed values determined by the tax assessor of Vernon Parish.

For the year ended December 31, 2003, taxes of 10 mills and 10 mills were levied on property with assessed valuation totaling \$3,311,158 and was dedicated toward operations and maintenance and the sinking fund respectively.

Total taxes levied were \$69,315 and the receivable at December 31, 2003, consisted entirely of the current year assessment. Total collections and other adjustments for the year ended December 31, 2003, was \$25,637.

NOTE 4--ORGANIZATION COSTS

Changes during 2003 in organization costs are as follows:

Balance, 12/31/02	\$ 17,196
Additions	---
Amortization	<u>(4,486)</u>
Balance, 12/31/03	<u>\$ 12,710</u>

NOTE 5--FIXED ASSETS

Fixed assets activity for the year ended December 31, 2003 was as follows:

	Land	Equipment	System Plant	Total
Balance, 12/30/02	\$72,812	\$17,102	\$6,989,736	\$6,999,650
Additions	---	4,745	---	4,745
Deletions	---	---	---	---
Balance, 12/31/03	72,812	21,847	6,989,736	6,104,695
Less:				
Accumulated depreciation	<u>---</u>	<u>(6,321)</u>	<u>(336,746)</u>	<u>(343,067)</u>
Net fixed assets, 12/31/03	<u>\$72,812</u>	<u>15,526</u>	<u>6,652,990</u>	<u>\$6,761,336</u>

West Vernon Parish Waterworks District

Notes to the Financial Statements (Continued)

NOTE 3--CHANGES IN LONG-TERM DEBT

Bonds payable at December 31, 2000 is comprised of the following issues:

Bonds payable, December 31, 2000	\$160,100
Bonds issued	---
Bonds retired	<u>(15,080)</u>
Bonds payable, December 31, 2001	<u>\$345,000</u>

\$345,000 of general obligation bonds dated March 25, 2002, due in annual installments of \$28,000-\$40,800 through 2012, interest at 4.825-5.00%.

The annual requirements to amortize all general obligation refunding bonds outstanding as of December 31, 2001, including interest payments of \$113,364 are as follows:

2004	\$41,734
2005	43,785
2006	45,948
2007	47,488
2008	49,099
2009-2012	<u>258,455</u>
Total	<u>\$418,564</u>

In February 2001, the District obtained permanent financing from USDA Rural Development in the amount of \$3,395,300 water revenue bonds at 5% and another issue from USDA for \$795,900 at 5%, for a total debt of \$4,191,200.

West Vermon Parish Waterworks District

Notes to the Financial Statements (Continued)

NOTE 4--CHANGES IN LONG-TERM DEBT

The bonds are payable over a forty (40) year period with the payment which falls due on the first anniversary date of the bonds (February 2, 2002) consisting of interest only. Commencing on March 1, 2002 and on the 1st day of each month thereafter, to and through February 2, 2041, the payments shall consist of fully amortized monthly installments of \$21,187 consisting of principal and interest.

Installments of principal on the bonds may be prepaid at any time.

Debt activity for the year ended December 31, 2003 was as follows:

	20-01	22-02	Total
Balance- Dec 31, 2002	\$3,335,780	\$ 704,740	\$4,040,520
Additions	---	---	---
Deletions	---	15,880	15,880
Balance- Dec 31, 2003	<u>\$3,335,780</u>	<u>\$ 704,740</u>	<u>\$4,040,520</u>

The annual requirements to amortize these revenue bonds including interest payments of \$3,561,308 are as follows:

2003	\$ 256,645
2004	256,645
2005	256,645
2006	256,645
2007	256,645
2008-2012	1,383,325
2013-2017	1,383,325
2018-2022	1,383,325
2023-2027	1,383,325
2028-2031	1,383,325
Thereafter	<u>1,383,325</u>
	<u>\$ 8,628,860</u>

The District did not pay all of its required debt service in 2003 on the larger note in the amount of \$73,888. Effective February 2, 2004, the District and USWA entered into a restructuring agreement whereby the District would pay an additional \$388 per month (in addition to their existing debt service) for 48 months or until the delinquent principle is paid in full with interest at 5%.

West Vernon Parish Waterworks District

Notes to the Financial statements (Continued)

NOTE 7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft or damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District carries commercial insurance as outlined in the following table. Settled claims did not exceed commercial coverage for any of the past fiscal years.

West Vernon Parish Waterworks District
Notes to the Financial Statements (Continued)

NOTE 7--RISK MANAGEMENT (Continued)

	LIMITS OF COVERAGE
Workman's compensation	Statutory
Auto Liability	1,500,000
Commercial general liability	2,500,000
District owned buildings and equipment	50,500

The District covers all other losses, claim settlements, and judgments from operating resources. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The District was not involved in any litigation nor did it have asserted claims lodged against it.

NOTE 8--RESTRICTED RETAINED EARNINGS

The \$17,388 in reserved retained earnings represents the difference between assets restricted for debt service and meter deposits less liabilities payable from restricted assets.

West Vernon Parish Waterworks District

Notes to the Financial Statements (Continued)

NOTE 2-OTHER EXPENSES

Other expenses for the year ended December 31, 2000, include the following categories:

Contract labor	52,878
Continuing education	215
Postage	2,828
Advertising	2,031
Miscellaneous	6,951
Membership dues	258
Acquisition expense	4,888
Bank charges	<u>792</u>
Total other expenses	<u>\$70,431</u>

SUPPLEMENTARY INFORMATION

West Vernon Parish Waterworks District

Compensation of Board Members

For the year ended December 31, 2003

The schedule of per diem paid to board members was prepared in compliance with House Concurrent Resolution No. 98 of the 1979 session of the Legislature.

As provided by Louisiana Revised Statute 33:804, district board members received \$60 per diem for attendance at meetings of the board in 2003.

	Number Attended	Amount
Thurman Davis	2	\$120
Bobby Stewart	12	600
Ralph Morris	10	600
Douglas Marshall	18	720
Fred Rogers	12	720
Thomas Park	9	540
		<u>\$3,300</u>

See independent auditor's report.

West Vernon Waterworks District
SCHEDULE OF PRIOR YEAR FINDINGS

For the Fiscal Year Ended December 31, 2003

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO
THE FINANCIAL STATEMENTS**

There were no prior year findings relating to internal control and compliance material to the financial statements.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL
AWARDS**

There were no prior year findings relating to internal control and compliance material to federal awards.

SECTION III MANAGEMENT LETTER

There was no management letter with the prior year audit report.

See independent auditor's report.

West Vernon Waterworks District
MANAGEMENT'S CORRECTIVE ACTION PLAN

For the Fiscal Year Ended December 31, 2003

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

Management Response

The District's Board met with the Fiscal Review Committee of the Louisiana State Bond Commission and USIA officials over a three month period from November 2003 through February 2004 and reached agreement on a rescheduling debt agreement with USIA to allow the District to repay the delinquent indebtedness over the remaining term of the original debt in the monthly installments of \$338 over the life of the forty year mortgage. Furthermore, the District is required to submit quarterly financial statement data to the State Bond Commission effective with the 1st quarter ended, March 31, 2004.

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

N/A

SECTION III MANAGEMENT LETTER

N/A

See independent auditor's report.