

**NATCHITOCHE PARISH WATERWORKS
DISTRICT NO. 1**

**ANNUAL FINANCIAL REPORT
DECEMBER 31, 2003**

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

Release Date 9-1-04

Natchitoches Parish Waterworks District No. 1
Annual Financial Report
December 31, 2003

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ACCOUNTANT'S COMPILATION REPORT ON THE FINANCIAL STATEMENTS

Board of Commissioners
Natchitoches Parish Waterworks District No. 1
P. O. Box 37
Natchitoches, LA 71458-0037

We have compiled the accompanying financial statements of the governmental activities and major fund information of the Natchitoches Parish Waterworks District No. 1, a component unit of the City of Natchitoches, Louisiana, as of and for the year ended December 31, 2003, which collectively comprise the District's basic financial statements as listed in the Table of Contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements, and accordingly, do not express an opinion or any other form of assurance on them.

The Management's Discussion and Analysis and budgetary comparison information on pages 2 through 5 and 24 through 25, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report dated April 23, 2004, on the results of our agreed-upon procedures.

Johnson, Thomas & Cunningham
Johnson, Thomas & Cunningham, CPA's

April 23, 2004
Natchitoches, LA 71457

NATCHITOCHEES PARISH WATERWORKS DISTRICT NO. 1

P. O. Box 37

Natchitoches, LA 71458-0037

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis is an element of the new reporting model adopted by the *Governmental Accounting Standards Board (GASB)* in their Statement No. 34. As this is the first year the District will be reporting under this new model, certain comparative information with the previous year which is by design included in this model, will not be presented in the analysis, as permitted by GASB No. 34 with respect to first year reporting.

Financial Highlights

This annual report consists of a series of new financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending. The District is a component unit of the City of Natchitoches, Louisiana. Its operations are conducted through a general fund.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Assets

ASSETS:

Assets	\$1,151,029
Capital assets, net of accumulated depreciation	<u>52,969</u>
Total Assets	\$1,204,897

LIABILITIES:

Total Liabilities	<u>0</u>
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NET ASSETS	<u>\$1,204,897</u>
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NET ASSETS:

Investment in capital assets	\$ 52,969
Unreserved fund balance	<u>1,151,928</u>
NET ASSETS	<u>\$1,204,897</u>

Summary of Statement of Activities

REVENUES:

General Revenues:	
Charges for Service	\$ 3,063
Grant	10,000
Interest	13,145
Other	<u>75</u>
Total Revenues	<u>\$26,283</u>

EXPENSES:

General and Administration	\$12,729
Depreciation Expense	<u>1,967</u>
Total Expenses	<u>\$14,696</u>

Change in Net Assets \$11,587

- This District's assets exceeded its liabilities by \$1,204,897 (net assets) for the year.
- Unreserved net assets of \$1,151,928 represent the portion available to maintain the District's obligation to both citizens and creditors.

General Fund Budgetary Highlights

Revenues continue to be sufficient to enable the District to manage the water level control and maintain the structure of the primary water source Sibley Lake.

Economic Factors and Next Year's Budget

The primary source of revenue for the District is the interest earned on investment. Changes in interest rates impact the District. To lessen this impact, the District has invested in long-term securities to help offset the current downward movement of interest rates. However, a continued long-term downward trend would be evident in future years. The budget for FY 2004 should not change significantly from the FY 2003 budget.

Contacting the District

This financial report is designed to provide our citizens and creditors with general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the District at P. O. Box 37, Natchitoches, LA 71458-0037.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Natchitoches Parish Waterworks District No. 1
Statement of Net Assets
December 31, 2003

	<u>Governmental Activities</u>
ASSETS:	
Current Assets:	
Cash & Cash Equivalents	\$1,151,928
Net Receivables	<u> 0</u>
Total Current Assets	<u>\$1,151,928</u>
Non-current Assets:	
Net Capital Assets	\$ <u>52,969</u>
Total Non-current Assets	\$ <u>52,969</u>
Total Assets	<u>\$1,204,897</u>
LIABILITIES:	\$ <u> 0</u>
NET ASSETS:	
Invested in Capital Assets	\$ 52,969
Unrestricted	<u>1,151,928</u>
Total Net Assets	<u>\$1,204,897</u>
Total Liabilities and Net Assets	<u>\$1,204,897</u>

See accountant's compilation report and notes to financial statements.

FUND FINANCIAL STATEMENTS

Natchitoches Parish Waterworks District No. 1
Balance Sheet-Governmental Fund
December 31, 2003

Assets:

Cash	\$1,151,928
Receivables-Net	<u>0</u>
Total Assets	<u>\$1,151,928</u>

Liabilities:

Total Liabilities	\$ 0
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Fund Balance:

Reserved	0
Unreserved	<u>1,151,928</u>
Total Liabilities and Fund Balance	<u>\$1,151,928</u>

See accountant's compilation report and notes to financial statements.

Natchitoches Parish Waterworks District No. 1
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Assets
December 31, 2003

Total Fund Balance for the Governmental Fund at December 31, 2003	\$1,151,928
Total Net Assets reported for Governmental Activities in the Statement of Net Assets is different because:	
Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the fund. Those assets consist of:	
Land, Equipment, Buildings, and Vehicles, Net of Accumulated Depreciation	<u>52,969</u>
Total Assets of Governmental Activities at December 31, 2003	<u>\$1,204,897</u>

See accountant's compilation report and notes to financial statements.

Natchitoches Parish Waterworks District No. 1
Statement of Revenues, Expenditures and Changes in Fund Balance-
Governmental Fund
Year Ended December 31, 2003

	<u>Total</u>
REVENUES:	
Charges for Services	\$ 3,063
Grant	10,000
Interest Income	13,145
Other	<u>75</u>
Total Revenues	\$ <u>26,283</u>
EXPENDITURES:	
Current-	
Commissioner's Per Diem	\$ 3,830
Secretary's Fee	1,200
Operations	7,699
Capital Expenditures	<u>14,837</u>
Total Expenditures	\$ <u>27,566</u>
Excess (Deficiency) of Revenues over Expenditures	\$ (1,283)
Fund Balance-Beginning of Year	<u>1,153,211</u>
Fund Balance-End of Year	<u>\$1,151,928</u>

See accountant's compilation report and notes to financial statements.

Natchitoches Parish Waterworks District No. 1
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
for the Year Ended December 31, 2003

Total Net Change in Fund Balance at December 31, 2003, per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ (1,283)
The Change in Net Assets reported for Governmental Activities in the Statement of Activities is different because:	
ADD: Capital Outlay costs which are considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balance, are shown as increases in assets on the Statement of Net Assets	14,837
LESS: Depreciation expense for the year ended December 31, 2003	<u>(1,967)</u>
Total changes in Net Assets at December 31, 2003, per Statement of Activities	<u>\$11,587</u>

See accountant's compilation report and notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Natchitoches Parish Waterworks District No. 1

Notes to Financial Statements
December 31, 2003

1. Introduction:

The Natchitoches Parish Waterworks District No. 1 was incorporated on December 1, 1959, under the provisions of the Lawrason Act. The District operates under a Board of Commissioners form of government, and was created to manage the resources, including water level control and control structure within the jurisdiction of the District. The primary water source of the District is Sibley Lake in Natchitoches Parish.

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 governmental accounting and financial reporting. The codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government.

The Natchitoches Parish Waterworks District No. 1 prepares its financial statements in accordance with the standards established by the GASB. GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting entity to be the City of Natchitoches. The accompanying statements present only transactions of the Natchitoches Parish Waterworks District No. 1, of Natchitoches Parish, a component unit of the City of Natchitoches.

2. Summary of Significant Accounting Policies:

The accounting and reporting policies of Natchitoches Parish Waterworks District No. 1 conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*.

A. Reporting Entity-

As the governing authority of the Waterworks District No. 1, for reporting purposes, the City of Natchitoches, Louisiana is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the City of Natchitoches, Louisiana for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

Natchitoches Parish Waterworks District No. 1
Notes to Financial Statements
December 31, 2003

1. Appointing a voting majority of an organization's governing body and
 - a. The ability of the city to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the city.
2. Organizations for which the city does not appoint a voting majority but are fiscally dependent on the city.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Since the District is fiscally dependent on the City of Natchitoches, the District has been determined to be a component unit of the City of Natchitoches. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the City of Natchitoches, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basis of Presentation-

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

C. Fund Accounting-

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Natchitoches Parish Waterworks District No. 1
Notes to Financial Statements
December 31, 2003

The District maintains only one fund. It is categorized as a governmental fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major fund of the District is described below:

Governmental Fund-

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

D. Measurement Focus/Basis of Accounting-

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus-

On the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined in item b. below.

In the financial statements, the "current financial resources" measurement focus or the "economic resources" measurement is used as appropriate.

- a. The governmental fund utilizes a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.

Natchitoches Parish Waterworks District No. 1
Notes to Financial Statements
December 31, 2003

- b. The government-wide financial statement utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost of recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net assets.

Basis of Accounting-

In the government-wide Statement of Assets and Statement of Activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

E. Assets, Liabilities, and Equity-

Cash and Interest-Bearing Deposits-

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the District.

Capital Assets-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Natchitoches Parish Waterworks District No. 1
Notes to Financial Statements
December 31, 2003

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Furniture, computers	5 years
Other vehicles	5 years
Buildings	40 years

Compensated Absences-

There are no employees of the District, therefore no entry is made to record compensated absences.

Equity Classifications-

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt---Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets---Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net assets---All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

F. Budget-

Prior to the beginning of each fiscal year, the Natchitoches Parish Waterworks District No. 1 adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

Natchitoches Parish Waterworks District No. 1
Notes to Financial Statements
December 31, 2003

3. Changes in Accounting Principles:

For the year ended December 31, 2003, the District has implemented GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments. GASB No. 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements.

The implementation of GASB No. 34 caused the opening fund balance at December 31, 2002, to be restated in terms of "net assets" as follows:

Total fund balance-Governmental Fund at December 31, 2002		\$1,153,211
Add: Cost of capital assets at December 31, 2002	\$ 59,466	
Less: Accumulated Depreciation at December 31, 2002	(19,367)	<u>40,099</u>
Net Assets at December 31, 2002		<u>\$1,193,310</u>

4. Cash and Cash Equivalents:

Cash and Cash Equivalents are held separately by each of the District's funds. At December 31, 2003, the District's cash and investments totaled \$1,151,928. All amounts held in commercial banks were covered by federal depository insurance.

The District's cash and investments are categorized below to give an indication of the level of risk assumed by the District at December 31, 2003.

Cash-		
Demand Deposits		\$ 11,682
U. S. Government Securities		<u>1,140,246</u>
Total		<u>\$1,151,928</u>

Natchitoches Parish Waterworks District No. 1
Notes to Financial Statements
December 31, 2003

Insured by-	
FDIC Insurance	\$ 11,682
U. S. Government Securities	<u>1,140,246</u>
Total	<u>\$1,151,928</u>
Cash & Investments under secured	<u>\$ 0</u>

Even though the pledged securities are considered uncollateralized (Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

5. Capital Assets:

Capital asset balances and activity for the year ended December 31, 2003, is as follows:

<u>Governmental Activities</u>	<u>Balance 01-01-03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12-31-03</u>
Capital Assets Depreciated:				
Furniture, computers	\$ 7,707	\$ 0	\$0	\$ 7,707
Other vehicles	14,024	0	0	14,024
Buildings	37,735	0	0	37,735
Construction in Progress	<u>0</u>	<u>14,837</u>	<u>0</u>	<u>14,837</u>
Total Assets	<u>\$59,466</u>	<u>\$14,837</u>	\$0	<u>\$74,303</u>
Less: Accumulated Depreciation:				
Furniture, computers	\$ 1,542	\$ 777	\$0	\$ 2,313
Other vehicles	14,024	0	0	14,024
Buildings	<u>3,801</u>	<u>1,196</u>	<u>0</u>	<u>4,997</u>
Total Depreciation	<u>\$19,367</u>	<u>\$ 1,967</u>	\$0	<u>\$21,334</u>
Net Capital Assets	<u>\$40,099</u>	<u>\$12,870</u>	<u>\$0</u>	<u>\$52,969</u>

Depreciation expense of \$1,967 was charged to the general government function.

Natchitoches Parish Waterworks District No. 1
Notes to Financial Statements
December 31, 2003

6. Pension Plan:

The District is not a member of any retirement plan.

7. Pending Litigation:

There were no civil suits seeking damages against the District outstanding at December 31, 2003.

8. Related Party Transactions:

The District had no identified related party transactions for the year ended December 31, 2003.

9. Compensation Paid to Board Members:

<u>Board Member</u>	<u>Amount</u>
Gary McElwee	\$ 150
Harrell Robinson	600
Ben N. Mayeaux	600
Robert E. Breedlove, Jr.	550
Patrick Jones	1,200
Mike Whitford	780
Cleveland Clairborne	600
Ed Giering	<u>550</u>
Total	<u>\$5,030</u>

**OTHER REQUIRED
SUPPLEMENTARY INFORMATION**

Natchitoches Parish Waterworks District No. 1
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2003

	2003			Variance Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
REVENUES:				
Charges for Services	\$ 2,500	\$ 2,500	\$ 3,063	\$ 563
Grant	0	0	10,000	10,000
Interest	20,000	20,000	13,145	(6,855)
Other	<u>0</u>	<u>0</u>	<u>75</u>	<u>75</u>
Total Revenues	<u>\$22,500</u>	<u>\$22,500</u>	<u>\$26,283</u>	<u>\$ 3,783</u>
EXPENDITURES:				
Per Diem	\$ 4,320	\$ 4,320	\$ 3,830	\$ 490
Secretary Fee	1,200	1,200	1,200	0
Legal/Accounting	2,200	2,200	2,200	0
Utilities	500	500	385	115
Repairs & Maintenance	4,000	4,000	268	3,732
Dues & Others	3,000	3,000	4,846	(1,846)
Capital Expenditures	<u>20,000</u>	<u>20,000</u>	<u>14,837</u>	<u>5,163</u>
Total Expenditures	<u>\$35,220</u>	<u>\$35,220</u>	<u>\$27,566</u>	<u>\$ 7,654</u>

Johnson, Thomas & Cunningham
Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1962-1996)

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Natchitoches Parish Waterworks District No. 1
P. O. Box 37
Natchitoches, LA 71458-0037

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Natchitoches Parish Waterworks District No. 1 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Natchitoches Parish Waterworks District No. 1's compliance with certain laws and regulations during the year ended December 31, 2003, included in the *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

PUBLIC BID LAW

1. Select all expenditures made during the year for materials and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures found to be in violation.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Not applicable.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedures (3) were also included on the listing obtained from management in agreed-upon procedures (2) as immediate family members.

Not applicable.

BUDGETING

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There were no amendments to the budget during the year.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of the District.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year were within the 5% variance allowed.

ACCOUNTING AND REPORTING

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee:

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account:

Each disbursement appeared to be coded correctly.

- (c) determine whether payments received approval from proper authorities:

Inspection of supporting documentation showed written approval. In addition, non-recurring entries were discussed and approved in the minutes.

MEETINGS

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The District is only required to post a notice of each meeting and the accompanying agenda on the door of the District's office building. Management has asserted that such documents were properly posted.

DEBT

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or any other indebtedness which have not been approved by the State Bond Commission.

We inspected copies of all bank deposits for the period under examination and noted no deposits that appeared to be proceeds of bank loans, bonds, or other indebtedness that had not been approved by the State Bond Commission.

ADVANCES AND BONUSES

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advances, or gifts.

Not applicable.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Natchitoches Parish Waterworks District No. 1 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

April 23, 2004

Natchitoches, Louisiana

**NATCHITOCHEs PARISH WATERWORKS
DISTRICT NO. 1**

LOUISIANA ATTESTATION QUESTIONNAIRE

Johnson, Thomas & Cunningham, CPA's
321 Bienville Street
Natchitoches, LA 71457

In connection with your compilation of our financial statements as of December 31, 2003 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of December 31, 2003.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes X No

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes X No

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes X No

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14 or the budget requirements of LSA-RS 39:43.

Yes X No ___

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes X No ___

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:453, and/or 39:92, as applicable.

Yes X No ___

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes X No ___

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes X No ___

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 47:1410.60.

Yes X No ___

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 72-729.

Yes X No ___

