

3220

RECEIVED
DIRECTOR
04 APR 21 AM 11:18

GREATER WARD ONE WATERWORKS DISTRICT
OF LINCOLN PARISH
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 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 5.12.04

Greater Ward One Waterworks District
of Lincoln Parish
General Purpose Financial Statements
For the Year Ended December 31, 2003

TABLE OF CONTENTS

	<u>STATEMENT</u>	<u>PAGE</u>
Independent Auditor's Report		1
Combined Balance Sheet - Proprietary Fund Type	A	2
Combined Statement of Revenues, Expenses & Changes in Retained Earnings - All Proprietary Fund Types	B	3-4
Combined Statement of Revenue, Expenses & Changes in Retained Earnings - Budget and Actual	C	5-6
Combined Statement of Cash Flows	D	7
Notes to Financial Statements		8-13
 SUPPLEMENTAL INFORMATION	 <u>SCHEDULE</u>	 <u>PAGE</u>
Schedule of Compensation Paid to Commissioners	1	16
Schedule of Changes in Restricted Assets	2	17
Schedule of Insurance in Force	3	18
Independent Auditor's Report on Schedule of Federal Financial Assistance		19
Schedule of Federal Financial Assistance	4	20
Notes to Schedule of Federal Financial Assistance		21
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based On an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		22-23
Summary of Prior Year Findings	5	24
Schedule of Findings and Questioned Costs	6	25-26
Corrective Action Plan		27

EDWARDS & WADE

Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA / Society of LCPA's

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Greater Ward One Waterworks District
of Lincoln Parish, Louisiana

We have audited the accompanying general purpose financial statements of the Greater Ward One Waterworks District of Lincoln Parish, 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 the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to *obtain reasonable assurance about whether the 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. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of Greater Ward One Waterworks District of Lincoln Parish, taken as whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as whole.

In our opinion, the general purpose financial statements referred to above present fairly, in material respects, the financial position of the Greater Ward One Waterworks District of Lincoln Parish, as of December 31, 2003, and the results of its operations and the cashflows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States.

Edwards & Wade

Ruston, Louisiana
March 25, 2004

Greater Ward One Waterworks District
Of Lincoln Parish
Combined Balance Sheet - Proprietary Fund Type
As of December 31, 2003

	December 31, 2003	December 31, 2002
CURRENT ASSETS		
Cash	\$132,851	\$160,117
Receivables	23,667	21,237
Accrued Receivables	15,763	8,920
Prepaid expenses	10,293	11,463
TOTAL CURRENT ASSETS	<u>182,574</u>	<u>201,737</u>
RESTRICTED ASSETS		
Sinking Fund Account	1,679	1,326
Bond Reserve Accounts	81,844	81,844
Customer Deposit Account	58,527	56,673
Depreciation Reserve Account	87,752	173,972
TOTAL RESTRICTED ASSETS	<u>229,802</u>	<u>313,815</u>
Property, Plant, & Equipment	2,028,288	1,842,877
Accumulated depreciation	(833,071)	(777,108)
TOTAL PROPERTY, PLANT, & EQUIPMENT	<u>1,195,217</u>	<u>1,065,769</u>
TOTAL ASSETS	<u><u>\$1,607,593</u></u>	<u><u>\$1,581,320</u></u>
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$3,684	\$7,123
Payroll taxes payable	2,501	1,626
Sales taxes payable	250	838
TOTAL CURRENT LIABILITIES	<u>6,435</u>	<u>9,587</u>
CURRENT LIABILITIES - FROM RESTRICTED ASSETS		
Customer Deposits	52,835	51,995
Accrued interest payable	29,252	29,705
Current portion of Long-Term Debt	27,204	27,152
TOTAL LIABILITIES - PAYABLE FROM RESTRICTED ASSETS	<u>109,291</u>	<u>108,852</u>
Long-Term Liabilities Revenue Bonds Payable	725,493	752,750
TOTAL LIABILITIES	<u>841,219</u>	<u>871,189</u>
FUND EQUITY		
Contributed Capital	196,000	196,000
Retained earnings:		
Reserved for Debt Retirement	312,489	312,489
Unreserved	257,885	201,642
Total Retained Earnings	<u>570,374</u>	<u>514,131</u>
TOTAL FUND EQUITY	<u>766,374</u>	<u>710,131</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$1,607,593</u></u>	<u><u>\$1,581,320</u></u>

See accompanying auditor's report and notes to the financial statements.

Greater Ward One Waterworks District
Of Lincoln Parish
Combined Statement of Revenues, Expenses, & Changes in
Retained Earnings - All Proprietary Fund Types
For The Year Ended December 31, 2003

	December 31, <u>2003</u>	December 31, <u>2002</u>
OPERATING REVENUES		
Charge for services - Water revenue	\$373,078	\$359,983
Miscellaneous revenues:		
Meter taps	9,139	21,805
Miscellaneous	<u>2,649</u>	<u>13,616</u>
Total miscellaneous revenues	<u>11,788</u>	<u>35,421</u>
TOTAL OPERATING REVENUES	384,866	395,404
 OPERATING EXPENSES		
Accounting	2,560	2,700
Advertising	395	219
Audit	4,909	2,919
Auto allowance	4,490	5,718
Bank service charges	0	15
Commissioner's Fee	3,240	2,100
Chemicals	5,153	1,556
Depreciation	55,747	55,221
Dues and subscriptions	200	775
Employee training	0	539
Engineering	15,843	2,250
Insurance	12,209	20,246
Insurance-Group	798	6,356
Insurance-Workers' Compensation	2,821	3,002
Legal & Professional	1,328	0
Meter Taps	1,132	3,100
Miscellaneous	1,041	157
Office expense	2,912	2,715
Outside Services	280	826
Permits	90	60
Postage	3,889	3,214
Repairs and maintenance-Other	692	1,775
Repairs and maintenance-Lines	414	431
Repairs and maintenance-Building & Grounds	3,793	429
Repairs and maintenance-Wells	0	20,321
Rent	20	20
Retirement	1,260	0
Salaries	90,235	75,440

(Continued)

Greater Ward One Waterworks District
of Lincoln Parish
Combined Statement of Revenues, Expenses, & Changes in
Retained Earnings - Proprietary Fund Type
For The Year Ended December 31, 2003

	December 31, 2003	December 31, 2002
Supplies	12,931	20,909
Taxes - Payroll	6,935	6,508
Taxes - Sales tax	4,761	11,587
Taxes - Other	2,939	2,082
Travel and meals	54	88
Utilities and telephone	51,752	45,754
TOTAL OPERATING EXPENSES	<u>294,823</u>	<u>299,031</u>
OPERATING INCOME	<u>90,043</u>	<u>96,373</u>
NONOPERATING REVENUE (EXPENSES)		
Interest Income	9,015	11,094
Interest Expense	(42,815)	(45,394)
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>(33,800)</u>	<u>(34,300)</u>
NET INCOME (LOSS)	56,243	62,073
RETAINED EARNINGS, BEGINNING	<u>514,131</u>	<u>452,058</u>
RETAINED EARNINGS, ENDING	<u>\$570,374</u>	<u>\$514,131</u>

See accompanying auditor's report and notes to the financial statements.

GREATER WARD ONE WATERWORKS DISTRICT
 Combined Statement of Revenue, Expenditures, and
 Changes in Retained Earnings - Budget and Actual
 GAAP Basis - General Fund
 For the year ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Water revenue	\$370,000	\$373,078	\$3,078
Meter Taps	9,000	9,139	139
Miscellaneous	1,500	2,649	1,149
TOTAL OPERATING REVENUES	<u>380,500</u>	<u>384,866</u>	4,366
EXPENSES			
Accounting	2,700	2,560	140
Advertising	300	395	(95)
Audit	5,000	4,909	91
Auto Allowance	6,100	4,490	1,610
Bank service charges	100	0	100
Commissioner's Fees	3,600	3,240	360
Chemicals	2,500	5,153	(2,653)
Depreciation	56,000	55,747	253
Dues & Subscriptions	248	200	48
Employee Training	500	0	500
Engineering fees	15,843	15,843	0
Insurance	20,000	12,209	7,791
Insurance - Group	6,200	798	5,402
Insurance - Workman's Comp	3,500	2,821	679
Legal & Professional	7,000	1,328	
Equipment rental	1,000	0	1,000
Meter taps	5,000	1,132	3,868
Miscellaneous	200	1,041	(841)
Office Expense	3,500	2,912	588
Outside Services	300	280	20
Permit	100	90	10
Postage	4,000	3,889	111
R & M - Other	1,500	692	808
R & M - Lines	1,000	414	586
R & M - Bldg & Grounds	300	3,793	(3,493)
R & M - Wells	1,800	0	1,800
Rent	100	20	80
Retirement		1,260	(1,260)
Salaries	95,000	90,235	4,765
Supplies	15,000	12,931	2,069
Taxes - Payroll	7,000	6,935	65
Taxes - Sales Tax	12,000	4,761	7,239
Taxes - Other	2,880	2,939	(59)

GREATER WARD ONE WATERWORKS DISTRICT
 Combined Statement of Revenue, Expenditures, and
 Changes in Retained Earnings - Budget and Actual
 GAAP Basis - General Fund
 For the year ended December 31, 2003

	Budget	Actual	Variance Favorable (Unfavorable)
(Continued)			
Travel	500	54	446
Utilities & Telephone	56,000	51,752	4,248
TOTAL EXPENSES	336,771	294,823	41,948
OPERATING INCOME	43,729	90,043	46,314
NONOPERATING REVENUE (EXPENSES)			
Interest income	8,500	9,015	515
Interest expense	(42,000)	(42,815)	(815)
TOTAL NONOPERATING REVENUE (EXPENSES)	(33,500)	(33,800)	(300)
NET INCOME (LOSS)	10,229	56,243	46,014
RETAINED EARNINGS, BEGINNING	514,131	514,131	0
RETAINED EARNINGS, ENDING	\$524,360	\$570,374	\$46,014

See accompanying auditor's report and notes to the financial statements.

Greater Ward One Waterworks District
Of Lincoln Parish
Statements of Cash Flows - Unrestricted
Years Ended December 31, 2003 and 2002

	December 31, 2003	December 31, 2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income	\$90,043	\$96,373
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	55,963	55,221
Changes in Working Capital:		
Accounts Receivable - Trade	(2,430)	2,725
Accrued Accounts Receivable	(6,843)	1,747
Prepaid Expense	1,170	(3,108)
Accounts payable	(3,439)	743
Payroll taxes payable	875	(715)
Sales taxes payable	(588)	(43)
Customer deposits	840	4,993
NET CASH (USED BY) OPERATING ACTIVITIES	<u>135,591</u>	<u>157,936</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Additions to Property, Plant, & Equipment	(185,411)	(720)
Retirement of Debt	(27,205)	(188,737)
Interest on Debt	(43,268)	(56,901)
NET CASH (USED BY) FINANCING ACTIVITIES	<u>(255,884)</u>	<u>(246,358)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in restricted assets	84,013	101,013
Interest on interest-bearing activities	9,015	11,094
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>93,028</u>	<u>112,107</u>
NET INCREASE IN CASH	(27,265)	23,685
CASH AT BEGINNING OF YEAR	<u>160,117</u>	<u>136,432</u>
CASH AT END OF YEAR	<u>\$132,851</u>	<u>\$160,117</u>
SUMMARY		
Operating account	\$132,851	\$160,117
Restricted	<u>229,802</u>	<u>313,815</u>
	<u>\$362,653</u>	<u>\$473,932</u>
Expenditures for interest - cash basis	<u>\$43,268</u>	<u>\$56,902</u>
Expenditures for taxes - cash basis	<u>\$0</u>	<u>\$0</u>

See accompanying auditor's report and notes to the financial statements.

Greater Ward One Waterworks District
of Lincoln Parish
Notes to Financial Statements
For the Year Ended December 31, 2003

INTRODUCTION

The Greater Ward One Waterworks District of Lincoln Parish was organized in 1967 as a political subdivision of Lincoln Parish to provide water usage and service to the residents of Greater Ward One of Lincoln Parish. The District has five commissioners comprising the board who are appointed by the Board of Commissioners. The commissioners are compensated at a fixed amount per meeting. The District serves 903 active customers and employs five people. The District operates three facilities with approximately 200 miles of water lines.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the Greater Ward One Waterworks 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 standards-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

The District is not a component unit of the Lincoln Parish Police Jury. The police jury is not financially accountable for the District, does not appoint a voting majority of the board, and has no ability to impose its will on them. The accompanying general purpose financial statements present information only on the funds maintained by the district.

C. FUND ACCOUNTING

Greater Ward One Water Works District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund is included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. The Enterprise Fund uses the following practices in recording certain revenues and expenses:

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Interests on revenue bonds, proceeds of which are used in financing the construction of certain assets, is capitalized during the construction period net of interest on the investment of unexpended bond proceeds.

Greater Ward One Waterworks District
of Lincoln Parish
Notes to Financial Statements
For the Year Ended December 31, 2003

E. BUDGETARY DATA

The District adopted a budget for the fiscal year ended December 31, 2003 for the proprietary fund. The District follows the following procedures in establishing the budgetary data reflected in the financial statements. During the November meeting, the clerk submits to the board of aldermen a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenses and the means of financing them. Also during the November meeting, the budget is legally enacted through passage of an ordinance. The public is invited to attend all meetings. The clerk is authorized to transfer budgeted amounts between departments within the fund; however, any revisions that alter the total expenses of the fund must be approved by the board of aldermen. Appropriations lapse at the end of the year. There were no amendments.

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

G. RESTRICTED ASSETS

Certain proceeds of the Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

H. FIXED ASSETS

Fixed assets of the district are included on the balance sheet of the fund. Depreciation on all exhaustible fixed assets are charged as an expense against operations. Depreciation of exhaustible fixed assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the proprietary fund balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated useful lives are as follows:

Equipment and Wells	- 40 Years
Improvements	- 15 Years
Building	- 25 Years
Equipment	- 5-7 Years

I. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the enterprise fund.

J. FUND EQUITY

Contributed Capital

Grant revenues received that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired from such contributions.

Greater Ward One Waterworks District
of Lincoln Parish
Notes to Financial Statements
For the Year Ended December 31, 2003

Reserves

Reserves represent those portions of fund equity legally separated for loan repayment.

K. REVENUES AND EXPENSES

Revenues and expenses of proprietary funds are recognized in essentially the same manner as in commercial accounting. Some prior year balances may have been reclassified to conform with the current year presentation.

L. COMPARATIVE DATA

Comparative data for the prior year has been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in the District's financial position and operations.

2. CASH AND INVESTMENTS

At December 31, 2003, the District has cash and cash equivalents (book balances) totaling \$362,653 as follows:

Demand deposits	\$141,388
Time deposits	<u>221,265</u>
Total	<u><u>\$362,653</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or 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 the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2003, the District has \$367,740 in deposit (collected bank balances). These deposits are secured from risk by \$319,596 of federal deposit insurance. The remaining balance of \$48,144 is not secured by the pledge of securities and is a violation of state law.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 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.

3. RECEIVABLES

The following is a summary of receivables as of December 31, 2003:

<u>Class of Receivable</u>	
Accounts Receivable-user fees	\$23,667
Accrued Receivable-user fees	<u>15,763</u>
Total	<u><u>\$39,410</u></u>

Greater Ward One Waterworks District
of Lincoln Parish
Notes to Financial Statements
For the Year Ended December 31, 2003

4. FIXED ASSETS

A summary of fixed assets at December 31, 2003, follows:

	Balance December 31, 2002	Additions	Deletions	Balance December 31, 2003
Land	\$42,640	\$10,000		\$52,640
Tanks and wells	1,713,014			1,713,014
Improvements	0	175,411		175,411
Machinery & equipment	7,226			7,226
Buildings	65,560			65,560
Automobiles	14,437			14,437
Subtotal	<u>1,842,877</u>	<u>185,411</u>	<u>0</u>	<u>2,028,288</u>
Less accumulated depreciation	<u>(777,108)</u>	<u>(55,963)</u>		<u>(833,071)</u>
Total	<u>\$1,065,769</u>	<u>\$129,448</u>	<u>\$0</u>	<u>\$1,195,217</u>

5. LONG-TERM DEBT

The following is a summary of the long-term liability transactions during the year ended December 31, 2003:

	Water Revenue Bond
Long-term liability payable at December 31, 2002	\$779,901
Revenue Bond Proceeds	0
Repayments	<u>(27,204)</u>
Long-term liability payable at December 31, 2003	<u>\$752,697</u>

Revenue bonds payable at December 31, 2003, are comprised of the following individual issues:

	Outstanding 12/31/03
Water Revenue Bonds \$175,200 1979 Water Revenue Bonds dated 3-22-79, due in annual installments of \$2,200 to \$5,000 through January 1, 2008, interest at 5%.	\$109,000
\$648,000 1989 Water Revenue Bonds dated 7-28-89, due in annual installments of \$43,351 through January 1, 2029, interest at 6%	377,624
\$280,000 1997 Water Revenue Bonds dated 4-1-97, due in annual installments of \$6,554 to \$1,456 through March 20, 2037, interest at 5.5%	<u>266,073</u>
Total	<u>\$752,697</u>

Greater Ward One Waterworks District
of Lincoln Parish
Notes to Financial Statements
For the Year Ended December 31, 2003

The annual requirements to amortize all bonded debt outstanding as of December 31, 2003 including interest payments of \$1,091,741 are as follows:

2004	80,323
2005	80,673
2006	79,973
2007	70,273
2008	71,023
2009-2013	352,566
2014-2018	357,230
2019-2023	304,116
2024-2028	304,116
2029-2033	87,360
2034-2038	<u>56,785</u>
Total	<u>\$1,844,438</u>

All outstanding revenue bonds are secured by a first lien on net revenues earned by Enterprise Funds. Net revenues are defined in the revenue bond agreement.

6. FLOW OF FUNDS: RESTRICTIONS ON USE - UTILITIES REVENUES

Water Revenue bonds under the terms of the bond indenture on outstanding Water Revenue Bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Water Utility System are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

All of the revenue earned by the District from the operation of the waterworks system (the "System"), must be deposited Monies in the Waterworks Revenue Fund. Monies in the Waterworks Revenue Fund shall be first used for the payment of all reasonable and necessary expenses of operating and maintaining the System, and all payments required in connection with the outstanding Revenue Note payable from the revenues of the System.

Each month, there will be set aside into a "Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments.

There shall also be set aside into a "Reserve Fund" an amount equal to 5% of the amount to be paid into the "Sinking Fund", until there is on deposit an amount equal to \$80,323. This amount represents the maximum principal and interest requirements in any one maturity year.

Funds will also be set aside into a "Depreciation Fund" at the rate of \$444 per month.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

Greater Ward One Waterworks District
of Lincoln Parish
Notes to Financial Statements
For the Year Ended December 31, 2003

7. LITIGATION AND CLAIMS

There are no pending or threatened litigation at this time as advised by the District's attorney.

8. RETIREMENT PLAN

Substantially all employees of Greater Ward One Waterworks, are members of a retirement plan. This retirement plan is managed by Royal Alliance Associates, Inc. It is a variable annuity.

REQUIRED SUPPLEMENTAL INFORMATION

Greater Ward One Waterworks District
of Lincoln Parish
Supplemental Information Schedules
For the Year Ended December 31, 2003

COMPENSATION PAID BOARD MEMBERS

A schedule of compensation paid to commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

SCHEDULE OF CHANGES IN RESTRICTED ASSETS

The schedule of changes in restricted assets is presented in Schedule 2.

SCHEDULE OF INSURANCE IN FORCE

The schedule of insurance in force is presented in Schedule 3.

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

The schedule of federal financial assistance presents grantor/program title, loan number, and loan balance as of December 31, 2003 in Schedule 4.

PRIOR AUDIT FINDINGS

The follow-up and corrective action taken on all prior audit findings is presented in the summary schedule of prior audit findings (Schedule 5).

CURRENT AUDIT FINDINGS

The corrective action plan for current year audit findings is presented in Schedule 6.

Greater Ward One Waterworks District
of Lincoln Parish
Schedule of Compensation Paid Board Members
For the Year Ended December 31, 2003

Butler Hampton - President	Expires	February 13, 2006	\$24,185
F. J. Armond - V. Pres.	Expires	October 8, 2007	660
Reagan Pylant	Expires	July 25, 2005	660
Keith Barnes	Expires	January 12, 2004	660
Mike Haddox	Expires	September 11, 2006	<u>600</u>
Total			<u>\$26,765</u>

Greater Ward One Waterworks District
Of Lincoln Parish
Schedule of Changes in Restricted Assets
For the Year Ended December 31, 2003

	RESERVE FUNDS	SINKING FUND	CUSTOMER DEPOSIT	DEPRECIATION RESERVE	TOTAL
Balance, 12/31/02	\$81,844	\$1,326	\$56,674	\$173,972	\$313,816
RECEIPTS					
Deposits		55,851	6,905		62,756
Transfer from operating				29,070	29,070
Interest earned		303	976	2,729	4,008
Total cash receipts	<u>0</u>	<u>56,154</u>	<u>7,881</u>	<u>31,799</u>	<u>95,834</u>
Total available	81,844	57,480	64,555	205,771	409,650
DISBURSEMENTS					
Refunds			(6,028)		(6,028)
Transfer to operating				(118,019)	(118,019)
Payment of principal and interest		(55,801)			(55,801)
Total disbursements	<u>0</u>	<u>(55,801)</u>	<u>(6,028)</u>	<u>(118,019)</u>	<u>(179,848)</u>
Balance, 12/31/03	<u>\$81,844</u>	<u>\$1,679</u>	<u>\$58,527</u>	<u>\$87,752</u>	<u>\$229,802</u>

GREATER WARD ONE WATERWORKS DISTRICT
OF LINCOLN PARISH
SCHEDULE OF INSURANCE IN FORCE
DECEMBER 31, 2003

Bonds - Highway and street permits

Agent: Louisiana Insurance Services, Inc.	Effective Date: 5-31-03
Insurer: Commercial Union	Date Expires: 5-31-04
Policy No.: 3532803	Annual Premium: \$80

Coverage \$4,000	Property Insured Right-of-ways
---------------------	-----------------------------------

Business Auto

Agent: Louisiana Insurance Services, Inc.	Effective Date: 9-28-03
Insurer: EMC Insurance Co.	Date Expires: 9-28-04
Policy No.: 2X9-81-69—04	Annual Premium: \$987

Coverage \$1,000,000	Property Insured Business Auto
-------------------------	-----------------------------------

Public Officials Liability Policy

Agent: Louisiana Insurance Services, Inc.	Effective Date: 9-28-03
Insurer: National Union	Date Expires: 9-28-04
Policy No.: 348-82-75	Annual Premium: \$3,802

Coverage \$1,000,000	Property Insured Board Errors & Omissions
-------------------------	--

General and Commercial Liability Coverage

Agent: Louisiana Insurance Services, Inc.	Effective Date: 9-28-03
Insurer: EMC Insurance Co.	Date Expires: 9-28-04
Policy No.: 2X9-81-69—04	Annual Premium: \$8891

Coverage \$ 2,000,000 \$ 2,000,000 \$ 1,000,000 \$ 1,000,000 \$ 100,000 \$ 5,000	Insured General Liability Products/Completed Operations Personal and/or advertising industry Each occurrence Fire Damage Limit Medical expense limit
--	--

EDWARDS & WADE

Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA / Society of LCPA's

AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Board of Commissioners
Greater Ward One Waterworks District
of Lincoln Parish

We have audited the general purpose financial statements of Greater Ward One Waterworks District of Lincoln Parish, for the year ended December 31, 2003, and have issued our report thereon dated March 25, 2004. Our audit of such general purpose financial statements was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Edwards & Wade

Ruston, Louisiana
March 25, 2004

Greater Ward One Waterworks District
of Lincoln Parish
Schedule of Federal Financial Assistance
For The Year Ended December 31, 2003

GRANTOR/PROGRAM TITLE -----	Loan Number -----	Loan Balance 12-31-03 -----
OTHER FEDERAL ASSISTANCE		
DEPARTMENT OF AGRICULTURE		
GUARANTEED LOANS		
Farmers Home Administration	91.03	\$109,000
Farmers Home Administration	91.06	377,624
Farmers Home Administration	91.07	266,073

		\$752,697
Total Federal Assistance		=====

GREATER WARD ONE WATERWORKS DISTRICT
OF LINCOLN PARISH
NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2003

1. SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133

All Federal assistance of the Greater Ward One Waterworks are included in the scope of the OMB Circular A-133 audit (the "single audit").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal financial assistance has been prepared on the accrual basis of accounting.

3. LOAN BALANCES

The loan balance represents the outstanding amount of federal guaranteed loans as of December 31, 2003.

4. FINDINGS OF NONCOMPLIANCE

There was one noncompliance finding and no internal control findings.

EDWARDS & WADE

Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA / Society of LCPA's

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

To the Board of Commissioners
Greater Ward One Waterworks District
of Lincoln Parish

We have audited the general purpose financial statements of Greater Ward One Waterworks District of Lincoln Parish as of and for the year ended December 31, 2003, and have issued our report thereon dated March 25, 2004. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Greater Ward One Waterworks District of Lincoln Parish's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 03-1.

Internal Control Over Compliance

In planning and performing our audit, we considered Greater Ward One Waterworks District of Lincoln Parish's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to 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 general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described is a material weakness.

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Edwards & Welch

Ruston, Louisiana
March 25, 2004

Greater Ward One Waterworks District
of Lincoln Parish
Summary of Prior Year Findings
For the Year Ended December 31, 2003

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

02-1. The District did not have adequate collateralization in one of it's bank accounts at year end.

Recommendation: We recommend that the District periodically inquire of the financial institutions regarding adequate coverage.

Conclusion: Unresolved. See 03-1.

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

C. MANAGEMENT LETTER

None

Greater Ward One Waterworks District
of Lincoln Parish
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2003

We have audited the general purpose financial statements of Greater Ward One Waterworks District of Lincoln Parish as of and for the year ended December 31, 2003, and have issued our report thereon dated March 25, 2004. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the general purpose financial statements as of December 31, 2003 resulted in an unqualified opinion.

A. Summary of Audit Results

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

Internal Control

Material Weaknesses Yes No Reportable Yes No

Compliance

Compliance Material to Financial Statements Yes No

2. Federal Awards

Internal Control

Material Weaknesses Yes No Reportable Yes No

Type of Opinion On Compliance Unqualified Qualified
For Major Programs Disclaimer Adverse

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?
 Yes No

3. Identification of Major Programs:

CFDA Number(s)

Name of Federal Program (or Cluster)

N/A

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Is the audited a "low-risk" audited, as defined by OMB Circular A-133? Yes No

B. Financial Statements Findings

03-1. The District did not have adequate collateralization in one of its bank accounts at year end.

Recommendation: We recommend that the District periodically inquire of the financial institutions regarding adequate coverage.

Response: We concur we have asked our financial institution to collateralize our account and their response was they do not do that for their customers. At this time, we are waiting to make a payment for repairs and maintenance that will lower our account balance within FDIC requirements.

C. Federal Award Findings and Questioned Costs

None

CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2003

Greater Ward One Waterworks District of Lincoln Parish hereby submits the following corrective action plan as referenced in the Schedule of Findings and Questioned Costs:

03-1. See Schedule of Findings and Questioned Costs - Section B.