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**Water Works District No. 1
of the Parish of Avoyelles**

Financial Statements

Years ended June 30, 2007 and 2006

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 2/6/08

W. Kathleen Beard
Certified Public Accountant
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Erwinville, LA 70729

Waterworks District No. 1 of the Parish of Avoyelles
Annual Financial Statements
Year ended June 30, 2007 and 2006

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**Waterworks District No. 1 of the Parish of Avoyelles
Bordelonville, Louisiana**

Management's Discussion and Analysis (Unaudited)

Our discussion and analysis of Waterworks District No. 1 of Avoyelles Parish, Louisiana's financial performance provides an overview of Waterworks District No. 1's financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the District's basic financial statements.

Financial Highlights

The assets of the District exceeded its liabilities at June 30, 2007 by \$761,168 (net assets). Of this amount \$414,525 was unrestricted and may be used to meet the District's ongoing obligations. Net assets increased by \$43,549 in fiscal year 2007.

Overview of the Financial Statements

The annual report consists of three parts: Management discussion and analysis, basic financial statements and supplementary information. The basic financial statements present information for the District and is designed to make the statements easier to understand. The basic financial statements consist of the fund financial statements and notes to the financial statements.

**Table 1
Net Assets**

	2006	2007
Current and other assets	\$ 404,382	\$ 443,527
Capital assets	468,664	440,501
Total Assets	873,046	884,028
Long term outstanding debt	61,000	31,000
Other liabilities	94,427	91,861
Total Liabilities	155,427	122,861
 Net Assets		
Invested in capital assets, net of related debt	195,809	191,080
Restricted for debt service	153,771	155,563
Unrestricted	368,040	414,525
Total Net Assets	\$ 717,619	\$ 761,168

Net assets are restricted as to the purposes they can be used for, or, are invested in capital assets (buildings, water equipment, etc.). Unrestricted net assets are those that do not have any limitations for which these amounts may be used.

**Waterworks District No. 1 of the Parish of Avoyelles
Bordelonville, Louisiana**

Management's Discussion and Analysis (Unaudited) (Continued)

**Table 2
Changes in Net Assets**

	2006	2007
<u>Revenue</u>		
Operating -		
Charges for services	\$ 320,585	\$ 312,485
Non-operating - Interest revenue	3,848	5,919
Proceeds from Lawsuit		4,212
Total revenue	324,433	322,616
 <u>Expenses</u>		
Operating	262,348	275,495
Non-operating - Interest expense	4,877	3,572
Total expenses	267,225	279,067
 Change in Net Assets	\$ 57,208	\$ 43,549

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, the District had \$1,221,328 invested in capital assets, including buildings, water wells, tanks and lines, and equipment. There were additions to capital assets of \$ 3000 during 2007.

At June 30, 2007, the District had \$ 61,000 in bonds outstanding.

**Table 3
Outstanding Debt at Year - End**

	2006	2007
Water Revenue Bonds:		
Long Term	\$ 61,000	\$ 31,000
Current	28,000	30,000
Total	\$ 89,000	\$ 61,000

**Waterworks District No. 1 of the Parish of Avoyelles
Bordelonville, Louisiana**

Management's Discussion and Analysis (Unaudited) (Continued)

Contacting the District's Management

This financial report is designed to provide our customers, citizens and taxpayers with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Avoyelles Waterworks District No.1's office in Bordelonville, Louisiana.

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INDEPENDENT AUDITOR'S REPORT

To the President and Members of the Board of Commissioners
Waterworks District No.1 of the Parish of Avoyelles

I have audited the accompanying financial statements of the Waterworks District No.1 of the Parish of Avoyelles, a component unit of the Avoyelles Parish Police Jury, as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with accepted auditing standards generally accepted in the United States of America, and *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluation the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Waterworks District No.1 of the Parish of Avoyelles as of June 30, 2006, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated November 20, 2007 on my consideration of Waterworks District No.1 of the Parish of Avoyelles' internal control structure and on its compliance with laws and regulations.

The Management's Discussion and Analysis on pages 1 through 3 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was made for the purpose of forming and opinion on the financial statements taken as a whole. The accompanying financial information listed as "Schedules" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Waterworks District No.1 of the Parish of Avoyelles. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to such statements taken as a whole.

W. Kathleen Beard

Certified Public Accountant
November 20, 2007

**Water Works District No. 1 of the Parish of Avoyelles
Bordelonville, Louisiana
Statement of Net Assets
June 30, 2007 and 2006**

ASSETS	2007	2006
CURRENT ASSETS		
Cash and cash equivalents	\$ 142,500	\$ 112,678
Accounts receivable - Customers	41,105	40,955
Inventory	14,162	7,808
Prepaid insurance	7,882	10,196
Cylinder deposit	1,000	1,000
	206,648	172,637
RESTRICTED ASSETS		
Cash and cash equivalents:		
Water customer deposits	23,812	21,815
Water amortization	16,949	16,734
Water reserve	4,561	4,503
Water depreciation	132,579	130,872
Total Restricted Cash and cash equivalents	177,901	173,923
Investment in Certificates of Deposit:		
Water customer deposits	26,076	26,076
Water reserve	32,902	31,746
Total Restricted Investments	58,978	57,822
Total Restricted Assets	236,880	231,745
CAPITAL ASSETS		
Land	7,100	7,100
Building	114,951	114,951
Water system	1,026,858	1,026,858
Equipment	72,418	69,418
Total Capital Assets	1,221,328	1,218,328
Less: Accumulated depreciation	(780,827)	(749,664)
Total Capital Assets, net of depreciation	440,501	468,664
TOTAL ASSETS	\$ 884,029	\$ 873,046

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

Statement A

LIABILITIES AND NET ASSETS

	2007		2006
CURRENT LIABILITIES			
Payable from Current Assets:			
Accounts payable	\$ 8,210	\$	12,079
Accrued salaries	-		1,808
Payroll taxes payable	2,272		2,479
Sales tax payable	62		87
	<hr/>		
Total Payable from Current Assets	10,544		16,452
Payable from Restricted Assets:			
Customer deposits	49,888		47,890
Accrued interest payable	1,429		2,084
Revenue bonds payable - current portion	30,000		28,000
	<hr/>		
Total Payable from Restricted Assets	81,317		77,975
	<hr/>		
Total Current Liabilities	91,861		94,427
 LONG - TERM LIABILITIES			
Revenue bonds payable	31,000		61,000
	<hr/>		
Total Long - term Liabilities	31,000		61,000
	<hr/>		
Total Liabilities	122,861		155,427
 NET ASSETS			
Invested in capital assets, net of related debt	191,080		195,809
Restricted for revenue bond retirement	22,984		22,899
Restricted for depreciation & contingencies	132,579		130,872
Unrestricted	414,525		368,040
	<hr/>		
Total Net Assets	\$ 761,168	\$	717,619
	<hr/>		

**Water Works District No. 1 of the Parish of Avoyelles
Bordelonville, Louisiana**

Statement B

**Statement of Revenues, Expenses, and Changes in Net Assets
Year ended June 30, 2007 and 2006**

OPERATING REVENUES	2007	2006
Charges for services		
Water sales	\$ 303,291	\$ 305,087
Late charges	4,970	5,282
Tap fees	2,258	4,172
Miscellaneous	1,967	6,044
	312,485	320,585
OPERATING EXPENSES		
Salaries	85,498	83,255
Repairs, maintenance, chemicals, parts and supplies	47,172	29,077
Board fees	2,310	1,480
Professional fees	3,500	3,500
Utilities	58,616	59,877
Payroll taxes	7,856	9,426
Office supplies, postage bank charges	8,309	9,316
Insurance	14,656	14,312
Miscellaneous	2,943	2,604
Rent	300	300
Communications	5,386	4,382
Depreciation	31,163	36,371
Fuel	6,225	6,847
Travel	1,561	1,086
Penalties and interest	-	422
Bad debt expense	-	93
	275,495	262,348
INCOME FROM OPERATIONS	36,990	58,237
NON-OPERATING REVENUES (EXPENSES)		
Interest revenue	5,919	3,848
Interest expense	(3,572)	(4,877)
Proceeds of lawsuit	4,212	-
	6,559	(1,029)
CHANGE IN NET ASSETS	43,549	57,208
NET ASSETS AT BEGINNING OF YEAR	717,619	660,411
NET ASSETS AT END OF YEAR	\$ 761,168	\$ 717,619

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

Water Works District No. 1 of the Parish of Avoyelles
Bordelonville, Louisiana
Comparative Statement of Cash Flows
June 30, 2007 and 2006

Statement C

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 314,331	\$ 322,968
Cash payments to suppliers for goods and services	(166,975)	(152,002)
Cash payments to employees for services	(87,305)	(81,448)
Net Cash Provided by (Used for) Operating Activities	60,051	89,518
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from law suit	4,212	-
Principal paid on bonds payable	(28,000)	(27,000)
Interest paid on bonds payable	(4,227)	(5,507)
Acquisition of capital assets	(3,000)	(417)
Net Cash (Used for) Capital and Related Financing Activities	(31,015)	(32,924)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	5,919	3,848
(Increase)/Decrease in Investments	(1,156)	(731)
Net Cash Provided by (Used for) Investing Activities	4,763	3,117
INCREASE (DECREASE) IN CASH	33,799	59,711
Cash and Cash Equivalents, Beginning of Year	286,602	226,891
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 320,401	\$ 286,602
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Income from operations	\$ 36,990	\$ 58,237
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation	31,163	36,371
Net Change in Assets and Liabilities -		
(Increase) Decrease in accounts receivable	(150)	434
(Increase) Decrease in inventory	(6,354)	(3,271)
(Increase) Decrease in prepaid expense	2,314	(1,231)
Increase (Decrease) in accounts payable	(3,869)	(4,800)
Increase (Decrease) in accrued payroll	(1,808)	1,808
Increase (Decrease) in payroll taxes payable	(207)	123
Increase (Decrease) in sales tax payable	(25)	(101)
Increase (Decrease) in customer security deposits	1,997	1,948
Total Adjustments	23,061	31,281
Net cash provided by (used for) operating activities	\$ 60,051	\$ 89,518
Cash and Cash Equivalents -		
Unrestricted	\$ 142,500	\$ 112,678
Restricted	177,901	173,924
	\$ 320,401	\$ 286,602
Interest expense	\$ 3,572	\$ 4,877

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

Waterworks District No. 1 of the Parish of Avoyelles
Notes to the Financial Statements
June 30, 2007

Introduction

Waterworks District No. 1 of the Parish of Avoyelles was created on February 5, 1969 by the Avoyelles Parish Police Jury. The "District" operates under a president-board form of government whose appointments are made by the Avoyelles Parish Police Jury.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Standards and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with, or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date, the District has chosen not to do so.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

For the first time the financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure (roads, and bridges).

These and other changes are reflected in the accompanying financial statements (including the notes to financial statements).

Waterworks District No. 1 of the Parish of Avoyelles
Notes to the Financial Statements
June 30, 2007

1. Summary of Significant Accounting Policies (Continued)

B. Reporting Entity

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the reporting entity, for financial reporting purposes. The basic criterion 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: (1) appointing a voting majority of an organization's governing body, and the ability of the police jury to impose its will on that organization, and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury; (2) organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury; and (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.

Because the Avoyelles Parish Police Jury appoints the governing board and because of the scope of public service, the District is deemed to be a component unit of the Avoyelles Parish Police Jury, the governing body of the parish and the governmental body with oversight responsibility. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

C. Fund Accounting

The District is organized and operated on the basis of funds whereby a separate self-balancing set of accounts (Enterprise Fund) is maintained that comprise its assets, liabilities, fund equity, revenue and expense. 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 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. The enterprise fund is used to account for water services provided to the residents and businesses within the District and the \$560,000 issue of revenue bonds dated July 11, 1969.

Waterworks District No. 1 of the Parish of Avoyelles
Notes to the Financial Statements
June 30, 2007

1. Summary of Significant Accounting Policies (Continued)

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, as reported in the accompanying financial statements has been reported on the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when they are incurred.

E. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash on hand and all restricted and unrestricted cash in banks (demand deposits, interest-bearing demand deposits and money market accounts) and highly liquid investments, having a maturity of three months or less when purchased are considered to be cash equivalents.

F. Investments

Investments at June 30, 2007 are stated at fair value.

G. Inventories

Inventories consist of parts and materials and are recorded as an expense when consumed. Inventories are valued at the lower of cost, utilizing the first in - first out method of valuation, or market.

H. Restricted Assets

Certain proceeds of the District as revenue bonds, as well as certain resources set aside for their payment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Under the terms of the bond indenture all of the income and revenues earned by the District from the operations of the waterworks system, must be deposited in the System Fund. Monies in the System Fund shall be first used for the payment of all reasonable and necessary expenses of operating and maintaining the system. By the 20th day of each month, ½ of the next maturing revenue bond and interest installment must be transferred from the System Fund into the Amortization Fund.

Waterworks District No. 1 of the Parish of Avoyelles
Notes to the Financial Statements
June 30, 2007

1. Summary of Significant Accounting Policies (Continued)

H. Restricted Assets (Continued)

Under the terms of the bond indenture, transfers should also be made to the Reserve Fund in an amount equal to 5% of the amount transferred into the Amortization Fund until there is on deposit an amount equal to \$33,000. There shall also be deposited \$230 per month into the Depreciation and Contingency Fund.

I. Capital Assets

The cost of property, plant and equipment, including significant betterments to existing facilities and infrastructure is recorded in the enterprise fund on its balance sheet. Interest costs incurred during construction are capitalized. Depreciation of all exhaustible fixed assets are charged as an expense against operations and has been computed under the straight - line method based on the estimated useful lives of the individual assets. Estimated useful lives are as follows:

Distribution system	50 years
Storage tanks	40 years
Pumping stations and buildings	20 years
Other Equipment	3 -10 years

All capital assets are stated at historical cost. Donated assets are valued at their estimated fair value on the date donated.

For the fiscal year ended June 30, 2007, there were no interest charges capitalized on fixes assets acquired or constructed.

J. Compensated Absences

The District has adopted a policy for paid vacation and sick leave for all full time employees. Employees with 1 - 5 years of service are granted 14 days annual leave; employees with over 5 years of service are granted 14 days annual leave plus 1 day for each additional year of service to a maximum of 25 days. Unused vacation leave is lost at the end of the calendar year. Employees hired before June 30, 1996 are allowed to carry forward any unused vacation leave as of that date, however, vacation leave earned after that date is non-cumulative. Sick leave may be accumulated indefinitely. At June 30, 2007, the amount of unused paid leave is immaterial, therefore, no accrual for compensated absences have been made in these financial statements.

Waterworks District No. 1 of the Parish of Avoyelles
Notes to the Financial Statements
June 30, 2007

1. Summary of Significant Accounting Policies (Continued)

K. Defining Operating Revenues and Expenses

The District distinguishes between operating and nonoperating revenues and expenses - operating revenues and expenses of the District consist of charges for services (including tap fees) and the costs of providing those services, including depreciation and excluding interest cost. All other revenue and expenses are reported as nonoperating.

L. Net Assets

Net assets is the difference between assets and liabilities. Net assets invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use.

2. Deposits and Investments

Deposits - Under state law, federal deposit insurance or the pledge of securities owned by the fiscal agent bank must secure these deposits (or resulting bank balances). 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. At year-end, the carrying amount of the District's deposits was \$320,336 and the bank balance was \$323,457. All of the bank balance was covered by federal depository insurance or collateral pledged in the name of the District (GASB Category 3).

Investments - State law allows the District to invest in any direct obligation of the United States Treasury; other debt issued or guaranteed by the full faith and credit of the United States; certificates of deposit of any bank in Louisiana; mutual funds which are registered with the Securities and Exchange Commission and invest in securities of the U. S. government or its agencies; guaranteed investment contracts issued by banks or insurance companies or investment grade commercial paper of domestic U. S. corporations.

Change in Investments -	Cost	Fair Value
Balance, June 30, 2006	\$ 57,822	\$ 57,822
Add: Investment purchase	1,156	1,156
Balance, June 30, 2007	\$ 58,978	\$ 58,978

Waterworks District No. 1 of the Parish of Avoyelles
Notes to the Financial Statements
June 30, 2007

2. Cash and Investments (Continued)

Custodial Risk of Investments Custodial credit risk for investments is the risk that, in the event of failure of the counter party, the District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are insured and are not registered in the name of the District and are held by either the counter-party's trust department or agents but not in the District's name. The District has no custodial credit risk at June 30, 2007 since all investments are registered in the District's name and held in possession of the District' custodial bank or brokers.

Interest Rate Risk The District has minimal credit risk as all investments are certificates of deposit.

3. Accounts Receivable

At June 30, 2007 and 2006, accounts receivable from customers is comprised of the following:

	<u>2007</u>	<u>2006</u>
Current Billing	\$ 25,131	\$ 25,874
Past due	<u>1,616</u>	<u>1,310</u>
	26,747	27,184
Unbilled receivables	<u>14,358</u>	<u>13,771</u>
	<u><u>\$ 41,105</u></u>	<u><u>\$ 40,995</u></u>

Waterworks District No. 1 of the Parish of Avoyelles
Notes to the Financial Statements
June 30, 2007

4. Capital Assets -

The following is a summary of the capital asset activity for the year ended June 30, 2007:

	July 1, 2006	Additions	Deletions	June 30, 2007
Non-depreciable Assets -				
Land	\$ 7,100	\$ -	\$ -	\$ 7,100
Depreciable Assets -				
Water System	1,026,858	-	-	1,026,858
Buildings	114,951	-	-	114,951
Equipment	62,910	3,000	-	65,910
Office Equipment	6,507	-	-	6,507
Total Depreciable	1,211,228	3,000	-	1,214,228
Total Capital Assets	1,218,328	3,000	-	1,221,328
Accumulated Depreciation -				
Water System	681,936	23,106	-	705,042
Buildings	14,369	2,874	-	17,243
Equipment	49,250	4,384	-	53,634
Office Equipment	4,109	799	-	4,908
Total Accum Depr	749,664	31,163	-	780,827
Capital Assets - Book Value	<u>\$ 468,664</u>			<u>\$ 440,501</u>

Waterworks District No. 1 of the Parish of Avoyelles
Notes to the Financial Statements
June 30, 2007

5. Bonds Payable

The following is a summary of transactions occurring during the year related to the revenue bond issue:

Current portion payable at June 30, 2006	\$ 28,000	
Less: Payments	<u>(28,000)</u>	
Current portion payable at June 30, 2007		<u>\$ 30,000</u>
Long- term liabilities at June 30, 2006	\$ 61,000	
Additions	0	
Deductions	<u>(30,000)</u>	
Long - term liabilities at June 30, 2007		<u>\$ 31,000</u>

The annual requirements to amortize all long - term debt as of June 30, 2007 scheduled as follows, including interest payments at 4.75% totaling \$ 4,370:

<u>Year ending</u> <u>June 30,</u>	<u>Revenue Bonds</u> <u>& Interest Maturity</u>
2008	32,898
2009	<u>32,473</u>
	<u>\$ 65,371</u>

6. Retirement Commitments

Employees of the District are members of the social security retirement system. The District has no further liability for retirement commitments.

7. Litigation and Claims

At June 30, 2007 the District was not involved in litigation or is aware of any unasserted claims.

8. Risk Management

The District purchases commercial insurance to deal with potential liabilities. The District maintains insurance policies to cover risks related to workers compensation, general liability, public officials errors and omissions, commercial property damage, and automobile coverage. There was no change in the amount of insurance coverage during the fiscal year.

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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

To the President and Members of the Board of Commissioners
Waterworks District No. 1 of the Parish of Avoyelles

I have audited the accompanying financial statements of the the business – type activities of Waterworks District No. 1 of the Parish of Avoyelles as of and for the year ended June 30, 2007, and have issued my report thereon dated November 20, 2007. I have 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 Waterworks District No. 1 of the Parish of Avoyelles' basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Waterworks District No. 1 of the Parish of Avoyelles' internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Waterworks District No. 1 of the Parish of Avoyelles' internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Waterworks District No. 1 of the Parish of Avoyelles' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of

control deficiencies, that adversely affects the Waterworks District No. 1 of the Parish of Avoyelles' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Waterworks District No. 1 of the Parish of Avoyelles' financial statements that is more than inconsequential will not be prevented or detected by the Waterworks District No. 1 of the Parish of Avoyelles' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, which results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Waterworks District No. 1 of the Parish of Avoyelles' internal control.

My consideration of internal control over financial reporting was for a limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

This report is intended for the information of the members of the board of commissioners of Waterworks District No. 1 of the Parish of Avoyelles and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

W. Kathleen Beard

Certified Public Accountant
November 20, 2007

**Water Works District No. 1 of the Parish of Avoyelles
Bordelonville, Louisiana
Schedule of Compensation Paid Board Members
For the Year ended June 30, 2007**

Schedule 1

Board Member	Amount
Shelby Laborde	\$ 660
Aloysia C. Ducote	450
James Armand	300
David Bordelon	550
Peter Lemoine	350
	<hr/>
Total	<u>\$ 2,310</u>

**Water Works District No. 1 of the Parish of Avoyelles
Bordelonville, Louisiana**

Schedule 2

**Schedule of Changes in Assets Restricted
For Revenue Bond Debt Retirement
For the Year ended June 30, 2007**

	<u>Amortization Fund</u>	<u>Reserve Fund</u>	<u>Depreciation Fund</u>	<u>Total</u>
Cash balance at June 30, 2006	\$ 16,734	\$ 36,249	\$ 130,872	\$ 183,855
Cash Receipts:				
Transfers from Operating	32,235	-	-	32,235
Interest earned on invested funds	207	1,215	1,708	3,130
Total Cash Available	32,442	1,215	1,708	35,365
Cash Disbursements:				
Transfers to Emergency Fund	-	-	-	-
Bond principal payments	28,000	-	-	28,000
Bond interest payments	4,228	-	-	4,228
Water system improvements	-	-	-	-
Total Disbursements	32,228	-	-	32,228
Cash balance at June 30, 2007	\$ 16,949	\$ 37,464	\$ 132,579	\$ 186,992

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Waterworks District No 1 of the Parish of Avoyelles.
2. No control deficiencies were disclosed during the audit of the basic financial statements in the 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. No instances of noncompliance material to the basic financial statements of the Waterworks District No 1 of the Parish of Avoyelles were disclosed during the audit.

B. Findings - Financial Statements Audit

There were no findings.

A. Internal Control and Compliance Material to the Financial Statements

There were no findings.

B. Management Letter

No management letter was issued.