

RECEIVED
LEGISLATIVE AUDITOR
06 JAN 24 PM 3:37

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION,
STATE OF LOUISIANA
Napoleonville, Louisiana**

FINANCIAL STATEMENTS

Year ended July 31, 2005

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 2-8-06

Waguespack & Gallagher, LLC

Certified Public Accountants • Business Advisors

Post Office Box 250

Napoleonville, Louisiana 70390

(985) 369-2515

RECEIVED
LEGISLATIVE AUDITOR
06 JAN 24 PM 3: 37

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION,
STATE OF LOUISIANA
Napoleonville, Louisiana**

FINANCIAL STATEMENTS

Year ended July 31, 2005

CONTENTS

	Exhibit	Schedule	Page
INDEPENDENT AUDITOR'S REPORT	-	-	1-2
<u>REQUIRED SUPPLEMENTAL INFORMATION</u>			
Management's Discussion and Analysis	-	-	3-8
<u>BASIC FINANCIAL STATEMENTS</u>			
Statement of Net Assets	A	-	9-10
Statement of Revenues, Expenses and Changes in Net Assets	B	-	11
Statement of Cash Flows	C	-	12
Notes to Financial Statements	-	-	13-21
<u>OTHER SUPPLEMENTAL INFORMATION</u>			
Operating Expenses - Waterworks System	-	1	22-23
Schedule of Changes in Assets Restricted for Revenue Bond Debt Service	-	2	24
Number of Metered Water Customers (Unaudited)	-	3	25
Board of Commissioners - Per Diem	-	4	26
<u>OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS</u>			
Schedule of Findings and Questioned Costs	-	5	27
Summary Schedule of Prior Audit Findings	-	6	28
Corrective Action Plan for Current Year Audit Finding	-	7	29
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards	-	-	30-31

Waguespack & Gallagher, LLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS

Post Office Box 250
Napoleonville, LA 70390

Michael J. Waguespack, CPA, PC

Timothy J. Gallagher, CPA, PC

Phone (985) 369-2515

Fax (985) 369-2535

INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Waterworks District No. 1 of the
Parish of Assumption, State of Louisiana
Napoleonville, Louisiana

We have audited the accompanying financial statements of the business-type activities of Waterworks District No. 1 of the Parish of Assumption, State of Louisiana (the District), a component unit of the Assumption Parish Police Jury, as of and for the year ended July 31, 2005, which comprise the District's basic financial statements as listed in the table of contents. These 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 of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of the business-type activities of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana, as of July 31, 2005, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 8, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that comprise the District's basic financial statements. 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 basic financial statements of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana, a component unit of the Assumption Parish Police Jury. Such information, except for the Schedule of Metered Water Customers marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to such basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated September 22, 2005 on our consideration of Waterworks District No. 1 of the Parish of Assumption's internal control over financial reporting and our tests

of its compliance with certain laws, regulations, controls and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Wagnon + Galle, LLC

September 22, 2005

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2005**

Our discussion and analysis of the financial performance of the Assumption Parish Waterworks District No. 1 (the District) provides an overview of the District's financial activities for the fiscal year that ended July 31, 2005. Please read it in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The District's net assets increased by \$597,087 or 5.52 percent.
- The District's total revenues were \$3,368,179 for an increase of 32 percent.
- During the fiscal year ending July 31, 2005, the District had total expenses, excluding depreciation, of \$2,219,458 for an increase of less than one percent.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and other supplementary information. The basic financial statements include enterprise fund financial statements (government-wide) that provide both long-term and short-term information about the District's overall financial status.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of the statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2005**

Figure A-1	
Major Features of the Assumption Parish Waterworks District No. 1 Financial Statements	
	Financial Statements
	Enterprise Fund Statements (Government-wide)
Scope	Entire government
Required financial statements	Statement of net assets Statement of revenues, expenses and changes in net assets Statements of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus
Type of assets / liability information	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow / outflow information	All revenues and expenses during year, regardless of when cash is received or paid

Enterprise Fund Financial Statements (Government-wide)

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets provide information in a way that shows the change in the District's financial condition resulting from the current year's activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and the change in them. Net assets -- the difference between assets (what the District owns) and liabilities (what the District owes) is a way to measure the financial position of the District. Over time, increases or decreases in the District's net assets are an indicator of whether the District's financial position is improving or deteriorating.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2005**

The Statement of Cash Flows provides information on the changes in cash during the year. This statement reports the net cash provided or used by operating activities, capital and related financing activities, and investing activities.

FINANCIAL ANALYSIS OF THE ASSUMPTION PARISH WATERWORKS DISTRICT NO. 1

Net Assets. The District's net assets increased between fiscal years 2004 and 2005 to approximately \$11,415,801. (See Table A-1).

Table A-1		
Assumption Parish Waterworks District No. 1 Net Assets		
	Business Type Activities	
	2005	2004
Current and Other Assets	\$ 2,096,082	\$ 1,911,035
Capital Assets	12,528,224	12,311,100
Unamortized Debt Issue Costs	21,117	23,301
Total Assets	\$ 14,645,423	\$ 14,245,436
Accounts payable and accrued expenses	145,654	141,483
Customer Deposits	218,968	215,239
Revenue bonds payable	2,865,000	3,070,000
Total Liabilities	\$ 3,229,622	\$ 3,426,722
Net Assets		
Invested in capital assets, net of related debt	9,663,224	9,241,100
Reserved for revenue bond debt service	415,027	379,562
Unreserved designated for capital assets	587,915	579,903
Undesignated	749,635	618,149
Total Net Assets	\$ 11,415,801	\$ 10,818,714

Net assets of the District's business type activities increased 5.52 percent to approximately \$11,415,801.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2005**

Changes in net assets. The District's total revenues increased by 32 percent to \$3,368,179. (See Table A-2). This increase is primarily due to EDAP Grant funds received and increased fees, service charges and water rate increases implemented near the end of the fiscal years ending July 31, 2004 and July 31, 2005.

The cost of the total operating expenses decreased approximately \$44,274 or 2.06 percent, primarily due to decreases of group health insurance, repairs and maintenance, and chemical costs.

Table A-2		
Changes in Assumption Parish Waterworks District No. 1 Net Assets		
	Business Type Activities	
	2005	2004
Operating Revenues		
Water Sales	\$ 2,556,358	\$ 2,335,025
Other Water Service Charge	116,787	88,544
Delinquent Charges	75,088	75,394
Billing & Collection fees	87,987	52,946
Grant Income	482,694	-
Total Operating Revenues	\$ 3,318,914	\$ 2,551,909
Non Operating Revenues		
Interest	\$ 30,290	\$ 13,216
Gain or Loss on Sale of Assets	3,241	(10,844)
Miscellaneous	15,734	913
Total Non Operating Revenues	\$ 49,265	\$ 3,285
Total Revenues	\$ 3,368,179	\$ 2,555,194
Expenses		
Operating Expenses	\$ 2,596,300	\$ 2,640,574
Non Operating Expenses (Interest expense & debt costs)	174,792	188,943
Total Expenses	\$ 2,771,092	\$ 2,829,517
Change - Increase or (Decrease) in net assets	597,087	(274,323)

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2005**

FINANCIAL ANALYSIS OF THE FUNDS

As the District completed the year, its enterprise fund reported total assets of \$14,645,423, which is an increase from last year of approximately \$399,987.

Budgetary Highlights

The District did revise its budget in July 2005. The revenues from water sales were decreased by \$151,400 due to a decline in water consumption by its customers.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of July 31, 2005, the District had invested \$12,528,224 in capital assets. (See Table A-3).

Table A-3		
Assumption Parish Waterworks District No. 1 Capital Assets		
(net of depreciation)		
	Business Type Activities	
	2005	2004
Land and Right of Way	\$ 171,672	\$ 171,082
Power Pumping & Purification Structures & Equipment	7,693,577	7,659,254
Transmission & Distribution Mains & Accessories	15,127,895	15,078,917
Transportation, office and other equipment	440,056	436,783
Construction in progress	760,000	114,852
Accumulated Depreciation	(11,664,976)	(11,149,788)
Total Net Capital Assets	\$ 12,528,224	\$ 12,311,100

Debt

As of July 31, 2005, the District had \$2,865,000 in revenue bonds payable outstanding. The District is meeting all of its fund transfer requirements as set out in the bond resolutions. Additional information about the District's debt is presented in Note H – Long-Term Obligations – in the Notes to Financial Statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2005**

ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES

The District normally gets all of its revenues from water sales and services provided. Revenues from water sales and services provided in fiscal year ended July 2005 increased approximately \$221,333 over fiscal year ended July 2004. The fiscal year July 2006 budget has revenue from water sales budgeted of \$2,650,000, an increase of approximately \$100,000 over fiscal year ended July 2005. In fiscal year ended July 2005, the District received \$482,694 from a State of Louisiana Department of Economic Development grant. During the fiscal year ended July 2006, the District should receive the remainder of the state EDAP grant and the federal EDA grant for a total of approximately \$573,306. The economy is not expected to generate any significant growth. Therefore, the District's enterprise fund future revenues are expected to only increase approximately 5 percent due to recent water rate increases.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Henry M. Templet, General Manager, 4633 LA Hwy 1, P.O. Drawer 575, Napoleonville, Louisiana 70390.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Exhibit A

**STATEMENT OF NET ASSETS
July 31, 2005**

ASSETS

Cash	\$ 413,105
Investments	6,654
Receivables:	
Billed water charges, net of \$9,158 for an allowance for doubtful accounts	175,142
Unbilled water charges	176,194
Due from other governments	92,356
Other receivables	142
Inventory of supplies	77,818
Prepaid expenses	26,909
Designated assets-capital improvements:	
Cash	12,448
Investments	205,707
Restricted assets-debt service:	
Investments	690,115
Restricted assets-customers' deposits:	
Cash	18,465
Investments	201,027
Capital assets, net	12,528,224
Unamortized debt issue costs	<u>21,117</u>
Total assets	<u>\$ 14,645,423</u>

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

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Exhibit A

**STATEMENT OF NET ASSETS
July 31, 2005**

LIABILITIES AND FUND EQUITY

Liabilities:

Accounts payable	\$ 56,241
Accrued wages payable	13,182
Accrued vacation payable	21,143
Payable from restricted assets:	
Revenue bonds	220,000
Interest payable	55,088
Customers' deposits	218,968
Revenue bonds payable	<u>2,645,000</u>
Total liabilities	<u>3,229,622</u>
 NET ASSETS	
Invested in capital assets, net of related debt	9,663,224
Reserved for revenue bond debt service and contingencies	415,027
Unreserved:	
Designated for subsequent years capital additions and other expenditures	587,915
Undesignated	<u>749,635</u>
Total Net Assets	<u><u>\$ 11,415,801</u></u>

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

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Exhibit B

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
July 31, 2005**

Operating Revenues:	
Revenues from sales and service charges:	
Water sales	\$ 2,556,358
Other water service charges	116,787
Delinquent charges	75,088
Solid waste, garbage, and sewerage collection fees	87,987
Grant revenues	<u>482,694</u>
Total operating revenues	<u>3,318,914</u>
Operating expenses:	
Waterworks system expenses	1,145,049
Office, general and administrative expense	899,617
Depreciation	<u>551,634</u>
Total operating expenses	<u>2,596,300</u>
Operating Income	<u>722,614</u>
Nonoperating revenues (expenses):	
Interest income	30,290
Gain on sale of assets	3,241
Miscellaneous	15,734
Interest expense	(172,608)
Amortization of debt issue costs	<u>(2,184)</u>
Total nonoperating revenues (expenses)	<u>(125,527)</u>
Change in Net Assets	597,087
Net Assets - Beginning	<u>10,818,714</u>
Net Assets - Ending	<u>\$ 11,415,801</u>

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

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Exhibit C

**STATEMENT OF CASH FLOWS
July 31, 2005**

INCREASE (DECREASE) in Cash and Cash Equivalents

Cash flows from operating activities:

Operating income		\$ 722,614
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 551,634	
Changes in assets and liabilities:		
Receivables	(132,073)	
Inventory of supplies	498	
Prepaid expenses	5,296	
Accounts payable	9,898	
Other accrued expenses	(1,810)	

Total adjustments		<u>433,443</u>
-------------------	--	----------------

Net cash provided by operating activities		<u>1,156,057</u>
---	--	------------------

Cash flows from noncapital financing activities:

Customer deposits received	39,870	
Customer deposits refunded	(36,141)	

Net cash provided by noncapital financing activities		3,729
--	--	-------

Cash flows from capital and related financing activities:

Acquisition and construction of capital assets	(769,268)	
Proceeds from sale of capital assets	3,750	
Principal paid on revenue bonds	(205,000)	
Interest paid on revenue bonds	(176,525)	
Other non-operating revenues	15,734	

Net cash used for capital and related financing activities		(1,131,309)
--	--	-------------

Cash flows from investing activities:

Interest earned on investments	30,290	
Decrease in investments	94,790	
Decrease in investments - capital improvements	129,785	
Increase in investments - debt service	(46,548)	
Increase in investments - customer deposits	9,670	

Net cash used for investing activities		<u>217,987</u>
--	--	----------------

Net increase (decrease) in cash and cash equivalents		246,464
--	--	---------

Cash and cash equivalents at beginning of year		<u>197,554</u>
--	--	----------------

Cash and cash equivalents at end of year		<u>\$ 444,018</u>
--	--	-------------------

Included in Balance Sheet as cash and cash equivalents:

Cash		\$ 413,105
Designated cash - capital improvements		12,448
Restricted cash - customers' deposits		<u>18,465</u>
		<u>\$ 444,018</u>

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

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2005**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On July 10, 1956, in accordance with the provisions of Chapter 8 of Title 33 of the Louisiana Revised Statutes of 1950, the Police Jury of the Parish of Assumption created the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana (hereinafter referred to as the District). The District as created by the Police Jury encompasses the identical area as the Parish of Assumption.

Basis of Presentation The accompanying basic financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, issued in June 1999. The following is a summary of the District’s significant policies:

Reporting Entity As the governing authority of the parish, for reporting purposes, the Assumption Parish Police Jury is the financial reporting entity for Assumption Parish. The financial reporting entity consists of (a) the primary government (Assumption Parish Police Jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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 Statement No. 14 established criteria for determining which component units should be considered part of the Assumption Parish Police Jury 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 criterion includes:

- 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
- Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury
- Organizations for which the reporting entity’s financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Even though the District is legally separate from the police jury, the Assumption Parish Police Jury appoints a majority of the district’s governing body, and the Police Jury has the ability to impose its will on the district. The District also has the potential to provide specific benefits to, or impose specific financial burdens on the police jury. Because of these reasons, the management of the district’s office has determined that the District is a component unit of the Assumption Parish Police Jury.

Measurement Focus/Basis of Accounting The enterprise fund statements (government-wide) were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB No. 33, *Accounting and Financial Reporting for Non-exchange transactions*.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2005**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenues of the District are water sales, connections and reconnection fees, late charges, and other miscellaneous operating revenues. Operating expenses for enterprise funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents All highly liquid investments (including restricted assets) with a maturity of three months or less are considered to be cash and cash equivalents for purposes of reporting cash flows.

Inventory The District values its inventory of supplies at the lower of cost or market using the first-in, first-out method.

Capital Assets All capital assets are capitalized in the enterprise fund and stated at historical cost less accumulated depreciation.

Depreciation of all exhaustible capital assets used by the enterprise fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method (see Note D).

Long-Term Liabilities Long-term debt such as revenue bonds payable is reported as liabilities on the statement of net assets.

Contributions for Meters Contributions received from customers for new meter services are treated as income. The cost of installing new meter services are expensed in the year incurred.

Vacation and Sick Leave The District's employees earn one to five weeks vacation annually based on number of years of employment. Employees can accumulate a maximum of 40 hours of unused vacation which can be carried forward and taken in subsequent periods. Upon termination, employees are paid for any unused current year and any accumulated vacation hours. Employees are allowed ten days of sick leave annually which can accumulate up to ninety days that may be used for sickness only. The sick leave plan is coupled with a disability insurance policy.

Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B – GRANT REVENUES

During the year ended July 31, 2005, the district recorded as revenue cost reimbursements in the amount of \$482,694 with respect to a 2004 grant from the State of Louisiana Department of Economic Development. The monies for this grant were used to upgrade the existing capacity of waterlines and water systems serving two local sugar mills. The total grant awarded is \$556,000 and the project is expected to be completed during the year ending July 31, 2006.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2005**

NOTE C – FLOW OF FUNDS – RESTRICTIONS ON USE

Under the terms of the bond indentures with the Louisiana Public Financing Authority (LPFA) on the outstanding revenue bonds dated March 23, 2000 (see Note H), all income and expenses (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Waterworks System are pledged and dedicated to the retirement of said bonds. Below are the revenues which are to be set aside into the following special funds:

All revenue shall be periodically deposited in a "Waterworks Utility Revenue Fund" to be provided for payment of all reasonable and necessary expenses of operating and maintaining the System.

Each month there will be set aside into a fund called the "Waterworks Utility Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and 1/6 of the next maturing installment of interest on the outstanding LPFA 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 "Waterworks Utility Revenue Bonds Reserve Fund" an amount equal to 5% of the amount to be paid into the Waterworks Utility Bond and Interest Sinking Fund each month as required on the LPFA bonds until there shall have been accumulated an amount equal to the maximum principal and interest on bonds payable from the Sinking Fund which would otherwise be in default.

In addition, there shall be set aside into a "Waterworks Utility Depreciation and Contingency Fund" an amount equal to 5% of the amount to be paid into the Waterworks Utility Bond and Interest Sinking Fund described above. Such amounts are to be used for extensions, additions, improvements and replacements necessary to properly operate the Waterworks System. Money in this fund may also be used to pay principal or interest falling due on the LPFA bonds at any time there is not sufficient money for payment in the other bond funds, but if so used, such money shall be replaced from earnings of the District as soon as possible after making the required payments into the respective funds set forth above.

On July 17, 1989, the Board of Commissioners of the District created the "Waterworks Utility Revenue Fund - Capital Improvements". Said fund was to receive monies in excess of \$50,000 shown in the annual audit report remaining in the Waterworks Utility Revenue Fund at July 31 of each year after making all required payments into the Sinking, Reserve and Depreciation and Contingency Funds. The excess shall be considered surplus and shall be deposited in this fund. Said fund is to be used by the District for the purpose of making extensions, additions, improvements, renewals, and replacements to the System or for the purpose of retiring outstanding bonds in advance of their maturities, or any other legal purpose determined by the Board to be in the best interest of the District and not in violation of the 2000 LPFA bond issue requirements. On October 25, 2004, a resolution was passed by the Board to increase the reserve in the Waterworks Utility Revenue Fund from \$50,000 to \$150,000. The required transfer to the Waterworks Utility Revenue Fund-Capital Improvements fund for the year ended July 31, 2005 is \$269,761.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2005**

NOTE D – CAPITAL ASSETS

A summary of capital assets at July 31, 2005 follows:

	<u>Life in Years</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Straight-line Method Depreciation This Year</u>
Land and rights of way	-	\$ 171,672	\$ -	\$ 171,672	\$ -
Power pumping and purification structures and equipment, including main plant building	15-44	7,693,577	2,819,319	4,874,258	200,560
Transmission and distribution mains and accessories	15-44	15,127,895	8,554,089	6,573,806	299,846
Transportation, office and other equipment	5-15	440,056	291,568	148,488	51,228
Construction in progress: New transmission lines and other projects	-	<u>760,000</u>	<u>-</u>	<u>760,000</u>	<u>-</u>
Totals		<u>\$ 24,193,200</u>	<u>\$ 11,664,976</u>	<u>\$ 12,528,224</u>	<u>\$ 551,634</u>
		<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	
Balances at beginning or year		\$ 23,460,888	\$ 11,149,788	\$ 12,311,100	
Additions:					
Land		590	-	590	
Power, pumping and purification		34,322	-	34,322	
Transmission and distribution mains and accessories		48,979	-	48,979	
Transportation, office and other equipment		40,229	-	40,229	
Construction in progress included during year		645,148	-	645,148	
Depreciation expense		-	551,634	(551,634)	
Deletions:					
Construction in progress completed during year		-	-	-	
Sales and other dispositions of		<u>(36,956)</u>	<u>(36,446)</u>	<u>(510)</u>	
Balances at end of year		<u>\$ 24,193,200</u>	<u>\$ 11,664,976</u>	<u>\$ 12,528,224</u>	

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2005**

NOTE D – CAPITAL ASSETS – Continued

Interest incurred in the enterprise fund was \$172,608.

NOTE E – CASH AND CASH EQUIVALENTS

At July 31, 2005, the waterworks district has cash and cash equivalents totaling \$444,018 (book balances) as follows:

Cash and cash equivalents:

Cash on hand	\$ 8,710
Demand deposits	422,860
Interest bearing demand deposits	<u>12,448</u>
Total bank deposits	<u>435,308</u>
Total cash and cash equivalents	<u>\$ 444,018</u>

These deposits are stated at cost, which approximates market. Under state law, the bank deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times 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 July 31, 2005, the district has \$620,412 in deposits (collected bank balances). These deposits are secured from risk by \$100,465 of federal deposit insurance and \$500,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). This leaves \$19,947 of deposit balance unsecured from risk. This deficiency was cured in August of 2005 by the institution pledging additional securities held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 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.

NOTE F - INVESTMENTS

Under state law, the municipality may invest in United States bonds, treasury notes or certificates. These are classified as investments. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at cost.

At July 31, 2005, investments of \$1,103,503 are in the Louisiana Asset Management Pool, Inc. (LAMP). In accordance with GASB Codification Section 150.165, the investment in LAMP at July 31, 2005 is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasury in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2005**

NOTE F – INVESTMENTS – Continued

of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligation in which local governments in Louisiana is authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is approximately 60 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

NOTE G – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at July 31, 2005 consist of the following:

State of Louisiana	
Department of Economic Development	\$82,406
South Central Planning and Development	
Commission-Homeland Security Task Force	<u>9,950</u>
Total	<u>\$92,356</u>

NOTE H – LONG-TERM OBLIGATIONS

The following is a summary of bond transactions for the year ended July 31, 2005:

	<u>Revenue Bonds</u>
Bonds payable, July 31, 2004	\$ 3,070,000
Bonds issued	-
Bonds retired	<u>(205,000)</u>
Bonds payable, July 31, 2005	<u>\$ 2,865,000</u>

Bonds payable at July 31, 2005, is comprised of the following individual issues:

\$3,200,000 Waterworks Utility Revenue Bonds dated March 23, 2000 due in annual installments of \$25,000 to \$355,000, excluding interest, through April 1, 2015; interest at 5.75%	<u>\$ 2,865,000</u>
---	---------------------

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2005**

NOTE H – LONG-TERM OBLIGATIONS-Continued

The annual requirements to amortize all debt outstanding at July 31, 2005, including \$980,089 interest payments, are as follows:

	<u>Revenue Bonds</u>
2006	384,738
2007	387,088
2008	383,575
2009	384,488
2010 - 2015	2,305,200
	\$ 3,845,089

NOTE I - CONTRIBUTION FROM ASSUMPTION PARISH

On June 10, 1958, the District entered into an agreement with the Parish of Assumption whereby, in order to afford fire protection to the Parish and in order to provide adequate finances for construction of the waterworks system, the Parish agreed to issue \$1,065,000 ad valorem tax bonds to acquire necessary facilities and equipment for fire protection. Of this amount, \$935,000 was pledged to be used for construction of the joint waterworks and fire protection system. The Parish agreed to pay to the District an annual rental of \$30 for each fire hydrant installed within the system. This agreement provides that the system be owned jointly by the Parish and the District. The undivided interest of the Parish in the system is 29.21875% and the undivided interest of the District in the system is 70.78125%. The District agreed to pay the Parish an annual rental of \$4,500 for the facilities of the Parish for a 99 year term beginning in August 1959.

NOTE J - PENSION PLAN

Substantially all employees of the Assumption Parish Waterworks District No. 1 are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District are members of Plan B.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan B, employees who retire at or after the age of 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above, and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issued an annual publicly available financial report that included financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2005**

NOTE J - PENSION PLAN-Continued

Under Plan B, members are required by state statute to contribute 3.0 percent of their annual covered salary in excess of \$1,200 and the Assumption Parish Waterworks District No. 1 is required to contribute at an actuarially determined rate. The current rate is 5.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Assumption Parish Waterworks District No. 1 are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Assumption Parish Waterworks District's contributions to the System under Plan B for the years ending July 31, 2005, 2004 and 2003, were \$40,642, \$31,823, and \$22,601, respectively, equal to the required contributions for each year.

NOTE K - POST-EMPLOYMENT HEALTH CARE BENEFITS

In addition to the retirement benefits described in Note J, the district provides post-employment health care benefits in accordance with the district's policy. The current district policy regarding the premiums which the district will pay is as follows:

The district will pay the percentage of the equivalent premiums for those persons who are retiring at 55 years of age and have the following years of service time.

<u>Years of Service</u>	<u>Waterworks Share</u>	<u>Retiree's Share</u>
15-19	30	70
20-29	50	50
30+	75	25

The equivalent premium for the appropriate category will be set after renewal of insurance coverage each year and the retirees must pay the equivalent premium of the appropriate category in order to continue coverage as a retiree. For fiscal year ending July 31, 2005, the cost of the district's portion of this benefit was approximately \$8,778.

NOTE L - DEFERRED COMPENSATION PLAN

Employees of the District may participate in the deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the District. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by the Public Employees Benefit Services Corporation (PEBSCO), an independent entity. All assets of the plan are reported at fair market value and are administered by an independent entity. As part of its fiduciary role, the District has an obligation of due care in selecting the third party administrator.

The deferred compensation plan laws and related plan provisions were amended so that the plan assets are no longer subject to the claims of the police jury creditors. The plan assets belong only to the employees and are held in trust for the employees' exclusive benefit. Therefore, GASB Statement 32 no longer requires the assets of the plan to be reported in the combined balance sheet as a fiduciary fund. This disclosure is being made for informational purposes only.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2005**

NOTE L - DEFERRED COMPENSATION PLAN-Continued

The following is a summary of activity in the fund for the year ended July 31, 2005:

Assets balance at August 1, 2004	\$ 143,260
Deferrals of compensation	11,006
Earnings	7,193
Withdrawals	(1,959)
Asset fees and others	(1,471)
Asset balance at July 31, 2005	<u>\$ 158,029</u>

NOTE M - ADDITIONAL BILLING AND COLLECTION

The District has entered into formal contracts with the Assumption Parish Police Jury, the Village of Napoleonville and the St. Martin, Back Marais, Aysenne, RDG Developers, Aucoin Sewerage Districts, Ridgeway Waste and Cypress Village whereby the District, as an agent, bills and collects for solid wastes services rendered by the Police Jury and the Village and the sewerage services rendered by the Village and the sewerage districts. The Police Jury, the Village of Napoleonville and St. Martin, Back Marais, Aysenne, RDG Developers, Aucoin Sewerage Districts, Ridgeway Waste and Cypress Village pay 5% of collections of charges to its residents.

NOTE N - SELF INSURANCE HEALTH PROGRAM

The District participates in a self-insurance health program for employees of the District and the Assumption Parish Police Jury. A third party administrator processes the claims and maintains records of the allowable costs, deductible costs, etc., with the activity of this program being reported in the District's Waterworks System expenses. The District and Police Jury share these expenses in proportion with the respective number of employees covered. Under the program, the District and Police Jury maintain a commercial insurance policy which pays all claims exceeding \$40,000 per year per person to \$1,000,000 per year. They also maintain an aggregate stop loss policy which will reimburse the program for period ended August 31, 2005.

NOTE O - SUPPLEMENTAL CASH FLOWS DISCLOSURE

During the year ended July 31, 2005, the enterprise fund paid \$176,525 for interest on revenue bonds outstanding. No amounts were paid for income taxes as the District is a component unit of the Assumption Parish Police Jury and governmental agencies are exempt from federal and Louisiana income taxes.

NOTE P - COMMENTS REGARDING BOND RESOLUTION REQUIREMENTS

Under the terms of the 2000 bond indenture, there are various bond resolution requirements. At July 31, 2005, all requirements of the revenue bond resolutions have been met.

NOTE Q - LITIGATION

At July 31, 2005, there is pending litigation against the District. In the opinion of management, the ultimate liabilities, if any, resulting from such lawsuits and claims, will not materially affect the financial position of the District.

OTHER SUPPLEMENTARY INFORMATION

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 1

**OPERATING EXPENSES – WATERWORKS SYSTEM
Year Ended July 31, 2005**

Waterworks System Expenses:

Purification and plant expenses:

Salaries, plant personnel	\$ 268,804
Payroll Taxes	19,332
Chemicals and purification supplies	133,274
Disability insurance	2,553
Maintenance and repairs of plant	41,247
Other purification expenses	42,264
Retirement plan	14,895
Telemetry	5,192
Transportation expenses	2,831
Travel and education	7,894
Utilities	140,092

Total purification and plant expenses 678,378

Distribution, operation and maintenance expenses:

Salaries	235,394
Payroll Taxes	17,022
Communication	736
Disability insurance	2,229
Repairs and maintenance	23,045
Retirement plan	13,075
Service materials	36,429
Supplies and expenses, meter readers	1,006
Telemetry	2,709
Transportation expenses	27,278
Travel and education	2,512
Utilities	79,080
Water user fee	26,156

Total distribution, operation and maintenance expenses 466,671

Total waterworks system expenses \$ 1,145,049

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 1

**OPERATING EXPENSES – WATERWORKS SYSTEM - CONTINUED
Year Ended July 31, 2005**

Office, general and administrative expenses:

Salaries	\$ 234,001
Stationary and office supplies	44,467
Collection expenses	8,200
Communication expense	7,943
Payroll taxes	16,742
Disability insurance	4,805
Group insurance	360,570
Insurance	130,751
Rent of Police Jury, equity in system	4,860
Professional services, legal and accounting	9,904
Professional services, engineering	12,000
Transportation expense	560
Travel and education expenses	7,249
Per diem paid to board member	7,860
Retirement plan	12,672
Other expenses	8,501
Uncollectible accounts	9,568
Uniform reimbursements	2,302
Unemployment compensation insurance	2,816
Maintenance of equipment	9,951
Bank charges	3,895
	<hr/>
Total office, general and administrative expenses	<u>\$ 899,617</u>

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 2

**ENTERPRISE FUND – WATERWORKS SYSTEM
SCHEDULE OF CHANGES IN ASSETS RESTRICTED FOR REVENUE BOND DEBT SERVICE
Year Ended July 31, 2005**

	Waterworks Utility Revenue Bond and Interest Sinking Fund	Waterworks Utility Revenue Bond Reserve Fund	Waterworks Utility Depreciation and Contingency Fund	Total
Cash and investments at beginning of year	\$ 130,506	\$ 226,344	\$ 286,717	\$ 643,567
Increase in cash and investments:				
Transfers from other accounts	382,596	19,130	19,130	420,856
Interest earned	3,126	5,196	6,588	14,910
Total cash available	<u>516,228</u>	<u>250,670</u>	<u>312,435</u>	<u>1,079,333</u>
Decrease in cash and investments				
Principal payment	205,000	-	-	205,000
Interest payments	176,525	-	-	176,525
Transfers to other accounts	2,928	4,765	-	7,693
Total decreases	<u>384,453</u>	<u>4,765</u>	<u>-</u>	<u>389,218</u>
Cash and investments at end of year	<u>\$ 131,775</u>	<u>\$ 245,905</u>	<u>\$ 312,435</u>	<u>\$ 690,115</u>

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 3

METERED WATER CUSTOMERS

July 31, 2005

(Unaudited)

At July 31, 2005, the District had 9,676 metered customers as set forth in the District's internal reports.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 4

**BOARD OF COMMISSIONERS – PER DIEM
Year Ended July 31, 2005**

<u>Board Members</u>	<u>Number of Meetings</u>	<u>Per Diem</u>
Alida Melancon	12	720
Donna K. Robertson	12	720
Bryan Dugas	13	780
Crawford Landry	6	360
Vincent Nelson	13	780
Scott Sternfels	11	660
Dennis Cavalier	10	600
Calvin Steward	11	660
Bryan Baldwin	12	720
Darrel Rivere	12	720
Jessie Landry, Jr.	13	780
Terry Talbot	6	360
		<u>7,860</u>
		<u>\$ 7,860</u>

**INDEPENDENT AUDITORS REPORT AND OTHER SCHEDULES
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 5

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended July 31, 2005**

A. Summary of Audit Results

- The auditor's report expresses an unqualified opinion on the basic financial statements of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana.
- There were no reportable conditions in internal control disclosed during the audit of the basic financial statements which were required to be reported 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.
- The results of our tests disclosed one instance of noncompliance material to the basic financial statements which was required to be reported 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. (See 2005-1 in part B of this Schedule)

B. Findings-Financial Statement Audit

2005-1 FISCAL AGENCY AND CASH MANAGEMENT

Louisiana Revised Statute 39:1221-1226 requires that the 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 or exceed the amounts on deposit with the fiscal agent bank. The Waterworks District No. 1 of the Parish of Assumption failed to adequately secure the deposits with respect to the cash deposits at a local financial institution. The portion of the deposit balances that exceeded the federal deposit insurance and pledged securities amounted to \$19,947 which is considered uninsured and unsecured.

We recommend that the management of the district ensure that the balances in cash accounts are sufficiently insured and secured to comply with this requirement.

Management of the District concurs with this finding and the recommendation will be implemented immediately.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 6

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended July 31, 2005**

INTERNAL CONTROL FINDINGS

No Internal Control findings were noted in the audit for the period ended July 31, 2004.

COMPLAINT FINDINGS

No Compliance findings were noted in the audit for the period ended July 31, 2004.

Assumption Parish Waterworks District No. 1

4633 HIGHWAY 1

P. O. DRAWER 575

NAPOLEONVILLE, LOUISIANA

70390-0575

Telephone: (985) 369-6156

1-800-856-5731

Fax: (985) 369-7878

**Corrective Action Plan for
Current Year Audit Findings
For the Year Ended July 31, 2005**

Schedule 7

<u>Ref No. *</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name(s) of Contact Person(s) **</u>	<u>Anticipated Completion Date</u>
2005-1	Fiscal Agency and Cash Management	The pledged securities plus FDIC insurance will always exceed the amounts held on deposit with the bank	Henry Templet	Monthly

The above corrective action plan addresses the auditor's current year findings. If you need additional information concerning the corrective action plan, please feel free to contact us.


Henry Templet, General Manager

* Reference number the auditor assigns to the audit finding.

** Name(s) of contact person(s) responsible for corrective action.

Waguespack & Gallagher, LLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS

Post Office Box 250
Napoleonville, LA 70390

Michael J. Waguespack, CPA, PC
Timothy J. Gallagher, CPA, PC

Phone (985) 369-2515
Fax (985) 369-2535

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

The Board of Commissioners
Waterworks District No. 1 of the Parish
of Assumption, State of Louisiana
Napoleonville, Louisiana

We have audited the financial statements of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana (the District), a component unit of the Assumption Parish Police Jury, as of and for the year ended July 31, 2005, and have issued our report thereon dated September 22, 2005. We conducted our 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; and Louisiana Governmental Audit Guide, issued by the Louisiana Legislative Auditor and Louisiana Society of Certified Public Accountants.

Compliance

As part of obtaining reasonable assurance about whether the District's 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 of 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 and is described in the accompanying schedule of findings and questioned costs as item 2005-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of the District and the Legislative Auditor 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.

Wagnon + Gallefi, LLC

September 22, 2005