

**NATCHITOCHEs PARISH
WATERWORKS DISTRICT NO. 1**

**ANNUAL FINANCIAL REPORT
DECEMBER 31, 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 8/15/07

Natchitoches Parish Waterworks District No. 1
Annual Financial Report
December 31, 2006

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information		
Management's Discussion and Analysis	-	1-4
Accountant's Review Report	-	5
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Assets	A	8
Statement of Activities	B	9
Fund Financial Statements		
Balance Sheet-Governmental Fund	C	11
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets	D	12
Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Fund	E	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance- Governmental Fund to the Statement of Activities	F	14
Notes to Financial Statements	-	16-23
Other Required Supplementary Information		
Budgetary Comparison Schedule-General Fund	G	25
Supplementary Information		
Independent Accountant's Report on Applying Agreed-Upon Procedures	H	26-28
Louisiana Attestation Questionnaire	I	29-30

NATCHITOCHE PARISH WATERWORKS DISTRICT NO. 1

P. O. Box 841

Natchitoches, LA 71458-0841

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis is an element of the reporting model adopted by the *Governmental Accounting Standards Board (GASB)* in their Statement No. 34. Certain comparative information is presented to provide an overview of the District's operations.

Financial Highlights

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

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

Summary of Statement of Net Assets

	<u>2006</u>	<u>2005</u>
ASSETS:		
Assets	\$ 838,260	\$1,051,323
Capital assets, net of accumulated depreciation	<u>348,974</u>	<u>150,071</u>
Total Assets	<u>\$1,187,234</u>	<u>\$1,201,394</u>
LIABILITIES:		
Total Liabilities	\$ <u>0</u>	\$ <u>0</u>
NET ASSETS:		
Invested in capital assets	\$ 348,974	\$ 150,071
Unrestricted	<u>838,260</u>	<u>1,051,323</u>
Total Net Assets	<u>\$1,187,234</u>	<u>\$1,201,394</u>

Summary of Statement of Activities

	<u>2006</u>	<u>2005</u>
REVENUES:		
General Revenues:		
Charges for Services	\$ 6,441	\$ 2,485
Interest & Miscellaneous	<u>47,868</u>	<u>24,232</u>
Total Revenues	<u>\$ 54,309</u>	<u>\$26,717</u>
EXPENSES:		
Public Safety	<u>\$ 68,469</u>	<u>\$18,179</u>
Total Expenses	<u>\$ 68,469</u>	<u>\$18,179</u>
Change in Net Assets	<u>\$(14,160)</u>	<u>\$ 8,538</u>

- The District's assets exceeded its liabilities by \$1,187,234 (net assets) for the year. This represents a decrease of \$14,160 from prior year.
- Unrestricted net assets of \$838,260 represent the portion available to maintain the District's obligation to both citizens and creditors. For prior year, this was \$1,051,323, a decrease of \$213,063 for the year.

General Fund Budgetary Highlights

Revenues continue to be sufficient to enable the District to manage the water level control and maintain the structure of the primary water source for the City of Natchitoches.

Economic Factors and Next Year's Budget

The primary source of revenue for the District is the interest earned on investments. Changes in interest rates impact the District. To lessen this impact, the District has invested in long-term securities to help diversify the entity's investments. The budget for FY 2007 should not change significantly from the FY 2006 budget.

Contacting the District

This financial report is designed to provide our citizens and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the District at P. O. Box 841, Natchitoches, LA 71458-0841.

Johnson, Thomas & Cunningham
Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

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ACCOUNTANT'S REVIEW REPORT ON THE FINANCIAL STATEMENTS

Board of Commissioners
Natchitoches Parish Waterworks District No. 1
P. O. Box 841
Natchitoches, LA 71458-0841

We have reviewed the accompanying financial statements of the governmental activities and major fund of the Natchitoches Parish Waterworks District No. 1 as of and for the year ended December 31, 2006, which collectively comprise the District's basic financial statements as listed in the Table of Contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the *American Institute of Certified Public Accountants*. All information included in these financial statements is the representation of management of the District.

A review consists principally of inquiries of District personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The Management's Discussion and Analysis and budgetary comparison information on pages 1 through 4 and 24 through 25, are not a required part of the basic financial statements but are supplementary information required by the *Governmental Accounting Standards Board*. Such information, including the information for the prior year, has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated March 19, 2007, on the results of our agreed-upon procedures.

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

March 19, 2007
Natchitoches, LA 71457

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Natchitoches Parish Waterworks District No. 1
Statement of Net Assets
December 31, 2006

	Governmental <u>Activities</u>
ASSETS:	
Current Assets:	
Cash & Cash Equivalents	\$ <u>838,260</u>
Total Current Assets	\$ <u>838,260</u>
Non-current Assets:	
Capital Assets (Net)	\$ <u>348,974</u>
Total Non-current Assets	\$ <u>348,974</u>
Total Assets	\$ <u>1,187,234</u>
LIABILITIES:	\$ <u> 0</u>
NET ASSETS:	
Invested in Capital Assets	\$ 348,974
Unrestricted	<u>838,260</u>
Total Net Assets	\$ <u>1,187,234</u>

See accompanying notes and accountant's report.

Natchitoches Parish Waterworks District No. 1
Statement of Activities
December 31, 2006

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets Government Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Public Safety	\$ <u>68,469</u>	\$ <u>6,441</u>	\$ <u>0</u>	\$ <u>(62,028)</u>
Total Governmental Activities	\$ <u>68,469</u>	\$ <u>6,441</u>	\$ <u>0</u>	\$ <u>(62,028)</u>
		General Revenues:		
			Interest & Miscellaneous	\$ <u>47,868</u>
			Total General Revenues	\$ <u>47,868</u>
			Change in Net Assets	\$ (14,160)
			Net Assets January 1, 2006	<u>1,201,394</u>
			Net Assets December 31, 2006	<u>\$1,187,234</u>

See accompanying notes and accountant's report.

FUND FINANCIAL STATEMENTS

Natchitoches Parish Waterworks District No. 1
Balance Sheet-Governmental Fund
December 31, 2006

Assets:

Cash & Cash Equivalents	<u>\$838,260</u>
Total Assets	<u>\$838,260</u>

Liabilities:

Total Liabilities	\$ 0
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Fund Balance:

Unreserved	<u>838,260</u>
Total Liabilities and Fund Balance	<u>\$838,260</u>

See accompanying notes and accountant's report.

Natchitoches Parish Waterworks District No. 1
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Assets
December 31, 2006

Total Fund Balance for the Governmental Fund
at December 31, 2006 \$ 838,260

Total Net Assets reported for Governmental Activities
in the Statement of Net Assets is different because:

Capital Assets used in Governmental Activities are not
financial resources and, therefore, are not reported
in the fund. Those assets consist of:

Land, Equipment, Buildings, and Vehicles,
Net of Accumulated Depreciation 348,974

Total Net Assets of Governmental Activities
at December 31, 2006 \$1,187,234

See accompanying notes and accountant's report.

Natchitoches Parish Waterworks District No. 1
Statement of Revenues, Expenditures and Changes in Fund Balance-
Governmental Fund
Year Ended December 31, 2006

	<u>Total</u>
REVENUES:	
Charges for Services	\$ 6,441
Interest & Miscellaneous	<u>47,868</u>
Total Revenues	\$ <u>54,309</u>
EXPENDITURES:	
Current-	
Public Safety-	
Commissioner's Per Diem	\$ 2,910
Secretary's Fee	1,900
Operations	58,238
Recreation & Culture-	
Capital Expenditures	<u>204,324</u>
Total Expenditures	\$ <u>267,372</u>
(Deficiency) of Revenues over Expenditures	\$ (213,063)
Fund Balance-Beginning of Year	<u>1,051,323</u>
Fund Balance-End of Year	\$ <u>838,260</u>

See accompanying notes and accountant's report.

Natchitoches Parish Waterworks District No. 1
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance-Governmental Fund
to the Statement of Activities
for the Year Ended December 31, 2006

Total Net Change in Fund Balance at December 31, 2006, per Statement of Revenues, Expenditures and Changes in Fund Balance	\$(213,063)
The Change in Net Assets reported for Governmental Activities in the Statement of Activities is different because:	
Capital Outlay costs which are considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance, are shown as increases in assets on the Statement of Net Assets	204,324
Depreciation Expense is reported in the government- wide Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expen- diture in the governmental funds. Current year depreciation expense is	<u>(5,421)</u>
Total changes in Net Assets at December 31, 2006, per Statement of Activities	<u>\$(14,160)</u>

See accompanying notes and accountant's report.

NOTES TO FINANCIAL STATEMENTS

Natchitoches Parish Waterworks District No. 1
Notes to Financial Statements
December 31, 2006

1. Introduction:

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

2. Summary of Significant Accounting Policies:

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

A. Reporting Entity-

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

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

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

Natchitoches Parish Waterworks District No. 1
Notes to Financial Statements
December 31, 2006

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

B. Basis of Presentation-

Government-Wide Financial Statements (GWFS)

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

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

C. Fund Accounting-

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

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

The major fund of the District is described below:

Governmental Fund-

General Fund

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

Natchitoches Parish Waterworks District No. 1
Notes to Financial Statements
December 31, 2006

D. Measurement Focus/Basis of Accounting-

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

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the District as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

E. Assets, Liabilities, and Equity-

Cash and Cash Equivalents-

For purposes of the Statement of Net Assets, cash and cash equivalents include all demand accounts, savings accounts, certificates of deposit, short-term investments in U. S. Government securities, and deposits with the Louisiana Asset Management Pool (L.A.M.P.).

Natchitoches Parish Waterworks District No. 1
Notes to Financial Statements
December 31, 2006

Capital Assets-

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

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

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

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

Compensated Absences-

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

Equity Classifications-

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

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

Natchitoches Parish Waterworks District No. 1
Notes to Financial Statements
December 31, 2006

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

F. Budget-

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

G. Estimates-

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

3. Cash and Cash Equivalents:

For reporting purposes, cash and cash equivalents include demand deposits and time deposits. At December 31, 2006, the District had cash and cash equivalents (collected balances) totaling \$700,161. Cash and cash equivalents are stated at cost, which approximates market. Under Louisiana law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging bank in a holding or custodial bank in the form of safekeeping receipts held by the District. The deposits at December 31, 2006, were secured as follows:

Demand Deposit – Licenses	\$ 12,955
Demand Deposit - Operating	1,842
U. S. Government Securities	685,364
L.A.M.P.	<u>140,673</u>
Total	<u>\$840,834</u>
FDIC Insurance	\$ 14,797
U. S. Government Securities	<u>826,037</u>
Total	<u>\$840,834</u>

Natchitoches Parish Waterworks District No. 1
Notes to Financial Statements
December 31, 2006

At December 31, 2006, investments held at the District consist of \$140,673 in the Louisiana Asset Management Pool (LAMP), the local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP at the District is not categorized in the three risk categories provided by GASB Codification Section 150.125 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 non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool 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 obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. 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.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parties, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations". Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Natchitoches Parish Waterworks District No. 1
Notes to Financial Statements
December 31, 2006

5. Capital Assets:

Capital asset balances and activity for the year ended December 31, 2006, is as follows:

Governmental Activities	Balance 01-01-06	Additions	Deletions	Balance 12-31-06
Capital Assets not Depreciated:				
Construction in Progress	\$108,847	\$ 0	\$108,847	\$ 0
Capital Assets Depreciated:				
Furniture, computers, equipment	15,607	3,370	0	18,977
Other vehicles	14,024	0	0	14,024
Buildings	37,735	127,872	0	165,607
Launch/Parking	<u>0</u>	<u>181,929</u>	<u>0</u>	<u>181,929</u>
Total Assets	<u>\$176,213</u>	<u>\$313,171</u>	<u>\$108,847</u>	<u>\$380,537</u>
Less: Accumulated Depreciation:				
Furniture, computers	\$ 4,657	\$ 1,623	\$ 0	\$ 6,280
Other vehicles	14,024	0	0	14,024
Buildings	<u>7,461</u>	<u>3,798</u>	<u>0</u>	<u>11,259</u>
Total Depreciation	<u>\$ 26,142</u>	<u>\$ 5,421</u>	<u>\$ 0</u>	<u>\$ 31,563</u>
Net Capital Assets	<u>\$150,071</u>	<u>\$307,750</u>	<u>\$108,847</u>	<u>\$348,974</u>

Depreciation expense of \$5,421 was charged to the public safety function.

6. Pending Litigation:

There were no civil suits seeking damages against the District outstanding at December 31, 2006.

7. Related Party Transactions:

The District had no identified related party transactions for the year ended December 31, 2006.

Natchitoches Parish Waterworks District No. 1
Notes to Financial Statements
December 31, 2006

8. Compensation Paid to Board Members:

<u>Board Member</u>	<u>Amount</u>
Gary McElwee	\$ 50
Harrell Robinson	500
Robert E. Breedlove, Jr.	500
Mickey Hennigan	1,200
Patrick Jones	700
Mike Whitford	660
Cleveland Clairborne	500
Calvin McFarrin	400
Ed Giering	<u>300</u>
Total	<u>\$4,810</u>

OTHER REQUIRED
SUPPLEMENTARY INFORMATION

Natchitoches Parish Waterworks District No. 1
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2006
With Comparative Actual Amounts from December 31, 2005

	<u>Budget</u>		Variance	
	<u>Original/Final</u>	<u>Actual</u>	Favorable	2005
			(Unfavorable)	<u>Actual</u>
REVENUES:				
Charges for Services	\$ 3,000	\$ 6,441	\$ 3,441	\$ 2,485
Interest/Miscellaneous	<u>10,000</u>	<u>47,868</u>	<u>37,868</u>	<u>24,232</u>
Total Revenues	<u>\$ 13,000</u>	<u>\$ 54,309</u>	<u>\$ 41,309</u>	<u>\$ 26,717</u>
EXPENDITURES:				
Public Safety-				
Per Diem	\$ 4,320	\$ 2,910	\$ 1,410	\$ 3,190
Secretary's Fee	3,000	1,900	1,100	1,200
Operations	9,100	58,238	(49,138)	11,026
Capital Expenditures	<u>283,000</u>	<u>204,324</u>	<u>78,676</u>	<u>54,458</u>
Total Expenditures	<u>\$ 299,420</u>	<u>\$ 267,372</u>	<u>\$ 32,048</u>	<u>\$ 69,874</u>
(Deficiency) of Revenues over Expenditures	\$ (286,420)	\$ (213,063)	\$ 73,357	\$ (43,157)
Fund Balance-Beginning of Year	<u>1,051,323</u>	<u>1,051,323</u>	<u>0</u>	<u>1,094,480</u>
Fund Balance-End of Year	<u>\$ 764,903</u>	<u>\$ 838,260</u>	<u>\$ 73,357</u>	<u>\$1,051,323</u>

See accountant's report.

Johnson, Thomas & Cunningham
Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation

Roger M. Cunningham, CPA – A Professional Corporation

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Natchitoches Parish Waterworks District No. 1
P. O. Box 841
Natchitoches, LA 71458-0841

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Natchitoches Parish Waterworks District No. 1 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Natchitoches Parish Waterworks District No. 1's compliance with certain laws and regulations during the year ended December 31, 2006, included in the *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

PUBLIC BID LAW

1. Select all expenditures made during the year for materials and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures found to be in violation.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

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

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

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

Not applicable.

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

Not applicable.

BUDGETING

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

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

6. Trace the budget adoption to the minute book.

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

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

Actual revenues and expenditures were within the 5% variance allowed when compared to budgeted revenues and expenditures.

ACCOUNTING AND REPORTING

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

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

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

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

Each disbursement appeared to be coded correctly.

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

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

MEETINGS

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

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

DEBT

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

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

ADVANCES AND BONUSES

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

Not applicable.

Our prior report, dated May 9, 2006, did not include any comments or unresolved matters.

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

This report is intended solely for the use of management of the Natchitoches Parish Waterworks District No. 1 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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

March 19, 2007
Natchitoches, Louisiana

NATCHITOCHE PARISH WATERWORKS DISTRICT NO. 1

LOUISIANA ATTESTATION QUESTIONNAIRE

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

In connection with your review of our financial statements as of December 31, 2006, and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of December 20, 2006.

Public Bid Law

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

Yes X No ___

Code of Ethics for Public Officials and Public Employees

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

Yes X No ___

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

Yes X No ___

Budgeting

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

Yes X No ___

Accounting and Reporting

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

Yes X No ___

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

Yes X No ___

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

Yes X No ___

Meetings

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

Yes X No ___

Debt

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

Yes X No ___

Advances and Bonuses

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

Yes X No ___

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Treasurer Mickey Hennigan

Date 12/20/06