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

Financial Statements

Year ended June 30, 2005 and 2004

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 1-11-2006

W. Kathleen Beard
Certified Public Accountant
10191 Bueche Rd.
Erwinville, LA 70729

Waterworks District No. 1 of the Parish of Avoyelles
Annual Financial Statements
Year ended June 30, 2005 and 2004

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

Management's Discussion and Analysis (Unaudited)

Our discussion and analysis of Waterworks District No. 1 of Avoyelles Parish, Louisiana's financial performance provides an overview of Waterworks District No. 1's financial activities for the fiscal year ended June 30, 2005. Please read it in conjunction with the District's basic financial statements.

Financial Highlights

The assets of the District exceeded its liabilities at June 30, 2005 by \$660,411 (net assets). Of this amount \$301,510 was unrestricted and may be used to meet the District's ongoing obligations. Net assets increased by \$56,632 in fiscal year 2005.

Overview of the Financial Statements

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

Table 1
Net Assets

	2005	2004
Current and other assets	\$ 339,875	\$ 260,761
Capital assets	504,618	541,454
Total Assets	\$ 844,493	\$ 802,215
Long term outstanding debt	\$ 89,000	\$ 116,000
Other liabilities	95,082	82,436
Total Liabilities	\$ 184,082	\$ 198,436
 Net Assets		
Invested in capital assets, net of related debt	219,548	272,811
Restricted for debt service	139,353	98,797
Unrestricted	301,510	232,171
Total Net Assets	\$ 660,411	\$ 603,779

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

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

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

Table 2
Changes in Net Assets

	2005	2004
<u>Revenue</u>		
Operating -		
Charges for services	\$ 314,562	\$ 292,964
Non-operating - Interest revenue	2,645	2,374
Total revenue	\$ 317,207	\$ 295,338
 <u>Expenses</u>		
Operating	252,800	245,381
Non-operating - Interest expense	7,615	5,889
Total expenses	260,575	251,270
Change in Net Assets	\$ 56,632	\$ 44,068

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2005, the District had \$1,217,911 invested in capital assets, including buildings, water wells, tanks and lines, and equipment. There were additions to capital assets of \$ 3,997 during 2005.

At June 30, 2005, the District had \$ 116,000 in bonds outstanding.

Table 3
Outstanding Debt at Year - End

	2005	2004
Water Revenue Bonds:		
Long Term	\$ 89,000	\$ 116,000
Current	27,000	26,000
Total	\$ 116,000	\$ 142,000

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

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

Contacting the District's Management

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

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the Waterworks District No.1 of the Parish of Avoyelles, a component unit of the Avoyelles Parish Police Jury, as of and for the year ended June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Waterworks District No.1 of the Parish of Avoyelles as of June 30, 2005, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated November 23, 2005 on my consideration of Waterworks District No.1 of the Parish of Avoyelles' internal control structure and on its compliance with laws and regulations.

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

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

W. Kathleen Beard

Certified Public Accountant

November 23, 2005

BASIC FINANCIAL STATEMENTS

Water Works District No. 1 of the Parish of Avoyelles
 Bordelonville, Louisiana
 Statement of Net Assets
 June 30, 2005 and 2004

	ASSETS	2005	2004
CURRENT ASSETS			
Cash and cash equivalents		\$68,971	\$36,536
Accounts receivable - Customers		41,389	34,353
Inventory		4,537	8,052
Prepaid insurance		8,965	10,676
Cylinder deposit		1,000	1,000
		-----	-----
Total Current Assets		124,862	90,617
RESTRICTED ASSETS			
Cash and cash equivalents:			
Water customer deposits		19,866	17,424
Water amortization		16,793	17,096
Water reserve		4,444	4,387
Water depreciation		116,817	74,581
Investment in Certificates of Deposit:			
Water customer deposits		26,076	26,076
Water reserve		31,016	30,580
		-----	-----
Total Restricted Assets		215,012	170,143
CAPITAL ASSETS			
Land		7,100	7,100
Building		114,951	114,951
Water system		1,026,858	1,026,858
Equipment		69,001	67,443
		-----	-----
Total Capital Assets		1,217,911	1,216,353
Less: Accumulated depreciation		(713,292)	(674,898)
		-----	-----
Total Capital Assets, net of depreciation		504,618	541,454
		-----	-----
TOTAL ASSETS		\$844,493	\$802,215
		=====	=====

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

LIABILITIES AND NET ASSETS		
	2005	2004
CURRENT LIABILITIES		
Payable from Current Assets:		
Accounts payable	\$16,879	\$8,154
Payroll taxes payable	2,356	2,811
Sales tax payable	188	81
	-----	-----
Total Payable from Current Assets	19,422	11,046
Payable from Restricted Assets:		
Customer deposits	45,942	43,542
Accrued interest payable	2,717	1,847
Revenue bonds payable - current portion	27,000	26,000
	-----	-----
Total Payable from Restricted Assets	75,659	71,389
	-----	-----
Total Current Liabilities	95,082	82,436
LONG - TERM LIABILITIES		
Revenue bonds payable	89,000	116,000
	-----	-----
Total Long - term Liabilities	89,000	116,000
	-----	-----
Total Liabilities	184,082	198,436
NET ASSETS		
Invested in capital assets, net of related debt	219,548	272,811
Restricted for revenue bond retirement	22,536	24,216
Restricted for depreciation & contingencies	116,817	74,581
Unrestricted	301,510	232,171
	-----	-----
660,411	603,779	
	-----	-----
TOTAL LIABILITIES AND NET ASSETS	\$844,493	\$802,215
	=====	=====

Water Works District No. 1 of the Parish of Avoyelles
 Bordelonville, Louisiana
 Statement of Revenues, Expenses, and Changes in Net Assets
 Year ended June 30, 2005 and 2004

Statement B

OPERATING REVENUES	2005	2004
Charges for services		
Water sales	296,597	\$285,440
Late charges	4,773	2,560
Tap fees	3,421	2,333
Miscellaneous	9,771	2,631
	-----	-----
Total operating revenues	314,562	292,964
 OPERATING EXPENSES		
Salaries	79,280	78,512
Repairs, maintenance, chemicals, parts and supplies	37,317	39,609
Board fees	1,270	1,690
Professional fees	3,600	4,280
Utilities	44,446	40,014
Payroll taxes	8,306	8,634
Office supplies, postage bank charges	8,813	8,114
Insurance	16,696	11,284
Miscellaneous	1,683	1,767
Rent	300	300
Communications	4,550	4,498
Depreciation	40,674	40,238
Fuel	4,963	4,815
Travel	881	1,370
Penalties and interest	22	25
Bad debt expense	0	233
	-----	-----
Total Operating Expenses	252,800	245,381
	-----	-----
INCOME FROM OPERATIONS	61,762	47,583
 NON-OPERATING REVENUES (EXPENSES)		
Interest revenue	2,645	2,374
Interest expense	(7,615)	(5,889)
(Loss) on disposal of capital assets	(160)	0
	-----	-----
Total Non-operating Revenues (Expenses)	(5,130)	(3,516)
	-----	-----
CHANGE IN NET ASSETS	56,632	44,067
 NET ASSETS AT BEGINNING OF YEAR	603,779	559,712
	-----	-----
NET ASSETS AT END OF YEAR	\$660,411	\$603,779
	=====	=====

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

Water Works District No. 1 of the Parish of Avoyelles
Bordelonville, Louisiana
Comparative Statement of Cash Flows
June 30, 2005 and 2004

Statement C

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$309,924	\$298,838
Cash payments to suppliers for goods and services	(119,244)	(128,699)
Cash payments to employees for services	(79,280)	(78,512)
	-----	-----
Net Cash Provided by (Used for) Operating Activities	111,400	91,627
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on bonds payable	(26,000)	(25,000)
Interest paid on bonds payable	(6,745)	(8,477)
Acquisition of capital assets	(3,997)	(43,404)
	-----	-----
Net Cash (Used for) Capital and Related Financing Activities	(36,743)	(76,881)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	2,645	2,374
(Increase)/Decrease in Investments	(436)	(469)
	-----	-----
Net Cash Provided by (Used for) Investing Activities	2,209	1,905
INCREASE (DECREASE) IN CASH	76,867	16,651
Cash and Cash Equivalents, Beginning of Year	150,024	133,373
	-----	-----
CASH AND CASH EQUIVALENTS, END OF YEAR	\$226,891	\$150,024
	=====	=====
Cash and Cash Equivalents -		
Unrestricted	68,971	36,536
Restricted	157,920	113,488
	-----	-----
	\$226,891	\$150,024
	=====	=====
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Income from operations	\$61,762	\$47,583
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation	40,674	40,238
Net Change in Assets and Liabilities -		
(Increase) Decrease in accounts receivable	(7,036)	3,704
(Increase) Decrease in inventory	3,516	(2,361)
(Increase) Decrease in prepaid expense	1,711	(2,464)
Increase (Decrease) in accounts payable	8,725	3,107
Increase (Decrease) in payroll taxes payable	(456)	605
Increase (Decrease) in sales tax payable	107	(953)
Increase (Decrease) in customer security deposits	2,400	2,168
	-----	-----
Total Adjustments	49,638	44,044
	-----	-----
Net cash provided by (used for) operating activities	\$111,400	\$91,627
	=====	=====

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

Waterworks District No. 1 of the Parish of Avoyelles
Notes to the Financial Statements
June 30, 2005

Introduction

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

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accounting and reporting practices of the Waterworks District No. 1 of the Parish of Avoyelles conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517, to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants. As allowed in Section P80 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the District has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34 *Basis Financial Statements - and Management's Discussions and Analysis - for State and Local Governments*. A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations is included in this report. This and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

Waterworks District No. 1 of the Parish of Avoyelles
Notes to the Financial Statements
June 30, 2005

1. Summary of Significant Accounting Policies (Continued)

B. Reporting Entity

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the reporting entity, for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes: (1) appointing a voting majority of an organization's governing body, and the ability of the police jury to impose its will on that organization, and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury; (2) organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury; and (3) organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

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

C. Fund Accounting

The District is organized and operated on the basis of funds whereby a separate self - balancing set of accounts (Enterprise Fund) is maintained that comprise its assets, liabilities, fund equity, revenue and expense. The operations are financed and operated in a manner similar to a private business enterprise - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The enterprise fund is used to account for water services provided to the residents and businesses within the District and the \$560,000 issue of revenue bonds dated July 11, 1969.

Waterworks District No. 1 of the Parish of Avoyelles
Notes to the Financial Statements
June 30, 2005

1. Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its *measurement focus*. The *Enterprise Fund* is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund is included on the balance sheet. The *Enterprise fund*, as reported in the accompanying financial statements has been reported on the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when they are incurred.

E. Cash and Cash Equivalents

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

F. Investments

Investments at June 30, 2005 are stated at cost which approximates market.

G. Inventories

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

H. Restricted Assets

Certain proceeds of the District as revenue bonds, as well as certain resources set aside for their payment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Under the terms of the bond indenture all of the income and revenues earned by the District from the operations of the waterworks system, must be deposited in the System Fund. Monies in the System Fund shall be first used for the payment of all reasonable and necessary expenses of operating and maintaining the system. By the 20th day of each month, $\frac{1}{2}$ of the next maturing revenue bond and interest installment must be transferred from the System Fund into the Amortization Fund.

Waterworks District No. 1 of the Parish of Avoyelles
Notes to the Financial Statements
June 30, 2005

1. Summary of Significant Accounting Policies (Continued)

H. Restricted Assets (Continued)

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

I. Fixed Assets

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

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

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

For the fiscal year ended June 30, 2005, there were no interest charges capitalized on fixes assets acquired or constructed.

J. Compensated Absences

The District has adopted a policy for paid vacation and sick leave for all full time employees. After on full year of service, an employee is granted 14 days vacation and seven days sick leave. Unused vacation leave is lost at the end of the calendar year. Employees hired before June 30, 1996 are allowed to carry forward any unused vacation leave as of that date, however, vacation leave earned after that date is non-cumulative. Sick leave may be accumulated indefinitely. At June 30, 2005, the amount of unused paid leave is immaterial, therefore, no accrual for compensated absences have been made in these financial statements.

Waterworks District No. 1 of the Parish of Avoyelles
Notes to the Financial Statements
June 30, 2005

1. Summary of Significant Accounting Policies (Continued)

K. Net Assets

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

2. Deposits and Investments

Deposits Under state law, federal deposit insurance or the pledge of securities owned by the fiscal agent bank must secure these deposits (or resulting bank balances). The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At year end, the carrying amount of the District's deposits was \$226,827 and the bank balance was \$232,758. All of the bank balance was covered by federal depository insurance or collateral pledged in the name of the District (GASB Category 3).

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

Change in Investments -	<u>Amortized Cost</u>	<u>Fair Value</u>
Balance, June 30, 2004	\$ 56,656	\$ 56,656
Add: Investment purchase	<u>435</u>	<u>435</u>
Balance, June 30, 2005	<u>\$ 57,091</u>	<u>\$ 57,091</u>

Custodial Risk of Investments Custodial credit risk for investments is the risk that, in the event of failure of the counter party, the District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are insured and are not registered in the name of the District and are held by either the counter-party's trust department or agents but not in the District's name. The District has no custodial credit risk at June 30, 2005 since all investments are registered in the District's name and held in possession of the District' custodial bank or brokers.

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

Waterworks District No. 1 of the Parish of Avoyelles
Notes to the Financial Statements
June 30, 2005

3. Accounts Receivable

At June 30, 2005, accounts receivable from customers is comprised of the following:

	2004	2005
Current Billing	\$ 20,787	\$ 26,647
Past due	1,306	1,036
	22,094	27,683
Unbilled receivables	12,259	13,706
	\$ 34,353	\$ 41,389

4. Capital Assets -

The following is a summary of the capital asset activity for the year ended June 30, 2005:

	Balance 7/1/04	Increases	Decreases	Balance 6/30/05
Land	\$ 7,100	\$ 0	\$ 0	\$ 7,100
<u>Capital Assets Being Depreciated:</u>				
Building	114,951	0	0	114,951
Plant	1,026,858	0	0	1,026,858
Equipment	67,443	3,997	2,440	69,001
Total Assets Being Depreciated	\$ 1,165,848	\$ 3,997	\$ 2,440	\$ 1,217,911
Less: Accumulated Depreciation	674,898	40,674	0	713,292
Total Capital Assets Being Depreciated, Net of Depreciation	534,354	_____	_____	504,618
Total Capital Assets, Net	\$ 538,288	\$ _____	\$ _____	\$ 511,718

Waterworks District No. 1 of the Parish of Avoyelles
Notes to the Financial Statements
June 30, 2005

5. Bonds Payable

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

Long- term liabilities at June 30, 2004	\$ 116,000
Additions	0
Deductions	<u>(27,000)</u>
Long - term liabilities at June 30, 2005	<u><u>\$ 89,000</u></u>

The annual requirements to amortize all long - term debt as of June 30, 2005 scheduled as follows, including interest payments at 4.75% totaling \$14,109:

Year ending <u>June 30,</u>	Revenue Bonds & Interest Maturity
2006	\$ 32,510
2007	32,228
2008	32,898
2009	<u>32,473</u>
	<u><u>\$ 130,109</u></u>

6. Retirement Commitments

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

7. Litigation and Claims

At June 30, 2005 the District was not involved in litigation or is aware of any unasserted claims.

8. Risk Management

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

SUPPLEMENTARY INFORMATION

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

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

I have audited the basic financial statements of the Waterworks District No. 1 of the Parish of Avoyelles, as of and for the year ended June 30, 2005, and have issued my report thereon dated November 23, 2005. I have conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Waterworks District No. 1 of the Parish of Avoyelles' basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Waterworks District No. 1 of the Parish of Avoyelles' internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a

relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be a material weakness.

This report is intended solely for the information and use of the president, members of the Board of Commissioners and the management of Waterworks District No. 1 of the Parish of Avoyelles, Avoyelles Parish Police Jury and the State of Louisiana, 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.

W. Kathleen Beard

Certified Public Accountant

November 23, 2005

Water Works District No. 1 of the Parish of Avoyelles
Bordelonville, Louisiana
Schedule of Compensation Paid Board Members
For the Year ended June 30, 2005

Schedule 1

<u>Board Member</u>	<u>Amount</u>
Shelby Laborde	\$180
Marilyn B. Coco	350
James Armand	330
David Bordelon	310
Peter Lemoine	100

Total	\$1,270
	=====

Water Works District No. 1 of the Parish of Avoyelles
 Bordelonville, Louisiana
 Schedule of Changes in Assets Restricted
 For Revenue Bond Debt Retirement
 For the Year ended June 30, 2005

Schedule 2

	Amortization Fund	Reserve Fund	Depreciation Fund	Total
Cash balance at June 30, 2004	\$17,096	\$34,967	\$74,581	\$126,643
Cash Receipts:				
Transfers from Operating	32,235	0	41,020	73,255
Interest earned on invested funds	208	493	1,216	1,917
<hr style="border-top: 1px dashed black;"/>				
Total Cash Available	49,538	35,460	116,817	201,815
Cash Disbursements:				
Transfers to Emergency Fund	0	0	0	0
Bond principal payments	26,000	0	0	26,000
Bond interest payments	6,745	0	0	6,745
Water system improvements	0	0	0	0
<hr style="border-top: 1px dashed black;"/>				
Total Disbursements	32,745	0	0	32,745
<hr style="border-top: 1px dashed black;"/>				
Cash balance at June 30, 2005	\$16,793	\$35,460	\$116,817	\$169,070
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A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Waterworks District No 1 of the Parish of Avoyelles.
2. No reportable conditions were disclosed during the audit of the general purpose financial statements in the report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the general purpose financial statements of the Waterworks District No 1 of the Parish of Avoyelles were disclosed during the audit.

B. Findings - Financial Statements Audit

There were no findings.

A. Internal Control and Compliance Material to the Financial Statements

There were no findings.

B. Management Letter

No management letter was issued.