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WARD 3, AVOUELLES WATERWORKS DISTRICT
Mansura, Louisiana

Financial Report

Year Ended 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 9/19/07

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Roy K. Derbonne, JR.

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ACCOUNTANTS' REPORT

To the Board of Commissioners
Ward 3, Avoyelles Waterworks District
Mansura, Louisiana

I have reviewed the accompanying component unit financial statements of Ward 3, Avoyelles Waterworks District (District), Mansura, Louisiana, as of and for the year ended December 31, 2006, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

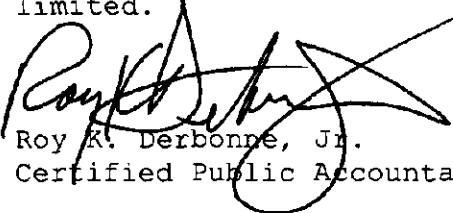
A review consists principally of inquires of the District's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial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

Based on my reviews, I am 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 Ward 3, Avoyelles Waterworks District has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

My reviews were made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles.

This report is intended solely for the use of management of the Ward 3, Avoyelles Waterworks District and the Legislative Auditor, State of Louisiana. However, this report is a matter of public record and its distribution is not limited.


Roy K. Derbonne, Jr.
Certified Public Accountant

June 26, 2007

COMPONENT UNIT FINANCIAL STATEMENTS

WARD 3, AVOYELLES WATERWORKS DISTRICT
MANSURA, LOUISIANA

PROPRIETARY FUND TYPE
ENTERPRISE FUND
BALANCE SHEET
DECEMBER 31, 2006

ASSETS

Current Assets

Cash and Cash Equivalents	\$	100,310
Investments		140,863
Accounts Receivable:		
Water Sales		46,216
Avoyelles Water Commission		3,481
Accrued Interest Receivable		1,829
Prepaid Insurance		4,469
Inventories		9,469
Total Current Assets		<u>306,637</u>

Restricted Assets

Reserve Account		
Cash and Cash Equivalents		58,094
Sinking Fund Account		
Cash and Cash Equivalents		2,087
Depreciation and Contingency Accounts		
Cash and Cash Equivalents		4,543
Investments		35,385
Accrued Interest Receivable		24
Total Restricted Assets		<u>100,133</u>

Property, Plant and Equipment

Land		9,200
Building and Equipment		1,176,467
Total		<u>1,185,667</u>
Less: Accumulated Depreciation		<u>(586,636)</u>
Net Property, Plant and Equipment		<u>599,031</u>

Total Assets \$ 1,005,801

See accountant's report.

WARD 3, AVOYELLES WATERWORKS DISTRICT
MANSURA, LOUISIANA

PROPRIETARY FUND TYPE
ENTERPRISE FUND
BALANCE SHEET
DECEMBER 31, 2006
(CONTINUED)

LIABILITIES AND FUND EQUITY

Current Liabilities	
Current Liabilities (payable from current assets)	
Accounts Payable	\$ 23,767
Payroll Taxes Payable	1,011
Sales Taxes Payable	(1,088)
Total Current Liabilities (payable from current assets)	<u>23,690</u>
Current Liabilities (payable from restricted assets)	
Customer Deposits	57,605
Accrued Interest Payable	745
Current maturities of Long-Term Debt	4,796
Total Current Liabilities (payable from restricted assets)	<u>63,146</u>
Long-Term Liabilities	
Revenue Bonds Payable (net of current portion)	<u>415,128</u>
Total Liabilities	<u>501,964</u>
Fund Equity	
Contributed Capital	
Customers	5,000
Grants	282,940
Total Contributed Capital	<u>287,940</u>
Less: Accumulated Amortization	<u>(201,733)</u>
Net Contributed Capital	86,207
Retained Earnings	
Reserved	
Revenue Bond Contingency	39,952
Unreserved	377,678
Total Retained Earnings	<u>417,630</u>
Total Fund Equity	<u>503,837</u>
Total Liabilities and Fund Equity	<u>\$ 1,005,801</u>

See accountant's report.

WARD 3, AVOYELLES WATERWORKS DISTRICT
MANSURA, LOUISIANA

PROPRIETARY FUND TYPE
ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
DECEMBER 31, 2006

Operating Revenue	
Charges for Services - Water Sales and Fees	\$ 405,209
Operating Expenses	
Cost of Water Sold	199,087
Salaries	54,642
Payroll Taxes	4,185
Fuel	1,968
Utilities	17,298
Telephone	4,442
Office Supplies	4,589
Postage	2,622
Repairs and Maintenance	23,039
Auditing Fees	1,775
Commissioner Fees	3,900
Contract Services	9,970
Insurance	11,876
Depreciation	38,202
Meter Reading Expense	8,405
Dues	1,827
Other Operating	3,442
Total Contributed Capital	391,269
Operating Income	13,940
Nonoperating Revenues (Expenses)	
Interest Income	4,607
Interest Expense	(19,528)
Total Nonoperating Revenues (Expenses)	(14,921)
Net Income	(981)
Add: Depreciation on fixed assets acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital	9,598
Retained Earnings, Beginning	409,013
Retained Earnings, Ending	\$ 417,630

See accountant's report.

WARD 3, AVOYELLES WATERWORKS DISTRICT
MANSURA, LOUISIANA

PROPRIETARY FUND TYPE
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
DECEMBER 31, 2006

Cash Flows From Operating Activities:	
Cash Received from Customers	\$ 411,572
Cash Payments to Suppliers for Goods and Services	(304,515)
Cash Payments to Employees for Services	(58,693)
Net Cash Provided by Operating Activities	<u>48,364</u>
Cash Flows From Capital and Related Financing Activities:	
Principal Paid on Notes Payable	(4,580)
Interest Paid on Notes Payable	(19,536)
Acquisitions of Plant and Equipment	(23,102)
Net Cash Used For Capital and Related Financing Activities	<u>(47,218)</u>
Cash Flows From Investing Activities:	
Increase in Investments	(126,875)
Interest Received on Investments	2,867
Net Cash Used for Investing Activities	<u>(124,008)</u>
Net Decrease in Cash and Cash Equivalents	(122,862)
Cash and Cash Equivalents, Beginning of Year	<u>287,896</u>
Cash and Cash Equivalents, End of Year	<u>\$ 165,034</u>

(Continued)

See accountant's report.

WARD 3, AVOYELLES WATERWORKS DISTRICT
MANSURA, LOUISIANA

PROPRIETARY FUND TYPE
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
(CONTINUED)
DECEMBER 31, 2006

Reconciliation of Net Income to Net Cash Provided
by Operating Activities:

Operating Income	\$	13,940
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation		38,202
Changes in Assets and Liabilities:		
Increase in Accounts Receivable		(4,007)
Decrease in Accounts Payable		(8,228)
Increase in Prepaid Insurance		(409)
Increase in Inventory		(1,469)
Increase in Payroll Taxes Payable		134
Decrease in Sales Taxes Payable		(169)
Increase in Customer Deposits		10,370
Total Adjustments		<u>34,424</u>
Net Cash Provided by Operating Activities	\$	<u>48,364</u>

See accountant's report.

WARD 3, AVOYELLES WATERWORKS DISTRICT
Mansura, Louisiana

Notes to the Financial Statements

1 Summary of Significant Accounting Policies

The Ward 3, Avoyelles Waterworks District (hereinafter referred to as District) was incorporated on July 10, 1973 as a nonprofit corporation as defined in Louisiana Revised Statutes, Title 33, Chapter 8, Section 3811 et seq. The District is authorized to construct, maintain and improve the system of water supply within the district.

The accounting and reporting policies of the District conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the industry audit guide, Audits of State and Local Governmental Units.

The Water District is a component unit of the Avoyelles Parish Police Jury, the primary government. The commissioners of the District are appointed by the Avoyelles Parish Police Jury.

The Water District serves approximately 751 customers and has 4 employees.

A. Basis of Presentation

The accompanying component unit financial statements of the Ward 3, Avoyelles Waterworks District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

For financial reporting purposes, these component unit financial statements include all funds and activities that are controlled by the District as an independent political subdivision of the State of Louisiana. Although legally separate from the Avoyelles Parish Police Jury, the Avoyelles Parish Police Jury appoints the Board of Commissioners and has the ability to impose its will on the District and, therefore, is considered to be a component unit of the Avoyelles Parish Police Jury (primary government), the financial reporting entity.

C. Fund Accounting

The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

WARD 3, AVOYELLES WATERWORKS DISTRICT
Mansura, Louisiana

Notes to the Financial Statements
(Continued)

The District uses an enterprise fund to account for its proprietary fund operations. An enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private enterprises - 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; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

D. Basis of Accounting

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

The District utilizes the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Unbilled utility service receivables resulting from utility services rendered between the date of the meter reading and billing and the end of the month are recorded in accounts receivable.

E. Fixed Assets and Liabilities

Fixed assets are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	5-20 Years
Buildings	40 Years
Storage Tanks	40 Years
Utility System and Improvements	30-40 Years

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

The District follows the policy of capitalizing interest as a component of the cost of property, plant and equipment for its own

WARD 3, AVOYELLES WATERWORKS DISTRICT
Mansura, Louisiana

Notes to the Financial Statements
(Continued)

use. For the year ended December 31, 2006, there were no interest charges capitalized on fixed assets acquired or constructed.

F. Investments

Investments which consist of insured money market accounts and interest-bearing demand deposit accounts are stated at cost, which approximates market.

G. Restricted Assets

Certain proceeds of the 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. Also, security deposits paid by customers are classified as restricted assets since they are refundable to the customer.

H. Bad Debts

The allowance method is used to recognize bad debts of accounts receivable. The allowance is determined based upon past history and aging of accounts receivable as of year-end. The allowance for bad debts at December 31, 2006 is immaterial.

I. Compensated Absences

The District has no set policy for accumulated vacation, sick pay or other employee benefits. Therefore, no accruals for compensated absences have been made in these financial statements.

J. Encumbrances

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of applicable appropriation, is not employed by the District as an extension of formal budgetary integration in the funds.

K. Statement of Cash Flows

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

L. 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 disclosure of contingent assets

WARD 3, AVOYELLES WATERWORKS DISTRICT
Mansura, Louisiana

Notes to the Financial Statements
(Continued)

and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2 Cash and Investments

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the law of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2006, the District had cash and interest-bearing deposits (book balances) totaling \$165,034, respectively. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance of the pledge of securities owned by the fiscal agent. 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 bank. Deposit balances (bank balances) at December 31, 2006 of \$161,959 were secured by federal deposit insurance in the amount of \$161,959, fully securing these deposits.

The investments held by the District are comprised of time deposits with a maturity of nine months to one year. The carrying amount approximates market. At December 31, 2006 book and bank balances totaling \$176,248 were secured by federal deposit insurance.

3 Accounts Receivable

The accounts receivable balance at December 31, 2006 of \$46,216 consisted of the following:

	2006	
Billed -		
Current	\$28,685	96%
Arrears	347	4
Total Billed	29,032	<u>100%</u>
Unbilled	17,184	
Gross Receivables	46,216	
Less allowance for bad debts	-	
Total Receivables, Net	\$46,216	

Unbilled receivables represent the estimated billings for water sales from the last date the meters were read in the year of 2006 (approximately the 20th of December) to the end of the year.

As of the year ended December 31, 2006, the Avoyelles Water Commission owed the District \$3,481 representing its one-third share of the

WARD 3, AVOYELLES WATERWORKS DISTRICT
Mansura, Louisiana

Notes to the Financial Statements
(Continued)

expenditures not yet reimbursed. The Avoyelles Water Commission will reimburse the District for the payment of these expenditures.

4 Property, Plant and Equipment

A summary of changes in property, plant and equipment follows:

	Balance 1/1/2010	Additions	Deletions	Balance 1/1/2011
Land	\$ 9,200	\$ -	\$ -	\$ 9,200
Buildings	43,755	18,813	-	62,568
Equipment	60,211	2,639	-	62,850
Distribution System	1,049,399	1,650	-	1,051,049
Totals	<u>\$ 1,162,565</u>	<u>\$ 23,102</u>	<u>\$ -</u>	<u>\$ 1,185,667</u>

5 Changes in Long-Term Debt

The accounts receivable balance at December 31, 2006 of \$46,216 consisted of the following:

	2006
Long-Term Obligations Payable, Beginning of Year	\$ 424,504
Additions	-
Deductions	<u>(4,580)</u>
Long-Term Obligations Payable, End of Year	<u>\$ 419,924</u>

Bonds payable at December 31, 2006 is composed of the following individual bonds:

\$435,000 bonds dated December 17, 2002, bearing interest at 4.625% per annum, due in monthly payments of \$2,010, commencing December 17, 2004, with the final payment due November 17, 2042.	\$419,924
Less Current Portion	<u>(4,796)</u>
Long-Term Portion	<u>\$415,128</u>

WARD 3, AVOYELLES WATERWORKS DISTRICT
Mansura, Louisiana

Notes to the Financial Statements
(Continued)

The annual requirements to amortize the water revenue bonds including interest payments are as follows:

December 31, 2007	Principal	Interest	Total
	\$ 4,796	\$ 19,321	\$ 24,117
	5,022	19,094	24,116
	5,259	18,857	24,116
	5,508	18,608	24,116
	5,768	18,348	24,116
	33,196	87,386	120,582
	41,814	78,768	120,582
	52,669	67,913	120,582
	66,343	54,239	120,582
	83,566	37,016	120,582
	105,261	15,321	120,582
	10,722	133	10,855
Totals	<u>\$ 419,924</u>	<u>\$ 435,004</u>	<u>\$ 854,928</u>

6 Flow of Funds; Restrictions on Use - Utility Revenues

Under the terms of the bond indenture all of the income and revenues earned by the District from operations of the waterworks system must be deposited in the "Waterworks Revenue Fund". Monies in this fund shall be first used for the payment of all reasonable and necessary expenses of operating and maintaining the system. By the 20th of each month out of the "Waterworks Revenue Fund" shall be transferred into the (1) "Waterworks Revenue Bond and Interest Sinking Fund" a sum equal to 1/12th of the principal and the interest falling due on the next maturing installment for the Bonds, (2) "Waterworks Reserve Fund" an amount equal to 5% of the amount transferred into the "Waterworks Revenue Bond and Interest Sinking Fund" until there is on deposit an amount equal to \$22,116 and (3) "Waterworks Depreciation Fund" a monthly amount equal to \$101. Because of monthly payments being made on the note, the District is not required to fund the Reserve Fund as of December 31, 2006.

	Sinking Fund	Reserve Fund	Depreciation Fund
Balance 12/31/05	\$ 2,060	\$ 3,380	\$ 48,485
Transfers In	-	1,111	1,111
Transfers Out	-	-	(10,745)
Interest Earned	27	52	1,101
Balance 12/31/06	<u>\$ 2,087</u>	<u>\$ 4,543</u>	<u>\$ 39,952</u>

WARD 3, AVOYELLES WATERWORKS DISTRICT
Mansura, Louisiana

Notes to the Financial Statements
(Continued)

Restricted assets for the bond accounts are comprised of the following at December 31, 2006:

	Sinking Fund	Reserve Fund	Depreciation Fund
Cash	\$ 2,087	\$ 4,543	\$ 4,543
Investments	-	-	35,409
Totals	\$ 2,087	\$ 4,543	\$ 39,952

7 Retirement Commitments

Employees of the District are members of the social security retirement system. The District has no further liability for retirement commitments. The FICA expensed during 2006, on qualified payroll of \$54,642 was \$4,180.

8 Contributed Capital

Amounts contributed to the enterprise fund for acquisition or construction of fixed assets are recognized as contributed capital. Contributed capital generated through grants externally restricted for capital acquisitions is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such grants. This depreciation is closed to the appropriate contributed capital account and is reflected as an adjustment to net income on the Statement of Revenues, Expenses, and Changes in Retained Earnings.

Contributed capital for the Water District consist of the following:

	Amounts
Customer Contributions	\$ 5,000
State Grants	182,000
Federal Grants	100,940
Total Contributed Capital	\$ 287,940

The contributed capital is externally restricted for capital acquisitions or construction. Depreciation on the fixed assets acquired by contributed capital is treated as a reduction of contributed capital and a corresponding increase in retained earnings. At December 31, 2006, \$9,598 of contributed capital was amortized.

9. Litigation

At December 31, 2006, there is no litigation pending against the District.

WARD 3, AVOYELLES WATERWORKS DISTRICT
Mansura, Louisiana

Notes to the Financial Statements
(Continued)

10 Water Purchase Contracts

The District purchases its water from the Town of Cottonport, Louisiana. On January 23, 2005, the District renewed its water purchase contract with the Town for a period of three (3) years. The terms of the contract are as follows:

1. \$1.02 per 1,000 gallons up to 3,000,000 gallons
2. \$1.11 per 1,000 gallons in excess of 3,000,000 gallons
3. The contract is for 20 years

On August 2, 2004, the District entered into a contract with Louisiana Water Company, a corporation domiciled in Baton Rouge, Louisiana (hereinafter) referred to as LAWCO to be subsequently sold to Grand Casino Avoyelles. The contract is for ten (10) years and expires on September 14, 2014. The Districts' cost for this water is \$1.60 per 1,000 gallons.

11 Board Member's Compensation

The Board of Commissioners' compensation was \$780 each totaling \$3,900 for the year ended December 31, 2006.

SUPPLEMENTAL INFORMATION

Roy K. Derbonne, JR.

Certified Public Accountant
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ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Ward 3, Avoyelles Waterworks District
Mansura, Louisiana

I have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of Ward 3, Avoyelles Waterworks District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Ward 3, Avoyelles Waterworks District's compliance with certain laws and regulations during the year ended December 31, 2006 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedure engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. 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 material and supplies exceeding \$100,000 and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (public bid law.)

There was no expenditure made during the year for the purchase of materials and supplies that cost in excess of \$20,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of management 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.
3. Obtain from management a listing of all employees paid during the per the period under examination.

Management provide me with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also

also included on the listing obtained from management in agreed-upon procedure (2).

None of the employees included on the list of employees provided by management (agreed-upon procedure (3) appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

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

Ward 3, Avoyelles Waterworks District, an enterprise fund and a component unit of the Avoyelles Parish Police Jury, is not required to adopt a budget.

6. Trace the budget adoption and amendments to the published advertisement in the official journal.

Ward 3, Avoyelles Waterworks District, an enterprise fund and a component unit of the Avoyelles Parish Police Jury, is not required to adopt a budget.

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

Ward 3, Avoyelles Waterworks District, an enterprise fund and a component unit of the Avoyelles Parish Police Jury, is not required to adopt a budget.

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;

I examined supporting documentation for each of the six selected disbursements and found that the payment was for the proper amount and made to the correct payee, except that per review of phone use policies, it was noted that there the policy needed to be updated as to use of the phones.

I recommended that the District review written policies and update these at the next monthly meeting.

The District is to call a special meeting before the end of July 2007 to update the policies.

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

All payments were properly coded to the correct fund and general ledger account.

- c. determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approval from the Ward 3, Avoyelles Waterworks District.

- d. Violation of the reporting requirement for filing the review/attestation report after six months of the entities year end.

The financial report was issued after six months of the District's year end in violation of LA R.S. 24:513.

The District had to meet to discuss the issues of its written policies and to add additional signatures before the report could be released. The District will get its 2007 report issued before the end of the six month period.

9. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or like indebtedness.

I inspected copies of all bank deposit slips for the period under examination and noticed there were no proceeds from proceeds from bank loans, bonds or like indebtedness.

Upon review of certificates of deposit, it was noted that when the CD's were purchased, only one signature was authorized. It is good internal control to have dual signatures on all bank accounts.

I recommend another signature be added to the certificates of deposit as soon as practical.

The District agreed to have another signature added to the certificates of deposit as soon as possible.

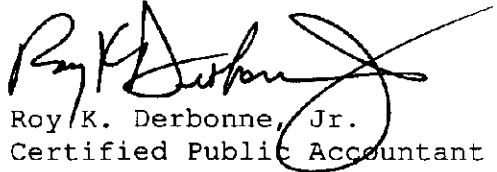
10. Examine payroll records for the year to determine whether any payments have been madeto employees which may constitute bonuses, advances or gifts.

I inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances or gifts.

I was 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, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Ward 3, Avoyelles Waterworks District 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. However, this report is a matter of public record and its distribution is not limited.



Roy K. Derbonne, Jr.
Certified Public Accountant

June 26, 2007

LOUISIANA COMPLIANCE QUESTIONNAIRE
(For Audit Engagements of Government Entities)

8/31/06(Date Transmitted)

Roy K. Derbonne, Jr., CPA

1101-A Bolton Avenue

Alexandria, LA 71301-6878

In connection with your audit of our financial statements as of December 31, 2006 and for 1 year (period of audit) for the purpose of expressing an opinion as to the fair presentation of our financial statements in accordance with accounting principles generally accepted in the United States of America, to assess our system of internal control as a part of your audit, and to review our compliance with applicable laws and regulations, we confirm, to the best of our knowledge and belief, the following representations. These representations are based on the information available to us as of August 15, 2007(date completed/date of the representations).

PART I.AGENCY PROFILE

1. Name and address of the organization.

Avoyelles Water Commission

1106 Cocoville Road

Mansura, LA 71350

2. List the population of the municipality or parish based upon the last official United States Census or most recent official census (municipalities and police juries only). Include the source of the information.

N/a

3. List names, addresses, and telephone numbers of entity officials. [Include elected/appointed members of the governing board, chief executive and fiscal officer, and legal counsel.

Lionel Bordelon

Joan Decuir

Dr. Richard Mitchel

9898 Bayou Des Glaises

1106 Cocoville Rd.

440 N. Main

Moreauville, LA 71355

Mansura, LA 71350

Marksville, LA 71351

4. Period of time covered by this questionnaire:

Jan. 1, 2006 – Dec. 31, 2006

5. The entity has been organized under the following provisions of the Louisiana Revised Statute (s) (LSA-RS) and, if applicable, local resolutions/ordinances.

LSA –RS47:1925.2

6. Briefly describe the public services provided:

Provide potable water distribution to three municipalities.

7. Expiration date of current elected/appointed officials' terms.

Until replaced by the Avoyelles Parish Police Jury

LEGAL COMPLIANCE

PART II. PUBLIC BID LAW

8. The provisions of the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office have been complied with.

A) All public works purchases exceeding \$100,000 have been publicly bid.

B) All material and supply purchases exceeding \$20,000 have been publicly bid.

Yes [X] No []

PART III. CODE OF ETHICS LAW FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

9. 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 []

10. 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 []

]

PART IV. LAWS AFFECTING BUDGETING

11. We have complied with the budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-15) or the budget requirements of LSA-RS 39:33.

A. Local Budget Act

1. We have adopted a budget for the General Fund and all special revenue funds (LSA-RS 39:1305).
2. The chief executive officer, or equivalent, has prepared a proposed budget that included a budget message, a proposed budget for the General Fund and each special revenue fund, and a budget adoption instrument that specified the chief executive's authority to make budgetary amendments without approval of the governing authority. Furthermore, the proposed expenditures did not exceed estimated funds to be available during the period (LSA-RS 39:1305).
3. The proposed budget was submitted to the governing authority and made available for public inspection at least 15 days prior to the beginning of the budget year (LSA-RS 39:1306).
4. To the extent that proposed expenditures were greater than \$500,000, we have made the budget available for public inspection and have advertised its availability in our official journal. The advertisement included the date, time, and place of the public hearing on the budget. Notice has also been published certifying that all actions required by the Local Government Budget Act have been completed (LSA-RS 39:1307).
5. The proposed budget was made available for public inspection at the location required by LSA-RS 39:1308.
6. All action necessary to adopt and finalize the budget was completed prior to the date required by state law. The adopted budget contained the same information as that required for the proposed budget [LSA-RS 39:1306].
7. After adoption, a certified copy of the budget has been retained by the chief executive officer or equivalent officer (LSA-RS 39:1309).
8. To the extent that proposed expenditures were greater than \$500,000, the chief executive officer or equivalent notified in writing the governing authority during the year when actual receipts plus projected revenue collections for the year failed to meet budgeted revenues by five percent or more, or when actual expenditures plus projected expenditures to year end exceeded budgeted expenditures by five percent or more (LSA-RS 39:1311). (Note, state law exempts from the amendment requirements special revenue funds with anticipated expenditures of \$250,000 or less, and exempts special revenue funds whose expenditures drive revenue recognition-primarily federal funds-from the requirement to amend revenues.
9. The governing authority has amended its budget when notified, as provided by LSA-RS 39:1311.

Yes [] No [] N/A [X]

B. State Budget Requirements

1. The state agency has complied with the budgetary requirements of LSA-RS 39:33.

Yes [] No [] N/A [X]

C. Licensing Boards

1. The licensing board has complied with the budgetary requirements of R. S. 39:1331-1342.

Yes [] No [] N/A [X]

PART V. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING LAWS

12. We have maintained our accounting records in such a manner as to provide evidence of legal compliance and the preparation of annual financial statements to comply with LSA-RS

24:514, 24:515, and/or 33:463.

Yes No

13. 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 No

14. We have filed our annual financial statements in accordance with LSA-RS 24:514, and 33:463 where applicable.

Yes No

15. We have had our financial statements audited in a timely manner in accordance with LSA-RS 24:513.

Yes No

PART VI. ASSET MANAGEMENT LAWS

16. We have maintained records of our fixed assets and movable property records, as required by LSA-RS 24:515 and/or 39:321-332, as applicable.

Yes No

PART VII. FISCAL AGENCY AND CASH MANAGEMENT LAWS

17. We have complied with the fiscal agency and cash management requirements of LSA-RS 39:1211-45 and 49:301-327, as applicable.

Yes No

PART VIII. DEBT RESTRICTION LAWS

18. It is true we have not incurred any long-term indebtedness 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 39:1410.60-1410.65.

Yes No

]

19. We have complied with the debt limitation requirements of state law (LSA-RS 39:562).

Yes No

20. We have complied with the reporting requirements relating to the Fiscal Review Committee of the State Bond Commission (LSA-RS 39:1351).

Yes No

PART IX. REVENUE AND EXPENDITURE RESTRICTION LAWS

21. We have restricted the collections and expenditures of revenues to those amounts authorized by Louisiana statutes, tax propositions, and budget ordinances.

Yes No N/A

22. 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 79-729.

Yes [] No [] N/A [X]

23. It is true that no property or things of value have been loaned, pledged, or granted to anyone in violation of Article VII, Section 14 of the 1974 Louisiana Constitution.

Yes [X] No []

PART X. QUESTIONS FOR SPECIFIC GOVERNMENTAL UNITS

Police Juries

24. We have adopted a system of road administration that provides as follows:

- A. Approval of the governing authority of all expenditures, LSA-RS 48:755(A).
- B. Development of a capital improvement program on a selective basis, LSA-RS 48:755.
- C. Centralized purchasing of equipment and supplies, LSA-RS 48:755.
- D. Centralized accounting, LSA-RS 48:755.
- E. A construction program based on engineering plans and inspections, LSA-RS 48:755.
- F. Selective maintenance program, LSA-RS 48:755.
- G. Annual certification of compliance to the legislative auditor, LSA-RS 48:758.

Yes [] No [] N/A [X]

School Boards

25. We have complied with the general statutory, constitutional, and regulatory provisions of the Louisiana Department of Education, LSA-RS 17:51-401.

Yes [] No [] N/A [X]

26. We have complied with the regulatory circulars issued by the Louisiana Department of Education that govern the Minimum Foundation Program.

Yes [] No [] N/A [X]

27. We have, to the best of our knowledge, accurately compiled the performance measurement data contained in the following schedules and recognize that your agreed upon procedures will be applied to such schedules and performance measurement data:

Parish school boards are required to report as part of their annual financial statements measures of performance. These performance indicators are found in the supplemental schedules:

- Schedule 1, General Fund Instructional and Support Expenditures and Certain Local Revenues Sources
- Schedule 2, Education Levels of Public School Staff
- Schedule 3, Number and Type of Public Schools
- Schedule 4, Experience of Public Teachers and Full-time Classroom Teachers
- Schedule 5, Public School Staff Data
- Schedule 6, Class Size Characteristics
- Schedule 7, Louisiana Educational Assessment Program
- Schedule 8, The Graduate Exit Exam
- Schedule 9, The IOWA Tests

Yes [] No [] N/A [X]

Tax Collectors

28. We have complied with the general statutory requirements of LSA-RS 47, Chapter 4.

Yes [] No [] N/A [X]

Sheriffs

29. We have complied with the state supplemental pay regulations of LSA-RS 33:2218.8.

Yes [] No [] N/A [X]

30. We have complied with LSA-RS 33:1432 relating to the feeding and keeping of prisoners.

Yes [] No [] N/A [X]

District Attorneys

31. We have complied with the regulations of the Louisiana Department of Social Services that relate to the Title IV-D Program.

Yes [] No [] N/A [X]

Assessors

32. We have complied with the regulatory requirements found in Title 47 of the Louisiana Revised Statutes

Yes [] No [] N/A [X]

33. We have complied with the regulations of the Louisiana Tax Commission relating to the reassessment of property.

Yes [] No [] N/A [X]

Clerks of Court

34. We have complied with LSA-RS 13:751-960.

Yes [] No [] N/A [X]

Libraries

35. We have complied with the regulations of the Louisiana State Library.

Yes [] No [] N/A [X]

Municipalities

36. Minutes are taken at all meetings of the governing authority. LSA-RS 42:7.1 (Act 665 of 1976).

Yes [] No [] N/A [X]

37. Minutes, ordinances, resolutions, budgets, and other official proceedings of the municipalities are published in the official journal. LSA-RS 43:143-144 and A.G. 86-528.

Yes [] No [] N/A [X]

38. All official action taken by the municipality is conducted at public meetings. LSA-RS 42:4.1-13.

Yes [] No [] N/A [X]

Airports

39. We have submitted our applications for funding airport construction or development to the Department of Transportation and Development as required by LSA-RS 2:802.
Yes [] No [] N/A [X]

40. We have adopted a system of administration that provides for approval by the department for any expenditures of funds appropriated from the Transportation Trust Fund, and no funds have been expended without department approval (LSA-RS 2:810).
Yes [] No [] N/A [X]

41. All project funds have been expended on the project and for no other purpose (LSA-RS 2:810).
Yes [] No [] N/A [X]

42. We have certified to the legislative auditor, on an annual basis, that we have expended project funds in accordance with the standards established by law (LSA-RS 2:811).
Yes [] No [] N/A [X]

Ports

43. We have submitted our applications for funding port construction or development to the Department of Transportation and Development as required by LSA-RS 34:3432.
Yes [] No [] N/A [X]

44. We have adopted a system of administration that provides for approval by the department for any expenditures of funds made out of state and local matching funds, and no funds have been expended without department approval (LSA-RS 34:3460).
Yes [] No [] N/A [X]

45. All project funds have been expended on the project and for no other purpose (LSA-RS 34:3460).
Yes [] No [] N/A [X]

46. We have established a system of administration that provides for the development of a capital improvement program on a selective basis, centralized purchasing of equipment and supplies, centralized accounting, and the selective maintenance and construction of port facilities based upon engineering plans and inspections (LSA-RS 34:3460).
Yes [] No [] N/A [X]

47. We have certified to the legislative auditor, on an annual basis, that we have expended project funds in accordance with the standards established by law (LSA-RS 34:3461).
Yes [] No [] N/A [X]

Sewerage Districts

48. We have complied with the statutory requirements of LSA-RS 33:3881-4160.
Yes [] No [] N/A [X]

Waterworks Districts

49. We have complied with the statutory requirements of LSA-RS 33:3811-3837.
Yes [X] No []

Utility Districts

50. We have complied with the statutory requirements of LSA-RS 33:4161-4548.
Yes [] No [] N/A [X]

Drainage and Irrigation Districts

51. We have complied with the statutory requirements of LSA-RS 38:1601-1707 (Drainage Districts); LSA-RS 38:1751-1921 (Gravity Drainage Districts); LSA-RS 38:1991-2048 (Levee and Drainage Districts); or LSA-RS 38:2101-2123 (Irrigation Districts), as appropriate.

Yes [] No [] N/A [X]

Fire Protection Districts

52. We have complied with the statutory requirements of LSA-RS 40:1491-1509.

Yes [] No [] N/A [X]

Other Special Districts

53. We have complied with those specific statutory requirements of state law applicable to our district.

Yes [] No [] N/A [X]

The previous responses have been made to the best of our belief and knowledge.

<u>Jean A. D. L...</u>	Secretary	<u>8/21/07</u>	Date
<u>Jean A. D. L...</u>	Treasurer	<u>8/21/07</u>	Date
<u>Fabrice J. B...</u>	President	<u>8/21/07</u>	Date