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Kolin-Ruby Wise Waterworks District
No. 11A of Rapides Parish, Louisiana
(A Component Unit of the Rapides Parish Police Jury)

Annual Financial Report
December 31, 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 7/20/05

Kolin-Ruby Wise Waterworks District No. 11A
Table of Contents

Management's Discussion and Analysis	1-6
Independent Auditors' Report	7
<i>Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the General Purpose Financial Statements Performed in Accordance with Government Auditing Standards</i>	8
Statement of Net Assets - Proprietary Fund	9
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Fund	10
<i>Statement of Cash Flows - Proprietary Fund</i>	11
Notes to Financial Statements	12-19
Supplemental Information	20-21

Kolin-Ruby Wise Waterworks District No. 11A
Of Rapides Parish, Louisiana
(A Component Unit of the Rapides Parish Police Jury
Management Discussion and Analysis (MD&A)
December 31, 2004

Introduction

Kolin-Ruby Wise Waterworks District No. 11A of Rapides Parish, Louisiana (the Waterworks District) is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments (hereinafter referred to as GASB 34), and related standards. GASB 34 provides financial statement users a more detailed and comprehensive analysis of the financial performance of the Waterworks District. Please read the following in conjunction with the Waterworks District's financial statements and footnotes, which follow this section. This is the Waterworks District's initial year of implementation of GASB 34.

Financial Highlights

- Total assets for the year were \$3,120,128, at December 31, 2004, and exceeded liabilities in the amount of \$2,387,021 (i.e., net assets). Of the total net assets, \$1,881,628 was unrestricted and available to support short-term operations, with the balance invested in capital assets, net of related debt, or restricted for capital activity and debt service. Total net assets increased by \$92,012.
- User fee revenues (water sales) for the fiscal year ending December 31, 2004 were \$353,724.
- The Waterworks District's operating expenses, consisting of those expenses resulting from the Waterworks District's ongoing operations totaled \$333,696 for the fiscal year ended December 31, 2004.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of the Waterworks District's financial condition and performance.

The financial statements report information on the Waterworks District using full accrual accounting methods similar to those used in the private business sector. Financial statements include the *Statement of Net Assets*, *Statement of Revenues, Expenses, and Changes in Net Assets*, and the *Statement of Cash Flows*. The *Statement of Net Assets* provides information about the nature and amount of the Waterworks District's resources and obligations at year-end, and provides a basis for evaluating the capital structure of the Waterworks District and assessing the liquidity and financial flexibility of the Waterworks District.

Kolin-Ruby Wise Waterworks District No. 11A
Of Rapides Parish, Louisiana
(A Component Unit of the Rapides Parish Police Jury
Management Discussion and Analysis (MD&A)
December 31, 2004

The Statement of Revenues, Expenses, and Changes in Net Assets, accounts for the revenues and expenses for the fiscal year, and provides information on how net assets changed during the year. This statement measures the success of the Waterworks District's operations in a format that can be used to determine if the Waterworks District has recovered its costs through user fees and other charges.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities, and provides information on the source of cash receipts, what the cash was used for, and the total change in cash for the reporting period.

The notes to the financial statements provide required disclosures essential to an understanding of the financial statements. The notes present information about the Waterworks District's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes schedule of commissioners and per diem paid to each, summary accounts receivable information, water rates and a schedule of insurance.

Financial Analysis

The purpose of financial analysis is to help determine whether the Waterworks District is better off as a result of the current year's activities. In this analysis, data from two of the basic financial statements, the Statement of Net Assets, and the Statement of Revenues, Expenses, and Changes in Net Assets, are presented below in condensed format. These statements report the net assets, the difference between assets and liabilities, and the change in net assets, which provides information for indicating the financial condition of the Waterworks District. Following these statements is a separate schedule summarizing and analyzing budget changes for the current fiscal year.

Condensed Statement of Net Assets

Current assets	\$1,076,817
Restricted assets	157,658
Fixed assets (net)	1,862,107
Deferred charges	<u>23,546</u>
Total Assets	<u>\$3,120,128</u>

Kolin-Ruby Wise Waterworks District No. 11A
Of Rapides Parish, Louisiana
(A Component Unit of the Rapides Parish Police Jury
Management Discussion and Analysis (MD&A)
December 31, 2004

Current liabilities	\$8,457
Current liabilities (payable from restricted assets)	82,170
Long term debt	<u>642,480</u>
Total Liabilities	733,107
Net Assets	<u>2,387,021</u>
 Total Liabilities and Net Assets	 <u>\$3,120,128</u>

Current assets include current assets for operations, receivables and prepaid expenses. *Restricted assets include cash and certificates of deposit restricted for bond indentures and customer deposits.*

Capital Assets decreased by \$38,124 since the charge for accumulated depreciation exceeded the value of assets purchased or capitalized in the current fiscal year, reflecting net capital additions of \$28,368 less change in accumulated depreciation of \$66,492 (net of reductions in accumulated depreciation for assets sold and disposals).

Total long-term debt decreased by \$5,000 at December 31, 2004, to \$652,855.

Total net assets (total assets less total liabilities) increased by \$92,012 for the fiscal year ending December 31, 2004.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

Operating revenue	\$ 353,724
Operating expenses	<u>333,696</u>
Operating Income	20,028
Nonoperating Income (net)	<u>71,984</u>
Change in Net Assets	92,012
Net Assets, Beginning of Year	<u>1,866,378</u>
Net Assets, End of Year	<u>\$1,958,390</u>

While the Balance Sheet shows the change in financial position of net assets, the Statement of Revenues, Expenses, and Changes in Net Assets provides answers to the nature and scope

Kolin-Ruby Wise Waterworks District No. 11A
Of Rapides Parish, Louisiana
(A Component Unit of the Rapides Parish Police Jury
Management Discussion and Analysis (MD&A)
December 31, 2004

of these changes. The above table shows an increase in net assets of \$92,012 for the fiscal year ending December 31, 2004, as does the Condensed Balance Sheet on the prior page.

The Waterworks District's total revenues include the sales of water, connection fees, tap fees and late charges.

The Waterworks District's major operating expenses include depreciation expense, insurance, wages and retirement, professional fees, supplies and utilities. Nonoperating income includes ad valorem tax, state revenue sharing, rent and interest and nonoperating expenses include interest expense.

As noted, the Waterworks District showed an increase of \$92,012 in Ending Net Assets.

Other Significant Account Changes and Financial Trends

One key measure of a Waterworks District's profitability, and the ability to generate positive cash flows, is the ability of the water system to collect accounts receivable on a timely basis. Presented below is an aged receivable listing for the fiscal years ending December 31, 2004.

0 - 30 Days Past Due	\$35,034
31 - 60 Days Past Due	2,515
Over 60 Days Past Due	<u>236</u>
Total Accounts Receivable (Before Allowance for Bad Debts)	37,785
Allowance for Bad Debts	(1,134)
Unbilled services	<u>8,572</u>
Total Accounts Receivable	<u>\$45,223</u>

Total receivables for water service remained fairly constant reflecting the Waterworks District's efforts in collecting bills and in writing off accounts as they become past due. Past due accounts are referred for collection. Increases in receivables are primarily for billing services provided by the Waterworks District.

Capital Assets

At the end of the fiscal year ending December 31, 2004, the Waterworks District had \$1,862,107 (net of accumulated depreciation) recorded in capital assets. This includes water systems and improvements in the Kolin-Ruby Wise area.

Other significant capital assets include the Waterworks District's investment for the office building and storage for water system equipment and supplies, land owned for the office

Kolin-Ruby Wise Waterworks District No. 11A
 Of Rapides Parish, Louisiana
 (A Component Unit of the Rapides Parish Police Jury
 Management Discussion and Analysis (MD&A)
 December 31, 2004

building site and for water well locations, and equipment and machinery, including vehicles, for water system operation. The changes in capital assets are presented in the table below.

	Balance January 1, 2004	Additions And Transfers	Balance December 31, 2004
Land	\$ 8,401	5,978	\$14,379
Water Distribution System	2,754,789	1,643	2,756,432
Vehicles	2,995	0	2,995
Improvements in Progress	<u>13,800</u>	<u>20,747</u>	<u>34,547</u>
Subtotal	2,807,725	28,368	2,836,093
Less: Accumulated Depreciation	<u>(907,493)</u>	<u>(66,492)</u>	<u>(973,986)</u>
Net Capital Assets	<u>\$1,900,232</u>	<u>(38,124)</u>	<u>\$1,862,107</u>

Long-Term Debt Activity

The primary source of long-term financing for the Waterworks District water system improvements is revenue bonds financed by the United States Department of Agriculture, Rural Utilities Service (RUS). Interest rates for long-term debt financed through RUS at December 31, 2004, range from 4% to 5.4%, with initial payment terms for bonds generally at 40 years. Bonds financed for the Waterworks District do not generally require a specific debt to net income or net cash flow ratio, but bond restrictions do state that the Waterworks District must set its water rates at a level necessary to fund debt service requirements and to pay for the normal operating expenses of the Waterworks District.

Future Economic Plans

In 2005 the Waterworks District issued \$742,000 in new water revenue bonds and \$850,000 in general obligation bonds to finance water improvements that will be added during 2005 at an estimated completed cost of \$2,165,000. The additional funding will be in the form of a grant from the United States Department of Agriculture, Rural Utilities Service (RUS) for \$573,000. This addition will add approximately 15 miles of new water lines with fire hydrants and an elevated tank.

Requests for Information

This financial report is designed to provide a general overview of Kolin-Ruby Wise Waterworks District No. 11A of Rapides Parish, Louisiana's finances and to demonstrate the

Kolin-Ruby Wise Waterworks District No. 11A
Of Rapides Parish, Louisiana
(A Component Unit of the Rapides Parish Police Jury
Management Discussion and Analysis (MD&A)
December 31, 2004

Waterworks District's accountability. If you have questions regarding this report or need additional information, contact the Waterworks District at P. O. Box 3100, Pineville, LA 71361. The phone number for the Waterworks District is (318) 445-4178.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Pineville, LA 71360

We have audited the accompanying financial statements of Kolin-Ruby Wise Waterworks District No. 11A, as of and for the year ended December 31, 2004, which collectively comprise the Waterworks's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Kolin-Ruby Wise Waterworks District No. 11A's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kolin-Ruby Wise Waterworks District No. 11A, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 20, 2005, on our consideration of Kolin-Ruby Wise Waterworks District No. 11A's

internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis information on pages 1 through 6 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kolin-Ruby Wise Waterworks District No. 11A's basic financial statements. The financial information listed as supplemental data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Kolin-Ruby Wise Waterworks District No. 11A. All of the supplemental data has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

Adler & Pias, LLP
Adler and Pias, LLP

June 20, 2005

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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 Board of Commissioners
Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Pineville, LA 71360

We have audited the financial statements of Kolin-Ruby Wise Waterworks District No. 11A a component unit of the Rapides Parish Police Jury, as of and for the year ended December 31, 2004, and have issued our report thereon dated June 20, 2005. We conducted our audit in accordance with auditing standards generally accepted in the *United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.*

Compliance

As part of obtaining reasonable assurance about whether Kolin-Ruby Wise Waterworks District No. 11A's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Kolin-Ruby Wise Waterworks District No. 11A's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control 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 financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Commissioners and management and is not intended to be and should not be used by anyone other than these specified parties.

Adler & Pias, LLP
Adler and Pias, LLP

June 20, 2005

Kolin-Ruby Wise Waterworks District No. 11A
Of Rapides Parish, Louisiana
(A Component Unit of the Rapides Parish Police Jury)
Statement of Net Assets-Proprietary Fund
December 31, 2004

Assets

Current Assets			
Cash		\$74,778	
Certificates of Deposit		860,763	
Receivable(net of allowance for doubtful accounts)		121,434	
Prepaid Expenses		19,843	
	Total Current Assets	\$1,076,817	
Restricted Assets			
Cash		105,982	
Certificates of Deposit		51,676	
	Total Restricted Assets	157,658	
Fixed Assets(net of accumulated depreciation)			1,862,107
Deferred Charges			
Revenue Bond Issue Costs			23,546
Total Assets			\$3,120,128

Liabilities and Net Assets

Current Liabilities (payable from current assets)			
Accounts Payable and Accrued Expenses		\$2,220	
Retirement Payable		6,237	
	Total Current Liabilities (payable from cuurent assets)	\$8,457	
Current Liabilities (payable from restricted ssets)			82,170
Long-Term Debt			
Revenue Bonds Payable			642,480
Total Liabilities			733,107
Net Assets			
Contributed Capital		428,631	
Reserved for Debt Service	\$76,762		
Unreserved	1,881,628	1,958,390	
	Total Net Assets		2,387,021
Total Liabilities and Net Assets			\$3,120,128

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

Kolin-Ruby Wise Waterworks District No. 11A
Of Rapides Parish, Louisiana
(A Component Unit of the Rapides Parish Police Jury)
Statement of Revenues, Expenses, and
Changes in Net Assets-Proprietary Fund
For the Year ended December 31, 2004

<i>Operating Revenues</i>		
Water Sales and Tap Fees	\$334,925	
Late Charges and Connection Fees	18,799	
Total Operating Revenues		\$353,724
<i>Operating Expenses</i>		
Amortization	1,040	
Auto Expense	2,631	
Bond Fees	1,000	
Chemicals	6,342	
Collection Expense	699	
Contract Labor	4,274	
Depreciation	66,492	
Dues and Subscriptions	1,444	
Equipment Rent	3,605	
Fuel and Oil	7,399	
Garbage Collection	1,068	
Insurance	27,363	
Office Supplies	2,605	
Payroll Taxes	1,566	
Per Diem - Board Members	4,600	
Postage and Freight	3,387	
Professional Fees	11,130	
Engineering Fees	293	
Repairs and Maintenance	598	
Retirement Expense	12,884	
Salaries	109,374	
Supplies	32,159	
Taxes and Licenses	4,176	
Telephone	4,743	
Utilities	22,196	
Administrative and General	629	
Total Operating Expense		333,696
Operating Income		20,028
<i>Nonoperating Revenues(Expenses)</i>		
Ad Valorem Taxes	78,943	
State Revenue Sharing	2,059	
Interest Income	18,659	
Interest Expense	(33,677)	
Rental Income	6,000	
Total Nonoperating Revenues(Expenses)		71,984
Change in Net Assets		92,012
Net Assets, Beginning of Year		1,866,378
Net Assets, End of Year		\$1,958,390

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

Kolin-Ruby Wise Waterworks District No. 11A
Of Rapides Parish, Louisiana
(A Component Unit of the Rapides Parish Police Jury)
Statement of Cash Flows-Proprietary Fund
For the Year ended December 31, 2004

Cash Flows From Operating Activities		
Cash Received from Customers	348,912	
Cash Paid to Suppliers for Goods and Services	(158,205)	
Cash Paid to Employees for Services	(109,374)	
Net Cash Provided by Operating Activities	<u>81,333</u>	
Cash Flows From Noncapital Financing Activities		
Tax Receipts Collected by Other Governmental Agency	76,580	
State Revenue Sharing	<u>2,059</u>	
Net Cash Provided by Noncapital Financing Activities	78,639	
Cash Flows From Capital and Related Financing Activities		
Cash Payments for Purchase of Capital Assets	(28,368)	
Principal Payments on Bonds	(5,000)	
Interest Paid	<u>(37,812)</u>	
Net Cash Used by Capital and Related Financing Activities	(71,180)	
Cash Flows From Investing Activities		
Interest Income	18,659	
Rental Income	6,000	
Purchase of Certificates of Deposit	<u>(150,000)</u>	
Net Cash Used by Investing Activities	<u>(125,341)</u>	
Net Change in Cash	(36,549)	
Cash at Beginning of Year	<u>217,310</u>	
Cash at End of Year	<u><u>\$180,761</u></u>	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income		\$20,028
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	66,492	
Amortization	1,040	
Change in Assets and Liabilities:		
Customer Receivables	(4,812)	
Inventory	6,013	
Prepaid Expenses	(6,818)	
Allowance for Doubtful Accounts	(1,316)	
Customer Deposits	(545)	
Accounts and Misc. Payables	<u>1,251</u>	<u>61,305</u>
Net Cash Provided by Operating Activities		<u><u>81,333</u></u>

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

Kolin-Ruby Wise Waterworks District No. 11A
Of Rapides Parish, Louisiana
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies

The Kolin-Ruby Wise Waterworks District No. 11A (the Waterworks District) was created by the Rapides Parish Police Jury, as authorized by Louisiana Revised Statute 33:3811. The Waterwork District is governed by a five-member board of commissioners who are residents of and own real estate in the Waterworks District. The board members are compensated for meetings attended. The board is appointed by the Jury and is responsible for providing water service to approximately 1,300 users within the boundaries of the Waterworks District. The Waterwork District employs four full-time employees.

The following is a summary of significant accounting policies.

A. *Basis of Presentation*

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles applicable to state and local governments. Generally accepted principles for local governments include those principles prescribed by the Government Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled "Audits of State and Local Government Units" and by the Financial Accounting Standards Board (FASB), when applicable. As allowed under GASB Statement No. 20, the Waterworks District has elected to follow (1) all GASB pronouncements and (2) all FASB Statements and Interpretations, APB Opinions and ARBs, no matter when issued, except those that conflict with GASB pronouncements.

B. *Financial Reporting Entity*

GASB No. 14, The Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Waterworks District includes all funds that are within the oversight responsibility of the Waterwork District. The Waterwork District is a component unit of the Rapides Parish Police Jury. Certain units of local government over which the Waterworks District exercises no oversight responsibility, such as the police jury, parish school board, other independently elected officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Waterworks District.

C. *Fund Accounting*

The Waterworks District uses a proprietary-enterprise fund to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Kolin-Ruby Wise Waterworks District No. 11A
Of Rapides Parish, Louisiana
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies, Continued

A proprietary-enterprise fund is used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided by the Waterworks District to outside parties, the cost of which is recovered primarily through user fees.

D. Basis of Accounting

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all liabilities associated with the operation of these funds are included on the statement of net assets. The proprietary funds use the accrual basis of accounting. Operating revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred. Inventory of supplies is carried at cost, on the first-in, first-out method.

Ad valorem taxes are accounted for using the modified accrual basis of accounting, whereby, revenues are recognized when they become measurable and available as net current assets (within sixty days after year-end). Taxes paid under protest in years prior to 2003 are retained in escrow by the Rapides Parish tax collector and are not recorded as income until released to the Waterworks District after completion of favorable litigation. In 2004 the tax collector withheld \$878 from the Waterworks District of current protested taxes.

E. Cash

Cash includes amounts in demand deposits and bank money market accounts.

F. Fixed Assets

All fixed assets and infrastructure assets are stated at historical cost. Depreciation of all exhaustible assets is charged as an expense against operations. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

G. Bad Debts

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance for doubtful accounts.

H. Contributed Capital

Grant funds received from federal and state agencies restricted for use in financing capital improvements are not reflected as revenues. They are recorded in fund equity as contributed capital.

Kolin-Ruby Wise Waterworks District No. 11A
Of Rapides Parish, Louisiana
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies, Continued

I. *Budget*

A budget has been adopted for the USDA, however, budgets for proprietary funds are not required by Louisiana law.

J. *Net Assets - Reserved*

Net assets are reserved for the difference between restricted assets for revenue bond retirement and the liabilities payable from those assets.

K. *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. *Deferred Charges*

The cost of issuing revenue bonds in 1998 was deferred and is being amortized and charged to expense over the life of the bonds.

M. *Accrued Unbilled Revenue*

During the year, customer water meters are read and bills rendered throughout monthly periods. Because there are approximately ten days of unbilled water usage at the end of each month, revenue for water distributed but not yet billed is accrued at fiscal year-end to match revenues with related expenses.

Note 2 - Cash and Certificates of Deposit

Under state law, the Waterworks District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Waterworks District may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 2004, the Waterworks District had cash (in checking and bank money market accounts) and certificates of deposit as follows:

Demand Deposits(includes \$105,982 of restricted assets)	\$180,661
Petty Cash	100
Certificates of Deposit(greater than 90 days maturity)	912,439
	<u>\$1,093,200</u>

Kolin-Ruby Wise Waterworks District No. 11A
Of Rapides Parish, Louisiana
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 2 - Cash and Certificates of Deposit, Continued

These deposits are stated at cost, which approximates market value. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must equal the amount on deposit with the fiscal agent. Cash and C.D.'s at December 31, 2004 are as follows:

Bank Balances		<u>\$1,093,100</u>
Federal Deposit Insurance		\$300,000
Pledged Securities(uncollateralized)		1,024,605
Total Insurance and Pledged Securities		<u>\$1,324,605</u>

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Waterworks District that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - Receivables

The following is a summary of receivables at December 31, 2004:

Water Sales:		
Billed Services	\$37,785	
Unbilled Services	<u>8,572</u>	\$46,357
Less: Allowance for Doubtful Accounts		<u>(1,134)</u>
		45,223
Ad Valorem Taxes		76,210
Total		<u>\$121,433</u>

Note 4 - Restricted Assets

Certain proprietary - enterprise fund resources are classified as restricted assets on the statement of net assets because their use is restricted by applicable bond covenants or for other legal purposes. The "Revenue Bond Sinking Fund" account is used to accumulate monies to be used for debt service payments within the next twelve months. The "Depreciation and Contingency Fund" account is used to provide for extensions, additions, improvements, renewals and replacements necessary to properly operate the Waterworks District. The "Revenue Bond Reserve Fund" is used to report resources set aside to make up potential future deficiencies in the Revenue Bond Sinking Fund Account. Customers' deposits are not associated with the revenue bond indenture. However, these are required deposits from customers to insure against nonpayment of billings or property damage.

Kolin-Ruby Wise Waterworks District No. 11A
Of Rapides Parish, Louisiana
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 4 - Restricted Assets, Continued

Amounts included in the above listed accounts are as follows:

Revenue Bond Sinking Fund	\$35,356
Depreciation and Contingency Fund	16,678
Revenue Bond Reserve Fund	53,948
Customers' Deposits	51,676
	<u>\$157,658</u>

The balance of all three accounts associated with the revenue bonds were in compliance with the bond indenture.

Note 5 - Fixed Assets

A summary of changes in fixed assets for the year ended December 31, 2004 follows:

	Balance January 1, 2004	Additions And Transfers	Balance December 31, 2004
Land	\$8,401	5,978	\$14,379
Water System and Equipment	2,754,789	1,643	2,756,432
Software	2,995	-0-	2,995
Vehicles	27,740	-0-	27,740
Improvements in Progress	13,800	20,747	34,547
	<u>2,807,725</u>	<u>28,368</u>	<u>2,836,093</u>
Less Accumulated Depreciation	(907,493)	(66,492)	(973,986)
Total Fixed Assets	<u>\$1,900,232</u>	<u>(\$38,124)</u>	<u>\$1,862,107</u>

Depreciation Expense for the year ended December 31, 2004 is \$66,492.

Note 6 - Long-Term Debt

On February 11, 1998, the Waterworks District issued \$285,000 of water revenue bonds (Series 1998A), secured by revenues to be derived from the operation of the waterworks system. The bonds were issued to partially finance improvements to the system; specifically, the aeration and pumping facilities project. The serial bonds carry interest rates of 4.0% to 5.4% and mature between February 1, 1999 and February 1, 2023.

Kolin-Ruby Wise Waterworks District No. 11A
Of Rapides Parish, Louisiana
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 6 - Long-Term Debt, Continued

On June 17, 1998, the Waterworks District issued \$429,000 of water revenue bonds (Series 1998B) secured by revenues to be derived from the operation of the water system. A single fully registered bond was delivered to the United States Department of Agriculture, Rural Development Office. The bond was issued to partially finance improvements to the system; specifically the aeration and pumping facilities project, and is on parity in all respects with the (Series 1998A) bond issue. The bond carries an interest rate of 4.75%. Principal and interest is due in semiannual payments of \$12,136 beginning February 1, 2000 and continuing through February 1, 2038.

The following is a summary of debt transactions for the year ended December 31, 2004:

	Revenue Bonds 1998A	Revenue Bonds 1998B	Total
Debt Payable, Beginning of Year	\$260,000	\$397,855	\$657,855
Retirement	(5,000)	(0)	(5,000)
	<u>\$255,000</u>	<u>\$397,855</u>	<u>\$652,855</u>

The future annual requirements to amortize long-term debt are shown below:

Year	Revenue Bonds 1998A	Revenue Bonds 1998B	Total
2005	18,418	24,273	42,691
2006	23,180	24,273	47,453
2007	22,695	24,273	46,968
2008-2012	105,989	121,364	227,353
2013-2017	111,423	121,364	232,787
2018-2022	110,790	121,364	232,154
2023-2027	21,080	121,364	142,444
2028-2032	-0-	121,364	121,364
2033-2037	-0-	121,364	121,364
2038	-0-	24,273	24,273
Total	<u>\$413,575</u>	<u>\$825,276</u>	<u>\$1,238,851</u>
Less Interest	<u>\$158,575</u>	<u>\$427,421</u>	<u>\$585,996</u>
Principal	<u>\$255,000</u>	<u>\$397,855</u>	<u>\$652,855</u>

All sinking fund requirements have been funded in advance(see note 4).

Kolin-Ruby Wise Waterworks District No. 11A
Of Rapides Parish, Louisiana
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 7 - Liabilities Payable From Restricted Assets

The amounts payable from restricted assets, referred to in Note 4, are as follows:

Customer Deposits	\$52,950
Revenue Bonds Payable (Series A) - Current Portion	5,000
Revenue Bonds Payable (Series B) - Current Portion	5,375
Accrued Interest on Bonds	18,845
	\$82,170

Note 8 - Retirement Plan

Substantially all employees are members of the Parochial Employees Retirement System (the system), a cost sharing multiple-employer, public employee retirement system (PERS), controlled and administered by a separate board of trustees. The system is composed of two district plans (Plan A and Plan B). All participating Waterworks District employees are members of Plan A.

The system provides retirement, death and disability benefits to plan members and beneficiaries. Benefits are established by state statute. The system issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Parochial Employees Retirement System, PO Box 14619, Baton Rouge, LA 70898-4619 or by calling (225) 928-1361.

Covered employees are required by state statute to contribute 9.5 percent of their salary to the plan. The Waterworks District is required by state statute to contribute 7.75 percent. Contribution rates have remained the same for the current and prior two years. In addition, contributions to the System include one-fourth of one percent of the taxes shown to be collected by the sheriff of each respective parish, except Orleans and East Baton Rouge Parishes. The Waterworks District's contribution to the system for the year ended December 31, 2004 was \$9,435.

Note 9 - Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Waterworks District in September or October and are billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

For the year ended December 31, 2004, taxes of 4.36 mills were levied on property with approximate assessed valuations totaling \$18,066,310 and were dedicated to general maintenance of the water system.

Kolin-Ruby Wise Waterworks District No. 11A
Of Rapides Parish, Louisiana
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 10 - Vacation and Sick Leave

Employees of the Waterworks District, depending on their length of service, earn from one to two weeks of noncumulative vacation leave each year, and all employees are granted five days of sick leave annually, with a maximum accumulation of fifteen days. At December 31, 2004, there are no material accumulated and vested benefits relating to vacation and sick leave that should be accrued or disclosed to conform with generally accepted accounting principles.

Note 11 - Risk Management

The Waterworks District is exposed to various risks of loss. It is the policy of the Waterworks District to purchase commercial insurance for the risks of loss to which it would be exposed. In the past year, there have been no claims or settlements in excess of insurable limits.

Note 12 - Concentrations of Credit Risk

Credit risk for accounts receivable from water sales is concentrated because substantially all of the balances are receivable from customers located within the same geographic region. Future water sales are dependent on the economic and weather conditions in the area serviced by the Waterworks District.

Note 13 - Subsequent Events

In 2005 the Waterworks District issued \$742,000 in new water revenue bonds and \$850,000 in general obligation bonds to finance water improvements that will be added during 2005 at an estimated cost of \$2,165,000. The additional funding will be in the form of a grant from the USDA, Rural Utilities Service for \$573,000. This addition will add approximately fifteen miles of new water lines with fire hydrants and an elevated tank.

Kolin-Ruby Wise Waterworks District No. 11A
Supplemental Information

Kolin-Ruby Wise Waterworks District No. 11A
 Of Rapides Parish, Louisiana
 (A Component Unit of the Rapides Parish Police Jury)
 For the Year Ended December 31, 2004

1. Schedule of Commissioners'

Name	Office Held	Term	Attended	Per Diem
Charles McTire 1384 Palmer Chapel 1008 Main Street Pineville, LA 71360 (318)445-7758	President	07/11/2005	10	\$825
Russell Bell 223 Estate Drive PO Box 4411 Pineville, LA 71361 (318)448-3676	Vice President	11/08/2004	10	\$850
Arthur McKneely 556 Williams Lake Road Pineville, LA 71360	Secretary	07/08/2006	12	\$1,000
James Kees 3625 Hwy 107 Pineville, LA 71360 (318)442-3716	Member	07/08/2007	12	\$1,000
John Voohries PO Box 4 Ruby, LA 71365 (318)442-5072	Member	07/13/2008	11	\$925
Total				<u>\$4,600</u>

2. Accounts Receivable

Current	\$35,034
30 - 60 days	2,515
Over 60 days	236
Total	<u>\$37,785</u>

3. Water Rate Schedule

<u>Residential</u>	<u>Rate</u>
0-2,000 gallons	\$10.00
\$2.55 for each additional thousand.	
 <u>Commercial</u>	 <u>Rate</u>
0-10,000 gallons	\$29.00
\$2.55 for each additional thousand.	

There were 1,275 residential and 19 commercial users on the system at December 31, 2004.

Kolin-Ruby Wise Waterworks District No. 11A
 Of Rapides Parish, Louisiana
 (A Component Unit of the Rapides Parish Police Jury)
 For the Year Ended December 31, 2004

4. Insurance

Company	Expiration	Coverage	Amount	
Granite State Insurance	12/18/2005	General Liability		
		General Aggregate	\$2,000,000	
		Products/Compl. Oper. Aggr.	\$1,000,000	
		Personal & Advertising Injury	\$1,000,000	
		Each Occurrence	\$1,000,000	
		Damage to Rented Premises	\$100,000	
		Medical Expense(Any One Person)	\$5,000	
			Failure to Supply	\$2,000/\$1,000
	12/18/2005	Business Auto		
		Liability-CSL	\$350,000	
			Uninsured Motorists-CSL	\$350,000
	12/18/2005	Equipment Floater		
		Computer Equipment	\$132,000	
	12/18/2005	Boiler and Machinery		
Property Damage		\$500,000		
12/18/2005	Property			
	Building 1	\$200,000		
	BPP	\$25,000		
	Business Income	\$250,000		
	Water Tower	\$200,000		
	Water Pumps	\$20,000		
	Metal Fence	\$10,000		
	Water Tower	\$225,000		
	Fences	\$7,000		
	Pump Station	\$110,000		
	Water Well	\$10,000		
Metal Fence	\$10,000			
Workers Compensation and Employers Liability Ins. Co.	12/18/2005	Workers Compensation		
		Bodily Injury:		
		Each Accident	\$100,000	
		Disease-Policy Limit	\$500,000	
		Disease-Each Employee	\$100,000	
Western Surety Company	12/18/2005	Public Employee Honesty Bond	\$100,000	

Insurance is provided by ICT Insurance Company and D.C. Bates Insurance Agency.