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CONCORDIA WATERWORKS DISTRICT #1
CONCORDIA PARISH POLICE JURY
Ferrybay, Louisiana

Component Unit Financial Statements
and Auditor's Reports

June 30, 1988
and for the Year then Ended

(With comparative figures at June 30, 1987)

Under provisions of state law, this report is a public document. A copy of the report has been transmitted to the auditor, or receiver, 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 SEP 2 1988

Receipt Accepted
Legislative

Dr. P. D. ...

JERI MAE TOSSPON
Certified Public Accountant

**CONCORDIA WATERWORKS DISTRICT #1
CONCORDIA PARISH POLICE JURY
Ferryport, Louisiana**

**Component Unit Financial Statements
and Auditor's Reports**

**June 30, 1995
and for the Year then Ended**

(With comparative figures at June 30, 1997)

**CONCORDIA WATERWORKS DISTRICT #1
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SECTION I

COMPONENT UNIT FINANCIAL STATEMENTS

REPORT ON COMPONENT UNIT FINANCIAL STATEMENTS

JERI SUE TOSSPON

Certified Public Accountant

P. O. Box 445

Feriday, Louisiana 70334-0445

(518) 757-9293

INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Concordia Waterworks District #1
Feriday, Louisiana

I have audited the accompanying component unit financial statements of the Concordia Waterworks District #1, a component unit of the Concordia Parish Police Jury, State of Louisiana, as of June 30, 1998 and for the year then ended. These financial statements are the responsibility of the Waterworks 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 generally accepted auditing standards. 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 evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the component unit financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Concordia Waterworks District #1, as of June 30, 1998, and the results of its operations and the cash flows for the year then ended in conformity with generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The financial information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Concordia Waterworks District #1. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in my opinion, is fairly presented in all material respects in relation to the component unit financial statements taken as a whole.



Feriday, Louisiana
July 18, 1998

**CONCORDIA PATRIARCHAL DISTRICT IN
BALANCE SHEET
JUNE 30, 1987**
(With comparative figures from June 30, 1985)

ASSETS	1987		1985	
	1987	1987	1985	1985
Current Assets				
Cash (Note 2)	\$ 87,195	\$ 170,628		
Contributions of Capital (Note 2)	68,885	60,228		
Accounts receivable, under bills (Note 3)	91,611	87,375		
Accounts receivable, other (Note 3)	2,000	2,452		
Accrued interest receivable	2,875	3,428		
Prepaid expenses				
Total current assets	\$ 1,802,311	\$ 564,378		
Restricted Assets				
Real Estate				
Real Estate Services Fund	\$ 87,988	\$ 68,583		
Contributions of interest				
Real Estate Fund	28,028	30,228		
Contributions of interest				
Depreciation Fund	78,000	65,278		
Other				
General Fund	44,919	53,688		
Cash	28,875	28,875		
Contributions of interest				
Total restricted assets	\$ 284,809	\$ 246,228		
Property, Plant and Equipment (Note 1)				
ROCKS, STONE AND SCULPTURE (see accompanying description)	\$ 3,071,438	\$ 2,884,888		
	3,084,105	1,180,888		
See property, plant and equipment	\$ 1,788,888	\$ 1,773,121		
Other Assets				
Gifts deposited	\$ 3,000	\$ 3,000		
TOTAL ASSETS	\$ 3,469,543	\$ 2,873,172		
LIABILITIES, RESERVES AND CONTRA ACCOUNTS AND NET ASSETS				
Current Liabilities (Payable from current assets)				
Accounts payable	\$ 50,728	\$ 54,000		
Other payables	1,337	3,007		
Payroll taxes payable	728	881		
Total current liabilities (payable from current assets)	\$ 52,833	\$ 61,888		
Current Liabilities (Payable from restricted assets)				
Notes payable, current portion (Note 1)	\$ 88,000	\$ 82,375		
Accrued interest payable	24,208	23,228		
Total current liabilities (payable from restricted assets)	\$ 112,208	\$ 105,603		
Long-term liabilities				
Notes payable (Note 1)	\$ 1,500,000	\$ 754,314		
Total liabilities	\$ 1,614,241	\$ 941,806		
Reserves				
Debt service and depreciation (Note 2)	\$ 173,207	\$ 78,348		
Total reserves	\$ 173,207	\$ 78,348		
Contributions				
Contributions from property	\$ 554,408	\$ 542,488		
Contributions from individuals	30,728	20,728		
Beats of local parishes	88,000	88,000		
Total contributions	\$ 673,136	\$ 653,216		
Reserve-Contingent	\$ 1,000,000	\$ 897,588		
TOTAL LIABILITIES, RESERVES AND CONTRA ACCOUNTS AND NET ASSETS	\$ 3,469,543	\$ 2,873,172		

See accompanying notes to financial statements.

**CONCORDIA WATERWORKS DISTRICT #1
STATEMENT OF REVENUE AND EXPENSES
YEAR ENDED JUNE 30, 1999
(With comparative figures from June 30, 1997)**

	Year ended June 30,	
	1999	1997
Operating Revenue		
Water sales	\$ 697,447	\$ 664,685
Penalties for late payment	20,990	29,227
Reconnect fees	16,625	15,606
Other income	43,897	12,273
Total operating revenue	\$ 778,959	\$ 721,791
Operating Expenses		
Salaries	\$ 133,915	\$ 127,633
Commissioners' fees	4,850	5,175
Payroll taxes	10,336	9,989
Repairs and maintenance	37,462	68,468
Truck expense	12,978	11,179
Operating supplies	117,897	71,098
Utility expense	83,590	55,237
Office expense	14,180	19,202
Insurance	47,836	39,744
Bad debts	18,397	7,810
Well site rent	1,150	1,168
Depreciation	68,588	65,252
Other operating expense	13,679	4,826
Total operating expense	\$ 534,665	\$ 590,706
Net income from operations	\$ 244,294	\$ 131,085
Other Revenue and (Expenses)		
Interest income	\$ 29,156	\$ 29,899
Interest expense	(26,663)	(38,151)
Total other revenue (expenses)	\$ (7,507)	\$ (8,252)
Net Income (Loss)	\$ 236,787	\$ 122,833

See accompanying notes to financial statements.

**CONCORDIA WATERWORKS DISTRICT #1
STATEMENT OF CHANGES IN RETAINED EARNINGS
TWO YEARS ENDED JUNE 30, 1998**

Retained Earnings, July 1, 1995	\$ 608,211
Deduct:	
Increase in debt service and depreciation reserves	(13,334)
Add:	
Net Income	202,523
Retained Earnings, July 1, 1997	\$ 627,500
Deduct:	
Increase in debt service and depreciation reserves	(8,199)
Add:	
Net Income	203,869
Retained Earnings, June 30, 1998	\$ 1,053,281

See accompanying notes to financial statements.

CONCORDIA WATERWORKS DISTRICT #1
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1998

Cash flows from operating activities			
Cash received from water sales	\$	180,737	
Interest income received		29,021	
Cash paid to suppliers and employees		(452,874)	
Interest expense paid		(37,294)	
Net cash provided by operating activities			\$ 219,720
Cash flows from financing activities			
Principal paid on notes payable	\$	(33,553)	
Cash distributions from members		10,450	
Total cash used for financing activities			(23,103)
Cash flows from investing activities			
Purchase of fixed assets			(63,362)
Net increase (decrease) in cash			\$ 213,255
Cash at beginning of year			1,070,658
Cash at end of year			\$ 1,283,913
Reconciliation of operating income to net cash provided by operating activities:			
Operating income			\$ 233,560
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation		\$ 68,898	
Changes in assets and liabilities:			
Increase in accounts receivable	\$	(3,848)	
Increase in interest receivable		(128)	
Decrease in prepaid expenses		457	
Increase in accounts payable		18,792	
Decrease in loans payable		(367)	
Increase in loans deposits		7,625	
Decrease in accrued interest payable		(324)	18,177
Net cash provided by other activities			\$ 213,255

See accompanying notes to financial statements.

CONCORDIA WATERWORKS DISTRICT #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE 1 - INTRODUCTION

The Concordia Waterworks District #1 is a part of a financial reporting entity of the Concordia Parish Police Jury. It was created by the Police Jury by Ordinance 263, dated May 16, 1966 to serve the rural areas of eastern Concordia Parish, under R.S. 33:3811. As such, it is accounted for as a component unit.

The Concordia Waterworks District #1 is governed by a Board of Commissioners who are appointed by the members of the Police Jury. The Board consists of five members each serving five year terms. They are compensated at the rate of \$75 per meeting.

The District serves approximately 3,250 consumers with a staff of six employees. They maintain 150 miles of water lines, supplying over 150,000,000 gallons of water annually from two wells.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation - The accompanying financial statements 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 - As the governing authority of the parish, for reporting purposes, the Concordia Parish Police Jury is the financial reporting entity for Concordia Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Concordia Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability.

This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
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 police jury appoints a voting majority of the Waterworks District's board and said board is fiscally dependent on the police jury, the District was determined to be a component unit of the Concordia Parish Police Jury, the financial reporting entity. 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 financial reporting entity.

C. Fund Accounting - The accounts of Concordia Waterworks District #1 are organized on the basis of a single proprietary fund type, the enterprise fund. Enterprise funds are used to account for operations in a manner similar to private business enterprises where the cost (expense, including depreciation) of providing water services to the general public on a continuing basis is financed through user charges.

D. Basis of Accounting - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components.

The proprietary fund is accounted for using the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Bad debts are recognized when they become uncollectible.

E. Cash and Certificates of Deposit - Cash includes amounts in demand deposits. The District conducts all its banking transactions with two state-chartered institutions in Concordia Parish.

At June 30, 1998, the Concordia Waterworks District #1 had \$1,295,029 (banks' balance) on deposit at these financial institutions.

All cash and certificates of deposit are deposited in financial institutions insured by an agency of the United States Government. Additionally, there is \$1,210,000 in additional collateral held by the bank in the District's name as required.

F. Inventories - Inventories of materials and supplies are considered to be expenditures at the time of purchase. Amounts on hand at the financial statement date are immaterial and, therefore, are not included in the balance sheet.

G. Property, Plant and Equipment - Additions to the utility plant in service are recognized at cost, or if contributed property, at their estimated fair market value at the time of contribution. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation of fixed assets used by the Waterworks District is charged as an expense against their operations. Depreciation is calculated over the estimated useful life of the assets using the straight line method as follows:

Buildings	25 years
Distribution system	50 years
Equipment	3-25 years

H. Reserves of Fund Equity - The Waterworks District records reserves to represent those portions of fund equity legally segregated for a specific future use. The following lists such reserves used by the Waterworks District:

Debt service & Depreciation reserve	\$ 173,337
-------------------------------------	------------

I. Income Taxes - Concordia Waterworks District #1 is a component unit of the Concordia Parish Police-Jury, and, as such, is not subject to federal or state income taxes.

NOTE 3 - CASH AND CERTIFICATES OF DEPOSIT

At June 30, 1998, the Waterworks District has cash and certificates of deposit totaling \$1,224,080, as follows:

Demand deposits	\$1,060,410
Certificates of deposit	173,976
Cash on hand	300
	<u>\$1,234,686</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent banks. At June 30, 1990, the Waterworks District had \$1,206,909 in collected bank balances. These deposits are secured from risk by \$400,000 of federal deposit insurance and \$1,210,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

NOTE 4 - RESTRICTED ASSETS

Certain assets were restricted for debt service and consumer deposits. These assets consisted of and are restricted to the following:

Bond debt service	\$ 67,668
Bond sinking fund	25,038
Bond depreciation fund	79,556
Consumer deposits	<u>82,589</u>
	<u>\$254,851</u>

NOTE 5 - ACCOUNTS RECEIVABLE

The following is an aged analysis of accounts receivable due on June 30, 1990:

Current	\$73,009
31-60 days	16,736
61-90 days	360
Over 90 days	<u>302</u>
	<u>\$90,407</u>

NOTE 6 - THEFT RECOVERY INCOME AND RECEIVABLES

In 1992, the Legislative Auditor of the State of Louisiana performed a specific procedure examination focusing on amounts misappropriated from 1987 to 1990 totaling \$19,425. An amount set by the Seventh Judicial District Court has been repaid and no further payments are expected. In 1997, a charge of \$6,025 was made to offset miscellaneous income for the difference between the amount determined by the Legislative Auditor and the amount set to be repaid by the Courts.

NOTE 7 - CHANGES IN FIXED ASSETS

A summary of the Waterworks District's property, plant and equipment and changes thereto follows:

	Balance June 30, 1997	Increases	Decreases	Balance June 30, 1998
Land and Right of Way Easements	\$ 210,849	\$ 94,844		\$ 305,693
Distribution systems, wells, tanks and equip-	2,463,404	3,047		2,466,451
Office building, furniture and equipment	290,353	78,892	\$ 18,599	350,646
	\$2,964,606	\$ 83,388	\$ 18,599	\$3,029,395
Less accumulated depreciation	1,184,948	\$ 89,588	18,599	1,262,935
	\$1,779,658	\$ 8,792	\$ 0	\$1,788,423

NOTE 8 - CHANGES IN LONG-TERM DEBT

The following is a summary of the notes payable for the year ended June 30, 1998:

	Note 97-01	Note 97-03	Total
Notes payable at June 30, 1997	\$167,967	\$620,000	\$787,967
Less principal paid	18,553	15,000	33,553
Notes payable at June 30, 1998	\$149,314	\$605,000	\$754,314

Long-term debt at June 30, 1998 consists of:

Notes Payable #90-01 - Water Revenue Bonds due to General Electric Capital Corporation issued October 12, 1967 due in annual installments of \$24,759 thru January 1, 2004 including interest at a rate of 3.75%. The water plant and distribution system are pledged as collateral for this loan. \$149,314

Notes Payable #91-03 - Water Revenue Bond due to General Electric Capital Corporation issued March 31, 1960 in the original amount of \$745,000 at an interest rate of 5% due in annual installments of \$15,000 or more plus interest thru March 30, 2020. This loan is secured by a pledge of revenues from the sale of water by the District. \$605,000

Total notes payable \$754,314

The District's proprietary fund bonds are governed by bond indenture, the terms of which are summarized as follows:

- (1) **Waterworks Operations and Maintenance Fund**
Funds are to be transferred to this fund from the Waterworks Revenue Fund on the first day of each month in sufficient amounts to pay all operating expenses and to make a reasonable provision for the repair and maintenance of the system.
- (2) **Waterworks Note Reserve Funds (Debt Service and Sinking: Note #91-01)**
The minimum amount to be transferred to this fund each month from the Waterworks Revenue fund shall be not less than one-twelfth of the amount of principal and interest coming due on the next succeeding note payment date. An additional amount of \$166 per month is required to be transferred from the Waterworks Revenue Fund to the Note Reserve Fund until \$30,000 has been accumulated.
- (3) **Waterworks Note Reserve Funds (Debt Service and Sinking: Note #91-03)**
The minimum amount to be transferred to this fund each month from the Waterworks Revenue Fund shall be not less than one-twelfth the amount of principal and interest coming due on the next succeeding bond payment date. An additional amount of 5% of the required minimum monthly amount is to be transferred from the Waterworks Revenue Fund to the Note Reserve Fund until \$45,000 has been accumulated.
- (4) **Waterworks Depreciation Fund**
An amount equal to \$165 per month for Note #90-01 plus \$184 per month for Note #91-03 is to be transferred to this fund on the first day of each month from the Waterworks Revenue Fund. Monies in this fund shall be used solely for the purpose of paying the cost for major repairs of damages caused by unforeseen catastrophe and for the replacements made necessary by the depreciation of the system.

The District is in compliance with all of these covenants.

The annual requirements to retire general long-term debt as of June 30, 1996 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1999	34,240	35,771	70,019
2000	34,970	34,360	69,330
2001	35,692	32,807	68,519
2002	41,499	31,273	72,769
2003	42,302	29,867	71,769
Thereafter	<u>593,626</u>	<u>258,220</u>	<u>823,626</u>
	<u>\$736,214</u>	<u>\$421,023</u>	<u>\$1,176,127</u>

NOTE 9 - BAD DEBTS EXPENSE

The District uses the direct write-off method to account for bad debts.

NOTE 10 - EMPLOYEE BENEFITS

The District does not have a retirement plan other than those benefits provided by Social Security. The accrual of sick leave and vacation benefits are estimated to be of an immaterial amount.

NOTE 11 - LITIGATION

The District is involved in one lawsuit as of June 30, 1998. A former employee has filed suit against the District alleging that he was unlawfully terminated from his employment with the District. The District won the case, but the claimant has appealed. The District's attorney and management intend to contest the case vigorously and are optimistic regarding its outcome. No potential loss has been estimated by them at this time.

SECTION II
REPORT ON INTERNAL CONTROL

JERI SUE TOSSPON

Certified Public Accountant

P. O. Box 445

Franklin, Louisiana 71334-8445

(504) 751-9282

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE AND RELATED MATTERS NOTED IN A FINANCIAL
STATEMENT AUDIT CONDUCTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Board of Commissioners
Concordia Waterworks District #1

I have audited the component unit financial statements of Concordia Waterworks District #1, a component unit of the Concordia Parish Police Jury, State of Louisiana, for the year ended June 30, 1998, and have issued my report thereon dated July 16, 1998.

I have conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards required that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

The management of Concordia Waterworks District #1 is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of component unit financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operations of policies and procedures may deteriorate.

In planning and performing my audit of the component unit financial statements of Concordia Waterworks District #1, for the year ended June 30, 1998, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the component unit financial statements and not to provide an opinion on the internal

control structure. Accordingly, I do not express such an opinion.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined as follows. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the component unit 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 structure and its operation that I consider to be material weaknesses as defined above. However, I have noted another matter involving the internal control over financial reporting that I have reported to management of Concordia Waterworks District #1 in a separate letter dated July 16, 1998.

This report is intended for the information of management, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.



Ferriday, Louisiana
July 16, 1998

SECTION II

REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

JERI SUE TOSSPON

Certified Public Accountant
P. O. Box 445
Ferdiday, Louisiana 71534-0445
(511) 787-9393

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
LAWS AND REGULATIONS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Board of Commissioners
Concordia Waterworks District #1

I have audited the accompanying component unit financial statements of Concordia Waterworks District #1, a component unit of the Concordia Parish Police Jury, State of Louisiana, as of and for the year ended June 30, 1998, and issued my report thereon dated July 16, 1998.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Concordia Waterworks District #1, is the responsibility of the Waterworks District's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the Waterworks District's compliance with certain provisions of laws, regulations, contracts, and grants. However, my objective was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of management, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.



Ferdiday, Louisiana
July 16, 1998

SECTION IV
SUPPLEMENTAL INFORMATION

CONCORDIA WATERWORKS DISTRICT #1
SCHEDULE OF COMMISSIONERS COMPENSATION
YEAR ENDED JUNE 30, 1998

Mr. Edgar W Jones, President	\$ 975
Mrs. Joan Faltanka	625
Mrs. Helen Lykos	600
Mr. John Morgan	675
Mr. Wilson Palmer	<u>675</u>
	<u>\$ 4,850</u>

JERI SUE TOSSPON

Certified Public Accountant

P. O. Box 448

Ferryport, Louisiana 71334-0448

(713) 787-9293

To Management and the Board of Directors
Concordia Waterworks District #1
Ferryport, Louisiana

I have audited the financial statements of the Concordia Waterworks District #1, as of June 30, 1998 and for the year then ended, and have issued my reports dated July 15, 1998. As a part of my examination, I made a study and evaluation of the Association's system of internal accounting controls to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards. Under these standards, the purposes of such evaluation are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and to assist the auditor in planning and performing his examination of the financial statements. My study was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of the District is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purposes described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the Association taken in as a whole. However, my study and evaluation disclosed no condition that I believed to be a material weakness.

To Management and the Board of Directors
Concordia Waterworks District #1
Page Two

My comments on specific financial and accounting matters and recommendations developed during my examination which do not represent material weaknesses, are detailed below.

FINDING

1. It was noted during review of invoices for the purchase of fixed assets that one vendor was paid from a copy of a purchase order, not an invoice. The District needs to adhere to a policy of payment from invoice only in order to maintain control over purchases.

MANAGEMENT RESPONSE

During discussion with management of this issue, assurance was given that they would adhere to the policy of payment from invoice only.

This report is intended for the use of the District's management and others within the organization.

I thank all the personnel of the District for their cooperation during my examination.



Forney, Louisiana
July 16, 1995