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**SEWERAGE DISTRICT #1 OF THE PARISH OF CONCORDIA
CONCORDIA PARISH POLICE JURY
Ferryday, Louisiana**

**Component Unit Financial Statements
and Accountant's Compilation Reports**

**December 31, 1997
and for the Year Then Ended**

(With Comparative Figures for the Year Ended December 31, 1996)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the elected, or appointed, 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: MAR 11 1998

JERI SUE TOSSPOH
Certified Public Accountant

SEWERAGE DISTRICT #1 OF THE PARISH OF CONCORDIA
CONCORDIA PARISH POLICE JURY
Ferrybay, Louisiana

Component Unit Financial Statements
and Accountant's Compilation Reports

December 31, 1997
and for the Year Then Ended

(With Comparative Figures for the Year Ended December 31, 1996)

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SEWERAGE DISTRICT #1 OF THE PARISH OF CONCORDIA
Ferryday, Louisiana


ANNUAL SWORN FINANCIAL STATEMENTS

AFFIDAVIT

Personally came and appeared before the undersigned authority, Harry L. Greer, who is duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Sewerage District #1 of the Parish of Concordia as of December 31, 1997, and the results of operations for the year then ended, in accordance with the basis of accounting described within the accompanying financial statements.


Signature

Sworn to and subscribed before me, this 10th day of February, 1998.


Notary Public

Officer: Secretary/Treasurer
Address: 284 Rabe Road
Ferryday, Louisiana 71334
Telephone: (318) 757-6751

SECTION II
COMPONENT UNIT FINANCIAL STATEMENTS

JERI SUE TOSSPON

Certified Public Accountant
P. O. Box 445
Ferriday, Louisiana 71534-0445
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ACCOUNTANT'S COMPILATION REPORT

**BOARD OF COMMISSIONERS
SEWERAGE DISTRICT #1 OF THE PARISH OF CONCORDIA**

The accompanying balance sheet of the Sewerage District #1 of the Parish of Concordia for December 31, 1997, and the related statements of income, changes in retained earnings, and cash flows for the period then ended have been compiled by me, in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements, information that is the representation of management. I have not audited or reviewed the accompanying financial statements, accordingly, do not express an opinion or any other form of assurance on them.



January 29, 1998

SEWERAGE DISTRICT #1 OF THE PARISH OF CONCORDIA
BALANCE SHEET
DECEMBER 31, 1997 AND 1998

ASSETS

| | December 31, | |
|---|---------------------|---------------------|
| | 1997 | 1998 |
| Current Assets | | |
| Cash (Note 3) | \$ 20,489 | \$ 34,508 |
| Certificates of deposit (Note 3) | 24,089 | 22,601 |
| Accounts receivable (Note 4) | 3,388 | 3,345 |
| Accrued interest receivable | 158 | 158 |
| Total Current Assets | <u>\$ 48,113</u> | <u>\$ 60,612</u> |
| Property, Plant and Equipment (Note 5) | | |
| Property, plant and equipment | \$ 2,108,307 | \$ 2,090,069 |
| Less accumulated depreciation | <u>336,087</u> | <u>288,675</u> |
| Net Property, Plant and Equipment | <u>\$ 1,772,220</u> | <u>\$ 1,801,404</u> |
| Total Assets | <u>\$ 1,820,333</u> | <u>\$ 1,862,016</u> |

LIABILITIES, CONTRIBUTIONS AND RETAINED EARNINGS

| | | |
|---|---------------------|---------------------|
| Liabilities | | |
| Customer deposits | \$ 3,525 | \$ 3,525 |
| Contributions | | |
| Grants in aid of construction | \$ 1,747,313 | \$ 1,811,804 |
| Retained Earnings | | |
| Retained earnings | <u>68,569</u> | <u>67,015</u> |
| Total Contributions and Retained Earnings | <u>\$ 1,815,882</u> | <u>\$ 1,878,819</u> |
| Total Liabilities, Contributions and Retained Earnings | <u>\$ 1,819,407</u> | <u>\$ 1,882,344</u> |

See accompanying notes and accountant's compilation report.

SEWERAGE DISTRICT #1 OF THE PARISH OF CONCORDIA
STATEMENT OF REVENUE AND EXPENSES
TWO YEARS ENDED DECEMBER 31, 1997 AND 1996

| | Year ended December 31, | |
|--|-------------------------|--------------------|
| | 1997 | 1996 |
| Operating Revenues: | | |
| Sewerage fees | \$ 56,400 | \$ 54,047 |
| Operating Expenses: | | |
| Salaries and benefits | \$ 34,007 | \$ 14,042 |
| Operating expenses | 8,207 | 8,208 |
| Collection fees | 9,099 | 9,207 |
| Utilities | 6,122 | 5,291 |
| Commissioners' fees | 1,800 | 1,950 |
| Insurance | 3,946 | 2,850 |
| Professional fees | 815 | 490 |
| Depreciation | 87,412 | 66,792 |
| Total Operating Expense | \$ 121,105 | \$ 106,850 |
| Net Income (Loss) from Operations | \$ (64,625) | \$ (54,003) |
| Other Revenue | | |
| Interest | 1,667 | 1,747 |
| Net Income (Loss) | \$ (62,958) | \$ (52,256) |

See accompanying notes and accountant's compilation report.

SEWERAGE DISTRICT #1 OF THE PARISH OF CONCORDIA
STATEMENT OF CHANGES IN RETAINED EARNINGS
TWO YEARS ENDED DECEMBER 31, 1997 AND 1996

| | Year ended December 31, | |
|--|-------------------------|-----------|
| | 1997 | 1996 |
| Retained earnings, January 1, | \$ 67,015 | \$ 54,780 |
| Add: Net income (loss) | (62,939) | (52,356) |
| Depreciation on fixed assets acquired by grants externally restricted for capital acquisition and construction | 64,492 | 64,491 |
| Retained earnings, December 31 | \$ 68,568 | \$ 67,015 |

See accompanying notes and accountant's compilation report.

SEWERAGE DISTRICT #1 OF THE PARISH OF CONCORDIA
STATEMENT OF CASH FLOWS
TWO YEARS ENDED DECEMBER 31, 1997 AND 1996

| | Year ended December 31, | |
|---|-------------------------|-----------|
| | 1997 | 1996 |
| Cash flows from operating activities: | | |
| Cash received from sewerage fees | \$ 56,441 | \$ 64,962 |
| Cash received as sewer deposits | 525 | 975 |
| Interest income received | 1,055 | 1,747 |
| Cash paid to suppliers | (53,623) | (43,056) |
| Net cash provided by operating activities | \$ 5,398 | \$ 14,648 |
| Cash flows from investing activities: | | |
| Additions to fixed assets | \$ 16,238 | |
| Net cash used by investing activities | \$ 16,238 | \$ 0 |
| Net increase in cash | \$ (10,840) | \$ 14,648 |
| Cash and certificates of deposit at beginning of year | 57,407 | 42,759 |
| Cash and certificates of deposit at end of year | \$ 46,567 | \$ 57,407 |

See accompanying notes and accountant's compilation report.

SEWERAGE DISTRICT #1 OF THE PARISH OF CONCORDIA
STATEMENT OF REVENUE AND EXPENSES
ACTUAL VERSUS BUDGET - CASH BASIS
YEAR ENDED DECEMBER 31, 1997

| | Actual | Budget | Excess (Deficit) |
|-----------------------------------|-------------|-----------|---------------------|
| Operating Revenue: | | | |
| Sewerage fees | \$ 55,441 | \$ 55,400 | \$ 41 |
| Operating Expenses: | | | |
| Salaries and benefits | \$ 24,557 | \$ 20,204 | \$ (4,353) |
| Operating expenses | 8,237 | 16,741 | 8,504 |
| Collection fees | 2,055 | 2,000 | (55) |
| Utilities | 6,122 | 4,500 | (1,622) |
| Commissioner's fees | 1,800 | 1,800 | 0 |
| Insurance | 3,048 | 3,755 | (707) |
| Professional fees | 515 | 0 | (515) |
| Capital outlay | 18,208 | 0 | (18,208) |
| Total Operating Expense | \$ 71,901 | \$ 55,400 | \$ (16,501) |
| Net Income (Loss) from Operations | \$ (15,460) | \$ 0 | \$ (15,460) |
| Other Revenue: | | | |
| Interest | 1,687 | 0 | 1,687 |
| Net Income (Loss) | \$ (13,773) | \$ 0 | \$ (13,773) |

See accompanying notes and accountant's compilation report.

SEWERAGE DISTRICT #1 OF THE PARISH OF CONCORDIA
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 1997

NOTE 1 - INTRODUCTION

Sewerage District #1 of the Parish of Concordia (Sewerage District #1) is a part of a financial reporting entity, the Concordia Parish Police Jury. It was created by the Police Jury by Ordinance 460, dated November 22, 1976, to provide public sewerage and waste treatment service to the rural areas of eastern Concordia Parish, in accordance with Louisiana Revised Statute 33:3081.

Sewerage District #1 is governed by a Board of Supervisors, made up of three members who are qualified voters and residents of the district. They are appointed by the members of the Concordia Parish Police Jury to serve at the will of the Police Jury until such time as their successors are appointed and have qualified. They are compensated at the rate of \$50 per meeting up to 24 regular meetings and up to 12 special meetings per year, with the secretary/treasurer receiving an additional \$25 per month for services rendered to the District.

The District serves over 400 consumers. They maintain the sewerage treatment facilities and sewer lines of the district. The district employs one full time employee.

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 within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the 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 Sewerage 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 governmental reporting entity.

C. Fund Accounting - The accounts of Sewerage 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 costs (expense, including depreciation) of providing sewerage services to the general public on a continuing basis are 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 in to contributed capital and retained earnings components.

The propriety 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 December 31, 1997, the Sewerage District #1 had \$46,017 (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.

F. Inventories - Inventories of materials and supplies are considered to be expenditures at the time of the 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 Sewerage District is charged as an expense against their operations. Depreciation on assets provided through grant funds (contributed capital) is charged against such capital as provided by Section G80.116 of the GASB Codification.

Depreciation is calculated over the estimated useful life of the assets using the straight line method as follows:

| | |
|-------------------------------|----------|
| Sewerage system and equipment | 30 years |
| Other assets | 10 years |

H. Income taxes - Sewerage 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 December 31, 1997, Sewerage District #1 had cash and certificates of deposits (book balances), totaling \$57,407, as follows:

| | |
|-------------------------|---------------|
| Demand deposits | \$20,409 |
| Certificates of deposit | <u>24,089</u> |
| Total | \$44,558 |

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 bank. At December 31, 1997, the district had \$46,017 collected bank balances. These deposits are secured from risk by federal deposit insurance.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consists of the monthly billing at January 1, 1998 for sewerage services rendered during December, 1997. These fees are billed by Concordia Waterworks District #1 along with the water billings each month and are paid to the Sewerage District after the first of the next month. Only the current month billings are due at any time and no amount is past due.

NOTE 5 - CHANGES IN FIXED ASSETS

There were changes as follows in the fixed assets of Sewerage District #1 during the year ended December 31, 1997:

| | January 1, 1997 | Additions | December 31, 1997 |
|-----------------------------------|--------------------|-------------------|----------------------|
| Land and ponds | \$ 142,888 | \$ -0- | \$ 142,888 |
| Sewerage system | 1,940,360 | 3,065 | 1,943,445 |
| Other fixed assets | 8,851 | 15,123 | 21,974 |
| | <u>\$2,092,099</u> | <u>\$18,209</u> | <u>\$2,108,307</u> |
| Less accumulated depreciation | <u>388,875</u> | <u>57,412</u> | <u>336,067</u> |
| Net property, plant and equipment | <u>\$1,821,424</u> | <u>(\$39,204)</u> | <u>\$1,772,220</u> |

During 1992, the Concordia Parish Police Jury constructed a sanitary sewer system in the Levens Additions area, Ferriday, Louisiana, financed by a grant from Louisiana Community Development Block Grant to be operated by the Sewerage District. The system was complete and began operation in August, 1992. The Sewerage District operates the system and collected fees starting in September, 1992. The Concordia parish Police Jury transferred the system to the Sewerage District as of January, 1993.

During 1995, the Concordia Parish Police Jury constructed a sanitary sewer system in the Doty Roads area, Ferriday, Louisiana, financed by a grant from Louisiana Community Development Block Grant to be operated by the Sewerage district. The system was complete and began operation in July, 1995. The Sewerage District operates the system and collected fees starting in August, 1995. The Concordia Parish Police Jury transferred the system to the Sewerage District as November, 1995.

NOTE 6 - LITIGATION

The District is not involved in any litigation at December 31, 1997.

NOTE 7 - RETIREMENT

The District does not participate in any retirement plan at December 31, 1997.

SEWERAGE DISTRICT #1 OF THE PARISH OF CONCORDIA,
SCHEDULE OF COMMISSIONERS' COMPENSATION
YEAR ENDED DECEMBER 31, 1997

| | |
|--------------------------------------|----------------|
| Mr. Eddie Turner, President | \$ 600 |
| Mr. Dan Mays | 600 |
| Mr. Harry Greer, Secretary/Treasurer | <u>600</u> |
| | <u>\$1,800</u> |

SECTION III

REPORT ON AGREED UPON PROCEDURES

JERI SUE TOSSPON

Certified Public Accountant
P. O. Box 448
Ferdol, Louisiana 71334-0448
(214) 757-8383

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

To the Board of Directors

I have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Concordia Parish Sewer District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Sewer District's compliance with certain laws and regulations during the period ended December 31, 1997 included in the accompanying Louisiana Attestation Questionnaire. This agreed upon procedures 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, I 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 \$5,000, or public works exceeding \$50,000, and will determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

One expenditure in excess of \$5,000 was made and was in compliance with the public bid law.

Code of Ethics for Public Officials and Public Employees

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

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

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

Management provided 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 included on the listing obtained from management in agreed upon procedure (2) as immediate family members.

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.

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

6. Trace the budget adoption and amendments to the minute book.

I traced the adoption of the original budget to the minutes of a meeting held on April 17, 1997, which indicated that the budget had been adopted by the Board of Directors in a unanimous vote. No amendments were made to the budget during the year.

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%.

I compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year varied from budgeted amounts as follows:

| | | |
|-----------------------|---|------|
| Salaries and benefits | + | 18% |
| Operating expenses | + | 51% |
| Utilities | - | 28% |
| Capital outlay | | 100% |
| Interest income | | 100% |

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 payment was for the proper amount and made to the correct payee.

(b) determine whether payments were properly coded to the correct fund and general ledger account; and

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

(c) determine whether payments received approval from proper authorities.

All of the payments were properly approved by the Secretary/Treasurer of the district.

Meetings

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

Concordia Parish Sewer District is required to post a notice of each meeting and the accompanying agenda on the door of the district's office. Management has asserted in the attached Compliance Questionnaire that this is being done.

Debt

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

I inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

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

A reading of the minutes of the district for the year indicated no approval for the payments noted. I also 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 our attention that would have been reported to you.

This report is intended solely for the use of management of Concordia Parish Sewer 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.



January 29, 1999