

11/10/95

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

*Component Unit Financial Statements
and Auditor's Reports*

June 30, 1999
and for the Year then Ended

(With comparative figures at June 30, 1998)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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.

OCT 13 1999

Release Date _____

JERI SUE TOSSPON
Certified Public Accountant

JERI SUE TOSSPON
Certified Public Accountant
P O Box 445
Ferriday, Louisiana 71334-0445
(318)757-9393 Fax (318)757-4185
jtosspn@iamerica.net

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

I have audited the financial statements of the Concordia Waterworks District #1, as of June 30, 1999 and for the year then ended, and have issued my reports dated August 26, 1999. As a part of my examination, I made a study and evaluation of the Association's system of internal accounting control 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 the construction of the building for the new filter system was not bid out as required for a purchase in excess of \$15,000 (total amount was \$19,900.) The District did obtain three quotes for the building. The District needs to adhere to the Louisiana Bid Law as regards capital asset purchases.

MANAGEMENT RESPONSE

During discussion with management of this issue, assurance was given that they would adhere to the Louisiana Bid Law in the future.

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

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



Ferriday, Louisiana
August 26, 1999

**Concordia Waterworks District #1
Schedule of Prior Year Findings
For the year ended June 30, 1999**

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.

Subsequent Year Test

All payments that were subjected to test were paid from invoices only.

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

Component Unit Financial Statements
and Auditor's Reports

June 30, 1999
and for the Year then Ended

(With comparative figures at June 30, 1998)

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
Ferriday, Louisiana 71334-0445
(318)757-9393 Fax (318)757-4185
jtosspon@iamerica.net

INDEPENDENT AUDITOR'S REPORT

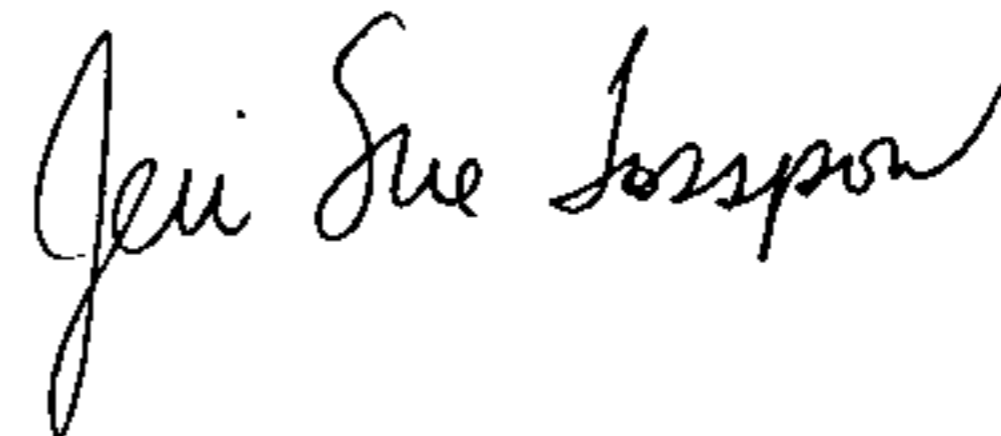
The Board of Commissioners
Concordia Waterworks District #1
Ferriday, Louisiana

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, 1999 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, 1999, 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.



Ferriday, Louisiana
August 26, 1999

**CONCORDIA WATERWORKS DISTRICT #1
BALANCE SHEET
JUNE 30, 1999**

(With comparative figures from June 30, 1998)

ASSETS	June 30, 1999	June 30, 1998	LIABILITIES, RESERVES AND CONTRIBUTIONS AND RETAINED EARNINGS	1999	June 30, 1998
Current Assets			Current Liabilities (Payable from current assets)		
Cash (Note 3)	\$ 1,011,798	\$ 927,135	Accounts payable	\$ 44,690	\$ 50,725
Certificates of deposit (Note 3)	40,000	40,000	Sales tax payable	1,359	1,037
Accounts receivable, water sales (Note 5)	92,364	91,017	Payroll taxes payable	814	726
Accounts receivable, other (Note 6)			Total current liabilities (payable from current assets)	<u>\$ 46,863</u>	<u>\$ 52,488</u>
Accrued interest receivable	2,295	2,580			
Prepaid expenses	2,624	2,979			
Total current assets	<u>\$ 1,149,081</u>	<u>\$ 1,063,711</u>	Current Liabilities (Payable from restricted assets)		
			Tenant deposits	\$ 95,961	\$ 89,986
Restricted Assets			Notes payable, current portion (Note 7)	34,970	34,248
Bond Debt Service Fund:			Accrued interest payable	9,814	10,363
Certificate of deposit	\$ 70,343	\$ 67,968	Total current liabilities (payable from restricted assets)	<u>\$ 140,745</u>	<u>\$ 134,598</u>
Bond Sinking Fund:					
Certificate of deposit	28,088	25,838	Long Term Liabilities		
Depreciation Fund:			Notes payable (Note 7)	\$ 685,094	\$ 720,066
Cash	90,050	79,556	Total liabilities	<u>\$ 872,702</u>	<u>\$ 907,152</u>
Consumer Deposits:					
Cash	50,938	44,019	Reserves		
Certificate of deposit	39,570	39,570	Debt service and depreciation (Note 2)	\$ 188,456	\$ 173,337
Total restricted assets	<u>\$ 278,989</u>	<u>\$ 256,951</u>	Total reserves	<u>\$ 188,456</u>	<u>\$ 173,337</u>
Property, Plant and Equipment (Note 6)			Contributions		
Property, plant and equipment	\$ 3,426,429	\$ 3,021,438	Contributions from members	\$ 265,305	\$ 258,430
Less accumulated depreciation	1,313,068	1,234,535	Contributions from subdivider	20,720	20,720
Net property, plant and equipment	<u>\$ 2,113,361</u>	<u>\$ 1,786,903</u>	Grant-in-aid of construction	875,000	695,000
			Total contributions	<u>\$ 1,161,025</u>	<u>\$ 974,150</u>
Other Assets			Retained earnings	\$ 1,319,583	\$ 1,053,261
Utility deposits	\$ 335	\$ 335			
TOTAL ASSETS	<u>\$ 3,541,766</u>	<u>\$ 3,107,900</u>	TOTAL LIABILITIES, RESERVES CONTRIBUTIONS, AND RETAINED EARNINGS	<u>\$ 3,541,766</u>	<u>\$ 3,107,900</u>

(2)

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, 1998)

	Year ended June 30,	
	1999	1998
Operating Revenues		
Water sales	\$ 703,968	\$ 697,447
Penalties for late payment	20,861	20,360
Reconnect fees	13,965	14,455
Other income	29,090	43,897
	<hr/>	<hr/>
Total operating revenue	\$ 767,884	\$ 776,159
Operating Expenses		
Salaries	\$ 144,708	\$ 133,915
Commissioners' fees	5,550	4,650
Payroll taxes	11,165	10,335
Repairs and maintenance	16,587	37,442
Truck expense	11,389	12,578
Operating supplies	62,967	117,937
Utility expense	64,840	63,990
Office expense	16,265	14,180
Insurance	50,564	47,636
Bad debts	8,036	10,397
Well site rent	1,150	1,150
Depreciation	78,533	66,586
Other operating expense	9,165	13,870
	<hr/>	<hr/>
Total operating expense	\$ 480,919	\$ 534,666
Net income from operations	\$ 286,965	\$ 241,493
Other Revenue and (Expenses)		
Interest income	\$ 29,699	\$ 29,150
Grant income	180,000	
Interest expense	(35,220)	(36,683)
	<hr/>	<hr/>
Total other revenue (expenses)	\$ 174,479	\$ (7,533)
Net Income (Loss)	<u>\$ 461,444</u>	<u>\$ 233,960</u>

See accompanying notes to financial statements.

**CONCORDIA WATERWORKS DISTRICT #1
STATEMENT OF CHANGES IN RETAINED EARNINGS
TWO YEARS ENDED JUNE 30, 1999**

Retained Earnings, July 1, 1997	\$ 827,500
Deduct:	
Increase in debt service and depreciation reserves	(8,199)
Add:	
Net Income	<u>233,960</u>
Retained Earnings, July 1, 1998	\$ 1,053,261
Deduct:	
Increase in debt service and depreciation reserves	(15,122)
Grant in aid of construction	(180,000)
Add:	
Net Income	<u>461,444</u>
Retained Earnings, June 30, 1999	<u>\$ 1,319,583</u>

See accompanying notes to financial statements.

**CONCORDIA WATERWORKS DISTRICT #1
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1999**

Cash flows from operating activities		
Cash received from water sales	\$ 772,514	
Interest income received	29,983	
Cash paid to suppliers and employees	(407,657)	
Interest expense paid	(35,769)	
Grant in aid of construction	180,000	
Net cash provided by operating activities		\$ 539,071
Cash flows from financing activities		
Principal paid on notes payable	\$ (34,251)	
Cash contributions from members	6,875	
Total cash used for financing activities		(27,376)
Cash flows from investing activities		
Purchase of fixed assets		(404,991)
Net increase (decrease) in cash		\$ 106,704
Cash at beginning of year		1,224,086
Cash at end of year		\$ 1,330,790
Reconciliation of operating income to net cash provided by operating activities:		
Operating income		\$ 461,444
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 78,533	
Changes in assets and liabilities:		
Increase in accounts receivable	\$ (1,347)	
Decrease in interest receivable	284	
Decrease in prepaid expenses	355	
Increase in accounts payable	(6,035)	
Increase in taxes payable	411	
Increase in tenant deposits	5,975	
Decrease in accrued interest payable	(549)	
	(906)	77,627
Net cash provided by other activities		\$ 539,071

See accompanying notes to financial statements.

CONCORDIA WATERWORKS DISTRICT #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 1 - INTRODUCTION

The Concordia Waterworks District #1 is a part of a financial reporting entity which is the Concordia Parish Police Jury. It was created by the Police Jury by Ordinance 393, 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 2,180 consumers with a staff of six employees. They maintain 160 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 the 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, 1999, the Concordia Waterworks District #1 had \$1,325,856 (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 \$1,423,000 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	\$ 188,456
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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, 1999, the Waterworks District has cash and certificates of deposit totaling \$1,330,790, as follows:

Demand deposits	\$1,152,486
Certificates of deposit	178,004
Cash on hand	300
	<u>\$1,330,790</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, 1999, the Waterworks District had \$1,325,856 in collected bank balances. These deposits are secured from risk by \$400,000 of federal deposit insurance and \$1,423,000 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	\$ 70,343
Bond sinking fund	28,088
Bond depreciation fund	90,050
Consumer deposits	<u>90,508</u>
	<u>\$278,989</u>

NOTE 5 - ACCOUNTS RECEIVABLE

The following is an aged analysis of accounts receivable due on June 30, 1999:

Current	\$73,412
31-60 days	18,410
61-90 days	257
Over 90 days	<u>285</u>
	<u>\$92,364</u>

NOTE 6 - CHANGES IN FIXED ASSETS

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

	Balance June 30, 1998	Additions	Deletions	Balance June 30, 1999
Land and Right of Way Easements	\$ 275,493	\$ 11,649		\$ 287,142
Distribution system, wells, tanks and equip	2,456,506	380,753		2,837,259
Office building, furniture and equipment	<u>289,439</u>	<u>12,589</u>	\$ -0-	<u>302,028</u>
	\$3,021,438	\$404,991	\$ -0-	\$3,426,429
Less accumulated depreciation	<u>1,234,535</u>	<u>\$ 78,533</u>	<u>-0-</u>	<u>\$1,313,068</u>
	<u>\$1,786,903</u>	<u>\$326,458</u>	<u>\$ -0-</u>	<u>\$2,113,361</u>

NOTE 7 - CHANGES IN LONG-TERM DEBT

The following is a summary of the notes payable for the year ended June 30, 1999:

	<u>Note 91-01</u>	<u>Note 91-03</u>	<u>Total</u>
Notes payable at June 30, 1998	\$149,314	\$605,000	\$754,314
Less principal paid	<u>19,250</u>	<u>15,000</u>	<u>34,250</u>
Notes payable at June 30, 1999	<u>\$130,064</u>	<u>\$590,000</u>	<u>\$720,064</u>

Long-term debt at June 30, 1999 consists of:

Notes Payable #90-01 - Water Revenue Bonds due to General Electric Capital Corporation issued October 12, 1967 due in annual installments of \$24,769 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. \$130,064

Notes Payable #91-03 - Water Revenue Bond due to General Electric Capital Corporation issued March 31, 1980 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. 590,000

Total notes payable \$720,064

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 \$165 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 \$49,500 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, 1999 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	34,970	34,299	69,269
2001	35,692	32,827	68,519
2002	41,496	31,273	72,769
2003	42,302	29,467	71,769
2004	43,139	27,630	70,769
Thereafter	<u>522,465</u>	<u>230,590</u>	<u>753,055</u>
	<u>\$720,064</u>	<u>\$386,086</u>	<u>\$1,106,150</u>

NOTE 8 - BAD DEBTS EXPENSE

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

NOTE 9 - 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 10 - LITIGATION

The District is involved in one lawsuit at June 30, 1999. 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 has prevailed in all possible appeals and believe that the case can go no further at this time. No potential loss has been estimated by them at this time.

NOTE 11 - YEAR 2000 COMPLIANCE

The District has made the necessary changes to their computer systems and software programs to become Year 2000 compliant.

SECTION II

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING

JERI SUE TOSSPON
Certified Public Accountant
P O Box 445
Ferriday, Louisiana 71334-0445
(318)757-9393 Fax (318)757-4185
jtosspn@iamerica.net

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING 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 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, 1999, and have issued my report thereon dated August 26, 1999. 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 required that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of materials misstatement.

Compliance

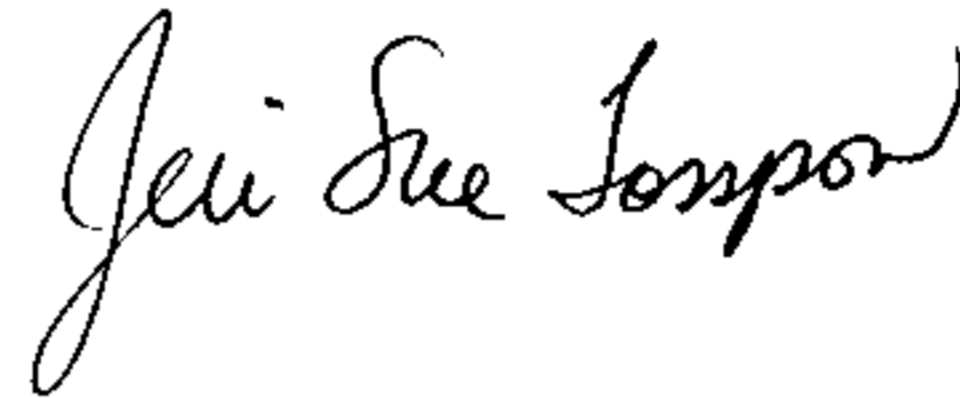
As part of obtaining reasonable assurance about whether Concordia Waterworks District #1 financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances of noncompliance that I have reported to management of Concordia Waterworks District #1, in a separate letter dated August 26, 1999.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements of the Waterworks District, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

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.

A handwritten signature in cursive script that reads "Jeli Sue Tompson".

Ferriday, Louisiana
August 26, 1999

SECTION III
SUPPLEMENTAL INFORMATION

CONCORDIA WATERWORKS DISTRICT #1
SCHEDULE OF COMMISSIONERS COMPENSATION
YEAR ENDED JUNE 30, 1999

Mr. Edgar W Jones, President	\$1,125
Mrs. Jean Fairbanks	1,050
Mrs. Helen Lyles	1,125
Mr. John Morgan	1,125
Mr. Wilson Palmer	<u>1,125</u>
	<u>\$ 5,550</u>