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LAKE ST. JOHN WATERWORKS DISTRICT
CONCORDIA PARISH POLICE JURYComponent Unit Financial Statements
and Independent Auditors' Reports
As of and for the Year Ended
December 31, 2003

Under provisions of state law, this report is a public document. A copy of this report has been submitted to every member of the appropriate public officials. The report is available for public inspection at the State Rouge office of the Legislative Auditor and, where appropriate, at the office of the clerk of court.

Release Date 7-28-04

LAKE ST. JOHN WATERWORKS DISTRICT
TABLE OF CONTENTS
DECEMBER 31, 2003

	Page
Independent Auditors' Report	1-2
Required Supplementary Information	
Management's Discussion and Analysis	3-7
Component Unit Financial Statements	8
Statement of Net Assets	8
Comparative Statement of Revenues, Expenses and Changes in Net Assets	10
Comparative Statement of Cash Flows	11
Notes to Financial Statements	12-16
Supplementary Information Schedules	17
Schedule of Per Diem Paid	18
Statement of Revenues, Expenses-Budget (GAAP Basis) and Actual	19
Compliance/ Internal Control	20
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	21-22
Schedule of Findings and Questioned Costs	23
Schedule of Findings and Questioned Costs	24
Summary Schedule of Prior Audit Findings	25

SWITZER, HOPKINS & MANGE

Certified Public Accountants

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Members of Board of Directors
Lake St. John Waterworks District
Concordia Parish Police Jury
Ferreyer, Louisiana

We have audited the accompanying component unit financial statements of the Lake St. John Waterworks District, a component unit of the Concordia Parish Police Jury, as of December 31, 2003, and for the year then ended, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the Lake St. John Waterworks District. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with standards generally accepted in the United States of America and 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 component unit financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Lake St. John Waterworks District as of December 31, 2003 and the results of that fund's operations and the statement of cash flows for the years then ended in conformity with generally accepted accounting principles.

As described in Note 1 to the basic financial statements, Lake St. John Waterworks District adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments; Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments; Omnibus; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Government Fund Financial Statements as of January 1, 2003. This results in a change in the format and content of the basic financial statements.

In accordance with Government Auditing Standards, we have also issued a report dated June 18, 2004 on our consideration of Lake St. John Waterworks District's internal control over financing reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Members of Board of Directors
Lake St. John Waterworks District
Concordia Parish Police Jury
Page Two

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the component unit financial statements of the Lake St. John Waterworks District. Such information has been subjected to the auditing procedures applied in the examination of the component unit financial statements and, in our opinion, is fairly stated in all material respects in relation to the component unit financial statements taken as a whole.

Ferryport, Louisiana
June 18, 2004

Switzger, Hopkins & George

LAKE ST. JOHN WATERWORKS DISTRICT

Management's Discussion and Analysis

The Management's Discussion and Analysis of the Lake St. John Waterworks District's financial performance presents a narrative overview and analysis of Lake St. John Waterworks District's financial activities for the year ended December 31, 2003. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the Lake St. John Waterworks District's financial statements.

FINANCIAL HIGHLIGHTS

Assets of Lake St. John Waterworks District exceeded its liabilities at the close of the most recent fiscal year by \$244,276 (net assets). Of this amount, \$487,813 (unrestricted net assets) may be used to meet the District's ongoing obligations to customers and creditors.

The District's total net assets increased by \$14,378 during the current fiscal year as a result of operating revenues and interest income.

The District increased water rates to the following during the year:

Residential	1 st - 2000 gals	\$14.00
	over 2000 gals	\$14.00 plus \$1.50/1000 gals, or any part of
Commercial	1 st - 170000 gals	\$25.00
	over 17000 gals	\$25.00 plus \$1.50/1000 gals, or any part of

OVERVIEW OF THE FINANCIAL STATEMENTS

The Lake St. John Waterworks District's financial statements comprise of three components. These components are 1. Government-wide financial statements, 2. Fund financial statements, and 3. Notes to the financial statements. This report also contains other supplementary information.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.

The Statement of Net Assets presents the information on all of the District's assets and liabilities with the difference between the two reported as net assets. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.

LAKE ST. JOHN WATERWORKS DISTRICT

Management's Discussion and Analysis

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Lake St. John Waterworks District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District uses only the proprietary fund type to account for its water operations.

PROPRIETARY FUNDS

The District maintains one type of proprietary fund, an Enterprise Fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for all aspects of its water processing and distribution operations.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information to aid in a full understanding of the data provided in the financial statements. The notes are a required part of the financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the customer's statistics, compensation of the board members and insurance in force. This information is included for additional information and analysis and do not constitute a part of the audited financial statements.

PROPRIETARY FUND FINANCIAL ANALYSIS

The following table reflects the condensed Statement of Net Assets for fiscal year ended December 31, 2000.

Current Assets	\$ 488,735
Restricted Assets	13,860
Capital Assets	<u>138,485</u>
Total Assets	<u>641,080</u>
Liabilities:	
Current Liabilities	<u>14,732</u>
Total Liabilities	<u>14,732</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	138,485
Unrestricted	<u>492,595</u>
Total Net Assets	\$ <u>641,080</u>

LAKE ST. JOHN WATERWORKS DISTRICT

Management's Discussion and Analysis

The following chart reflects that 26.1% of the Waterworks' net assets are invested in capital assets, and 74.9% reflects the remaining net assets, referred to as unrestricted assets, may be used to meet the ongoing obligations of the customers and creditors.



The table below provides a summary of the changes in net assets for the year ended December 31, 2003.

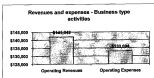
Lake St. John Waterworks District changes in net assets

	2003	2002
Revenues:		
Operating Revenues		
Water Sales	\$ 138,873	\$ 108,492
Installation and service charges	1,198	1,845
Penalties	2,118	1,552
Miscellaneous	150	150
Nonoperating Revenues		
Interest Income	5,374	8,370
Memberships	190	200
Total Revenues	<u>\$ 147,473</u>	<u>\$ 120,549</u>
Operating Expenses	<u>130,094</u>	<u>104,621</u>
Increase in Net Assets	14,379	15,728
Net Assets at Beginning of Year	529,889	514,176
Net Assets at End of Year	<u>\$ 544,278</u>	<u>\$ 529,904</u>

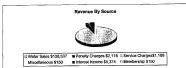
LAKE ST. JOHN WATERWORKS DISTRICT

Management's Discussion and Analysis

The Waterworks' net assets increased \$14,375 during the current year. This increase is due to an additional \$29,880 in operating revenues and a decrease of \$2,952 in nonoperating revenues.



The following chart reflects the revenues by source for Lake St. John Waterworks District. The two sources of revenues are water sales and interest income.



CAPITAL ASSETS

Lake St. John Waterworks District investment in capital assets as of December 31, 2003 was \$138,465 (net of accumulated depreciation). This investment in capital assets includes land, distribution systems, wells and storage tanks, water meters and furniture, fixtures and equipment.

There were no capital asset additions or deletions during the year.

LAKE ST. JOHN WATERWORKS DISTRICT

Management's Discussion and Analysis

Lake St. John Waterworks District Assets (net of Depreciation)

	2003	2002
Land	\$ 2,603	\$ 2,603
Furniture & Fixtures	6,542	6,542
Water Distribution systems, tanks and meters	366,673	366,673
Equipment	4,101	4,101
Water Works	<u>58,187</u>	<u>58,187</u>
Total	472,323	472,323
Less: Accumulated Depreciation	<u>(335,859)</u>	<u>(343,195)</u>
Net Property, Plant and Equipment	<u>\$ 136,464</u>	<u>\$ 129,128</u>

ECONOMIC FACTORS AND NEXT YEAR'S RATES

The District's total of active customers at December 31, 2003 was 633. Rates are expected to remain at current levels next year.

The District prepared and submits a budget to the Board of Commissioners.

REQUEST FOR INFORMATION

The financial report is designed to provide a general overview of the District's finances for those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Lake St. John Waterworks District, 1185 Highway 568, Floriday, LA 71334.

FINANCIAL STATEMENTS

LAKE ST. JOHN WATERWORKS DISTRICT
 COMCORDIA PARISH POLICE JURY
 Statement of Net Assets
 December 31, 2003

ASSETS	(Memorandum Only)	
	2003	2002
Current assets:		
Cash	\$ 369,860	\$ 368,173
Accounts receivable - (net of allowances)	12,890	11,982
Accrued interest on investments	1,827	2,281
Inventory - supplies, at cost	8,519	8,147
Prepaid expenses	<u>2,143</u>	<u>2,130</u>
Total current assets	<u>405,229</u>	<u>392,713</u>
Restricted assets:		
Cash - Meter deposits (Note 4)	<u>13,800</u>	<u>12,845</u>
Plant and equipment (Note 3)		
Plant and equipment, at cost, net of accumulated depreciation (2003 \$338,658 2002 \$340,184)	<u>136,465</u>	<u>147,626</u>
Total assets	<u>559,050</u>	<u>542,744</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Current liabilities: (payable from current assets)		
Accrued wages	912	-
Current liabilities: (payable from restricted assets)		
Customer deposits (Note 4)	<u>13,890</u>	<u>12,645</u>
Total liabilities	<u>14,772</u>	<u>12,645</u>
Net Assets		
Investment in capital assets, net of related debt	136,465	147,626
Unrestricted net assets	<u>407,813</u>	<u>382,373</u>
Total fund equity	<u>544,278</u>	<u>529,899</u>
Total liabilities and net assets	<u>\$ 559,050</u>	<u>\$ 542,744</u>

The following notes are integral part of these financial statements.

LAKE ST. JOHN WATERWORKS
 CONCORDIA PARISH POLICE JURY
 ENTERPRISE FUND – UTILITY FUND
 Comparative Statement of Revenues, Expenses
 and Changes in Net Assets
 For the Years Ended December 31, 2003 and 2002

		(Memorandum Debit)
	2003	2002
Operating Revenues:		
Water sales	\$ 138,573	\$ 158,492
Installation and service charges	1,108	1,845
Fees/penalties	3,118	1,662
Other revenue	152	152
Total operating revenues	<u>141,949</u>	<u>162,991</u>
Operating Expenses:		
Salaries	55,028	41,573
Depreciation	11,150	11,089
Auto expense	9,281	9,100
Utilities	5,418	4,253
Repairs	12,432	12,717
Office supplies	5,080	4,111
Insurance	15,820	7,096
Chemicals	2,745	1,737
Cost of merchandise sold	738	1,089
Taxes	8,259	8,739
Per diem	720	843
Accounting	2,090	2,093
Miscellaneous	3,149	383
Bad debts	87	193
Total operating expenses	<u>133,584</u>	<u>104,821</u>
Operating income	8,365	7,249
Non-operating revenues:		
Interest income	5,374	8,276
Memberships	150	200
Total non-operating revenue	<u>5,524</u>	<u>8,476</u>
Changes in net assets	14,375	15,724
Net assets at beginning of year	<u>529,856</u>	<u>514,132</u>
Net assets at end of year	<u>\$ 544,231</u>	<u>\$ 529,856</u>

The following notes are integral part of these financial statements.

LAKE ST. JOHN WATERWORKS
 CONCORDIA PARISH POLICE JURY
 Comparative Statement of Cash Flows
 For the Years Ended December 31, 2003 and 2002

	2003	(Memorandum Only) 2002
Cash flows from operating activities:		
Cash received from customers	\$ 148,041	\$ 112,905
Cash payments to suppliers for goods and services	(66,609)	(84,129)
Cash payments to employees for services	(54,054)	(41,473)
Net cash provided by operating activities	<u>18,218</u>	<u>15,284</u>
Cash flows from non-capital financing activities:		
Increase in memberships	156	208
Increase in consumer deposits	1,158	358
Net cash provided by non-capital financing activities	<u>1,158</u>	<u>558</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(452)
Cash flows from investing activities:		
Investment income	5,308	7,832
Net increase in cash and cash equivalents	26,492	23,269
Cash and cash equivalents at beginning of year	<u>371,018</u>	<u>347,787</u>
Cash and cash equivalents at end of year	<u>\$ 397,510</u>	<u>\$ 371,056</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 8,862	\$ 7,248
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	11,180	11,089
Changes in assets and liabilities:		
(Increase) in accounts receivable	(7,098)	(7,183)
(Increase) decrease in prepaid expenses	(23)	118
(Increase) in inventory	(268)	(3,688)
Increase in accrued wages	512	-
Net cash provided by operating activities	<u>\$ 18,218</u>	<u>\$ 15,284</u>

The following notes are integral part of these financial statements.

LAKE ST. JOHN WATERWORKS DISTRICT
CONCORDIA PARISH POLICE JURY
Notes to the Financial Statements
December 31, 2000

INTRODUCTION

The Lake St. John Waterworks District was created by ordinance of the Concordia Parish Police Jury, as provided by Louisiana Revised Statutes 33:4903-4905. The District is governed by a board of five commissioners who are qualified voters and residents of the district. The five commissioners are jointly referred to as the board of commissioners and are appointed by the Concordia Parish Police Jury. The commissioners serve terms of five years, which expire on a rotating basis. The District was created for the purpose of owning and operating water processing and distribution facilities in the District which is located in an area including Lake St. John and parts of Lake Concordia and the general area located between the two lakes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

The district is a component unit of the Concordia Parish Police Jury, the financial reporting entity. The police jury is financially accountable for the district because it appoints a voting majority of the board and has the ability to impose its will on them.

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 Lake St. John Waterworks District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with

LAKE ST. JOHN WATERWORKS DISTRICT
CONCORDIA PARISH POLICE JURY
Notes to the Financial Statements
December 31, 2003

D. BASIS OF ACCOUNTING – continued

the operation of this fund is included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

Method of Accounting:

On January 1, 2003, the District adopted the provisions of Statement No. 3 (Statement 34) of the Governmental Accounting Standards Board "Basic Financial Statements and management's Discussion and Analysis-For State and Local Governments". Statement 34 established standards for external reporting for all state and local governmental entities which includes a statement of net assets, a statement of activities and changes in net assets and a statement of cash flows. It required the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt-This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the unpaid related debt proceeds at year end, the portion of the debt attributable to the unpaid proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unpaid proceeds.

Restricted-This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets-The component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of debt".

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. [Include the district's established policy concerning which short-term, highly liquid investments it will treat as cash equivalents. For example, cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

LAKE ST. JOHN WATERWORKS DISTRICT
CONCORDIA PARISH POLICE JURY
Notes to the Financial Statements
December 31, 2003

F. INVENTORIES

Inventories consist of supplies and are recorded as an expense when consumed. Inventories are valued at the lower of cost (first-in, first-out, last-in, first-out, etc.) or market.

G. FIXED ASSETS

Fixed assets of the district are included on the balance sheet of the fund. Depreciation of all exhaustible fixed assets are charged as an expense against operations. Fixed assets reported on the balance sheet are net of accumulated depreciation. Depreciation is computed using the straight line method over the estimated useful lives of 5 to 50 years.

H. BAD DEBTS

Bad debts are collectible amounts of customer utility receivables.

I. COMPARATIVE DATA

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the financial position of the Waterworks. This data is labeled (Memorandum Only).

J. ACCUMULATED UNPAID SICK PAY AND UNPAID VACATION

The Waterworks has no policy concerning accumulated unpaid sick pay and vacation time. The sick pay policy is you may be paid when you are sick, but there is no accrual for sick time. The policy concerning vacation is you receive one week paid vacation time after one year in service and two weeks paid vacation after ten years of service.

NOTE 3. ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at December 31, 2003:

Customers' utilities	\$ 10,062
Customers' installations	1,588
Allowance for bad debts	-
Total	<u>\$ 11,650</u>

**LAKE ST. JOHN WATERWORKS DISTRICT
CONCORDIA PARISH POLICE JURY
Notes to the Financial Statements
December 31, 2003**

NOTE 3. FIXED ASSETS

A summary of plant and equipment at December 31, 2003 is as follows:

Land	\$ 2,023
Furniture and Fixtures	8,542
Water distribution system, tanks and meters	399,673
Equipment	4,101
Water well	<u>66,187</u>
Total	472,526
Less accumulated depreciation	<u>(335,888)</u>
Net	<u>\$ 136,638</u>

NOTE 4. RESTRICTED ASSETS

Certain cash accounts are restricted for customer deposits. The amount restricted was \$13,800 at December 31, 2003.

NOTE 5. RETIREMENT COMMITMENTS

The Lake St. John Waterworks District employees are all members of the social security system and are members of no other retirement plan. The expense of the social security is reflected in taxes account in the statement of revenues and expenses.

NOTE 6. CASH AND INVESTMENTS

At year-end, the carrying amount of the District's deposits (checking and savings accounts) was \$397,513 and the bank's balance was \$400,308. Of the bank balance \$236,811 was covered by federal depository insurance and \$164,497 was covered by collateral held by its agent in the Waterworks' name.

NOTE 7. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

The Waterworks does not accrue unpaid vacation pay on its financial statements and does not allow the carry-over of unused vacation pay from one year to the next. The Waterworks has no policy for accrued vacation pay for terminated employees.

NOTE 8. RISK MANAGEMENT

The Waterworks is exposed to certain risks of losses such as property damage, liability issues and other potential losses that may occur. The District minimizes its losses by purchase of commercial insurance. The District's exposure over the amount of insurance is considered to be immaterial.

LAKE ST. JOHN WATERWORKS DISTRICT
CONCORDIA PARISH POLICE JURY
Notes to the Financial Statements
December 31, 2003

NOTE 9. BUDGET AND BUDGETARY ACCOUNTING

The Waterworks' manager prepared the proposed budget and submits it to the Board of Commissioners. The Board of Commissioners adopts the budget. Louisiana Law does not require public participation in the budget process. For political subdivisions with proposed expenditures of less than \$250,000. The Waterworks' budget for year 2003 was \$137,173 in expenditures.

SUPPLEMENTARY INFORMATION SCHEDULES

LAKE ST. JOHN WATERWORKS DISTRICT
SCHEDULE OF PER DIEM PAID
DECEMBER 31, 2003

NAME	AMOUNT
Betty King	\$ 100
Lisa Smith	40
Glenda Lewis	40
Gertrude Barber	100
Stanley Cooper	100
William Coleman	<u>100</u>
Total	\$ <u>720</u>

LAKE ST. JOHN WATERWORKS DISTRICT
 CONCORDIA PARISH POLICE JURY
 ENTERPRISE FUND – UTILITY FUND
 STATEMENT OF REVENUES, EXPENSES
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:			
Water sales	\$148,000	\$138,573	\$ (7,427)
Installation and service charges	2,800	1,308	(893)
Penalties	1,600	2,118	518
Other revenue	<u>200</u>	<u>150</u>	<u>(150)</u>
Total operating revenues	<u>148,600</u>	<u>141,949</u>	<u>(7,651)</u>
Operating Expenses:			
Salaries	80,573	85,528	5,047
Depreciation	11,100	11,160	(60)
Auto expense	10,000	9,981	19
Utilities	5,000	5,418	(418)
Repairs	10,000	12,432	(2,432)
Office supplies	5,000	5,080	(80)
Insurance	15,000	15,830	(830)
Chemicals	2,000	2,743	(743)
Cost of merchandise sold	1,100	738	362
Taxes	13,600	8,358	5,242
Per diem	600	730	80
Accounting	2,000	2,000	-
Miscellaneous	1,000	3,149	(2,149)
Bad debts	<u>500</u>	<u>67</u>	<u>433</u>
Total operating expenses	<u>137,573</u>	<u>133,094</u>	<u>4,479</u>
Operating income	12,327	8,855	(3,472)
Non-operating revenues			
Interest income	8,000	5,374	(2,626)
Memberships	<u>-</u>	<u>150</u>	<u>150</u>
Total non-operating revenue	<u>8,000</u>	<u>5,524</u>	<u>(2,476)</u>
Changes in net assets	<u>\$ 20,327</u>	<u>\$ 14,379</u>	<u>\$ (5,948)</u>

The original budget was not amended, therefore, it is also the final budget.

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

COMPLIANCE/INTERNAL CONTROL

SWITZER, HOPKINS & MANGE

Certified Public Accountants

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MEMBER OF THE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

MEMBERSHIP IN THE STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANTS FROM
THE OFFICE OF THE STATE BOARD
OFFICE OF THE
OFFICE OF THE STATE BOARD OF ACCOUNTANTS, MISSISSIPPI

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members of the Board of Directors
Lake St. John Waterworks District
Ferrisby, Louisiana

We have audited the component unit financial statements of Lake St. John Waterworks District as of and for the year ended December 31, 2000, and have issued our report thereon dated June 18, 2004. We have conducted our audit in accordance with 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 Lake St. John Waterworks District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance 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 object 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 the Lake St. John Waterworks District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Lake St. John Waterworks District's ability to record, process, summarize and report financial data consistent with the assertions of

Members of the Board of Directors
Lake St. John Waterworks District
Page Two

management in the general purpose financial statements. The only reportable condition is described in the schedule of findings and questioned costs as item 2000-1.

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 general purpose 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described is not a material weakness.

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

Ferndale, Louisiana
June 18, 2004

Switzer, Hopkins & Arango

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

LAKE ST. JOHN WATERWORKS DISTRICT
CONCORDIA PARISH POLICE JURY

Schedule of Findings and Questioned Costs
Year Ended December 31, 2000

Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the Component Unit Financial Statements.
2. One reportable condition was disclosed during the audit of the financial statements reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Lake St. John Waterworks District were disclosed during the audit.

Findings – Financial Statement Audit

Reportable Conditions

2000-1 Segregation of Duties

We noted that the Lake St. John Waterworks District does not have adequate segregation of duties. This District has two part-time employees in the office and they collect payments, post accounts receivable ledgers, pay bills, sign checks, reconcile the bank accounts and compile the general ledger. In order to increase internal controls, a segregation of duties is needed.

We recommend that an attempt be made to strengthen internal control weaknesses created by having few employees.

Response: Management indicates that it would not be feasible to increase the number of employees in order to segregate duties.

LAKE ST. JOHN WATERWORKS DISTRICT
CONCORDIA PARISH POLICE JURY

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2002

INTERNAL CONTROL FINDINGS

2002-1 Segregation of Duties

Condition: We noted that Lake St. John Waterworks District does not have adequate segregation of duties.

Current status: This finding still applies and is noted in the current audit for the year ended December 31, 2003. (See current finding 2003-1)