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STATE OF LOUISIANA
LEGISLATIVE AUDITOR
BATON ROUGE, LA 70801

**TANGIPAHOA WATER DISTRICT
TANGIPAHOA PARISH COUNCIL**

ANNUAL FINANCIAL STATEMENTS

**As of December 31, 2008 and for the Year Then Ended
With Supplemental Information Schedules**

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

Release Date 6/10/09

**PHIL HEBERT
CERTIFIED PUBLIC ACCOUNTANT
A PROFESSIONAL ACCOUNTING CORPORATION**

**Tangipahoa Water District
Tangipahoa Parish Council**

**Annual Financial Statements
December 31, 2008
With Supplemental Information and Schedules**

Table of Contents

	Statement	Schedule	Page
Independent Auditor's Report			3
Management's Discussion and Analysis:			
Financial Highlights			6
Overview of the Annual Financial Report			7
Financial Analysis			7
Condensed Balance Sheet			8
Condensed Statement of Revenues, Expenses, and Changes in Net Assets			9
Budgetary Highlights			11
Other Significant Trends and Account Changes			12
Capital Assets & Debt Administration			13
Future Economic Plans			15
Business-Type Financial Statements:			
Balance Sheet	A		17
Statement of Revenues, Expenses, and Changes in Net Assets	B		19
Comparative Statement of Cash Flows	C		21
Notes to the Financial Statements			23
Supplementary Information:			
Budgetary Comparison Schedule		1	39
Schedule of Insurance		2	41
Schedule of Compensation Paid to Board Members		3	42
Schedule of Water Rates		4	43
Schedule of Water Customers		5	44
Other Independent Auditor's Reports and Schedule of Findings and Questioned Costs:			
Independent Auditor's Reports on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards			47
Schedule of Prior Year Findings		6	50
Schedule of Findings and Questioned Costs		7	51

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Independent Auditor's Report

Board of Commissioners
Tangipahoa Water District
Tangipahoa Parish Council

I have audited the accompanying financial statements of the business-type activities of the Tangipahoa Water District, Natalbany, Louisiana, a component unit of the Tangipahoa Parish Council, as of and for the year ended December 31, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Tangipahoa Water District's management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year comparative information has been derived from the Tangipahoa Water District's 2007 financial statements and, in my report dated June 12, 2008, I expressed an unqualified opinion on the respective financial statements of the business-type activities of the Tangipahoa Water District as of and for the year ended December 31, 2007.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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. 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Tangipahoa Water District as of December 31, 2008, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 29, 2009, on my consideration of the Tangipahoa Water District's internal control over financial reporting and on my test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Phil Hebert, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

The management's discussion and analysis on pages 6 through 15 is not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming an opinion on the financial statements of the Tangipahoa Water District. The supplemental information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Tangipahoa Water District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Sincerely,

Phil Hebert

Phil Hebert, CPA
A Professional Accounting Corporation
May 29, 2009

Management's Discussion and Analysis

Tangipahoa Water District

Management's Discussion and Analysis As of and for the Year Ended December 31, 2008

Introduction

The Tangipahoa Water District (the District) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statements No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), and related standards.

The District's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position, (d) identify any significant variations from the District's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the District's financial statements, which follow management's discussion and analysis.

Financial Highlights

- At December 31, 2008, total assets were \$28,569,837, and exceeded liabilities in the amount of \$7,242,534 (i.e. net assets). Of the total net assets, \$2,294,959 was unrestricted and available to support short-term operations, with the balance invested in capital assets, net of related debt.
- For the year ended December 31, 2008, user fee revenues (water sales) increased to \$3,245,010 as compared to \$3,108,182 for the fiscal year ending December 31, 2007.
- The District's operating expenses increased by \$260,955 or ten percent to \$2,975,084 as compared to \$2,714,129 for the prior fiscal year. The major components of the increase included and increase of \$44,012 for chlorination costs, \$66,088 for depreciation expense, \$43,558 for salaries and wages, and \$28,641 for utilities.
- Interest income for the fiscal year ended December 31, 2008, totaled \$132,590 representing a decrease of \$131,385, decreasing as construction funds were expended.
- Property, plant, and equipment increase of \$1,991,455 (net of accumulated depreciation) with the largest increase due to construction costs of \$2,370,192 incurred as of fiscal year end for the Contract "C" Water Improvements. Current year depreciation expense of \$797,084 reduces the overall net increase in property, plant, and equipment.
- Long-term debt decreased by \$303,350 with the payment of scheduled principal installments for existing bonded indebtedness.

Tangipahoa Water District

Management's Discussion and Analysis As of and for the Year Ended December 31, 2008

Overview of the Annual Financial Report

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

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

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

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

The notes to the financial statements provide required disclosures essential to an understanding of the financial statements. The notes present information about the District's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes a comparative budget schedule, key information schedules on operation of the District, and schedules detailing audit findings and management response, as well as required reports for Single Audit disclosure.

Financial Analysis

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

Tangipahoa Water District

Management's Discussion and Analysis As of and for the Year Ended December 31, 2008

Condensed Balance Sheet 2008 and 2007

	2008	Restated 2007	Dollar Change	Percentage Change
Assets:				
Current and Other Assets	\$ 6,476,425	\$ 8,605,337	\$ (2,128,912)	-25%
Capital Assets	22,093,412	20,101,957	1,991,455	10%
Total Assets	28,569,837	28,707,294	(137,457)	0%
Liabilities:				
Long-Term Debt Outstanding	19,756,740	20,064,992	(308,252)	-2%
Other Liabilities	1,570,563	1,522,997	47,566	3%
Total Liabilities	\$ 21,327,303	\$ 21,587,989	(260,686)	-1%
Net Assets:				
Invested in Capital Assets, Net of Related Debt	4,315,054	4,273,003	42,051	1%
Restricted for Capital Activity and Debt Service	632,521	530,573	101,948	19%
Unrestricted	2,294,959	2,315,729	(20,770)	-1%
Total Net Assets	\$ 7,242,534	\$ 7,119,305	\$ 123,229	2%

The major components of the change in "Current and Other Assets" are generated from decreases in cash, primarily from decreases in construction cash as the Contract "C" improvements are completed. A total of \$2,286,620 was on hand at fiscal year end for planned construction projects, with most of this balance restricted for implementation of the Bedico Well/Tank improvements.

Other liabilities remained fairly constant, with the exception of \$308,252 in principal payments for existing bonds, since proceeds of the 2007 Construction and Refunding Bonds were received in year 2007.

"Total Net Assets" (total assets less total liabilities) increased by \$123,229 for the fiscal year ending December 31, 2008. This represents a 73 percent decrease in the amount of the increase in net assets for the year ending December 31, 2008 as compared to the year ending December 31, 2007. The total change in net assets was also greater than projected since a part of interest expense totaling \$162,335 was capitalized (recorded as part of construction) until construction projects reached substantial completion. Part of this element of interest expense will be included as a part of expenses recorded in the income statement (reducing net assets) in future years. An explanation of the changes in net assets can be found on the following page.

Tangipahoa Water District

Management's Discussion and Analysis As of and for the Year Ended December 31, 2008

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	Year ended December 31, 2008	Year ended December 31, 2007	Dollar Change	Percentage Change
Assets:				
Operating Revenues	\$ 3,675,989	\$ 3,568,299	\$ 107,690	3%
Nonoperating Revenues	171,397	275,256	(103,859)	-38%
Total Revenues	<u>3,847,386</u>	<u>3,843,555</u>	<u>3,831</u>	
Expenses:				
Depreciation Expense and Amortization	819,851	752,437	67,414	9%
Other Operating Expense	2,155,233	1,961,692	193,541	10%
Nonoperating Expense	749,073	681,125	67,948	10%
Total Expenses	<u>3,724,157</u>	<u>3,395,254</u>	<u>328,903</u>	10%
Change in Net Assets:	123,229	448,301	(325,072)	-73%
Beginning Net Assets	7,119,305	6,634,251	485,054	
Prior Period Adjustment	-	36,753	36,753	
Ending Net Assets	<u>\$ 7,242,534</u>	<u>\$ 7,119,305</u>	<u>\$ 123,229</u>	2%

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

- Total "Operating Revenues" (including water sales and revenues related to providing water and related services to customers) remained relatively constant. The decrease in nonoperating revenues of 38% was due primarily to a decrease in investment income as funds were expended for construction, primarily Contract "C" Water Improvements. The overall increase of \$193,541 (10%) for operating expenses represented an overall increase in operating expenses, with the most significant increases consisting of \$44,012 for chlorination costs, \$43,558 for salaries and wages, and \$28,641 for utilities. The nonoperating expense increase of \$67,948 (10%) reflects the continuing increase in bond interest costs.

Tangipahoa Water District

Management's Discussion and Analysis As of and for the Year Ended December 31, 2008

One of the methods for viewing changes form year-to-year is to compare revenue and expense data calculated per customer. There were 14,041 and 13,509 customers at December 31, 2008 and 2007 respectively. This information is often used by lenders to calculated he water rates required to cover operating expenses and debt service requirements. The following table presents comparative data, computes as average monthly revenue and expenses, for the fiscal years ending December 31, 2008 and 2007.

Revenue and Expense Data Per Customer

	December 31, 2008	December 31, 2007	Increase (Decrease)
Water Sales	19.26	19.17	0.09
Operating Revenues	21.82	22.01	(0.19)
Total Revenues	22.84	23.79	(0.95)
Operating Expenses	17.66	16.74	0.92
Total Expenses	22.11	20.94	1.17

The data provides information on trends in revenue and expenses per customer, but should be reviewed over an extended period. Despite an increased in the number of customers, the District is trending a decrease in the revenue per customer and an increase in expenses per customer as compared to the prior period. This data should be reviewed for long-term trends as customers for the Bedico Well/Tank project come on line.

Tangipahoa Water District

Management's Discussion and Analysis As of and for the Year Ended December 31, 2008

Budgetary Highlights

Tangipahoa Water District adopts an annual operating budget in accordance with requirements of the United States Department of Agriculture, Rural Utilities Service. This budget provides an estimate for the current fiscal year of the proposed expenditures and the revenues that will finance the operations of the District. The operating budget is adopted before the end of the prior fiscal year, and is amended by the Board of Commissioners after review of monthly budget-to-actual financial reports. Although presentation of budgetary highlights is not a required disclosure within *Management's Discussion & Analysis* for enterprise funds, this disclosure is permitted and is presented since budgetary review is essential to successful operation of a water district. A summary of the approved budget is presented below in a condensed format summarizing major revenue and expense categories, and is followed by analysis of significant variations between budget and actual amounts. Although not presented as a part of the basic financial statements, a more detailed schedule is also presented in "Schedule 1 - Budgetary Comparison Schedule". As supplementary information, following the footnotes to the financial statements.

Budget vs. Actual - Fiscal Year ended December 31, 2008

	Budget Year ended December 31, 2008	Actual Year ended December 31, 2008	Favorable (Unfavorable) Variance
Revenues:			
Operating Revenues	\$ 3,654,086	\$ 3,675,989	\$ 21,903
Nonoperating Revenues	163,009	171,397	8,388
Total Revenues	<u>3,817,095</u>	<u>3,847,386</u>	<u>30,291</u>
Expenses:			
Depreciation Expense	760,000	797,084	(37,084)
Other Operating Expense	2,217,999	2,178,000	39,999
Nonoperating Expense	837,928	749,073	88,855
Total Expenses	<u>3,815,927</u>	<u>3,724,157</u>	<u>91,770</u>
Income (Loss)	<u>\$ 1,168</u>	<u>\$ 123,229</u>	<u>\$ 122,061</u>

Revenues were higher than projected reflecting a consistency in billing between months. Budgets for operating expense accounts were amended at fiscal year end to reflect increased costs of operation as the system is expanded and new customers are added.

Tangipahoa Water District

Management's Discussion and Analysis As of and for the Year Ended December 31, 2008

Other Significant Trends and Account Changes

Included within this section is first a listing and analysis of general trends and operating data affecting the operation of the District. This is followed by an analysis of any significant account changes, not included within other sections of the Management's Discussion and Analysis.

General Operating Data

One key measure of a water district's profitability is the ability to generate positive cash flows and to collect accounts receivable on a timely basis. Presented below is an aged receivable listing for the fiscal years ending December 31, 2008 and 2007.

	Year Ended December 31, 2008	Year Ended December 31, 2007	Increase (Decrease)
Accounts Receivable			
Current	\$ 131,335	\$ 153,750	\$ (22,415)
31-60 Days Past Due	29,169	29,822	(653)
61-90 Days Past Due	9,237	10,465	(1,228)
Over 90 Days Past Due	-	2,296	(2,296)
Subtotal	169,741	196,333	(26,592)
Allowance for Uncollectible Accounts	(9,000)	(9,026)	26
Fluker Water & Sewer System	15,533	7,340	8,193
Sewer and Garbage Receivables	99,906	71,918	27,988
Net Accounts Receivable	<u>\$ 276,180</u>	<u>\$ 266,565</u>	<u>\$ 9,615</u>

Total receivables for water and service increased as customers were added. The District continued efforts in collecting bills and in writing off accounts as they became past due. Increases in receivables are primarily for billing services provided by the District.

Tangipahoa Water District

Management's Discussion and Analysis As of and for the Year Ended December 31, 2008

Capital Assets and Debt Administration

At the end of the fiscal year ending December 31, 2008, Tangipahoa Water District had \$22,093,412 (net of accumulated depreciation) recorded in capital assets. This includes water utility systems and improvements, in the southern end of the parish, and the previous acquisitions of the Fourth Ward and Second Ward water systems in the northern end of the parish. Other significant capital assets include the District's improvements for the office building and storage for water system equipment and supplies, land owned for the office building site and for water well locations, and equipment and machinery, including vehicles, for water system operation. The changes in capital assets are presented in the table below.

	December 31, 2008	December 31, 2007	Increase (Decrease)	Percentage Change
Capital Assets				
Land	\$ 226,400	\$ 196,400	\$ 30,000	15%
Water Distribution System	25,795,623	25,423,482	372,141	1%
Buildings and Improvements	424,802	390,574	34,228	9%
Equipment	985,041	935,942	49,099	5%
Furniture and Fixtures	11,482	11,482	-	0%
Construction in Progress	2,615,031	334,464	2,280,567	682%
Subtotal	30,058,379	27,292,344	2,766,035	10%
Less: Accumulated Depreciation	(7,964,967)	(7,190,387)	(774,580)	11%
Net Capital Assets	<u>\$ 22,093,412</u>	<u>\$ 20,101,957</u>	<u>\$ 1,991,455</u>	

The major increases during the fiscal year ending December 31, 2008, were for capital assets placed in service with the completion of \$140,480 of the Arcola Well/Tank improvements, purchase of land at \$30,000 for Bedico Well/Tank, system improvements totaling \$205,416, and vehicle purchases totaling \$42,333. Construction in progress of \$2,615,031 at fiscal year end consisted of \$244,839 for the Bedico Well & Tank Project plus \$2,370,192 for the Contract "C" Water Lines project recorded as 90% complete at December 31, 2008.

Tangipahoa Water District

Management's Discussion and Analysis As of and for the Year Ended December 31, 2008

Long-Term Debt

The primary source of long-term financing for Tangipahoa Water District water system improvements was traditionally revenue bonds financed by the United States Department of Agriculture, Rural Utilities Service (RUS). Interim financing, pending completion of construction, is generally financed by private financial institutions, or through low-interest programs of the Louisiana Public Facilities Authority. Interest rates for long-term debt financed through RUS and private lenders at December 31, 2008, ranged from 3.6 to 4.75%, with initial payment terms for bonds generally at 40 years. At December 31, 2008 the District now has two debt issues from private lenders consisting of Water Revenue Refunding Bonds, Series 2006, and Construction Revenue and Refunding Bonds, Series 2007. The footnotes to the financial statements provide more detail on debt financing.

Bonds financed for Tangipahoa Water District with the issuance of the 2006 and 2007 bonds require a specific debt to net income ratio. With the issuance of the Water Revenue Refunding Bonds, Series 2006, and the Construction Revenue and Refunding Bonds, Series 2007, Tangipahoa Water District covenants to fix, establish, maintain and collect such rates, fees, rents, or other charges for the services and facilities of the System, and all parts thereof, and to revise the same from time to time whenever necessary, as will always provide revenues in each Fiscal Year sufficient to pay the reasonable and necessary expenses of operating and maintaining the System in each Fiscal Year and as will provide Net Revenues at least equal to 120% of the principal and interest falling due in such year on all bonds or other obligations payable from the System and as will provide revenues at Resolution and all obligations or indebtedness payable out of the Revenues during such year, and that such rates, such purposes. For the fiscal year ended, the Tangipahoa Water District recorded "Net Revenues" exceeding the "120" requirement per applicable bond covenants.

The footnotes to the financial statements provide detail of the long-term debt balance and the related changes in total net assets as presented below:

	December 31, 2008	December 31, 2007
Total Long-Term Debt	\$ 20,064,978	\$ 20,368,328
Total Net Assets	7,242,534	7,119,305

Tangipahoa Water District

Management's Discussion and Analysis As of and for the Year Ended December 31, 2008

Future Economic Plans

In an effort to meet the needs of existing customers and to respond to the demands of a growing community, the Board of Commissioners of Tangipahoa Water District created a "Long-Range Committee" to identify and prioritize those areas for which construction projects would benefit residents of Tangipahoa Parish. The committee meets periodically with the system engineer to formalize these plans, and to review cost estimates. A summary of current plans is as follows:

- The District through issuance of the Construction Revenue and Refunding Bonds, Series 2007, obtained funding to implement the Bedico Well/Tank and overall system improvements. At December 31, 2008, the District had \$2,205,608 in proceeds remaining from the issuance of the Construction Revenue and Refunding Bonds, Series 2007.
- At December 31, 2008, construction in progress expenses of \$2,615,031 had been incurred consisting of \$244,839 for the Bedico Well & Tank Project plus \$2,370,192 for the Contract "C" Water lines project recorded as 90% complete at December 31, 2008.
- Effective January 1, 2009, the District implemented a rate increase to provide funds for increased bond debt service costs, and for increases in operating costs. The adjustment primarily increases base rates by \$1 and the charge for water usage above base rates by approximately 30 cents per thousand gallons.
- The District continually evaluates the needs of its customers and maintains an active list of various construction projects that are to be implemented.

Requests for Information

This financial report is designed to provide a general overview of Tangipahoa Water District's finances and to demonstrate the District's accountability. If you have questions regarding this report or need additional information, contact the District at 46463 North Morrison, Natalbany, LA 70451. The phone number for the District is (985) 345-6457.

Financial Statements

**Tangipahoa Water District
Balance Sheet
As of December 31, 2008 and 2007**

Statement A

	<u>2008</u>	<u>Restated 2007</u>
Assets		
Current Assets:		
Cash and Cash Equivalents - Operating	\$ 1,292,861	\$ 1,318,955
Cash and Cash Equivalents - Capital Improvements	101,208	97,758
Receivables, Net:		
Accounts	276,180	266,565
Accrued Billings	162,798	115,257
Other	6,088	27,703
Inventory	74,641	77,887
Prepaid and Other Assets	36,060	42,275
Total Current Assets	<u>1,949,836</u>	<u>1,946,400</u>
Restricted Assets:		
Restricted Cash and Cash Equivalents	3,745,684	5,853,840
Total Restricted Assets	<u>3,745,684</u>	<u>5,853,840</u>
Property, Plant and Equipment		
Land	226,400	196,400
Property, Plant and Equipment, Net	21,867,012	19,905,557
Total Property, Plant, and Equipment	<u>22,093,412</u>	<u>20,101,957</u>
Other Assets		
Bond Issue Costs and Other	780,905	805,097
Total Other Assets	<u>780,905</u>	<u>805,097</u>
Total Assets	<u>\$ 28,569,837</u>	<u>\$ 28,707,294</u>

See accompanying notes and auditor's report.

**Tangipahoa Water District
Balance Sheet
As of December 31, 2008 and 2007**

Statement A

	<u>2008</u>	<u>Restated 2007</u>
Liabilities		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	\$ 51,792	\$ 107,826
Compensated Absences Payable	26,130	30,704
Other Accrued Payables	175,044	81,924
Total Current Liabilities (Payable From Current Assets)	<u>252,966</u>	<u>220,454</u>
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits	826,543	783,893
Bonds Payable	308,238	303,336
Retainage Payable	102,293	108,810
Construction Payable	-	47,544
Accrued Interest Payable	80,523	58,960
Total Current Liabilities (Payable From Restricted Assets)	<u>1,317,597</u>	<u>1,302,543</u>
Long Term Liabilities:		
Bonds Payable	<u>19,756,740</u>	<u>20,064,992</u>
Total Long Term Liabilities	<u>19,756,740</u>	<u>20,064,992</u>
Total Liabilities	<u>21,327,303</u>	<u>21,587,989</u>
Net Assets		
Invested in Capital Assets, Net or Related Debt	4,315,054	4,273,003
Restricted for:		
Capital Projects and Debt Service	632,521	530,573
Unrestricted	2,294,959	2,315,729
Total Net Assets	<u>\$ 7,242,534</u>	<u>\$ 7,119,305</u>

See accompanying notes and auditor's report.

Tangipahoa Water District
Statement of Revenues, Expenses, and Changes in Net Assets

For the Years Ended December 31, 2008 and 2007

	2008	Restated 2007
Operating Revenues		
Water Sales	\$ 3,245,010	\$ 3,108,182
Tap-In and Service Charges	253,621	286,781
Reconnect Charges	52,575	54,485
Penalty Charges	72,532	68,858
Billing Fees	47,836	45,827
Other	4,415	4,166
Total Operating Revenues	3,675,989	3,568,299
Operating Expenses		
Amortization	22,767	21,441
Bad Debts	9,750	12,980
Billing Costs	76,643	69,507
Chlorination	187,537	143,525
Computer Expense	15,625	12,731
Depreciation	797,084	730,996
Director's Expense	18,300	17,800
Employee Expense	17,188	16,741
Insurance - Hospitalization	160,195	149,237
Insurance - Business	126,399	125,164
Meter Reading	109,817	101,125
Office Expense	36,447	25,860
Other	36,696	25,531
Payroll Taxes	52,743	50,994
Professional Fees	42,996	35,120
Repairs and Maintenance	148,634	160,254
Salaries and Wages	693,775	650,217
Retirement Benefits	27,867	24,642
Telephone	15,809	18,363
Utilities	221,217	192,576
Vehicle Expense	107,378	93,531
Water Well Maintenance and Supplies	50,217	35,794
Total Operating Expenses	2,975,084	2,714,129
Operating Income (Loss)	700,905	854,170

accompanying notes and auditor's report.

Tangipahoa Water District
Statement of Revenues, Expenses, and Changes in Net Assets

For the Years Ended December 31, 2008 and 2007

	2008	Restated 2007
Nonoperating Revenues (Expenses)		
Realized Gain (Loss) on Sale of Fixed Assets	\$ 3,320	\$ 1,393
Interest Income	132,590	263,975
Interest Expense	(749,073)	(681,125)
Other Income	35,487	9,888
Total Nonoperating Revenues (Expenses)	(577,676)	(405,869)
Change in Net Assets	123,229	448,301
Total Net Assets, Beginning	7,119,305	6,634,251
Prior Period Adjustment (Note 13)	-	36,753
Total Net Assets, Ending	\$ 7,242,534	\$ 7,119,305

See accompanying notes and auditor's report.

Tangipahoa Water District
Comparative Statement of Cash Flows
Proprietary Fund Type
For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash Flows From Operating Activities		
Received From Customers	\$ 3,651,171	\$ 3,571,671
Received for Meter Deposit Fees	42,650	65,070
Other Receipts	54,425	(24,708)
Payments for Bond Issue Costs	-	(460,560)
Payments for Operations	(1,288,202)	(1,082,467)
Payments to Employees	(933,039)	(891,621)
Net Cash Provided by Operating Activities	<u>1,527,005</u>	<u>1,177,385</u>
Cash Flows From Noncapital Activities		
Other Receipts	35,487	9,888
Net Cash Provided by Noncapital Activities	<u>35,487</u>	<u>9,888</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds from Sale of Capital Acquisitions	4,802	2,880
Payments for Capital Acquisitions	(2,799,824)	(2,184,273)
Principal Proceeds from Long Term Debt	-	4,896,199
Principal Repayments from Long Term Debt	(303,350)	(229,869)
Interest Payments for Long Term Debt	(727,510)	(632,088)
Net Cash (Used) by Capital and Related Financing Activities	<u>(3,825,882)</u>	<u>1,852,849</u>
Cash Flows From Investing Activities		
Receipt of Interest	132,590	276,673
Net Cash Provided by Investing Activities	<u>132,590</u>	<u>276,673</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	(2,130,800)	3,316,795
Cash and Cash Equivalents, Beginning of Year	7,270,553	3,953,758
Cash and Cash Equivalents, End of Year	<u>\$ 5,139,753</u>	<u>\$ 7,270,553</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets:		
Cash and Cash Equivalents, Unrestricted	\$ 1,394,069	\$ 1,416,713
Cash and Cash Equivalents, Restricted	3,745,684	5,853,840
Total Cash and Cash Equivalents	<u>\$ 5,139,753</u>	<u>7,270,553</u>

(Continued)

See accompanying notes and auditor's report.

Tangipahoa Water District
Comparative Statement of Cash Flows
Proprietary Fund Type
For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ 700,905	\$ 854,170
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	819,851	752,437
(Increase) Decrease in Accounts Receivable	(9,615)	15,648
(Increase) Decrease in Accrued Billings	(47,541)	(8,110)
(Increase) Decrease in Other Receivables	21,615	(28,874)
(Increase) Decrease in Other Receivables	47,646	-
(Increase) Decrease in Inventory	3,246	(13,480)
(Increase) Decrease in Prepaid Insurance	6,215	6,062
(Increase) Decrease in Bond Issue Cost	-	(460,560)
Increase (Decrease) in Accounts Payable	(56,034)	5,024
Increase (Decrease) in Compensated Absences	(4,574)	(17,201)
Increase (Decrease) in Accrued Expenses	3,291	7,199
Increase (Decrease) in Customer Deposits	42,000	65,070
Net Cash Provided by Operating Activities	<u>\$ 1,527,005</u>	<u>\$ 1,177,385</u>

(Concluded)

See accompanying notes and auditor's report.

Tangipahoa Water District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

Introduction

On August 5, 1992, the Tangipahoa Parish Council voted to create a parish wide water District effective November 16, 1992, in accordance with *Louisiana Revised Statute 33:3811*, thus creating the Tangipahoa Water District. The purpose for creating Tangipahoa Water District (hereinafter referred to as the District) was initially to consolidate the existing Water Works District Number 2 of Tangipahoa Parish, but Second Ward Water District and Fourth Ward Water District, two active water districts in the northern part of Tangipahoa Parish, were eventually consolidated into Tangipahoa Water District for continued operation. The Tangipahoa Water District is governed by a board of commissioners consisting of eight members. The board is appointed by the parish council and paid according to the number of meetings attended. Tangipahoa Water District encompasses the southern part of Tangipahoa Parish and parts of north Tangipahoa Parish with some exclusions for previously franchised areas of Tangipahoa Parish. At December 31, 2008, Tangipahoa Water District provided service to a total of 14,041 customers.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Tangipahoa Water District is considered a component unit of the Tangipahoa Parish Council.

1. Summary of Significant Accounting Policies

A. Measurement Focus and Basis of Accounting and Financial Statement Presentation

The District's financial statements are prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The District applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, and the Accounting Principle Board (APB) of the Committee On Accounting Procedure, issued on or before November 30, 1989, unless those pronouncements conflict or contradict with GASB pronouncements.

These financial statements are presented in conformance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*. Statement No. 34 established standards for financial reporting, with presentation requirements including a statement of net assets (or balance sheet), a statement of activities and changes in net assets, and a statement of cash flows. The District has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, that require capital contributions to the District be presented as a change in net assets.

All activities of the District are accounted for in a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the governing authority is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

Tangipahoa Water District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

The term measurement focus denotes what is being measured and reported in the District's operating statement. Financial operations of the District are accounted for on the flow of economic resources measurement focus. With this measurement focus, all of the assets and liabilities, available to the District for the purpose of providing goods and services to the public, are included on the balance sheet. The activity statement includes all costs of providing goods and services during the period.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations, primarily the provision of water to rural areas of Tangipahoa Parish. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

B. Cash and Cash Equivalents and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. 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, money market accounts, 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.

C. Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The following disclosures are required by GASB Statement No. 31:

- The District uses the quoted market prices to estimate the fair value of investments.
- None of the investments are reported at amortized cost.
- The District has investments in one investment pool. The investment pool is LAMP, and the fair value of the position is the same as the value of the pool shares.
- There is no involuntary participation in an external investment pool.

The District periodically maintains investments in the Louisiana Asset Management Pool (LAMP), a non-profit corporation formed by an initiative fo the state treasurer and organized under the laws of Louisiana to operate as a local government investment pool. LAMP invests its assets only in securities and other obligations permissible under Louisiana law for local governments. At December 31, 2008, the District did not have deposits in LAMP.

Tangipahoa Water District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

LAMP is an external investment pool that is not registered with the SEC as an investment company, but nevertheless operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company ACT of 1940. GASB-31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, requires the reporting of investment positions in 2a-7 like pools (such as LAMP) be based on the pool's share price.

D. Inventories

Inventories consist of materials and supplies and are recorded as an expense when consumed. Inventories are valued at cost using the first-in, first-out method.

E. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items. Prepaid items consist of prepaid insurance premiums.

F. Restricted

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants.

G. Capital Assets

Capital assets of the District are defined by the District as assets with an initial, individual cost of more than \$500, and an estimated useful life in excess of one year. Capital assets are recorded at either historical cost or estimated historical cost. Donated assets, including water systems donated for continued maintenance by the District, are valued at their estimated fair market value on the date donated. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Improvements	15 - 30 Years
Equipment and Furniture	5 - 7 Years
Utility System	20 - 50 Years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Tangipahoa Water District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

H. Compensated Absences

The District has the following policy related to vacation and sick leave:

Employees earn five days of paid vacation after working full-time for one year, ten days of paid vacation after working full-time for three years, and fifteen days of paid vacation after working full-time for ten years. Employees are not allowed to accumulate vacation leave, unless there is a business need. Overtime can be earned from the first day of employment.

GASB-16, *Accounting for Compensated Absences* provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB-16 provides that a liability for sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals. Accordingly, the District has not accrued liability for sick leave.

I. Long-Term Obligations

Long-term liabilities are recognized within the Enterprise Fund. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

J. Net Assets

GASB Statement No. 34, Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments, requires classification of net assets, the difference between the District's assets and liabilities, into three components, as described below:

- 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, or indebtedness attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent proceeds at year-end, the portion of the debt attributable to the unspent proceeds is 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 asset calculation as unspent proceeds.

Tangipahoa Water District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

- Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as though debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

K. Comparative Data/Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Tangipahoa Water District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

2. Cash and Cash Equivalents

At December 31, 2008, the District has cash and cash equivalents (book balances) as follows:

Interest-Bearing Demand Deposits	\$ 5,139,753
	\$ 5,139,753

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2008, the municipality has \$7,242,005 in deposits (collected bank balances). These deposits were split between two separate financial institutions. Central Progressive Bank held \$2,877,495 of cash deposits secured by \$250,000 of federal deposit insurance and \$2,627,495 of pledged securities held by custodial bank in the name of the fiscal agent bank (GASB Category 3). Regions Bank held \$2,203,252 of construction related funds and was fully collateralized through short-term governmental securities.

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

3. Receivables

The following is a summary of receivables at December 31, 2008 and 2007:

	Year Ended December 31, 2008	Year Ended December 31, 2007	Increase (Decrease)
Accounts Receivable			
Current	\$ 131,335	\$ 153,750	\$ (22,415)
31-60 Days Past Due	29,169	29,822	(653)
61-90 Days Past Due	9,237	10,465	(1,228)
Over 90 Days Past Due	-	2,296	(2,296)
Subtotal	169,772	196,333	(26,561)
Allowance for Uncollectible Accounts	(9,000)	(9,026)	(26)
Fluker Water & Sewer System	15,533	7,340	8,193
Sewer and Garbage Receivables	99,906	71,918	27,988
Net Accounts Receivable	\$ 276,211	\$ 266,565	\$ 9,646

The preceding table includes the aging of all receivables billed by the District. Presented first are those receivables for Tangipahoa Water District billings.

Tangipahoa Water District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

Presented below the totals for Tangipahoa Water District are receivables for which the District provides a billing service. Totals for these entities are included in the District's receivables totals, but separately within the above table, since the authority to write off past due amounts must be authorized by the billing clients. Tangipahoa Water District per ordinances enacted by the Tangipahoa Parish Council, is obligated to provide billing services for the City of Hammond and the Fluker water system.

All customers receivables are reported at gross value and reduced by the portion that is expected to be uncollectible. The Board of Commissioners of Tangipahoa Water District established a monthly allowance for uncollectible accounts, and periodically the board reviews the aging of receivables and determines the actual amount uncollectible. Per board approval, uncollectible amounts are written off against accounts receivable, and the allowance for doubtful accounts is adjusted to a reasonable estimate of uncollectibility. For the fiscal year ending December 31, 2008 the District had bad debt expense of \$9,750.

Estimated unbilled receivables are recognized at the end of each fiscal year on a pro-rata basis. The estimated amount is based on billing during the month following the close of the fiscal year. Accrued billings at fiscal year end totaled \$162,798.

4. Restricted Assets

At December 31, 2008 and 2007, the District had restricted assets as follows:

	<u>December 31,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
Restricted Assets		
Customer Deposits	\$ 700,195	\$ 621,483
Bond Reserve Account - RUS	239,116	189,529
Bond Depreciation and Contingency Account - RUS	389,123	416,689
Bond Sinking Account	130,630	86,765
Construction - Bedico Project & Contract "C" Water Lines	2,286,620	4,539,374
Total Restricted Assets	<u>\$ 3,745,684</u>	<u>\$ 5,853,840</u>

Tangipahoa Water District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

5. Capital Assets

A summary of changes in capital assets during the fiscal year ending December 31, 2008 is as follows:

	<u>Beginning Balance 12/31/07</u>	<u>Additions and Reclassifications</u>	<u>Deletions and Reclassifications</u>	<u>Ending Balance 12/31/08</u>
Capital Assets				
Land	\$ 196,400	\$ 30,000	-	226,400
Building	390,574	34,228	-	424,802
Equipment	935,942	73,049	(23,949)	985,042
Furniture and Fixtures	11,482	-	-	11,482
Water Distribution System	<u>25,423,482</u>	<u>373,977</u>	<u>(1,836)</u>	<u>25,795,623</u>
Total Capital Assets in Service	26,957,880	511,254	(25,785)	27,443,349
Construction in Progress	<u>334,464</u>	<u>2,421,738</u>	<u>(141,171)</u>	<u>2,615,031</u>
Total Capital Assets	27,292,344	2,932,992	(166,956)	30,058,380
Less Accumulated Depreciation	<u>(7,190,387)</u>	<u>(797,084)</u>	<u>22,503</u>	<u>(7,964,968)</u>
Total Capital Assets, Net	<u>\$ 20,101,957</u>	<u>\$ 2,135,908</u>	<u>\$ (144,453)</u>	<u>\$ 22,093,412</u>

During the fiscal year ending December 31, 2008, capital assets placed in service increased by \$511,254 primarily with the completion of \$140,480 of the Arcola Well/Tank improvements, purchase of land at \$30,000 for Bedico Well/Tank, system improvements totaling \$205,416, and vehicle purchases totaling \$42,333. Construction in progress of \$2,615,031 at fiscal year end consisted of \$244,839 for the Bedico Well & Tank Project plus \$2,370,192 for the Contract "C" Water Lines project recorded as 90% complete at December 31, 2008. All assets are depreciated under the straight-line method. Depreciation expense for the fiscal year ending December 31, 2008, totaled \$797,084.

6. Other Current Liabilities

At fiscal year end, the District recorded the following short-term liabilities classified on the balance sheet as "Other Accrued Payables":

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Other Accrued Payables:		
Due to Other Districts - Billing Fees and Services	\$ 120,565	\$ 31,963
Accrued Wages	30,792	24,677
Accrued Audit Fees	10,501	10,500
Accrued Compilation Fees	12,000	11,500
Other Accrued Payables	1,186	3,284
Total Other Accrued Payables	<u>\$ 175,044</u>	<u>\$ 81,924</u>

Tangipahoa Water District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

7. Compensated Absences

At December 31, 2008, employees of Tangipahoa Water District have accumulated and vested \$26,130 of employee leave benefits, consisting of accrued vacation leave computed in accordance with GASB Codification Section C60. In addition, the District recorded \$30,792 in accrued wages at fiscal year end.

8. Retirement Program

On January 27, 1994, the Board of Commissioners of the Tangipahoa Water District, adopted the *Louisiana Public Employees Deferred Compensation Plan*, with the provision that Tangipahoa Water District, the employer, will match employee contributions, up to five percent of gross wages. The contribution by the employer will be re-established by the Board of Commissioners before the beginning of each fiscal year. Under the terms of the *Louisiana Public Employees Deferred Compensation Plan*, an employee may contribute up to a maximum of 25 percent of adjusted gross income, not to exceed \$8,000 per calendar year. A special "catch-up" provision may be used to save up to \$15,000 per year for the three years prior to retirement.

As reported by the State of Louisiana Deferred Compensation Program, for the fiscal year ending December 31, 2008, the aggregate account balance of employees' of Tangipahoa Water District participating in the plan was \$459,120, as compared to \$439,690 for the fiscal year ending December 31, 2007. Employer contributions for the fiscal year ending December 31, 2008 totaled \$27,867, as compared to \$24,642 for the fiscal year ended December 31, 2007.

9. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended December 31, 2008:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Long-Term Debt					
1999 Water Revenue Bonds Series 1999	\$ 2,665,135	\$ -	\$ (37,785)	\$ 2,627,350	\$ 39,616
1999 Water Revenue Bonds Series 1999-A	275,703	-	(3,909)	271,794	4,098
2001 Water Revenue Bonds Series 2001	1,409,821	-	(17,448)	1,392,373	18,293
2002 Water Revenue Bonds Series 2002	3,662,669	-	(44,208)	3,618,461	46,231
2006 Water Revenue Refunding Series 2006	5,475,000	-	(125,000)	5,350,000	125,000
2007 Constr. & Ref. Bonds Series 2007	6,880,000	-	(75,000)	6,805,000	75,000
Total Long-Term Debt	\$ 20,368,328	\$ -	\$ (303,350)	\$ 20,064,978	\$ 308,238

Tangipahoa Water District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

Bonds Payable as of December 31, 2008 is as follows:

	Bonds Payable End of Year	Due within One Year
Water System Revenue Bonds, \$2,900,000, Rus Bonds 91-04 sold to Rural Utility Service Dated 06/10/1999 due in monthly installments of principal and interest of \$13,630 through 5/28/2039 interest at 4.75%	\$ 2,627,350	\$ 39,616
Water System Revenue Bonds, \$300,000, Rus Bonds 91-05 sold to Rural Utility Service Dated 06/10/1999 due in monthly installments of principal and interest \$1,410 through 5/28/2039 interest at 4.75%	271,794	4,098
Water System Revenue Bonds, \$1,490,000, Rus Bonds 91-06 sold to Rural Utility Service Dated 11/08/2001 due in monthly installments of principal and interest \$7,003 through 10/28/2041 interest at 4.75%	1,392,373	18,293
Water System Revenue Bonds, \$3,820,000, Rus Bonds 91-07 sold to Rural Utility Service Dated 2/5/2003 due in monthly installments of principal and interest \$17,343 through 1/28/2043 interest at 4.5%	3,618,461	46,231
Water System Revenue Refund Bonds, \$5,630,000, Series 2006 Refunding Bonds sold to private lender Dated 8/16/2006 due in semi-annual installments of principal and interest averaging \$176,500 through 12/15/2035 interest at ranges from 3.65% to 4.5%	5,350,000	125,000
Constr. Revenue & Refunding Bonds, \$6,880,000, Series 2007 Revenue Bonds sold to private lender Dated 9/18/2006 due in semi-annual installments of principal and interest averaging \$127,141 through 4/1/2047 interest at ranges from 3.60% to 4.375%	6,805,000	75,000
	\$ 20,064,978	\$ 308,238

Tangipahoa Water District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

On March 28, 2007, Tangipahoa Water District issued Construction Revenue & Refunding Bonds, Series 2007, in the amount of \$6,880,000. The transaction is accounted for as a "current refunding" since the refunding provided construction for the Bedico Well/Tank system improvements plus the issue immediately resulted in the defeasance of the District's Water Revenue Bonds, Series 2006, dated September 18, 2006. This refunding resulted in the following "Sources & Uses" of funds:

Sources of Funds	Amount
Par Amount of Bonds	\$ 6,880,000
Original Issue Discount (OID)	(77,977)
Total Sources	\$ 6,802,023
Uses of Funds	Amount
Deposit to Project Construction Fund	\$ 4,243,420
Deposit to Escrow Fund for Bond Refunding	1,983,801
Cost of Issuance	213,350
Deposit to Capitalized Interest (CIF) Fund	189,376
Total Underwriter's Discount (1.25%)	86,000
Gross Bond Insurance Premium	63,368
Surety Bond Fee	20,000
Other Uses	2,708
Total Uses	\$ 6,802,023

In the above presentation, the deposit totaling \$4,243,420 is for the Bedico Well/Tank system improvements, the deposit totaling \$1,983,801 was for refunding the Water Revenue Bonds, Series 2006, and the deposit totaling \$189,376 provided a reserve for paying construction period interest.

Tangipahoa Water District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

A recap of the net present value benefit and the average annual cash savings for the fiscal year 2007 bond transactions are presented for the effect of the combined issuance of construction revenue proceeds and refunding of the Water Revenue Bonds, Series 2006, is presented below:

PV Analysis Summary (Gross to Gross)	Amount
Gross PV Debt Service Savings	\$ (48,109)
Contingency or Refunding Account	6,770
Net Present Value Loss	\$ (41,339)
Net PV Loss / \$1,991,653 Refund Principal	2.076%
Total Projected Cash Flow Savings	\$ (416,526)

The annual requirements to amortize all debt outstanding as of December 31, 2008, including interest payments of \$18,132,273 are as follows:

	1999 Revenue Bonds	1999 Revenue Bonds	2001 Revenue Bonds	2002 Revenue Bonds	2006 Revenue Refunding Bonds	2007 Water Revenue Bonds	Total
Year Ending December 31	\$ 2,900,000	\$ 300,000	\$ 1,490,000	\$ 3,820,000	\$ 5,630,000	\$ 6,880,000	\$
2009	\$ 163,560	\$ 16,920	\$ 84,036	\$ 208,114	\$ 354,220	\$ 357,538	\$ 1,184,388
2010	163,560	16,920	84,036	208,114	354,470	359,748	1,186,848
2011	163,560	16,920	84,036	208,114	354,270	356,868	1,183,768
2012	163,560	16,920	84,036	208,114	353,870	358,899	1,185,399
2013	163,560	16,920	84,036	208,114	353,270	355,838	1,181,738
2014 to 2018	817,800	84,600	420,180	1,040,570	1,769,150	1,787,994	5,920,294
2019 to 2023	817,800	84,600	420,180	1,040,570	1,767,031	1,787,620	5,917,801
2024 to 2028	817,800	84,600	420,180	1,040,570	1,766,218	1,783,223	5,912,591
2029 to 2033	817,800	84,600	420,180	1,040,570	1,576,533	1,789,548	5,729,231
2034 to 2038	817,800	84,600	420,180	1,040,570	293,675	1,782,716	4,439,541
2039 to 2043	68,150	7,050	238,102	849,785	-	1,775,970	2,939,057
2044 to 2047	-	-	-	-	-	1,416,595	1,416,595
	\$ 4,974,950	\$ 514,650	\$ 2,759,182	\$ 7,093,205	\$ 8,942,707	\$ 13,912,557	\$ 38,197,251

10. Flow of Funds, Restrictions on Use

The Tangipahoa Water District has the following bond and reserve requirements that apply to *Rural Utilities Service (RUS)* bonds:

That all of the income and revenues derived or to be derived by the Issuer from the operation of the District shall continue to be deposited in a separate and special bank account with the regularly designated fiscal agent bank of the Issuer, to be established with the regularly designated fiscal agent bank of the Issuer and designated as the "*Waterworks Revenue Fund*," said Fund to be maintained and administered in the following order of priority and for the following express purposes:

1. The payment of, first, all reasonable and necessary expenses of operating and maintaining the System.

Tangipahoa Water District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

2. The establishment and maintenance of the “Waterworks Revenue Bond and Interest Sinking Fund,” sufficient in an amount to pay promptly and fully the principal of and the interest on the Bond and any pari passu bonds issued hereafter in the manner provided by this resolution by transferring from the Waterworks Revenue Fund to the regularly designated fiscal agent bank of the Issuer, monthly in advance on or before the 20th day of each month of each year a sum equal to the principal and interest falling due on the next principal and interest payment dates together with such additional proportionate sum as may be required to pay said principals and interest as the same respectively become due. With the exception of the Water Revenue Refunding Bonds, Series 2006, Tangipahoa Water District has decided to make these monthly payments directly to RUS, thus eliminating the need for a Sinking Fund. For the Water Revenue Refunding Bonds, Series 2006, bond covenants require “... the maintenance of a separately identifiable fund or account heretofore established and designated as the “Waterworks Revenue Bond and Interest Sinking Fund” (the “Sinking Fund”) sufficient in amount to pay promptly and fully the principal of and the interest on the Bonds, the Outstanding Parity Bonds and any Parity Obligations, as they severally become due and payable, by transferring from the Revenue Fund to the fiscal agent of the Issuer, monthly in advance on or before the 5th day of each month of the year, commencing on September 5, 2006...” an amount required to fund future principal and interest installments. At fiscal year end, all required bond and interest installments for the District had been made as required, and the “Sinking Fund” was fully funded.

3. The establishment and maintenance of the “Waterworks Reserve Fund” (*the Reserve Fund*), by transferring from said Waterworks Revenue Fund to the regularly designated fiscal agent bank of the Issuer, monthly in advance on or before the 20th day of each month of each year, a sum as required by applicable bond covenants. The money in the Reserve Fund is to be retained solely for the purpose of paying the principals of and interest on bonds payable from the Sinking Fund as to which there would otherwise be default. In the event that additional pari passu bonds are issued hereafter in the manner provided by this resolution, the payments into the Reserve Fund shall continue, or if the said payments have ceased because of the accumulation of the maximum amount provided above, then such payments shall be resumed, until such time as there has been accumulated in the Reserve Fund an amount of money equal to the highest combined principal and interest requirements for any succeeding twelve (12) month period on such bonds payable from the Reserve Fund.

As of August 2006, and with the issuance of the Water Revenue Refunding Bonds, Series 2006, the “Reserve Fund” deposits for the remaining water revenue bonds issued by the U.S. Department of Agriculture, Rural Utilities Service (Bonds 91-04, 91-05, 91-06, and 91-07) changed. Monthly deposits decreased to \$1,968 per month, and the Reserve Fund for the bonds was fully funded at fiscal year end.

For the Water Revenue Refunding Bonds, Series 2006, and the Construction Revenue and Refunding Bonds, Series 2007, the bond covenants required the establishment and maintenance of separately identifiable funds or accounts designated for the 2006 and 2007 Waterworks Bond Debt Service Reserve Funds (the “2006 and 2007 Reserve Funds”) to be held and maintained by the Paying Agent by depositing into the 2006 and 2007 Reserve Funds from the proceeds of the Bonds immediately upon the delivery of the Bonds an amount equal to the 2006 and 2007 Reserve Fund Requirement. With the issuance of Water Revenue Refunding Bonds, Series 2006, a total of \$130,000 from the existing Reserve Fund of Tangipahoa Water District was transferred to the Paying Agent. The 2006 Reserve Fund and the 2007 Reserve Fund have been established for the benefit of holders of the Bonds only and is distinct

Tangipahoa Water District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

and separate from other reserve funds of the Tangipahoa Water District. Owners of the Outstanding Parity Obligations shall not be entitled to any of the benefits of the 2006 Reserve Fund or the 2007 Reserve Fund.

As of August 2006, and with the issuance of the Water Revenue Refunding Bonds, Series 2006, the "Contingency Fund" deposits for the remaining water revenue bonds issued by the U.S. Department of Agriculture, Rural Utilities Service (Bonds 91-04, 91-05, 91-06, and 91-07) changed. Monthly deposits decreased to \$3,226 per month, and the Contingency Fund for the bonds was fully funded at fiscal year end.

Money in the Contingency Fund shall also be used to pay the principal of and the interest on any bond for the payment of which there is not sufficient money in the Sinking Fund or the Reserve Fund, but if so used, such money shall be replaced by the Issuer as soon as possible thereafter out of the earnings of the System after making the required payments into the respective funds and accounts herein above specified.

If, at any time, it shall be necessary to use moneys in the Reserve Fund or the Contingency Fund as above provided for the purpose of paying principals of or interest on bonds payable as to which there would otherwise be default, then the moneys so used shall be replaced from the revenues first thereafter received, not herein above required to be used for operation and maintenance of the District or for current principal, interest and reserve requirements.

4. With the issuance of the Water Revenue Refunding Bonds, Series 2006, and the Construction Revenue and Refunding Bonds, Series 2007, Tangipahoa Water District covenants to fix, establish, maintain and collect such rates, fees, rents or other charges for the services and facilities of the System, and all parts thereof, and to revise the same from time to time whenever necessary, as will always provide revenues in each Fiscal Year sufficient to pay the reasonable and necessary expenses of operating and maintaining the System in each Fiscal Year and as will provide Net Revenues at least equal to the 120% of the principal and interest falling due in such year on all bonds or other obligations payable from the System and as will provide revenues at least sufficient to pay all reserve or sinking funds or other payments required for such Fiscal Year by this Resolution and all obligations or indebtedness payable out of the revenues during such year, and that such rates, fees, rents or other charges shall not at any time be reduced as to be insufficient to provide adequate revenues for such purposes. For the fiscal year ended, the Tangipahoa Water District recorded "Net Revenues" exceeding the "120%" requirement per applicable bond covenants.

11. Restricted and Designated Net Assets

At December 31, 2008, Tangipahoa Water District recorded \$632,521 in Restricted Net Assets (Restricted for Capital Activity and Debt Service), representing the District's funds restricted by revenue bond debt covenants, contracts with customers for meter deposits, and the unspent portion of capital debt related to amounts restricted for capital projects less liabilities related to these restricted funds. A liability relates to restricted assets if the asset results from incurring the liability or if the liability will be liquidated with the restricted assets.

Tangipahoa Water District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

12. Litigation and Claims

There is no outstanding litigation at December 31, 2008.

13. Prior Period Adjustments

Two prior period adjustments were made to correct errors made for the fiscal year ending December 31, 2007. The effect of the corrections on the change in net assets in the period of correction is listed below.

Change in net assets before prior period adjustments	\$ 460,999
• Chlorination costs billed for the fiscal year ending December 31, 2007	(36,152)
• Investment income for the fiscal year ending December 31, 2007	23,454
Change in net assets after prior period adjustments	<u>\$ 448,301</u>

One prior period adjustment was made to correct the amount payable to other governments for utility billing collections. The adjustment is for periods prior to the fiscal year ending December 31, 2007. The effect of the correction on the beginning net assets for the fiscal year ending December 31, 2007 is listed below.

Net assets before prior period adjustments	\$ 6,634,251
• Adjust balance due to other governments	36,753
Net assets after prior period adjustments	<u>\$ 6,671,004</u>

14. Subsequent Events

At December 31, 2008, the District recorded total construction in progress expenditures of \$2,615,031 consisting of \$244,839 for the Bedico Well & Tank Project plus \$2,370,192 for the Contract "C" Water Lines project recorded as 90% complete at December 31, 2008. At December 31, 2008, the District had \$2,205,608 in proceeds remaining from the issuance of the Construction Revenue & Refunding Bonds, Series 2007, for completion of planned improvements.

Effective January 1, 2009, the District implemented a rate increase to provide funds for increased bond debt service costs, and for increases in operating costs. The adjustment primarily increases base rates by \$1 and the charge for water usage above base rates by approximately 30 cents per thousand gallons.

Other Supplemental Information

Tangipahoa Water District
Budgetary Comparison Schedule
For the Year Ended December 31, 2008
With Comparative Amounts for the Fiscal Year Ended December 31, 2007

	<u>2008 Budget</u>	<u>2008 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Restated 2007 Actual</u>
Operating Revenues				
Water Sales	\$ 3,212,498	\$ 3,245,010	\$ 32,512	\$ 3,108,182
Tap-In and Service Charges	255,868	253,621	(2,247)	286,781
Reconnect Charges	54,780	52,575	(2,205)	54,485
Penalty Charges	72,048	72,532	484	68,858
Billing Fees	55,513	47,836	(7,677)	45,827
Other	3,379	4,415	1,036	4,166
Total Operating Revenues	<u>3,654,086</u>	<u>3,675,989</u>	<u>21,903</u>	<u>3,568,299</u>
Operating Expenses				
Amortization	22,770	22,767	3	21,441
Bad Debts	16,624	9,750	6,874	12,980
Billing Costs	76,609	76,643	(34)	69,507
Chlorination	189,748	187,537	2,211	143,525
Computer Expense	14,988	15,625	(637)	12,731
Depreciation	760,000	797,084	(37,084)	730,996
Director's Expense	18,360	18,300	60	17,800
Employee Expense	17,561	17,188	373	16,741
Insurance - Hospitalization	158,597	160,195	(1,598)	149,237
Insurance - Business	130,369	126,399	3,970	125,164
Meter Reading	109,438	109,817	(379)	101,125
Office Expense	39,246	36,447	2,799	25,860
Other	40,152	36,696	3,456	25,531
Payroll Taxes	53,904	52,743	1,161	50,994
Professional Fees	45,720	42,996	2,724	35,120
Repairs and Maintenance	150,821	148,634	2,187	160,254
Salaries and Wages	684,860	693,775	(8,915)	650,217
Retirement Benefits	28,397	27,867	530	24,642
Telephone	15,645	15,809	(164)	18,363
Utilities	220,570	221,217	(647)	192,576
Vehicle Expense	118,466	107,378	11,088	93,531
Water Well Maintenance and Supplies	65,154	50,217	14,937	35,794
Total Operating Expenses	<u>2,977,999</u>	<u>2,975,084</u>	<u>2,915</u>	<u>2,714,129</u>
Operating Income (Loss)	<u>676,087</u>	<u>700,905</u>	<u>24,818</u>	<u>854,170</u>

See auditor's report.

Tangipahoa Water District
Budgetary Comparison Schedule
For the Year Ended December 31, 2008
With Comparative Amounts for the Fiscal Year Ended December 31, 2007

	<u>2008</u> <u>Budget</u>	<u>2008</u> <u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>Restated</u> <u>2007</u> <u>Actual</u>
Nonoperating Revenues (Expenses)				
Realized Gain (Loss) on Sale of Assets	\$ 5,762	\$ 3,320	\$ (2,442)	\$ 1,393
Interest Income	116,848	132,590	15,742	263,975
Interest Expense	(837,928)	(749,073)	88,855	(681,125)
Other Income	40,399	35,487	(4,912)	9,888
Total Nonoperating Revenues (Expenses)	<u>(674,919)</u>	<u>(577,676)</u>	<u>97,243</u>	<u>(405,869)</u>
Change in Net Assets	1,168	123,229	122,061	448,301
Total Net Assets, Beginning	7,082,552	7,119,305	36,753	6,634,251
Prior Period Adjustment (Note 13)	-	-	-	36,753
Total Net Assets, Ending	<u>\$ 7,083,720</u>	<u>\$ 7,242,534</u>	<u>\$ 158,814</u>	<u>\$ 7,119,305</u>

See auditor's report.

**Tangipahoa Water District
Schedule of Insurance
For the Year Ended December 31, 2008**

Insurance Company/ Policy Number	Coverage	Amount	Period
St. Paul Insurance Company GP 09312379	Commercial Package Coverages:		5/1/2008 to 5/1/2009
	Commercial Property (Scheduled)	\$ 7,951,355	
	General Liability Limit Each Event	1,000,000	
	General Liability Total Limit	2,000,000	
	Commercial Equipment Floater	61,500	
	Commercial Auto Liability Limit	500,000	
	Commercial Auto Physical Damage	Scheduled	
	Employee Theft (Per Loss)	500,000	
	Public Entity Management Liability, Including Employment Practices (Each Act & Total Policy Limit)	1000000	
	Commercial Umbrella Liability: (Each Act & Total Policy Limit)	5,000,000	
Stonetrust Commercial Insurance Company WCV 0079964 01	Workers Compensation: Part One - at Statutory Limits Part Two - Employers Liability Statutory Louisiana Limits Employers Liability	Included 500,000	5/1/2008 to 5/1/2009

See accountant's report.

Tangipahoa Water District
Schedule of Compensation Paid to Board Members
For the Year Ended December 31, 2008

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Per Diem</u>	<u>Term Expiration</u>
Larry Byers, President (985) 386-2247	39693 Howes Lane Ponchatoula, LA 70454	\$ 2,300	July 2011
Tommy Levatino, Vice - President (985) 878-4341	53299 West Fontana Road Independence, LA 70443	1,300	May 2012
John "Jerry" Wilde, Treasurer (985) 345-1825	43182 Jerry Wilde Road Ponchatoula, LA 70454	1,800	March 2012
Gerald Owens (225) 209-9009	11614 Wardline Road Hammond, LA 70401	2,300	March 2009
Larry McDaniel (985) 229-6207	73312 S. Lewiston Road Kentwood, LA 70444	2,300	September 2012
Stanford Bennett (985) 748-7339	64106 V. Lambert Road Amite, LA 70422	2,400	September 2012
Eugene Traylor (225) 294-5528	41041 Pumpkin Center Road Hammond, LA 70403	1,800	February 2012
Dr. J.L. Garrett (985) 345-5977	506 N. Cherry Street Hammond, LA 70401	2,200	March 2009
Dickie Davidge (985) 542-7187	123 South Cate Street Hammond, La 70403	200	Term Expired
Joe Perrin (985) 386-3147	39502 Teel Road Ponchatoula, LA 70454	1,100	Term Expired
Nathan Sticker (985) 845-7315	40305 CC Road Ponchatoula, LA 70454	600	Term Expired
Total Compensation Paid		<u>\$ 18,300</u>	

See accountant's report.

**Tangipahoa Water District
Schedule of Water Rates
For the Year Ended December 31, 2008**

Water

Residential Rates	Commercial Rates
Metered	Meter
\$ 9.00 - First 3,000 Gallons	1" \$ 25.00 - First 10,000 Gallons \$ 1.50 - Per 1,000 Gallons of Water over 10,000 Gallons
\$1.50 - Per 1,000 Gallons of Water over 3,000 Gallons	1 1/2" \$ 45.00 - First 20,000 Gallons \$ 1.50 - Per 1,000 Gallons of Water over 20,000 Gallons
\$25.00 Residential Flat Rate	2" \$ 65.00 - First 30,000 Gallons \$ 1.50 - Per 1,000 Gallons of water over 30,000 Gallons
Apartments	3" \$ 85.00 - First 40,000 Gallons \$ 1.50 - Per 1,000 Gallons of Water over 40,000 Gallons
Metered	4" \$105.00 - First 50,000 Gallons \$ 1.50 - Per 1,000 Gallons of Water over 50,000 Gallons
\$ 9.00 - First 3,000 Gallons	
\$ 1.50 - Per 1,000 Gallons of Water over 3,000 Gallons	
Dairy Farms	
\$ 45.00 - First 30,000 Gallons	
\$ 1.05 - Per 1,000 Gallons of Water over 30,000 Gallons	
Schools	
Billed according to meter size.	

See accountant's report.

**Tangipahoa Water District
Schedule of Water Customers
For the Year Ended December 31, 2008**

<u>Customers</u>	<u>December 31, 2008</u>	<u>December 31, 2007</u>	<u>Increase (Decrease)</u>
Residential	13,168	12,668	500
Commercial	599	574	25
Apartments	270	263	7
Dairy Farms	4	4	-
Total Customers	<u>14,041</u>	<u>13,509</u>	<u>532</u>
 Commercial users having a meter larger than the residential size (3/4")			
	<u>532</u>	<u>526</u>	<u>6</u>

See accountant's report.

**Other Independent Auditor's Reports and
Schedule of Findings and Questioned Costs**

Independent Auditor's Report on Internal
Control over Financial Reporting and on
Compliance and Other Matters Based on an
Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

MEMBER
American Institute of
Certified Public
Accountants

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MEMBER
Society of Louisiana
Certified Public
Accountants

**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

Board of Commissioners
Tangipahoa Water District
Tangipahoa Parish Council

I have audited the financial statements of the business-type activities of the Tangipahoa Water District, Natalbany, Louisiana, as of and for the year ended December 31, 2008, which comprise the District's basic financial statements, and have issued my report thereon dated May 29, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Tangipahoa Water District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Tangipahoa Water District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Tangipahoa Water District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Tangipahoa Water District's financial statements that is more than inconsequential will not be prevented or detected by Tangipahoa Water District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Tangipahoa Water District's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that

Phil Hebert, CPA

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might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tangipahoa Water District's 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 result of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor, and the Rural Utilities office. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Sincerely,

Phil Hebert

Phil Hebert, CPA
A Professional Accounting Corporation
May 29, 2009

Schedule of Findings

**Tangipahoa Water District
Tangipahoa Parish Council**

Schedule 6

**Schedule of Prior Year Findings
For the Year Ended December 31, 2008**

Section 1 - Internal Control and Compliance Material to the Financial Statements

Compliance

No Findings for Section 1.

Internal Control

No Findings for Section 1.

Section II - Internal Control and Compliance Material to Federal Awards

No findings for Section II.

Section III - Management Letter

No findings for Section III.

**Tangipahoa Water District
Tangipahoa Parish Council**

Schedule 7

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2008**

I have audited the basic financial statements of the Tangipahoa Water District as of and for the year ended December 31, 2008, and have issued my report thereon dated May 29, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2008 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness, None

Other Conditions, None

Compliance

Compliance Material to Financial Statements, None

b. Federal Awards

Not applicable

Section II Financial Statement Findings

No Findings for Section II

Section III - Management Letter

No Findings for Section III.