

WATERWORKS DISTRICT NO. 11 OF WARDS 4 AND 7
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana

Notes to Financial Statements (Continued)
June 30, 1996 and 1995

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Total Columns on Combined Statements - Overview

Total Columns on the Combined Statements - Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

F. Supplemental Disclosures of Cash Flow Information - Enterprise Fund

Cash paid during the year for interest was \$97,065.

Note 2 - Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Parish in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

For the year ended December 31, 1995, taxes of 16.51 mills were levied on property with gross assessed valuations of approximately \$8.9 million. Total taxes levied, net of pension funds, were \$76,018. The 16.51 mills were dedicated as follows:

Maintenance fund	5.51 mills
Sinking fund	11.00 mills

Note 3 - Changes in Long-Term Debt

The following is a summary of bond and note payable transactions of the District for the year ended June 30, 1996:

	General Obligation	Revenue	Total
Outstanding at July 1, 1995	\$ 290,000	\$ 1,448,155	\$ 1,738,155
Bonds Retired	15,000	29,335	44,335
Outstanding at June 30, 1996	\$ 275,000	\$ 1,418,820	\$ 1,693,820

Long-term debt at June 30, 1996 consists of the following:

General obligation bonds:

\$375,000 General Obligation Bonds of Waterworks District No. 11 of Wards 4 and 7 of the Parish of Calcasieu, Louisiana; dated April 1, 1986; due in annual installments including interest at 8.40% to 11% of \$37,675 to \$44,250 through the year 2006	\$ 275,000
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WATERWORKS DISTRICT NO. 11 OF WARDS 4 AND 7
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana

Combined Balance Sheet - All Fund Types and Account Group
June 30, 1996 (With Comparative Totals for June 30, 1995)

<u>ASSETS</u>	<u>Governmental</u> <u>Fund Type</u>	<u>Proprietary</u> <u>Fund Type</u>	<u>Account</u> <u>Group</u>	<u>Totals</u> <u>(Memorandum Only)</u>	
	<u>Debt</u> <u>Service</u>	<u>Enterprise</u>	<u>General</u> <u>Long-Term</u> <u>Debt</u>	<u>1996</u>	<u>1995</u>
Cash and cash equivalents	\$ 68,559	\$ 98,512	\$ -	\$ 167,071	\$ 156,147
Investments - Certificates of Deposit	148,781	-	-	148,781	139,701
Receivables (net of allowances for uncollectibles of \$3,056 for 1996 and \$2,412 for 1995):					
Water sales	-	45,243	-	45,243	32,757
Unbilled water sales	-	12,821	-	12,821	10,796
Taxes	-	174	-	174	-
Other	3,497	3,437	-	6,934	6,651
Prepaid expense	-	1,884	-	1,884	4,635
Inventory, at cost	-	4,927	-	4,927	-
Restricted assets:					
Cash and cash equivalents	-	59,983	-	59,983	38,339
Investments - Certificates of Deposit	-	90,264	-	90,264	86,308
Deferred compensation benefits	-	20,759	-	20,759	12,071
Property, plant and equipment:					
Plant and distribu- tion system	-	2,614,719	-	2,614,719	2,594,263
Furniture, fixtures and equipment	-	47,174	-	47,174	43,888
Less allowance for depreciation	-	(461,094)	-	(461,094)	(392,393)
Construction in progress	-	4,484	-	4,484	-
Land and right of ways	-	18,967	-	18,967	18,967
Amount available in debt service fund	-	-	220,837	220,837	201,377
Amount to be provided for retirement of general long-term debt	-	-	54,163	54,163	88,623
TOTAL ASSETS	\$ 220,837	\$ 2,562,254	\$ 275,000	\$ 3,058,091	\$ 3,042,130

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WATERWORKS DISTRICT NO. 11 OF WARDS 4 AND 7
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana

Combined Balance Sheet - All Fund Types and Account Group (Continued)
June 30, 1996 (With Comparative Totals for June 30, 1995)

<u>LIABILITIES AND FUND EQUITY</u>	<u>Governmental Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Account Group</u>	<u>Totals</u>	
	<u>Debt Service</u>	<u>Enterprise</u>	<u>General Long-Term Debt</u>	<u>(Memorandum Only)</u>	
				<u>1996</u>	<u>1995</u>
Liabilities:					
Accounts payable	\$ -	\$ 9,269	\$ -	\$ 9,269	\$ 19,033
Payroll taxes payable	-	2,394	-	2,394	3,585
Sales tax payable	-	1,431	-	1,431	1,226
Payable from restricted assets:					
Current portion of revenue bonds	-	32,224	-	32,224	30,249
Accrued interest	-	2,289	-	2,289	4,672
Refundable customer deposits	-	33,130	-	33,130	25,630
Deferred compensation liability	-	20,759	-	20,759	12,071
General obligation bonds payable	-	-	275,000	275,000	290,000
Revenue bonds payable	-	1,386,596	-	1,386,596	1,417,906
Due to Police Jury	-	6,967	-	6,967	6,967
Total liabilities	<u>-</u>	<u>1,495,059</u>	<u>275,000</u>	<u>1,770,059</u>	<u>1,811,339</u>
Fund equity:					
Contributed capital	-	891,382	-	891,382	915,086
Retained earnings (deficit):					
Reserved for revenue bond retirement	-	82,604	-	82,604	64,096
Unreserved	-	93,209	-	93,209	50,232
Fund balance:					
Reserved for debt service	<u>220,837</u>	<u>-</u>	<u>-</u>	<u>220,837</u>	<u>201,377</u>
Total retained earnings/fund balance	<u>220,837</u>	<u>1,067,195</u>	<u>-</u>	<u>1,288,032</u>	<u>1,230,791</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 220,837</u>	<u>\$ 2,562,254</u>	<u>\$ 275,000</u>	<u>\$ 3,058,091</u>	<u>\$ 3,042,130</u>

The accompanying notes are an integral part of the financial statements.

WATERWORKS DISTRICT NO. 11 OF WARDS 4 AND 7
 OF CALCASIEU PARISH, LOUISIANA
 Sulphur, Louisiana
 Debt Service Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance
 For the Years Ended June 30,

	1996	1995
Revenues:		
Ad valorem taxes - sinking fund	\$ 50,018	\$ 51,129
Interest	8,985	7,561
Total Revenues	59,003	58,690
Expenditures:		
Interest and fiscal charges	24,543	29,720
Principal retirement	15,000	15,000
Total Expenditures	39,543	44,720
Excess of Revenues Over Expenditures	19,460	13,970
Fund Balance at Beginning of Period	201,377	187,407
Fund Balance at End of Period	\$ 220,837	\$ 201,377

The accompanying notes are an integral part of the financial statements.

WATERWORKS DISTRICT NO. 11 OF WARDS 4 AND 7
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Enterprise Fund

Statement of Revenues, Expenses, and Changes in Retained Earnings
For the Years Ended June 30,

	1996	1995
OPERATING REVENUES		
Water sales	\$ 371,990	\$ 332,403
Tap fees	19,262	23,245
Total Operating Revenues	391,252	355,648
OPERATING EXPENSES		
Salaries	88,693	87,027
Insurance	17,035	17,072
Legal and professional	7,234	7,430
Office supplies	8,715	5,706
Plant supplies	32,887	26,437
Repairs and maintenance	13,193	12,305
Truck expense	6,189	3,650
Utilities	14,793	12,993
Water purchases	15,765	13,221
Payroll taxes	6,768	6,784
Depreciation	69,659	69,665
Bank charges	683	740
Dues and fees	968	1,155
Retirement expense	3,665	3,244
Equipment rental	1,223	866
Commissioner per diem	2,980	3,279
Bad debt expense	644	2,412
Miscellaneous	2,205	1,593
Total Operating Expenses	293,299	275,579
INCOME FROM OPERATIONS	97,953	80,069
NON-OPERATING REVENUES (EXPENSES)		
Ad valorem taxes - maintenance	26,000	25,401
Interest income	6,631	4,794
Other income	1,879	1,532
Interest expense	(94,682)	(96,622)
Total Non-Operating Revenues (Expenses)	(60,172)	(64,895)
Net Income	37,781	15,174
Add current year's depreciation on fixed assets acquired by funds externally restricted for construction that reduces contributed capital	23,704	23,704
Increase in Retained Earnings	61,485	38,878
Retained Earnings at Beginning of Year	114,328	75,450
Retained Earnings at End of Year	\$ 175,813	\$ 114,328

The accompanying notes are an integral part of the financial statements.

WATERWORKS DISTRICT NO. 11 OF WARDS 4 AND 7
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Enterprise Fund

Statement of Cash Flows
For the Years Ended June 30,

Increase (Decrease) in Cash

	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income from operations	\$ 97,953	\$ 80,069
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	69,659	69,665
Provision for bad debts	644	2,412
(Increase) in accounts receivable	(15,155)	(12,510)
(Increase) decrease in prepaid expense	2,751	130
(Increase) in inventory	(4,927)	-
Increase (decrease) in accounts payable and other accrued expenses	(12,316)	31,522
Net Cash Provided (Used) by Operating Activities	138,609	171,288
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from investments - certificates of deposit	-	-
Increase in investments - certificates of deposit	(3,956)	(86,308)
Interest earned	6,631	4,794
Net Cash Provided (Used) for Investing Activities	2,675	(81,514)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital expenditures	(28,213)	(39,474)
Principal payments on revenue bonds	(29,335)	(30,475)
Ad valorem taxes	26,000	25,401
Interest expense	(94,682)	(96,622)
Other	6,352	1,532
Net Cash Provided (Used) by Capital and Related Financing Activities	(119,878)	(139,638)
Net Increase (Decrease) in Cash	21,406	(49,864)
Cash and Cash Equivalents at Beginning of Year	137,089	186,953
Cash and Cash Equivalents at End of Year	\$ 158,495	\$ 137,089
Cash and Cash Equivalents Comprised of:		
Unrestricted	\$ 98,512	\$ 98,750
Restricted	59,983	38,339
	\$ 158,495	\$ 137,089

The accompanying notes are an integral part of the financial statements.

WATERWORKS DISTRICT NO. 11 OF WARDS 4 AND 7
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana

Notes to Financial Statements
June 30, 1996 and 1995

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Waterworks District No. 11 of Wards 4 and 7 of Calcasieu Parish, Louisiana, conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units. The following is a summary of the more significant policies:

A. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Commissioners. Control by or dependence on the District was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Based on the foregoing criteria, Waterworks District No. 11 has no other fiscal or significant managerial responsibility over any other governmental unit that is not included in the financial statements of Waterworks District No. 11 of Wards 4 and 7 of Calcasieu Parish, Louisiana. The district is a component unit of the Calcasieu Parish Police Jury.

B. Fund Accounting

The accounts of the District are organized on the basis of funds and an account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two generic fund types and one broad fund category as follows:

GOVERNMENTAL FUND

Debt Service Fund - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt, principal, interest, and related costs.

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WATERWORKS DISTRICT NO. 11 OF WARDS 4 AND 7
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana

Notes to Financial Statements (Continued)
June 30, 1996 and 1995

Note 1 - Summary of Significant Accounting Policies (Continued)

All fixed assets of the proprietary fund are recorded at historical costs. Depreciation of all exhaustible fixed assets is charged as an expense against their operations. Pre-construction costs associated with the development of the water system which includes engineering, legal and interest costs are capitalized and will be amortized over their estimated useful lives using the straight-line method.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. The following estimated useful lives and methods are used to compute depreciation:

Plant and distribution system	40 Years	Straight Line
Furniture, fixtures and equipment	5 - 40 Years	Straight Line

Depreciation expense amounted to \$69,659 for the year ended June 30, 1996 and \$69,665 for the year ended June 30, 1995.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenditures are recognized when they are incurred.

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WATERWORKS DISTRICT NO. 11 OF WARDS 4 AND 7
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana

Notes to Financial Statements (Continued)
June 30, 1996 and 1995

Note 3 - Changes in Long-Term Debt (Continued)

Revenue bonds:

\$1,375,000 Water Revenue Bonds; dated June 25, 1987; due in annual installments including interest at 6.50% of \$106,535 through June 25, 2017

\$ 1,182,427

Revenue bonds:

\$250,000 Water Revenue Bonds; dated June 30, 1991; due in equal annual installments including interest at 6.75% of \$19,865 through June 25, 2021

\$ 236,393

The annual requirements to amortize all debt outstanding as of June 30, 1996, including interest payments of \$1,458,681, are as follows:

Year Ending June 30,	General Obligation	Revenue	Total
1997	\$ 37,675	\$ 126,400	\$ 164,075
1998	41,506	126,400	167,906
1999	39,925	126,400	166,325
2000	43,325	126,400	169,725
2001	41,300	126,400	167,700
Thereafter	214,910	2,101,860	2,316,770
	\$ 418,641	\$ 2,733,860	\$ 3,152,501

The general obligation bonds are to be retired from the avails of property taxes levied and collected within the limits of the District.

The revenue bonds are to be retired from the income and revenues derived from the operation of the System of Waterworks District No. 11 of Wards 4 and 7 of Calcasieu Parish, Louisiana.

Note 4 - Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Proceeds from refundable customer deposits are also restricted for the repayment of meter deposits.

Note 5 - Cash, Cash Equivalents and Investments

At June 30, 1996, the District had cash, cash equivalents and certificates of deposit (book balances) totaling \$466,099.

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WATERWORKS DISTRICT NO. 11 OF WARDS 4 AND 7
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana

Notes to Financial Statements (Continued)
June 30, 1996 and 1995

Note 5 - Cash, Cash Equivalents and Investments (Continued)

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 agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1996, the District had \$467,021 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$618,750 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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.

The District considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Note 6 - Contributed Capital

Contributed capital at June 30, 1996 consists of the following:

General obligation bonds and state contributions	\$ 904,800
Capitalized interests costs on general obligation bonds	64,250
Non-refundable customer deposits	63,955
Depreciation on assets acquired from contributed capital	(141,623)
	<u>\$ 891,382</u>

Note 7 - Board of Commissioners' Fees

Members of the Board of Commissioners are paid a per diem allowance for attending board meetings. The total expenses for meetings during the current year are as follows:

<u>Member</u>	<u>Expense</u>
Terry Taylor, President	\$ 540
Donald Faulk, Treasurer/Secretary	520
Neva Martin	720
Bob Loomis	620
Lewis Moss	<u>580</u>
	<u>\$ 2,980</u>

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WATERWORKS DISTRICT NO. 11 OF WARDS 4 AND 7
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana

Notes to Financial Statements (Continued)
June 30, 1996 and 1995

Note 8 - Accumulated Vacation and Unpaid Sick Pay

Accumulated unpaid vacation and sick pay is not material and therefore has not been accrued.

Note 9 - Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with these amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the District (without being restricted to the provisions of benefits under the plan), subject only to the claims of the District's general creditors. Participants' rights under the plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant. The District believes it is unlikely that it will use the assets to satisfy the claims of general creditors in the future. The assets and liabilities of the plan are shown at market value at June 30, 1996.

Note 10- Restricted Assets

Restricted assets consist of cash restricted for the retirement of the District's revenue bonds. Restricted assets as of June 30, 1996 consists of the following:

FMHA Sinking Fund	\$ 5,893
FMHA Revenue Note Fund	53,310
FMHA Depreciation Fund	57,914
Customer Deposits	<u>33,130</u>
	<u>\$ 150,247</u>

Note 11- Construction in Progress

The District is constructing a 246,000 gallon ground storage tank. The construction costs approximate \$80,000 and should be completed in October, 1996.



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REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

Board of Commissioners
Waterworks District No. 11 of Wards 4
and 7 of Calcasieu Parish, Louisiana
Sulphur, Louisiana

We have audited the financial statements of Waterworks District No. 11 of Wards 4 and 7 of Calcasieu Parish, Louisiana as of and for the year ended June 30, 1996, and have issued our report thereon dated October 4, 1996.

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

Compliance with laws, regulations, contracts, and grants applicable to Waterworks District No. 11 of Wards 4 and 7 of Calcasieu Parish, Louisiana is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the district's compliance with certain provisions of laws, regulations, contracts and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. 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.

This report is intended for the information of management and other state and federal audit agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Broussard & Company

Sulphur, Louisiana
October 4, 1996
/gho

Board of Commissioners
Waterworks District No. 11 of Wards 4 and 7
of Calcasieu Parish, Louisiana

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

However, we noted the following matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of Waterworks District No. 11 of Wards 4 and 7 of Calcasieu Parish, Louisiana, for the year ended June 30, 1996.

1. Finding: There is not a proper segregation of duties in the district.

Cause: Proper segregation of duties is not possible because of the small number of people involved.

Recommendation: Segregation of duties is not feasible.

Management's Response: We concur in the finding.

This report is intended solely for the use of management and other state and federal audit agencies. This restriction is not intended to limit the distribution of this report which, upon acceptance of state and federal audit agencies, is a matter of public record.

Broussard & Company

Sulphur, Louisiana
October 4, 1996
/gho



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SULPHUR, LA 70663

Independent Auditor's Report

Board of Commissioners
Waterworks District No. 11 of Ward 4
of Calcasieu Parish, Louisiana
Sulphur, Louisiana

We have audited the accompanying financial statements of Waterworks District 11 of Wards 4 and 7 of Calcasieu Parish, Louisiana, as of and for the years ended June 30, 1996 and 1995, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Waterworks District 11 of Wards 4 and 7 of Calcasieu Parish, Louisiana at June 30, 1996 and 1995, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated October 4, 1996, on our consideration of Waterworks District 11 of Wards 4 and 7 of Calcasieu Parish, Louisiana's internal control structure and a report dated October 4, 1996, on its compliance with laws and regulations.

Broussard & Company

Sulphur, Louisiana
October 4, 1996
/gho

WATERWORKS DISTRICT NO. 11 OF WARDS 4 AND 7
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana

Notes to Financial Statements (Continued)
June 30, 1996 and 1995

Note 1 - Summary of Significant Accounting Policies (Continued)

PROPRIETARY FUND

Enterprise Fund - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

GASB Statement No. 20 also states that for proprietary activities, management may elect to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The District will not elect to apply FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by GASB.

C. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The account group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

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**WATERWORKS DISTRICT NO. 11
OF WARDS 4 AND 7 OF
CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana**

**Financial Statements
June 30, 1996 and 1995**

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

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