

EXTENSION DISTRICT NO. 8 OF PARISH 3 AND 8
OF CALCAINS PARISH, LOUISIANA
Levee District, Louisiana
Debt Service Fund

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

	1996	1995
Revenues:		
ad valorem taxes - sinking fund	\$ 160,826	\$ 176,889
State revenue sharing	4,100	3,164
Interest	9,271	1,288
Other	4,581	-
Total Revenues	178,778	181,341
Expenditures:		
Interest and fiscal charges	95,706	94,731
Principal redemptions	122,800	-
Total Expenditures	218,506	94,731
Excess of Revenues Over (Under) Expenditures	14,488	161,370
Fund Balance at Beginning of Period	188,888	124,505
Fund Balance at End of Period	\$ 203,376	\$ 285,875

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

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**WATERWORKS DISTRICT NO. 2
OF WARDS 1 AND 2 OF
CALCASIEU PARISH, LOUISIANA**
Lake Charles, Louisiana

Annual Financial Report
June 30, 1994 and 1995

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

OCT 16 1995

Release Date _____

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BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

A Registered Corporation

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SLUSH, LA 70451

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Independent Auditor's Report

Board of Commissioners
Waterworks District No. 9 of Wards 3
and 8 of Calcasieu Parish, Louisiana
Lake Charles, Louisiana

We have audited the general purpose financial statements of Waterworks District No. 9 of Wards 3 and 8 of Calcasieu Parish, Louisiana, a component unit of the Calcasieu Parish Police Jury, as of and for the years ended June 30, 1996 and 1995, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Waterworks District No. 9 of Wards 3 and 8 of Calcasieu Parish, Louisiana as of 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 August 20, 1996, on our consideration of Waterworks District No. 9 of Wards 3 and 8 of Calcasieu Parish, Louisiana's internal control structure and a report dated August 20, 1996, on its compliance with laws and regulations.

Broussard & Company

Slush, Louisiana
August 20, 1996
/s/

WATERWORKS DISTRICT No. 8 OF PARISH 1 AND 6
OF ORLEANS PARISH, LOUISIANA
Lake Charles, Louisiana

Continued Balance Sheet - All Fund Types and Account Group (Continued)
June 30,

LIABILITIES AND FUND EQUITY	Governmental Fund Type		Proprietary Fund Type		Account Group (General)		TOTALS	
	State Service	Enterprise	Enterprise	Enterprise	Long-Term Debt	Debt	(Minimum Fund Balance Only)	(Minimum Fund Balance Only)
Liabilities								
Accounts payable	\$	\$	\$ 28,780	\$	\$	\$ 15,780	\$	\$ 8,887
Accrued wages	-	-	4,250	-	-	4,250	-	2,848
Payroll and sales taxes payable	-	-	4,044	-	-	4,044	-	4,308
Payable from restricted assets:								
Revenue bonds, current premium	-	-	18,723	-	-	28,223	-	16,863
Accrued interest	-	-	108,442	-	-	185,542	-	200,888
Customer deposits	-	-	68,000	-	-	89,808	-	47,935
General obligation bonds payable	-	-	-	555,000	555,000	555,000	-	878,000
Revenue bonds payable (net of current premium)	-	-	3,388,382	-	-	3,388,382	-	3,208,455
Total	-	-	3,803,128	-	555,000	3,853,428	-	3,792,733
Fund Equity:								
Dedicated capital	-	-	3,145,150	-	-	3,041,150	-	3,177,744
Retained earnings: Reserved for retirement	-	-	177,800	-	-	177,000	-	164,068
Unreserved	-	-	380,237	-	-	398,927	-	322,800
Fund balance: Reserved for debt	328,283	-	-	-	-	328,283	-	328,283
Total retained earnings/ fund balance	328,283	-	3,308,487	-	-	3,008,387	-	3,581,488
TOTAL LIABILITIES AND FUND EQUITY	\$ 328,283	\$ 3,308,487	\$ 3,853,000	\$ 3,853,000	\$ 3,853,000	\$ 3,853,000	\$ 3,853,000	\$ 3,853,000

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

WATERWORK DISTRICT NO. 6 OF WARD 3 AND 4
OF CALDERIA PARISH, LOUISIANA
Late Charles C. Longless
Enterprise Fund

Statement of Revenues, Expenses, and Changes in Retained Earnings
Year Ended June 30,

	1986	1985
Operating Revenues:		
Water sales	\$ 444,781	\$ 414,000
Tax Sales	30,233	17,100
Late charges and payment fees	5,521	5,599
Total Operating Revenues	480,535	436,699
Operating Expenses:		
Commissioners' Fees	3,340	3,120
Salaries	80,841	84,731
Accounting and audit	8,841	8,045
Depreciation	128,871	128,784
Insurance	27,870	28,078
Legal fees	-	3,590
Miscellaneous	3,381	3,060
Office supplies	5,278	5,680
Payroll taxes	6,920	6,174
Plant supplies	45,212	33,784
Repairs and maintenance	6,707	6,960
Equipment rental	68	151
Telephone	3,798	4,581
Truck expense	17,178	8,347
Utilities	21,114	19,130
Travel and meals	200	1,313
Buildings and cleaning	3,800	3,680
Total Operating Expenses	551,802	513,160
Operating Income	328,733	323,539
Non-Operating Revenues (Expenses):		
Net interest income - maintenance	43,117	44,413
Interest income	24,407	29,574
Interest and financial charges	(174,139)	(178,431)
Miscellaneous income	-	243
Bad debt expense	-	4,820
Total Non-Operating Revenues (Expenses)	(106,622)	(108,421)
Net Income (Loss)	222,111	215,118
Add current year's depreciation on fixed assets acquired by funds externally restricted for construction that reduces contributed capital	36,558	36,596
Increase in Retained Earnings	78,289	81,272
Retained Earnings at Beginning of Year	408,000	402,728
Retained Earnings at End of Year	\$ 486,289	\$ 484,000

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

WATERWORKS DISTRICT NO. 2 OF PARISH 3 AND 4
OF CALCAISSO PARISH, LOUISIANA
Lake Charles, Louisiana
Enterprise Fund

Statement of Cash Flows
Years Ended June 30,

Increase (Decrease) in Cash

	1998	1997
Cash Flows from Operating Activities:		
Operating Income	\$ 109,908	\$ 112,691
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	398,674	168,786
(Increase) in accounts receivable	(3,828)	(2,827)
(Increase) in accrued interest receivable	(538)	(2,881)
(Increase) decrease in prepaid expense	(1,638)	1,880
Increase (decrease) in accounts payable and other accrued expenses	7,320	3,974
(Decrease) increase in customer deposits	21,270	610
Provision for bad debts		(2,520)
Total Adjustments	418,692	167,622
Net Cash Provided by Operating Activities	528,600	280,313
Cash Flows from Investing Activities:		
Purchase of investments - net of maturities	(13,908)	(18,897)
Interest on investments	24,807	18,824
Net Cash Provided (Used) by Investing Activities	10,899	-673
Cash Flows from Capital and Related Financing Activities:		
Capital expenditures	(84,877)	(18,872)
Principal payments on revenue bonds	(14,820)	(18,276)
Interest on revenue bonds	(174,159)	(175,631)
Ad valorem taxes	63,117	68,413
Miscellaneous income	-	242
Other	-	(3,820)
Net Cash Provided (Used) by Capital and Related Financing Activities	(206,719)	(137,944)
Net Increase (Decrease) in Cash	321,881	141,696
Cash and Cash Equivalents at Beginning of Year	487,555	345,859
Cash and Cash Equivalents at End of Year	809,436	487,555
Cash and Cash Equivalents:		
Restricted	\$ 150,000	\$ 135,804
Unrestricted	659,436	351,751
	\$ 809,436	\$ 487,555

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

WATERWORKS DISTRICT NO. 8 OF WARD 3 AND 8
OF CALCASIEU PARISH, LOUISIANA
LEWIS CHASLER, LOUISIANA

Notes to Financial Statements
June 30, 1998 and 1999

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Waterworks District No. 8 of Ward 3 and 8 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 24:1307 and to the guides set forth in the Louisiana Comptroller's 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 group 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. 8 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. 8 of Ward 3 and 8 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 two broad fund categories as follows:

GOVERNMENTAL FUNDS

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.

ENTERPRISE FUNDS

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.

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BROUSSARD & COMPANY

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REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

Board of Commissioners
Waterworks District No. 8 of Wards 3
and 8 of Calcasieu Parish, Louisiana
Lake Charles, Louisiana

We have audited the general purpose financial statements of Waterworks District No. 8 of Wards 3 and 8 of Calcasieu Parish, Louisiana as of and for the year ended June 30, 1994, and have issued our report thereon dated August 29, 1994.

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 general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Waterworks District No. 8 of Wards 3 and 8 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 Waterworks District No. 8 of Wards 3 and 8 of Calcasieu Parish, Louisiana 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.

The results of our tests indicate that, with respect to the items tested, Waterworks District No. 8 of Wards 3 and 8 of Calcasieu Parish, Louisiana complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Waterworks District No. 8 of Wards 3 and 8 of Calcasieu Parish, Louisiana had not complied, in all material respects, with those provisions.

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
August 29, 1994
/s/

MEMORANDUM DISTRICT NO. 2 OF PARISH 3 AND 4
OF CALCAHOU PARISH, LOUISIANA
Lake Charles, Louisiana

Notes to Financial Statements (Continued)
June 30, 1998 and 1999

Note 1 - Summary of Significant Accounting Policies (Continued)

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as set 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 revenues at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are assessed 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.

B. Total Columns on Combined Statements - Overview

Total Columns on the Combined Statements - Overview are explained 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 Disclosure of Cash Flow Information - Enterprise Fund

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

Cash paid during the year for interest was \$11,282.

G. 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 usually billed to the taxpayer in November. Billed taxes become delinquent on January 1 of the following year.

For the year ended December 31, 1998, taxes of \$1.38 million were levied on property with gross assessed valuations of \$18,331,882 less homestead and other exemptions of \$1,894,882. The \$1.38 million were dedicated as follows:

Maintenance Fund	\$.24 million
Sinking Fund	\$ 1.14 million

Cash/Leased

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WATERWORKS DISTRICT NO. 8 OF WARD 3 AND 8
OF CALCAISSON PARISH, LOUISIANA
Lake Charles, Louisiana

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

Note 2 - Changes in Long-Term Debt

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

	General Obligations	Revenue	Total
Outstanding at July 1, 1995	\$ 679,000	\$ 2,323,340	\$ 3,002,340
Bonds retired	(118,000)	(7,110)	(125,110)
Outstanding at June 30, 1996	\$ 561,000	\$ 2,316,230	\$ 2,877,230

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

General obligation bonds:

\$675,000 General Obligation Refunding Bonds, Series 1994, of Waterworks District No. 8 of Ward 3 and 8 of the Parish Calcaisson, Louisiana, dated June 1, 1994; due in annual installments (including interest at 8.75% to 9% of \$10,000 to \$100,000 through the year 2009;	\$ 675,000
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Revenue bonds:

\$2,300,000 Waterworks Revenue Bonds; dated November 30, 1987; due in annual installments (including interest at 7.875% of \$20,000 through November 30, 2007;	2,300,000
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The annual requirements to amortize all debt outstanding as of June 30, 1996, including interest payments of \$2,881,814, are as follows:

Year Ending June 30,	General Obligations	Revenue	Total
1997	\$ 160,380	\$ 391,084	\$ 551,464
1998	188,478	391,084	579,562
1999	193,050	391,084	584,134
2000	198,080	391,084	589,164
2001	-	391,084	391,084
Thereafter	-	4,368,184	4,368,184
	<u>\$ 638,988</u>	<u>\$ 4,368,184</u>	<u>\$ 5,007,172</u>

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. 8 of Ward 3 and 8 of Calcaisson Parish, Louisiana.

Continued

WATERBURY DISTRICT NO. 2 OF PARISH 3 AND 4
OF CALCAHOUX PARISH, LOUISIANA
Lake Charles, Louisiana

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

Note 3 - Cash, Cash Equivalents and Certificates of Deposit

At June 30, 1996, the District had cash, cash equivalents and certificates of deposit (bank balances) totaling \$1,314,718.

These deposits are stated at cost, which approximates market. Under state law these deposits (or the remaining 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 \$3,132,618 in deposits (pledged bank balances). These deposits are secured from risk by \$308,080 of federal deposit insurance and \$1,824,538 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GAAP Category 3).

Even though the pledged securities are considered noncollateralized (category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 18:1274 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.

Note 4 - Contributed Capital

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

General obligation bonds	\$ 1,308,000
Capitalized interests costs on general obligation bonds	198,341
Depreciation on assets acquired from contributed capital	(312,661)
Non-refundable customer deposits	20,980
	\$ 1,394,660

Note 5 - Board of Commissioners' Fees

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

Thomas Ryan	\$ 120
Walter Dubois	800
Leslie Stull	120
Robney Frey	940
Dustin Arnsperger	120
Total	\$ 2,100

Note 6 - Accumulated Vacation and Sick Leave

Employees are entitled to certain compensated absences based on their length of employment. Compensated absences either vest or accumulate and are accrued when they are earned.

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WATERWORKS DISTRICT NO. 8 OF PARISH 3 AND 6
OF CALCAHIEU PARISH, LOUISIANA
Lake Charles, Louisiana

Notes to Financial Statements (Continued)
June 30, 1998 and 1997

Note 3 - Restricted Assets

Restricted assets consist of cash restricted for the retirement of the district's various bonds and payment of refundable customer deposits. Restricted assets as of June 30, 1998 consists of the following:

FWS Debt Service	\$ 131,890
FWS Reserve	88,221
FWS Depreciation and Contingency	92,880
Customer Deposits	88,431
	<u>\$ 301,422</u>

WATERWORK DISTRICT NO. 8 OF PARISH 3 AND 4
OF CALCAHOU PARISH, LOUISIANA
Lake Tharion, Louisiana

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

Note 3 - Summary of Significant Accounting Policies (Continued)

C. Fixed Assets and Long-Term Liability

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 "disposal 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 reported 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 management 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 (other current or non-current) associated with their activities are included in 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 (revenue) and decreases (expense) in net total assets.

All fixed assets of the proprietary fund are recorded at historical costs. Depreciation of all depreciable fixed assets is charged as an expense against their operations. Depreciation will be provided over the estimated useful lives using the straight-line method. Pre-construction costs associated with the development of the water system which includes engineering, legal and interest costs are capitalized and will be depreciated over their estimated useful lives using the straight-line method. Depreciation expense for the period ending June 30, 1996 was \$188,427.

The estimated useful lives are as follows:

Pipes and distribution system	30 - 40 years
Furniture, fixtures and equipment	5 - 15 years

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.

Carol Linnard

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WATERWORKS DISTRICT NO. 8 OF PARISH 3 AND 6
OF CALCAHISE PARISH, LOUISIANA
Lake Charles, Louisiana

Combined Balance Sheet - All Fund Types and Account Group
June 30,

PARTS	Governmental	Proprietary	Account	Totals	
	Fund Type	Fund Type	Group	1988	1989
	2024	Subsidiary	Group		
	Service		Long-Term		
			Debt		
Cash and cash equivalents	\$ 178,871	\$ 310,888	\$ -	\$ 489,759	\$ 489,759
Investments -					
collateral of					
deposits	132,470	287,237	-	419,707	419,707
Receivable (net, where applicable, of all amounts due uncollectible of 5-0- for 1988 and \$8,247 for 1989)					
Taxes	184	291	-	475	485
Accounts	-	60,627	-	60,627	49,849
Invoiced	-	9,284	-	9,284	9,872
RECEIVED INTEREST	2,898	3,238	-	6,136	5,709
Prepaid expenses	-	4,881	-	4,881	3,213
Restricted assets:					
Cash and cash					
equivalents	-	375,388	-	375,388	321,563
Property, plants and					
equipment	-	-	-	-	-
land	-	13,508	-	13,508	13,508
Fleet and distri-					
bution system	-	4,028,428	-	4,028,428	3,983,348
FURNITURE, FIXTURES					
and equipment	-	98,088	-	98,088	76,216
Accumulated					
depreciation	-	(899,013)	-	(899,013)	(1,190,386)
Other assets -					
miscellaneous					
deposits	-	188	-	188	188
Amount available in					
debt service fund	-	-	338,388	338,388	388,848
Amount to be pro-					
vided for retire-					
ment of general					
long-term debt	-	-	248,782	248,782	276,152
TOTAL ASSETS	\$ 489,759	\$ 4,418,638	\$ 588,088	\$ 4,505,885	\$ 4,605,813

Continued
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Board of Commissioners
Waterworks District No. 2 of Ward 3
and 4 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 conventions of management in the general purpose financial statements.

A proper assignment of duties is not feasible due to the small number of people involved in the District's day to day operations.

A material weakness is a reportable condition in which the design or operation of one or more of the 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 general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control 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 believe the reportable conditions described above to not a material weakness.

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.

Baroness & Company

Bayham, Louisiana
August 18, 1994
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