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WATERWORKS DISTRICT NO. 8
OF PARISHS AND 8 OF
CALCASIEU PARISH, LOUISIANA
Lake Charles, Louisiana

Annual Financial Report
June 30, 1987 and 1986

Under provisions of state law, this report is a public document. A copy of the report has been forwarded to the Auditor, or Comptroller, and to 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.

Released Date APR 03 1988

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BROUSSARD & COMPANY, APC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Commissioners
Waterworks District No. 2 of Wards 2
and 3 of Calcasieu Parish, Louisiana
Lake Charles, Louisiana

We have audited the general purpose financial statements of Waterworks District No. 2 of Wards 2 and 3 of Calcasieu Parish, Louisiana, a component unit of the Calcasieu Parish Police Jury, as of and for the years ended June 30, 1997 and 1996, 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 statements 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 aspects, the financial position of Waterworks District No. 2 of Wards 2 and 3 of Calcasieu Parish, Louisiana as of June 30, 1997 and 1996, and the results of its operations and the 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 November 14, 1997, on our consideration of Waterworks District No. 2 of Wards 2 and 3 of Calcasieu Parish, Louisiana's internal control structure and a report dated November 14, 1997, on its compliance with laws and regulations.

Broussard & Company

Bossier, Louisiana
November 14, 1997
/s/

SIRFIRE (2102)

70114th Avenue, Bossier, LA 70602
PH: (504) 527-8888 Facsimile: (504) 527-8884

LAKE CHARLES (2102)

2140 Lakeshore Drive, Box 178, Lake Charles, LA 70601
PH: (504) 433-8400 Facsimile: (504) 433-8444

MEMPHIS CONTRACT NO. 5 OF MARCH 1 AND 2
OF SALVAGED PAPER, LOSTBARR
John Charles, LOUISIANA

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

ASSETS	Governmental		Proprietary		Account		Totals	
	Fund Type		Fund Type		Group		Consolidation Only	
	State	Enterprise	State	Enterprise	General	Long-Term	1977	1976
Cash and cash equivalents	\$ 184,871	\$ 22,810	\$ -	\$ -	\$ 207,687	\$ -	\$ 207,687	\$ 224,511
Investments - certificates of deposit	128,828	100,000	-	-	428,828	-	428,828	428,507
Investments (not, where applicable, of allowance for amortization of S-O- for 1977 and S-O- for 1976):								
Taxes	4,524	3,728	-	-	8,252	-	8,252	1,021
Accounts	-	28,815	-	-	28,815	-	28,815	20,517
Unbilled	-	8,458	-	-	8,458	-	8,458	8,284
Accrued interest	3,047	3,225	-	-	6,272	-	6,272	6,218
Prepaid expense	-	2,813	-	-	2,813	-	2,813	4,893
Due from enterprises	767	-	-	-	767	-	767	-
Restricted assets:								
Cash and cash equivalents	-	168,772	-	-	168,772	-	168,772	272,280
Investments - certificates of deposit	-	155,722	-	-	155,722	-	155,722	-
Property, plant and equipment:								
Land	-	12,580	-	-	12,580	-	12,580	12,580
Plant and distribution system	-	3,982,423	-	-	3,982,423	-	3,982,423	4,820,423
Furniture, fixtures and equipment	-	128,188	-	-	128,188	-	128,188	98,089
Accumulated depreciation	-	(898,647)	-	-	(898,647)	-	(898,647)	(898,212)
Good lease value, 1976	-	229,973	-	-	229,973	-	229,973	-
Other assets - miscellaneous deposits:								
Investment available in debt service fund	-	-	382,883	-	382,883	-	382,883	300,253
Amount to be provided for retirement of general long-term debt	-	-	122,547	-	122,547	-	122,547	248,167
TOTAL ASSETS	\$ 422,692	\$ 4,322,482	\$ 422,687	\$ 4,322,482	\$ 4,215,324	\$ 4,215,324	\$ 4,215,324	\$ 4,878,252

Continued
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WATERWORK DISTRICT NO. 2 OF WARD 3 AND 8
OF ORANGE COUNTY, FLORIDA
LARRY CHARLES, CHAIRMAN

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

LIABILITIES AND FUND EQUITY	Governmental	Proprietary	Account	Totals	
	Fund Type	Fund Type	Group	(Memorandum Only)	
	Debt Service	Retirement	General Long-Term Debt	1997	1996
Liabilities:					
Accounts payable	\$ -	\$ 19,829	\$ -	\$ 19,829	\$ 19,829
Accrued wages	-	6,240	-	6,240	6,240
Payroll and sales taxes payable	-	4,861	-	4,861	4,861
Due to date	-	-	-	-	-
Accounts receivable	-	747	-	747	-
Payable from restricted accounts:					
Revenue bonds, current	-	65,000	-	65,000	65,000
Accrued interest	-	10,714	-	10,714	10,714
Customer deposits	-	78,180	-	78,180	78,180
General obligations bonds payable	-	-	420,000	420,000	420,000
Revenue bonds payable (net of current portion, unamortized discount and deferred issue costs)	-	2,228,742	-	2,228,742	2,228,742
Liabilities	-	2,828,742	420,000	2,828,742	2,828,742
Fund equity:					
Contributed capital	-	1,204,409	-	1,204,409	1,204,409
Retained earnings:					
Reserved for revenue bond retirement	-	360,798	-	360,798	360,798
Unreserved	-	241,193	-	241,193	241,193
Fund balances Reserved for date	302,082	-	-	302,082	302,082
total retained earnings/ fund balance	302,082	1,206,742	-	1,206,742	1,206,742
TOTAL LIABILITIES AND FUND EQUITY	\$ 302,082	\$ 4,225,484	\$ 420,000	\$ 4,225,484	\$ 4,225,484

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

INTERCOMMER BANKING CO. OF WABAS I AND B
OF CALCAHOUCO PARISH, LOUISIANA
Lake Charles, Louisiana
Sinking Service Fund

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

	1987	1986
Revenues:		
Ad valorem taxes - sinking fund	\$ 133,800	\$ 160,800
State Revenue Sharing	4,156	4,156
Interest	13,948	9,271
Other	-	5,811
Total Revenues	151,904	180,038
Expenditures:		
Interest and Rental charges	38,152	35,278
Principal retirement	128,000	125,000
Total Expenditures	166,152	160,278
Excess of Revenues Over (Under) Expenditures	(14,248)	19,760
Fund Balance at beginning of period	302,183	322,880
Fund Balance at End of Period	287,935	342,640

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

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

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

	1997	1996
Operating Revenues:		
Water sales	\$ 495,851	\$ 444,702
Tap fees	27,200	20,210
Late charges and payment fees	5,811	3,827
Total Operating Revenues	528,862	468,739
Operating Expenses:		
Commissioner's Fees	3,800	3,200
Salaries	154,826	90,843
Accounting and audit	22,760	8,843
Depreciation	121,000	109,637
Amortization	8,418	-
Insurance	22,293	27,878
Legal fees	2,827	-
Communications	1,853	2,283
Office supplies and postage	4,834	5,228
Payroll taxes	9,227	4,822
Fleet supplies	82,326	42,312
Repairs and maintenance	38,482	8,207
Equipment rental	18,338	80
Telephone	8,333	5,768
Travel expenses	9,457	17,378
Utilities	25,288	21,378
Gas and oil	270	205
Uniforms and cleaning	2,444	2,850
Bad debt expense	857	-
Total Operating Expenses	428,388	381,813
Operating Income	100,474	86,926
Non-operating Revenues (Expenses):		
All valuations taxes - maintenance	88,287	82,317
Interest income	28,760	24,607
Interest and fiscal charges	(125,737)	(178,329)
Miscellaneous income	822	-
Total Non-operating Revenues (Expenses)	(10,008)	(71,405)
Net Income (Loss)	(9,534)	15,521
Add current year's depreciation on fixed assets acquired by funds internally restricted for construction that reduces contributed capital	38,328	38,328
Increase in Retained Earnings	28,794	53,849
Retained Earnings at Beginning of Year	563,323	489,474
Retained Earnings at End of Year	\$ 592,117	\$ 543,323

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

STATEMENTS PREPARED IN ACCORDANCE WITH SECTION 1702 OF THE REVENUE CODE OF 1939
 OF CALCAHOU PARISH, LOUISIANA
 Lake Charles, Louisiana
 Waterworks Fund

Statement of Cash Flows
 Years Ended June 30,

Increase (Decrease) in Cash

	1997	1996
Cash flows from Operating Activities:		
Operating income	\$ 72,219	\$ 129,868
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	116,683	100,627
(increase) in accounts receivable	(1,700)	(5,555)
(increase) in accrued interest receivable	4,011	5,995
(increase) decrease in prepaid expense	(862)	(1,670)
Increase (decrease) in accounts payable and other accrued expenses	(77,676)	(7,100)
(decrease) increase in customer deposits	6,143	21,270
Provision for bad debts	652	-
Total Adjustments	148,154	113,617
Net Cash Provided by Operating Activities	220,373	243,485
Cash Flows from Investing Activities:		
Purchase of Investments - net of maturities	(168,968)	(32,880)
Interest on Investments	26,359	28,683
Net Cash Provided (Used) by Investing Activities	(142,609)	(4,197)
Cash Flows from Capital and Related Financing Activities:		
Capital expenditures	(23,688)	(88,677)
Capital expenditures	(270,200)	-
Bond issue costs	2,441,838	-
Bond proceeds	(2,201,518)	(18,613)
Principal payments on revenue bonds	(158,737)	(174,138)
Interest on revenue bonds	54,387	62,117
Net children loans	608	-
Miscellaneous income	608	-
Other	(2,827)	-
Net cash provided (used) by Capital and Related Financing Activities	(24,600)	(215,500)
Net Increase (Decrease) in Cash	(6,836)	23,788
Cash and Cash Equivalents at Beginning of Year	481,180	457,400
Cash and Cash Equivalents at End of Year	474,344	481,188
Cash and Cash Equivalents:		
Unrestricted	\$ 85,820	\$ 150,880
Restricted	388,524	330,308
	\$ 474,344	\$ 481,188

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

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

Notes to Financial Statements
June 30, 1967 and 1966

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Waterworks District No. 8 of Wards 3 and 8 of Calcaissu 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 (44:51) and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Auditing of State and Local Governmental Units.

GASB No. 20 requires that governments' proprietary activities apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1966, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins. Governments are given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1966, except for those that conflict with or contradict GASB pronouncements. The DISTRICT has elected not to implement FASB Statements and Interpretations issued after November 30, 1966. 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 bonds, 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 Wards 3 and 8 of Calcaissu Parish, Louisiana. The district is a component unit of the Calcaissu 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 the 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 general 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.

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

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

NOTE 1 - Summary of Significant Accounting Policies (Continued)

PROPRIETARY 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.

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 used to present a summary of source 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.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

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.

Continued

WATERWORKS DISTRICT NO. 5 OF WARD 3 AND 5
OF CALCAHOUX PARISH, LOUISIANA
Lake Charles, Louisiana

Notes to Financial Statements (Continued)
June 30, 1991 and 1990

Note 1 - Summary of Significant Accounting Policies (Continued)

All fixed assets of the proprietary fund are recorded at historical cost. Depreciation of all measurable fixed assets is charged as an expense against their operations. Depreciation will be provided over the estimated useful lives using the straight-line method. For construction costs associated with the development of the water system which include 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, 1991 was \$111,188.

The estimated useful lives are as follows:

Plant and distribution system	33 - 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 measurement 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 revenues at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenues 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.

E. Total Columns on Combined Statements - Overview

Total columns on the combined statements - Overview are prepared whenever only is indicated 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.

**WATERWORKS DISTRICT NO. 8 OF WARD 8 AND 9
OF CALCASIEUS PARISH, LOUISIANA
Lake Charles, Louisiana**

Notes to Financial Statements (Continued)
June 30, 1997 and 1996

Note 1 - Summary of Significant Accounting Policies (Continued)

F. Supplemental Disclosures of Cash Flow Information - Retiree's 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 \$285,828.

G. All Taxable Taxes

All taxation 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, 1996, taxes of 28.15 mills were levied on property with gross assessed valuations of \$28,828,870 less homestead and other exemptions of \$4,547,870. The 28.15 mills were dedicated as follows:

Maintenance fund	1.82 millie
Sinking fund	14.33 millie

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts 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 reporting period. Actual results could differ from these estimates.

Note 2 - Expenses in Long-Term Debt

The following is a summary of bond payable transactions of the District for the year ended June 30, 1997:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
Bonds issued	\$ -	\$ 2,458,000	\$ 2,458,000
Outstanding at July 1, 1996	555,000	8,283,515	8,838,515
Bonds retired	(1,122,000)	(2,382,828)	(3,504,828)
Outstanding at June 30, 1997	\$ 433,000	\$ 2,458,000	\$ 2,891,000

Long-term debt at June 30, 1997 consists of the following:

General obligation bonds:

\$433,000 General Obligation Refunding Bonds, Series 1996, of Waterworks District No. 8 of Ward 8 and 9 of the Parish Calcasieus, Louisiana, dated June 1, 1994; due in annual installments including interest at 8.75% to 8% of \$127,250 to \$182,187 through the year 1999;

\$ 433,000

**WATERWORKS DISTRICT NO. 8 OF PARISH 3 AND 8
OF CALCAHOUN PARISH, LOUISIANA
Lake Charles, Louisiana**

**Notes to Financial Statements (Continued)
June 30, 1987 and 1988**

Note 2 - Revenues in 1980-1987 Debt (Continued)

Revenue bonds:

\$2,455,000 Waterworks Revenue Refunding Bonds, Series 1991; dated January 3, 1991; due in annual installments including interest at 5.5% to 5.5% of \$278,548 to 1983, 1991 through December 1, 2001; \$ 2,455,000

The District issued the above bonds to refund the revenue bonds that were due to FAYAT'S HOME ADMINISTRATION. The refunding was undertaken to reduce total future debt service payments. The recapitalization price exceeded the net carrying amount of the old debt by \$94,827. This amount is being retired against the new debt and amortized over the new debt's life, which is shorter than the life of the refunded debt.

The annual requirements to amortize all debt outstanding as of June 30, 1987, including interest payments of \$2,297,800, are as follows:

Year Ending <u>June 30,</u>	General <u>Obligation</u>	Premium	Total
1988	\$ 159,475	\$ 182,761	\$ 342,236
1989	187,000	183,298	370,298
1990	159,000	178,826	337,826
2001	-	189,323	189,323
2002	-	177,828	177,828
Thereafter	-	3,582,355	3,582,355
	<u>\$ 445,475</u>	<u>\$ 4,432,227</u>	<u>\$ 4,877,702</u>

The general obligation bonds are to be retired from the proceeds 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 Parishes 3 and 8 of Calcahoun Parish, Louisiana.

Note 3 - Cash, Cash Equivalents and Certificates of Deposit

At June 30, 1987, the District had cash, cash equivalents and certificates of deposit (bank balances) totaling \$2,384,828.

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, 1987, the District had \$1,328,899 in deposits (collected bank balances). These deposits are secured from risk by \$280,000 of federal deposit insurance and \$2,048,899 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GAAP Category 3).

MEMPHORS DISTRICT NO. 6 OF WARD 1 AND 2
OF BALCONGE PARISH, LOUISIANA
Lake Charles, Louisiana

Notes to Financial Statements (Continued)
June 30, 1997 and 1996

Note 3 - Cash, Cash Equivalents and Certificates of Deposits (Continued)

Even though the pledged securities are considered collateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 26:1329 imposes a statutory requirement on the custodial bank to advise and sell the pledged securities within 15 days of being notified by the District that the financial agent has failed to pay deposited funds upon demand.

Note 4 - Restricted Capital

Contributed capital as of June 30, 1997 consists of the following:

General obligation bonds	\$ 1,200,000
Capitalized latestate costs on general obligation bonds	178,141
Depreciation on assets acquired from contributed capital	(350,000)
Non-refundable customer deposits	80,000
	\$ 1,008,141

Note 5 - 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 attended during the year are as follows:

Teresa Ryan	\$ 840
Walter Cohen	840
Laurie Small	840
Wendy Fry	840
Carla Kesteven	780
Total	\$ 3,140

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.

Note 7 - Restricted Assets

Restricted assets consist of cash restricted for the retirement of the District's revenue bonds and payment of refundable customer deposits. Restricted assets as of June 30, 1997 consists of the following:

1997 Bond Sinking Fund	\$ 350,150
Depreciation and Contingency Fund	378,530
1997 Reserve Fund	178,141
Customer Deposits	78,588
	\$ 985,409



BROUSSARD & COMPANY, APC

CERTIFIED PUBLIC ACCOUNTANTS

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, 1997, and have issued our report thereon dated November 24, 1997.

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
November 24, 1997
/s/

MEMPHIS OFFICE

100 West Avenue, Sulphur LA, 70685
Ph: (504) 527-9839 Facsimile: (504) 527-9844

LAKE CHARLES OFFICE

1 Lakeshore Drive, Box 128, Lake Charles, LA 70601
Ph: (337) 535-6300 Facsimile: (337) 535-6301



BROUSSARD & COMPANY, APC

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROLS

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, 1997, and have issued our report thereon dated December 14, 1997.

We conducted our audit 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 financial statements are free of material misstatement.

The management of Waterworks District No. 8 of Wards 3 and 8 of Calcasieu Parish, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, perception of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of Waterworks District No. 8 of Wards 3 and 8 of Calcasieu Parish, Louisiana, for the year ended June 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

MEMPHIS OFFICE

204 First Avenue, Suite 14, Memphis
TN (901)520-0800 Fax:(901)521-8814

LAKE CHARLES OFFICE

1449 Lakeside Drive, Ste. 128, Lake Charles, LA 70601
Ph: (337)274-6000 Facsimile: (337)623-0000

Board of Commissioners
Waterworks District No. 2 of Parish 2
and 3 of Orleans 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, would adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

A proper segregation 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 structures 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 condition described above is 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.

Bronson & Company

Shreveport, Louisiana
November 14, 1991
/s/