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

Financial Statements
June 30, 1967 and 1966

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

Release Date NOV 5 1987

T A B L E O F C O N T E N T S

	<u>Page</u>
Independent Auditor's Report on the Financial Statements	i
Continued Balance Sheet - All Fund Types and Account Group	1 - 3
Statement of Revenues, Expenditures, and Changes in Fund Balance - BOSS Service Fund	4
Statement of Revenues, Expenses, and Changes in Retained Earnings (Deficits) - Enterprise Fund	5
Statement of Cash Flows - Enterprise Fund	6
Notes to Financial Statements	7 - 13
Independent Auditor's Report on Compliance	14
Independent Auditor's Report on Internal Controls	15 - 16



BROUSSARD & COMPANY, APC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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

We have audited the accompanying financial statements of Waterworks District 11 of Ward 4 and 7 of Calcasieu Parish, Louisiana, as of and for the years ended June 30, 1997 and 1998, 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 Ward 4 and 7 of Calcasieu Parish, Louisiana at June 30, 1997 and 1998, 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 7, 1997, on our consideration of Waterworks District 11 of Ward 4 and 7 of Calcasieu Parish, Louisiana's internal control structure and a report dated October 7, 1997, on its compliance with laws and regulations.

Broussard & Company

Bayou, Louisiana
October 7, 1997
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SEE PAGE 02 OF 112

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ENTERPRISE DISTRICT NO. 13 OF MARSH & MOO 3
OF SAKASHIMA PROVINCE, JAPAN
WATERWORKS DEPARTMENT

Combined Balance Sheet - All Fund Types and Account Group
June 30, 1987 (With Comparative Totals for June 30, 1986)

ASSETS	Governmental	Proprietary	Account	Totals	
	Fund Type	Fund Type	Class	(Approximate \$K)	(1986)
	Debt Service	Enterprise	General Long-Term Debt	1987	1986
Cash and cash equivalents	\$ 42,887	\$ 85,083	\$ -	\$ 127,970	\$ 217,013
Investments - Certificates of Deposit	154,885	-	-	154,885	228,780
Reserve (net of allowance for uncollectible of \$2,108 for 1987 and \$1,054 for 1986)					
Motor vehicle	-	37,887	-	37,887	86,243
Unfilled water					
- bill	-	14,000	-	14,000	12,823
- tank	-	-	-	-	114
- other	3,885	3,885	-	7,770	6,414
Prepaid expense	-	8,217	-	8,217	7,883
INVENTORY, AT COST	-	2,484	-	2,484	4,433
Due from Enterprise Fund	14,787	-	-	14,787	-
Restricted assets:					
CASH AND CASH equivalents					
- investments - Certificates of Deposit	-	72,187	-	72,187	14,983
- deferred compensation benefits	-	84,309	-	84,309	90,164
Property, plant and equipment:					
- Plant and distribution system	-	2,714,980	-	2,714,980	2,814,734
- Furniture, fixtures and equipment	-	53,553	-	53,553	47,174
- less allowance for depreciation	-	(432,739)	-	(432,739)	(481,084)
- construction in progress	-	-	-	-	4,484
- land and right of way	-	18,947	-	18,947	18,947
Amount available in debt service fund	-	-	240,774	240,774	237,837
Amount to be provided for retirement of general long-term debt	-	-	20,226	20,226	74,153
TOTAL ASSETS	\$ 348,774	\$ 2,262,024	\$ 240,774	\$ 2,851,572	\$ 3,356,001

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MEMPHIS DISTRICT NO. 11 OF MARKS 4 AND 7
OF ORLEANS PARISH, LOUISIANA
WATER, SEWERAGE

Detailed Balance Sheet - All Fund Types and Account Group (Continued)
June 30, 1967 (With Comparative Totals for June 30, 1966)

LIABILITIES AND FUND EQUITY	Governmental Fund Type		Proprietary Fund Type		Account Group		Totals	
	Debt Service	Retirement	General	Long-Term Debt	General	Long-Term Debt	1967	1966
Liabilities:								
Accounts payable	\$ -	\$ 8,407	\$ -	\$ -	\$ 8,407	\$ -	\$ 8,407	
Payroll taxes and retirement payable	-	6,429	-	-	6,429	-	12,858	
Sales tax payable	-	1,214	-	-	1,214	-	2,428	
Payable from restricted assets	-	-	-	-	-	-	-	
Contract portion of revenues	-	-	-	-	-	-	-	
Bonds	-	34,328	-	-	34,328	-	72,224	
Approved interest	-	497	-	-	497	-	7,289	
Refundable customer deposits	-	38,250	-	-	38,250	-	77,120	
Deferred compensa- tion liability	-	28,862	-	-	28,862	-	28,199	
General obligations	-	-	-	-	-	-	-	
Bonds payable	-	-	260,000	-	260,000	-	271,000	
Revenue bonds payable	-	1,182,886	-	-	1,182,886	-	1,384,586	
Due to Police Jury	-	4,967	-	-	4,967	-	4,967	
Due to Debt Service	-	16,781	-	-	16,781	-	-	
Total	-	1,423,822	260,000	-	1,423,822	-	1,770,689	
Liabilities	-	1,432,229	260,000	-	1,432,229	-	1,770,689	
Fund equity:								
Contributed capital	-	887,878	-	-	887,878	-	891,382	
Retained earnings (deficit):								
Reserved for debt service	-	86,461	-	-	86,461	-	86,464	
Unreserved	-	140,418	-	-	140,418	-	92,189	
Fund balance:								
Reserved for debt service	248,224	-	-	-	248,224	-	200,823	
Total retained earnings/ fund balance	248,224	1,140,542	-	-	1,140,542	-	1,293,222	
TOTAL LIABILITIES AND FUND EQUITY	\$ 248,224	\$ 2,572,771	\$ 260,000	\$ -	\$ 2,572,771	\$ -	\$ 2,572,771	

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

INTERCOMBINE DISTRICT NO. 13 OF PARISH 4 AND 7
OF CALCAHOU PARISH, LOUISIANA
Bajhar, Louisiana
WRF Service Fund

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

	<u>1977</u>	<u>1976</u>
Revenues:		
Ad valorem taxes - sinking fund	\$ 49,853	\$ 50,818
Interest	8,873	8,888
Total Revenues	<u>58,726</u>	<u>59,706</u>
Expenditures:		
Interest and fiscal charges	23,509	24,543
Principal retirement	15,000	15,000
Total Expenditures	<u>38,509</u>	<u>39,543</u>
Excess of Revenues over Expenditures	20,217	20,163
Fund Balance at Beginning of Period	<u>322,822</u>	<u>322,327</u>
Fund Balance at End of Period	<u>\$ 343,039</u>	<u>\$ 342,490</u>

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

WATERWORKS DISTRICT NO. 11 OF PARISH 4 AND 7
OF CALCAHOUPE PARISH, LOUISIANA
WATERWORKS DISTRICT
Baton Rouge, Louisiana
Enterprise Fund

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30,

	2003	2002
OPERATING REVENUES		
Water sales	\$ 389,273	\$ 371,999
Tap fees	20,806	18,760
Total Operating Revenues	410,079	390,759
OPERATING EXPENSES		
Salaries	90,613	88,593
Water reading	1,945	-
Insurance	23,828	17,338
Legal and professional	8,073	1,318
Office supplies and postage	8,558	8,718
Fuel supplies	47,700	32,883
Repairs and maintenance	5,108	13,193
Travel expense	4,153	8,188
Utilities	17,793	14,793
Water purchases	14,790	15,705
Payroll taxes	8,833	8,758
Depreciation	72,144	68,655
Bank charges	719	683
Phone and faxes	938	868
Retirement expense	3,968	3,655
Equipment rental	3,794	3,333
Commissioner per diem	3,800	3,988
Bad debt expense	3,288	544
Miscellaneous	1,508	1,325
Total Operating Expenses	419,791	393,313
INCOME FROM OPERATIONS	90,288	97,446
NON-OPERATING REVENUES (EXPENSES):		
AG waterline taxes - maintenance	29,543	28,000
Interest income	8,888	4,413
Other income	3,873	1,978
Interest expense	(32,803)	(34,482)
Total Non-Operating Revenues (Expenses)	(1,100)	(1,091)
Net Income	89,188	96,355
ADD current year's depreciation on fixed assets acquired by funds externally restricted for construction that reduces contributed capital	23,704	23,204
Increase in Retained Earnings	112,892	119,559
Retained Earnings at Beginning of Year	135,813	114,339
Retained Earnings at End of Year	\$ 248,705	\$ 233,898

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

METROPOLITAN DISTRICT NO. 11 OF PARISH 4 AND 7
OF CALCASIEU PARISH, LOUISIANA
Water, Sewerage
Enterprise Fund

Statement of Cash Flows
For the Year Ended June 30,

Increase (Decrease) in Cash

	<u>2001</u>	<u>2000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income from operations	\$ 89,488	\$ 87,813
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	72,140	89,058
Provision for bad debts	2,000	814
Decrease (increase) in accounts receivable	6,410	(35,250)
(Increase) decrease in prepaid expense	897	2,781
Decrease (increase) in inventory	2,663	(4,971)
Increase in due from debt service	(5,787)	-
Increase (decrease) in accounts payable and other accrued expenses	488	(32,310)
Net Cash Provided (Used) by Operating Activities	<u>182,511</u>	<u>138,629</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in Investments - certificates of deposit	(4,861)	(3,980)
Interest earned	8,485	8,521
Net Cash Provided (Used) by Investing Activities	<u>3,624</u>	<u>4,541</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital expenditures	(122,768)	(28,213)
Principal payments on revenue bonds	(31,885)	(39,335)
AD VALOREM TAXES	28,182	28,000
Interest expense	(82,823)	(94,882)
Other	8,175	8,157
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(140,227)</u>	<u>(136,273)</u>
Net Increase (Decrease) in Cash	(54,092)	31,408
Cash and Cash Equivalents at Beginning of Year	188,486	157,078
Cash and Cash Equivalents at End of Year	\$ 134,394	\$ 188,486
Cash and Cash Equivalents comprised of:		
Restricted	\$ 85,000	\$ 88,813
Unrestricted	49,394	99,673
	<u>\$ 134,394</u>	<u>\$ 188,486</u>

The accompanying notes are an integral part of the Financial Statements.

WATERWORKS DISTRICT NO. 11 OF WARD 4 AND 7
OF CALCASIEU PARISH, LOUISIANA
Delciper, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 1987 and 1988

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 entities. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes Title 24 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry best practice, Methods 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 as account groups, 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 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.

Continued

STATEMENTS BINDER NO. 11 OF BOOKS 4 AND 7
OF BALANCE SHEETS, LOUISIANA
Bajjlor, Louisiana

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

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. 33 also states that for proprietary activities, management may elect to apply all GASB 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 GASB 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 basis. This means that only current assets and current liabilities are generally included in their balance sheets. Their reported fund balance (or 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 noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is aggregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Continued

MISSISSIPPI DISTRICT NO. 11 OF PARAS 4 AND 7
OF CALCULATED PERIOD, LOUISIANA
Bulgeur, Louisiana

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

NOTE 3 - Summary of Significant Accounting Policies (continued)

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. 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 \$77,144 for the year ended June 30, 1997, and \$68,609 for the year ended June 30, 1996.

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. Temporary-income income, grants receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governmental 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.

MEMPHISER DISTRICT NO. 11 OF WARD 4 AND 7
OF CALCOING PARISH, LOUISIANA
Mayor, Acadiana

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

Note 1 - Summary of Significant Accounting Policies (continued)

E. Total Volume on Combined Statements - Overview

Total Volume on the Combined Statements - Overview are captioned Memorandum only to indicate that they are prepared only to facilitate financial analysis. Data in these volumes 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 - Reserve Fund

Cash paid during the year for interest was \$84,385.

G. 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 disclosures of contingent assets and liabilities at the end of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

H. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market.

Note 2 - Ad Valorem Taxes

Ad valorem taxes attach as an encumbrance 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 14.31 mills were levied on property with net assessed valuations of approximately \$8,982,000. Total taxes levied, net of pension funds, were \$79,215. The 14.33 mills were dedicated as follows:

Reimbursement fund	5.51 mills
stinking fund	7.82 mills

WATERWORKS DISTRICT NO. 11 OF WARDS 4 AND 7
OF CALCAHOUN PARISH, LOUISIANA
Bayhar, Louisiana

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

Note 5 - Debt - \$1,000,000 Debt

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

	General		
	Obligations	Revenue	Total
Outstanding at July 1, 1996	\$ 275,000	\$ 1,418,000	\$ 1,693,000
Bonds retired	<u>75,000</u>	<u>22,000</u>	<u>97,000</u>
Outstanding at June 30, 1997	\$ <u>200,000</u>	\$ <u>1,396,000</u>	\$ <u>1,596,000</u>

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

General obligation bonds:

\$275,000 General Obligation Bonds of Waterworks District No. 11 of Wards 4 and 7 of the Parish of Calcahoun, Louisiana dated April 1, 1994; due in annual installments including interest at 8.90% of 11% of \$27,675 to \$44,258 through the year 2008

\$ 275,000

Revenue bonds:

\$1,178,000 Water Revenue Bonds dated June 15, 1997; due in annual installments including interest at 8.50% of \$108,518 through June 30, 2017

\$ 1,178,000

Revenue bonds:

\$270,000 Water Revenue Bonds; dated June 30, 1997; due in equal annual installments including interest at 8.75% of \$29,850 through June 30, 2001

\$ 270,000

The annual requirements to amortize all debt outstanding as of June 30, 1997, including interest payments of \$1,341,413, are as follows:

Year Ending June 30,	General		Total
	Obligations	Revenue	
1998	\$ 45,000	\$ 128,400	\$ 183,400
1999	39,905	128,400	168,305
2000	40,205	128,400	168,605
2001	45,300	128,400	173,700
2002	44,250	128,400	172,650
Thereafter	<u>178,340</u>	<u>1,375,300</u>	<u>1,553,640</u>
	\$ <u>503,000</u>	\$ <u>1,668,900</u>	\$ <u>2,171,900</u>

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

Continued

STATEMENT SCHEDULE NO. 11 OF PART 4 AND 7
OF CALCAISSU PARISH, LOUISIANA
Bajjton, Louisiana

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

Note 3 - Changes in Long-Term Note Investments

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

Note 4 - RESTRICTED ASSETS

Certain proceeds of enterprise fund revenue bonds, as well as certain proceeds and assets for these payments, 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 water deposits.

FEMA Sinking Fund	\$	1,988
FEMA Revenue Bond Fund		53,774
FEMA Deduction Fund		58,948
Customer Deposits		78,325
	\$	<u>193,035</u>

Note 5 - Cash, Cash Equivalents and Investments

At June 30, 1997, the District had cash, cash equivalents and certificates of deposit (bank balances) totaling \$471,648.

These deposits are stated at cost, which approximates market. Under state law these deposits (for the remaining bank balances) must be covered 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. As June 30, 1997, the District had \$408,877 in deposits (collected bank balances). These deposits are secured from state by \$108,000 of Federal deposit insurance and \$479,388 of pledged securities held by the custodial bank in the name of the fiscal agent bank (other category 2).

Even though the pledged securities are considered uncollateralized (Category 2) under the provisions of ERSB Statute 2, Louisiana Revised Statute 38:1229 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.

WATERWORKS DISTRICT NO. 13 OF PARISH 4 AND 7
OF CALCAHOUN PARISH, LOUISIANA
Bajoune, Louisiana

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

Note 6 - Contributed Capital

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

General obligation bonds and state contributions	\$ 900,000
Capitalized interests on general obligation bonds	88,200
Non-refundable customer deposits	82,900
Representation on assets acquired from contributed capital	1,188,127
	<u>\$2,059,227</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:

Member	Expenses
Larry Taylor	\$ 80
Ronald Paulin	80
Gary Martin	80
Bob Loomis	120
Louis Mann	80
Ronald Bowers	80
	<u>\$3,840</u>

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 upon termination, retirement, death, or unforeseen emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those 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 to an amount equal to the fair market value of the deferred amounts 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, 1997.



BROUSSARD & COMPANY, APC

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

Board of Commissioners
Waterworks District No. 11 of Wards 4
and 7 of Calcasieu Parish, Louisiana
Slidell, 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, 1987, and have issued our report thereon dated October 7, 1987.

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.

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

Slidell, Louisiana
October 7, 1987
/s/ha

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BROUSSARD & COMPANY, APC

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON THE INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Waterworks District No. 11 of Wards 4 and 7
of Calcasieu Parish, Louisiana
Bossier, 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, 1997, and have issued our report thereon dated October 7, 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 financial statements are free of material misstatement.

In planning and performing 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, 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.

The management of Waterworks District No. 11 of Wards 4 and 7 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 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, projections of any evaluation of the structure to future periods are 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.

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Board of Commissioners
Matercula 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 considered to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention pointing 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 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 could 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 considerations 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 Matercula District No. 11 of Wards 4 and 7 of Calcasieu Parish, Louisiana, for the year ended June 30, 1991:

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| 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.

Thousand & Company