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

**Financial Statements  
June 30, 1968 and 1967**

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the auditor, or reviewed, and signed after appropriate public officials. This report is available for public inspection at the Station House office of the Legislative Auditor and, at the discretion, at the office of the parish clerk of court.

Release Date: OCT 0 7 1968

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## BROUSSARD & COMPANY, APC

CERTIFIED PUBLIC ACCOUNTANTS

### Independent Auditor's Report

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

We have audited the accompanying financial statements of Waterworks District 11 of Wards 4 and 7 of Calcasieu Parish, Louisiana, as of and for the years ended June 30, 1998 and 1997, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Waterworks District 11 of Wards 4 and 7 of Calcasieu Parish, Louisiana at June 30, 1998 and 1997, 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 September 23, 1998, on our consideration of Waterworks District 11 of Wards 4 and 7 of Calcasieu Parish, Louisiana's internal control structure and a report dated September 23, 1998, on its compliance with laws and regulations.

*Broussard & Company*

Lake Charles, Louisiana  
September 23, 1998

**SULPHUR OFFICE**

104 First Avenue, Sulphur, LA 70665  
Ph: (337) 477-8800 Facsimile: (337) 477-8800

**LAKE CHARLES OFFICE**

1 Lakeshore Drive, Ste. 120, Lake Charles, LA 70601  
Ph: (337) 439-6000 Facsimile: (337) 439-6000

**WATERWORKS DISTRICT NO. 11 OF WARD 4 AND F  
OF CALCASIEU PARISH, LOUISIANA**  
Baldwin, Louisiana

Combined Balance Sheet - All Fund Types and Account Group  
June 30, 1998 (With Comparative Totals for June 30, 1997)

ASSETS	Governmental Fund Type		Proprietary Fund Type		Account Group General		Totals	
	Debt Service		Enterprise		Long-Term Debt		(Millions of Dollars Only)	
	1998	1997	1998	1997	1998	1997	1998	1997
Cash and cash equivalents	\$ 17,412	\$ 179,150	\$ -	\$ -	\$ -	\$ -	\$ 186,562	\$ 148,897
Investments -								
Certificates of Deposit	-	-	-	-	-	-	-	156,235
Receivables (part of allowances for uncollectibles of \$4,522 for 1998 and \$5,905 for 1997)	-	-	-	-	-	-	-	-
Water sales	-	37,187	-	-	-	-	37,187	37,999
Unbilled water sales	-	17,199	-	-	-	-	17,099	14,600
Other	-	2,441	-	-	-	-	2,441	7,158
Prepaid expenses	-	1,587	-	-	-	-	1,387	1,217
Inventory, at cost	-	2,484	-	-	-	-	2,484	2,484
Due from Debt Service Fund	-	4,952	-	-	-	-	4,952	98,787
Restricted assets:								
Cash and cash equivalents	-	894,000	-	-	-	-	894,000	72,187
Investments -								
Certificates of Deposit	-	94,329	-	-	-	-	94,329	94,329
Deferred compensation benefits	-	-	-	-	-	-	-	18,662
Deferred charges	-	18,845	-	-	-	-	18,845	-
Property, plant, and equipment:								
Plant and distribution system	-	2,748,829	-	-	-	-	2,748,829	2,714,999
Furniture, fixtures, and equipment	-	34,549	-	-	-	-	34,549	52,513
Less allowances for depreciation	-	(689,587)	-	-	-	-	(689,651)	(157,779)
Construction in progress	-	-	-	-	-	-	-	-
Land and right of ways	-	18,967	-	-	-	-	18,967	18,967
Amount available in debt service fund	-	-	-	-	12,469	-	12,468	249,774
Amount to be provided for the retire- ment of general long-term debt	-	-	-	-	787,349	-	787,349	79,226
<b>TOTAL ASSETS</b>	<b>\$ 17,462</b>	<b>\$ 3,489,213</b>	<b>\$ 888,009</b>	<b>\$ 4,236,637</b>	<b>\$ 4,236,637</b>	<b>\$ 4,236,637</b>	<b>\$ 3,650,848</b>	<b>\$ 3,650,848</b>

Continued

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

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**WATERWORKS DISTRICT NO. 11 OF WARD 4 AND 7  
OF CALICASSO PARISH, LOUISIANA**  
Delcote, Louisiana

**Combined Balance Sheet - All Fund Types and Account Group (Continued)**  
June 30, 1998 (With Comparative Totals for June 30, 1997)

LIABILITIES AND EQUITY	Governmental Fund Type		Proprietary Fund Type		Account Group		Totals (Maximums Only)	
	Debt Service		Enterprise		General		Long-Term Debt	
	1998	1997	1998	1997	1998	1997	1998	1997
<b>Liabilities</b>								
Accounts payable	\$ -	\$ 29,320	\$ -	\$ -	\$ 29,321	\$ -	\$ 2,687	
Accrued wages	-	3,705	-	-	3,705	-	-	
Payroll taxes and retirement payable	-	4,014	-	-	4,818	-	1,429	
Sales tax payable	-	1,083	-	-	1,083	-	1,714	
Payable from estimated income current portion of revenue bonds	-	36,578	-	-	36,578	-	34,328	
Accrued interest	-	243	-	-	243	-	497	
Refundable customer deposits	-	45,410	-	-	45,418	-	36,210	
Deferred compensation liability	-	-	-	-	-	-	18,602	
General obligation bonds payable	-	-	800,000	-	800,000	-	250,000	
Revenue bonds payable	-	1,315,778	-	-	1,315,776	-	1,350,688	
Due to Police Jury	-	2,967	-	-	2,967	-	4,957	
Due to enterprise fund	4,931	-	-	-	4,931	-	16,787	
<b>Total Liabilities</b>	<u>4,931</u>	<u>1,438,088</u>	<u>800,000</u>	<u>-</u>	<u>2,249,840</u>	<u>-</u>	<u>1,738,521</u>	
<b>Fund equity:</b>								
Contributed capital	-	1,643,974	-	-	1,643,974	-	881,678	
Retained earnings:								
(Deficit):								
Reserved for revenue bond retirement	-	100,400	-	-	181,683	-	90,411	
Unreserved	-	119,748	-	-	290,748	-	148,418	
Fund balance:								
Reserved for debt service	12,460	-	-	-	12,460	-	248,774	
Total Reserved Earnings/Fund Balance	<u>12,460</u>	<u>1,873,122</u>	<u>-</u>	<u>-</u>	<u>1,867,281</u>	<u>-</u>	<u>1,244,521</u>	
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 12,412</u>	<u>\$ 3,489,210</u>	<u>\$ 800,000</u>	<u>\$ -</u>	<u>\$ 4,316,621</u>	<u>\$ -</u>	<u>\$ 3,883,048</u>	

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

**MUNICIPAL DISTRICT NO. 11 OF WARDS 4 AND 7  
OF CALCAHOU PARISH, LOUISIANA**  
Houma, Louisiana  
Debt Service Fund

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

	<u>1998</u>	<u>1999</u>
<b>Revenues:</b>		
All valuations taxes - sinking fund	\$ 48,278	\$ 49,633
Interest	5,452	8,495
Total Revenues	<u>53,730</u>	<u>58,128</u>
<b>Expenditures:</b>		
Interest and fiscal charges	21,058	21,589
Principal retirement	<u>288,000</u>	<u>15,000</u>
Total Expenditures	<u>309,058</u>	<u>36,589</u>
Excess (Deficit) of Revenues Over Expenditures	(255,328)	21,539
Fund Balance at Beginning of Period	<u>348,774</u>	<u>328,837</u>
Fund Balance at End of Period	<u>\$ 93,446</u>	<u>\$ 350,376</u>

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

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

**Capital, Levee and  
Enterprise Fund**

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

	1992	1991
<b>OPERATING REVENUES</b>		
Water sales	\$ 431,798	\$ 388,372
Tap fees	21,787	28,000
Total Operating Revenues	453,585	416,372
<b>OPERATING EXPENSES</b>		
Salaries	95,311	95,632
Water Billing	8,499	7,843
Insurance	23,956	23,938
Legal and professional	13,957	8,072
Office supplies and postage	11,888	8,659
Plant supplies	45,470	41,790
Repairs and maintenance	8,843	5,183
Truck expense	4,800	4,361
Utilities and telephone	18,866	17,791
Water purchases	14,317	14,292
Payroll taxes	4,828	8,875
Depreciation	73,953	75,146
Bank charges	753	728
Fees and fines	1,883	928
Retirement expense	1,736	3,388
Equipment rental	384	1,794
Commissary per diem	5,680	5,880
Bad debt expense	3,837	2,893
Miscellaneous	1,829	2,858
Total Operating Expenses	535,273	518,779
<b>INCOME FROM OPERATIONS</b>	118,312	97,593
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Advances less - maintenance	51,319	29,561
Interest income	1,326	8,488
Other income	993	1,025
Interest expense	(91,689)	(93,820)
Total Non-Operating Revenues (Expenses)	(37,951)	(54,746)
<b>Net Income</b>	80,361	42,847
Add current year's depreciation on fixed assets acquired by funds externally restricted for construction that reduces contributed capital	23,794	23,794
<b>Increase in Retained Earnings</b>	104,155	66,641
<b>Retained Earnings at Beginning of Year</b>	155,869	173,803
<b>Retained Earnings at End of Year</b>	\$ 259,924	\$ 240,444

WATERWORKS DISTRICT NO. 13 OF WARDS 4 AND 7  
OF CALCASIEU PARISH, LOUISIANA

Bolton, Louisiana  
Enterprise Fund

Statement of Cash Flows  
For the Year Ended June 30,

	1998	1997
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Income from operations	\$ 135,738	\$ 89,486
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	72,832	72,148
Provision for bad debts	1,807	2,088
Decrease (increase) in amounts receivable	(3,375)	6,416
(Increase) decrease in prepaid expense	(178)	447
Decrease (increase) in inventory	-	2,463
Increase in due from debt service	(21,798)	18,783
Increase (decrease) in accounts payable and other accrued expenses	23,538	694
Net Cash Provided (Used) by Operating Activities	<u>184,791</u>	<u>195,217</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Increase in investments - certificates of deposit	-	18,855
Interest earned	7,336	8,485
Net Cash Provided (Used) for Investing Activities	<u>7,336</u>	<u>27,340</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Capital expenditures	(24,716)	(181,264)
Bond proceeds	885,000	-
Principal payments on revenue bonds	(24,688)	(21,884)
Ad valorem taxes	21,258	29,263
Interest expense	(21,888)	(21,883)
Other	4,280	1,715
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>654,445</u>	<u>(175,236)</u>
Net Increase (Decrease) in Cash	856,562	(3,799)
Cash and Cash Equivalents at Beginning of Year	151,197	158,495
Cash and Cash Equivalents at End of Year	<u>\$ 1,007,759</u>	<u>\$ 154,696</u>
Cash and Cash Equivalents Comprised of:		
Unrestricted	\$ 178,159	\$ 85,880
Restricted	829,600	71,097
	<u>\$ 1,007,759</u>	<u>\$ 157,007</u>

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



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

Notes to Financial Statements  
June 30, 1998 and 1997

Note 1 - Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Fund Accounting

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

WATERWORKS DISTRICT NO. 11 OF WAJUDA #4 AND 7  
OF CALCAISSU PARISH, LOUISIANA  
Sulphur, Louisiana

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

Note 3 - 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.

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

C. **Fund Assets and Long-Term Liabilities**

The accounting and reporting treatment applied to the fund 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 sheet. 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 used) 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 measured only with the measurement of financial position. It is not involved with measurement of results of operations.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheet. Their reported fund equity (net total assets) is segregated into contributed capital and retained

Continued

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

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

Note 1 - 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	48 Years	Straight Line
Furniture, fixtures and equipment	5 - 40 Years	Straight Line

Depreciation expense amounted to \$71,932 for the year ended June 30, 1998, and \$72,146 for the year ended June 30, 1997.

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 refers to the timing of the measurements made, regardless of the measurement focus applied.

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

Liabilities 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.

Continued

WATERWORKS DISTRICT NO. 11 OF WARDS 4 AND 7  
OF CALCAHOU PARISH, LOUISIANA  
Bajoué, Louisiana

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

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Total Columns on Combined Statements - Overview

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

F. Supplemental Disclosures of Cash Flow Information - Enterprise Fund

Cash paid during the year for interest was \$91,315.

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 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.

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 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, 1997, taxes of 14.51 mills were levied on property with net assessed valuations of approximately \$5,708,000. Total taxes levied, net of pension funds, were \$79,288. The 14.51 mills were dedicated as follows:

Maintenance fund	5.51 mills
Sinking fund	9.00 mills

Continued

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

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

**Note 3 - Changes in Long-Term Debt**

The following is a summary of bond and note payable transactions of the District for the year ended June 30, 1998:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
Outstanding at July 1, 1997	\$ 280,000	\$ 1,587,014	\$ 1,867,014
Bonds Issued	280,000	-	280,000
Bonds Retired	<u>280,000</u>	<u>30,000</u>	<u>310,000</u>
Outstanding at June 30, 1998	<u>\$ 280,000</u>	<u>\$ 1,557,014</u>	<u>\$ 1,837,014</u>

Long-term debt at June 30, 1998 consists of the following:

**General obligation bonds:**

\$280,000 General Obligation Bonds, Series 1998,  
of Waterworks District No. 11 of Wards 4 and 7  
of the Parish of Calcasieu, Louisiana, dated June 1,  
1998, due in annual installments including interest  
at 4.00% to 5.10% through the year 2011

\$ 280,000

**Revenue bonds:**

\$1,375,000 Water Revenue Bonds, dated June 25,  
1987, due in annual installments including  
interest at 6.50% of \$186,515 through June 25,  
2017

\$ 1,375,000

**Revenue bonds:**

\$250,000 Water Revenue Bonds, dated June 28,  
1994, due in equal annual installments  
including interest at 6.75% of \$15,865 through  
June 25, 2021

\$ 250,000

Continued

**WATER WORKS DISTRICT NO. 11  
OF WARDS 4 AND 7 OF CALCASIEU PARISH  
P.O. BOX 2119  
SULPHUR, LA 70664-2119**

September 23, 1998

Legislative Auditor  
State of Louisiana  
PO Box 9497  
Baton Rouge, LA 70804-9497

Re: Financial Statement Audit for FYE 1998/99

Dear Sir:

In response to the Schedule of Findings issued by our auditor's, Brunsard & Company CPAs, APC, we offer the following:

1. Scrambling of Dates

We have presently hired an additional employee who will be the director of the District. This addition should help segregate dates in the operations of the district.

In the event further information is needed, please feel free to contact us.

*Donald Faulk*

Donald Faulk, President

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

Subject, Louisiana

Notes to Financial Statements (Continued)

June 30, 1998 and 1997

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

The annual requirements to amortize all debt outstanding as of June 30, 1998, including interest payments of \$1,607,423, are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>General</u> <u>Obligation</u>	<u>Revenue</u>	<u>Total</u>
1999	\$ 35,007	\$ 126,400	\$ 165,007
2000	62,132	126,400	188,132
2001	61,798	126,400	188,198
2002	69,683	126,400	187,083
2003	64,620	126,400	191,020
Thereafter	<u>898,382</u>	<u>1,848,000</u>	<u>2,825,420</u>
	<u>\$ 1,278,799</u>	<u>\$ 2,481,000</u>	<u>\$ 3,758,799</u>

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

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

**Note 4 - Restricted Assets**

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

Construction	\$ 801,212
FMHA Sinking Fund	671
FMHA Reserve Note Fund	68,400
FMHA Depreciation Fund	71,735
Customer Deposits	<u>45,430</u>
	<u>\$ 988,428</u>

**Note 5 - Cash, Cash Equivalents and Investments**

At June 30, 1998, the District had cash, cash equivalents and certificates of deposit (book balances) totaling \$1,175,585.

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

Continued

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

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

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

Federal deposit insurance trust 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 collateral bank that is mutually acceptable to both parties. At June 30, 1998, the District had \$1,253,442 in deposits (followed bank balances). These deposits are secured from risk by \$148,329 of federal deposit insurance and \$1,105,113 of pledged securities held by the collateral bank in the name of the fiscal agent bank, KANSB (Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 28:1329 imposes a statutory requirement on the collateral bank to advise and sell the pledged securities within 18 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

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

**Note 6 - Contributed Capital**

Contributed capital at June 30, 1998 consists of the following:

General obligation bonds and state contributions	\$ 1,704,880
Capitalized interests costs on general obligation bonds	64,290
Non-refundable customer deposits	63,954
Depreciation on assets acquired from contributed capital	<u>(1,892,654)</u>
	<u>\$ 1,640,770</u>

**Note 7 - Board of Commissioners' Fees**

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

<u>Member</u>	<u>Expense</u>
Donald Fink	\$ 958
Steve Martin	1,340
Bob Loomis	200
Lewis Moon	958
Roscoe Burson	1,140
Harry Blurry	1,080
	<u>\$ 5,680</u>

Continued



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

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

Note 8- Accumulated Vacation and Unpaid Sick Pay

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

Note 9- Deferred Compensation

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

During the year, contributions by the District amounted to \$1,716, covering \$28,813 of the District's total payroll of \$65,111.

Note 10- Construction in Progress

The District is in the process of expanding its plant. The estimated cost is approximately \$808,000 and will be completed by the fiscal year ended June 30, 1999. The cost of construction is to be financed by general obligation bonds.



**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  
Sulphur, Louisiana

We have audited the financial statements of Waterworks District No. 11 of Wards 4 and 7 of Calcasieu Parish, Louisiana as of and for the year ended June 30, 1998, and have issued our report thereon dated September 23, 1998.

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

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

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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

*Broussard & Company*

Lake Charles, Louisiana  
September 23, 1998

**MSB  
SUI FIRM OFFICE**

199 East Avenue, Sulphur, LA 70680  
Ph: (337) 527-8888 Facsimile: (337) 527-8884

**LAKE CHARLES OFFICE**

1 Lakeshore Drive, Ste. 120, Lake Charles, LA 70601  
Ph: (337) 438-8888 Facsimile: (337) 438-8887



**BROUSSARD & COMPANY, APC**  
CERTIFIED PUBLIC ACCOUNTANTS

Founded in 1978

**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  
Bulphre, 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, 1998, and have issued our report thereon dated September 23, 1998.

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, 1998, 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, prevention of any evaluation of the structure in 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.

**SLATKOFF OFFICE**

700 First Avenue, Sulphur, LA 70665  
Ph: (337) 527-8838 Fax number: (337) 527-8839

**LAKE CHARLES OFFICE**

1 Lakeside Office, Ste. 125, Lake Charles, LA 70601  
Ph: (337) 438-6800 Facsimile: (337) 438-6827

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

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

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in accounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

However, we noted the following matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of Waterworks District No. 11 of Wards 4 and 7 of Calcasieu Parish, Louisiana, for the year ended June 30, 1998.

1998-1	Finding:	There is not a proper segregation of duties in the district.
	Cause:	Proper segregation of duties was not possible because of the small number of people involved.
	Recommendation:	An additional employee should be added for the year ended June 30, 1999.
	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.

*Bronson & Company*

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

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Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 1998

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**A. Summary of Independent Auditor's Results:**

1. Unqualified opinion on general purpose financial statements.
2. Reportable conditions in internal control - Refer to B-1.

**B. GASIS Findings:**

1. A proper segregation of duties is not possible due to the small number of people involved in the district's day-to-day operations.

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

Summary of Prior Year Findings  
For the Year Ended June 30, 1968

1967-1	Finding:	There was not a proper segregation of duties in the district.
	Recommendation:	The district is to add an additional employee for the year ended June 30, 1968.