

RECEIVED
LEGISLATIVE DIRECTOR

99 JUN 23 AM 10:29

**OFFICIAL
FILE COPY**

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

**WATERWORKS DISTRICT NO. 9
OF WARD 4 OF CALCASIEU
PARISH, LOUISIANA
Sulphur, Louisiana**

**Annual Financial Report
December 31, 1998 and 1997**

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

Release Date ~~8/11/99~~ ~~1999~~

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Balance Sheet	2 - 3
Statement of Revenues, Expenses, and Changes in Retained Earnings	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 11
Report on the Internal Control Structure in Accordance With Government Auditing Standards	12 - 13
Compliance Report Based on an Audit of Financial Statements in Accordance With Government Auditing Standards	14
Schedule of Findings	15



Founded in 1978

BROUSSARD & COMPANY, APC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Waterworks District No. 9 of Ward 4
of Calcasieu Parish, Louisiana
Sulphur, Louisiana

We have audited the accompanying balance sheets of Waterworks District 9 of Ward 4 of Calcasieu Parish, Louisiana, component unit of Calcasieu Parish Police Jury, as of December 31, 1998 and 1997, and the related statements of revenues, expenses, and changes in retained earnings, and cash flows for the years then ended. 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 9 of Ward 4 of Calcasieu Parish, Louisiana as of December 31, 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 May 20, 1999 on our consideration of Waterworks District 9 of Ward 4 of Calcasieu Parish, Louisiana's internal control structure and a report dated May 20, 1999 on its compliance with laws and regulations.

Broussard & Company

Lake Charles, Louisiana
May 20, 1999
/dkb

SULPHUR OFFICE

704 First Avenue, Sulphur, LA 70663
Ph: (318) 527-0010 Facsimile: (318) 527-0014

LAKE CHARLES OFFICE

1 Lakeshore Drive, Ste. 120, Lake Charles, LA 70629
Ph: (318) 439-6600 Facsimile: (318) 439-6607

WATERWORKS DISTRICT NO. 9 OF WARD 4
Sulphur, Louisiana
Balance Sheets
For the Years Ended December 31,

	1998	1997
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 321,601	\$ 199,094
Certificate of deposit - unrestricted	-	300,000
Investments	492,068	-
Receivables (net of allowance for uncollectibles of \$4,550 for 1998 and \$4,061 for 1997):		
Water accounts	90,670	80,708
Unbilled	46,368	35,902
Taxes - ad valorem - maintenance	90,648	79,444
Interest	4,424	4,424
Inventory	10,900	9,909
Prepaid insurance	1,644	1,928
	-----	-----
Total Current Assets	1,058,323	711,409
	-----	-----
RESTRICTED ASSETS		
Cash and cash equivalents - revenue bonds	70,583	75,594
Cash and cash equivalents - construction	2,035,591	-
Certificate of deposit - revenue bonds	380,000	380,000
Cash - sinking fund - general obligations bonds	311,892	99,631
Taxes - ad valorem - sinking fund	244,993	214,794
Deferred compensation benefits	-	31,138
	-----	-----
Total Restricted Assets	3,043,059	801,157
	-----	-----
PROPERTY, PLANT, AND EQUIPMENT		
Furniture, fixtures, and equipment	39,702	30,478
Vehicles	60,702	33,752
Plant and distribution system	7,794,866	7,700,249
	-----	-----
	7,895,270	7,764,479
Less: accumulated depreciation and amortization	(2,293,888)	(2,084,865)
	-----	-----
	5,601,382	5,679,614
Construction in progress	4,042	-
Land	89,625	89,625
	-----	-----
Net Property, Plant, and Equipment	5,695,049	5,769,239
	-----	-----
TOTAL ASSETS	\$ 9,796,431	\$ 7,281,805
	-----	-----

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

WATERWORKS DISTRICT NO. 9 OF WARD 4
Sulphur, Louisiana
Balance Sheets
For the Years Ended December 31,

	1998	1997
LIABILITIES AND RETAINED EARNINGS		
CURRENT LIABILITIES		
Accounts payable	\$ 85,635	\$ 12,749
Payroll taxes and retirement payable	3,490	3,173
Sales tax payable	2,403	2,140
Wages payable	1,724	1,168
Due to DOTD	26,162	26,162
<i>Total Current Liabilities</i>	119,414	45,392
CURRENT LIABILITIES (Payable from Restricted Assets)		
Interest payable - general obligation bonds	33,446	-
Current portion of revenue bonds	110,000	105,000
Current portion of general obligation bonds	75,000	-
Deferred compensation liability	-	31,138
<i>Total Current Liabilities (Payable from Restricted Assets)</i>	218,446	136,138
LONG-TERM LIABILITIES		
Revenue bonds (net of current portion and deferred loss)	4,605,349	4,684,635
General obligation bonds (net of current portion)	1,925,000	-
<i>Total Long-Term Liabilities</i>	6,530,349	4,684,635
<i>Total Liabilities</i>	6,868,209	4,866,165
RETAINED EARNINGS		
Reserved per revenue bond indentures	340,583	350,594
Designated for construction	2,035,591	-
Designated for general obligation bonds	448,439	314,425
Unreserved	103,609	1,750,621
<i>Total Retained Earnings</i>	2,928,222	2,415,640
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 9,796,431	\$ 7,281,805

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

WATERWORKS DISTRICT NO. 9 OF WARD 4
Sulphur, Louisiana
Statement of Revenue, Expenses, and Changes in Retained Earnings
For The Years Ended December 31,

	1998	1997
OPERATING REVENUES		
Operating revenue	\$ 1,069,180	\$ 1,001,916
 OPERATING EXPENSES		
Wages - plant	145,785	137,266
Payroll tax and employee benefits	32,823	25,851
Amortization expense	43,132	44,984
Comissioner fees	4,500	5,280
Contract labor	5,307	21,949
Depreciation expense	189,347	193,064
Insurance	21,429	17,464
Legal expenses	12,805	15,023
Meter reading	25,070	9,134
Miscellaneous	8,709	6,667
Office supplies	13,033	18,868
Plant supplies	43,351	38,253
Repairs and maintenance	117,138	71,396
Telephone	9,231	7,191
Utilities	40,515	44,432
Repairs - vehicle	2,299	4,136
Bad debt expense	489	4,117
 Total Operating Expenses	 714,963	 665,075
 INCOME FROM OPERATIONS	 354,217	 336,841
 NON-OPERATING REVENUES (EXPENSES)		
Ad valorem taxes - sinking fund	256,042	232,977
Ad valorem taxes - maintenance	94,735	86,169
Interest	89,749	47,198
Miscellaneous	35,197	12,747
Revenue sharing	6,561	8,748
Interest/bank charges	(323,919)	(329,972)
 Total Non-Operating Revenues	 158,365	 57,867
 NET INCOME	 512,582	 394,708
 RETAINED EARNINGS, Beginning of Year	 2,415,640	 2,020,932
RETAINED EARNINGS, End of Year	\$ 2,928,222	\$ 2,415,640

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

WATERWORKS DISTRICT NO. 9 OF WARD 4

Sulphur, Louisiana

Statement of Cash Flows

For the Years Ended December 31,

Increase (Decrease) in Cash

	<u>1998</u>	<u>1997</u>
Cash Flows From Operating Activities:		
Operating income	\$ 354,217	\$ 336,841
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	189,347	193,064
Provision for bad debts	489	4,117
Amortization	43,132	44,984
Decrease (increase) in receivables	(62,320)	215,672
Decrease (increase) in prepaid insurance	284	354
Increase (decrease) in accounts payable and other accrued expenses	<u>107,468</u>	<u>(170,631)</u>
Total Adjustments	<u>278,400</u>	<u>287,560</u>
Net Cash Provided (Used) by Operating Activities	<u>632,617</u>	<u>624,401</u>
 Cash Flows From Investing Activities:		
Interest income	89,749	47,198
Purchase of certificate of deposit	-	(310,000)
Redemption of certificate of deposit	300,000	517,186
Investment in LAMP	<u>(492,068)</u>	<u>-</u>
Net Cash Provided (Used) by Investing Activities	<u>(102,319)</u>	<u>254,384</u>
 Cash Flows From Capital and Related Financing Activities:		
Capital expenditures for plant and equipment	(127,403)	(131,747)
Principal payments on bonds	(105,000)	(1,075,000)
Current bond issue proceeds	2,000,000	-
Bond issue costs	(30,887)	-
Ad valorem taxes	367,633	319,146
Intergovernmental - revenue sharing	-	8,748
Interest expense	(323,919)	(329,972)
Other	<u>54,626</u>	<u>20,753</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>1,835,050</u>	<u>(1,188,072)</u>
 Net (Decrease) Increase in Cash	 2,365,348	 (309,287)
 Cash and Cash Equivalents, Beginning of Year	 <u>374,319</u>	 <u>683,606</u>
 Cash and Cash Equivalents, End of Year	 <u>\$ 2,739,667</u>	 <u>\$ 374,319</u>
 Cash and Cash Equivalents:		
Cash - unrestricted	\$ 321,601	\$ 199,094
Cash - restricted	<u>2,418,066</u>	<u>175,225</u>
	<u>\$ 2,739,667</u>	<u>\$ 374,319</u>

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

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements
December 31, 1998 and 1997**

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

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, 1989, 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, 1989, 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, 1989. The following is a summary of the more significant policies:

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, the Waterworks District No. 9 has no other fiscal or significant managerial responsibility over any other governmental unit that is not included in the financial statements of the Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana. The district is a component unit of the Calcasieu Parish Police Jury.

Fund Accounting

The accounts of the district are organized on the basis of a proprietary fund, which is considered a separate accounting entity or 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.

Basis of Accounting

The district uses the accrual basis of accounting. The revenues are recognized when they are earned, and expenses are recognized when incurred.

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 1998 and 1997**

Note 1 - Summary of Significant Accounting Policies (Continued):

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property, Plant, and Equipment and Long-Term Liabilities

The proprietary fund is accounted for on a cost of services or capital maintenance measurement focus, and all assets and liabilities (whether current or non-current) associated with its activity are included in the balance sheet.

Depreciation of all exhaustible fixed assets is charged as an expense against the operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Furniture, fixtures, and equipment	5 - 10 years
Vehicles	5 years
Plant and distribution system	40 years

All fixed assets are stated at historical cost. Depreciation amounted to \$189,347 for the year ended December 31, 1998 and \$193,064 for the year ended December 31, 1997.

The various fees incurred in connection with obtaining and issuing the general obligation and revenue bonds have been capitalized and are being amortized over a period of twenty to forty years using the straight-line and interest method. Amortization expense amounted to \$43,132 for the year ended December 31, 1998 and \$44,984 for the year ended December 31, 1997.

Cash and Cash Equivalents

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

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.

Continued

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 1998 and 1997**

Note 2 - Ad Valorem Taxes (Continued):

For the year ended December 31, 1998, taxes of 9.59 mills were levied on property with assessed valuations, net of homestead exemption. Total taxes levied, net of pension funds, was \$345,936. Taxes receivable at December 31, 1998 were \$335,641, all of which were considered collectible. The 9.59 mills were dedicated as follows:

Maintenance fund	2.59 mills
Sinking fund	7.00 mills

Note 3 - Changes in Long-Term Debt

The following is a summary of bond payable transactions of the District for the year ended December 31, 1998:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
Outstanding at January 1, 1998	\$ -	\$4,789,635	\$4,789,635
Bonds Issued	2,000,000	-	2,000,000
Bonds retired	-	(105,000)	(105,000)
Deferred loss amortization	-	714	714
Outstanding at December 31, 1998	<u>\$2,000,000</u>	<u>\$4,685,349</u>	<u>\$6,685,349</u>

Long-term debt at December 31, 1998 consists of the following:

General obligation bonds:

\$2,000,000 General Obligation Waterworks Improvement Bonds of Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana due in annual installments of \$75,000 to \$195,000 through March 1, 2013; interest at 4.1 % to 8.0%	\$2,000,000
--	-------------

Revenue bonds:

\$5,015,000 Waterworks Revenue Refunding Bonds, Series 1996, due in annual installments of \$95,000 to \$375,000 through January 1, 2021; interest at 4.3% to 6%	<u>4,685,349</u>
	<u>\$6,685,349</u>

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 1998 and 1997**

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

The District issued the above bonds to refund the revenue bonds that were due to Farmer's Home Administration. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$31,566. This amount is being netted 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 December 31, 1998, including interest payments of \$4,516,573, are as follows:

Year Ending <u>August 31,</u>	General <u>Obligation</u>	<u>Revenue</u>	<u>Total</u>
1999	\$ 172,338	\$ 382,461	\$ 554,799
2000	171,138	381,750	552,888
2001	169,538	385,476	555,014
2002	172,338	383,654	555,992
2003	170,538	386,294	556,832
Thereafter	<u>1,936,109</u>	<u>6,519,939</u>	<u>8,456,048</u>
Total	<u>\$ 2,791,999</u>	<u>\$ 8,439,574</u>	<u>\$11,231,573</u>

The revenue bonds are to be retired from the income and revenues derived from the operation of the System of the Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana.

Note 4 - Accumulated Unpaid Vacation and Sick Pay

There was no liability for accumulated unpaid vacation and sick pay at December 31, 1998 and 1997.

Note 5 - Accounting Change

Effective January 1, 1998 the District, as requested by federal law, amended the provisions of its Internal Revenue Code 457 deferred compensation plan to place the plan's assets in trust for the benefit of the plan participants. The District has no fiduciary responsibility for those assets once they are deposited with the plan administrator. Consequently, under the provisions of GASB standards, the assets of the plan, are no longer in the financial statements. The amount of those assets at December 31, 1997 was \$31,138.

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 1998 and 1997**

Note 6 - 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:

Mary Ellender	\$ 900
Larry Mouton	900
Byron Chamblee	960
Vito Tramonte	960
Jim Mitchell	<u>780</u>
Total	<u>\$ 4,500</u>

Note 7 - Cash, Cash Equivalents, and Investments

At December 31, 1998, the District has cash and certificates of deposit (book balances) totaling \$3,119,667 as follows:

Demand deposits	\$ 2,682,832
Certificate of deposit	<u>436,835</u>
Total	<u>\$ 3,119,667</u>

A reconciliation of cash and certificates of deposit follows:

Cash on hand	\$ 400
Carrying amount of deposits	<u>3,119,267</u>
	<u>\$ 3,119,667</u>
Cash and cash equivalents	\$ 2,739,667
Certificates of deposit (non-cash equivalents)	<u>380,000</u>
	<u>\$ 3,119,667</u>

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 fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1998, the District had \$3,128,106 in deposits (collected bank balances). These deposits are secured from risk by \$248,590 of federal deposit insurance and \$6,091,456 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 1998 and 1997**

Note 7 - Cash, Cash Equivalents, and Investments (Continued):

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent bank has failed to pay deposited funds upon demand.

Under state law, the municipality may invest in United States bonds, treasury notes, or certificates. These are classified as investments. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

Note 8 - Other Information

The District had 2,579 active metered customers at December 31, 1998.

Note 9 - Construction in Progress

The District has approved a major improvement to the distribution system called the Highway 108 Project. The estimated cost to complete the project is \$540,000 and will be complete May 1999.

Note 10 - Deferred Compensation Plan

The District provided a deferred compensation plan to all of its employees created in accordance with Internal Revenue Code Section 457. The District must contribute an amount equal to 5% of the employee's compensation. Pension expense for 1998 was \$8,385.



Founded in 1978

BROUSSARD & COMPANY, APC

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners
Waterworks District No. 9 of Ward 4
of Calcasieu Parish, Louisiana
Sulphur, Louisiana

We have audited the financial statements of Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana, as of and for the year ended December 31, 1998, and have issued our report thereon dated May 20, 1999.

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.

The management of Waterworks District No. 9 of Ward 4 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, projection 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 financial statements of Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana, for the year ended December 31, 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 financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

SULPHUR OFFICE

704 First Avenue, Sulphur, LA 70663
Ph: (318) 527-0010 Facsimile: (318) 527-0014

LAKE CHARLES OFFICE

1 Lakeshore Drive, Ste. 120, Lake Charles, LA 70629
Ph: (318) 439-6600 Facsimile: (318) 439-6607

Board of Commissioners
Waterworks District No. 9 of Ward 4
of Calcasieu Parish, Louisiana

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the primary government 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended solely for the information of management and Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana. However, this report is a matter of public record and its distribution is not limited.

Bransford & Company

Lake Charles, Louisiana
May 20, 1999
/dkb



Founded in 1978

BROUSSARD & COMPANY, APC

CERTIFIED PUBLIC ACCOUNTANTS

COMPLIANCE REPORT BASED ON AN AUDIT OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Waterworks District No. 9 of Ward 4
of Calcasieu Parish, Louisiana
Sulphur, Louisiana

We have audited the financial statements of Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana, as of and for the year ended December 31, 1998, and have issued our report thereon dated May 20, 1999.

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. 9 of Ward 4 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. 9 of Ward 4 of Calcasieu Parish, Louisiana compliance with certain provisions of laws, regulations, and contracts. However, the objective of our audit of the financial statements 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 herein under Government Auditing Standards.

This report is intended for the information of management, and Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana. However, this report is a matter of public record and its distribution is not limited.

Broussard & Company

Lake Charles, Louisiana
May 20, 1999
/dkb

SULPHUR OFFICE

704 First Avenue, Sulphur, LA 70663
Ph: (318) 527-0010 Facsimile: (318) 527-0014

LAKE CHARLES OFFICE

1 Lakeshore Drive, Ste. 120, Lake Charles, LA 70629
Ph: (318) 439-6600 Facsimile: (318) 439-6607

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Schedule of Findings
December 31, 1998**

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.
3. No instances of noncompliance noted.

B. GAGAS Findings:

1. None.