

WATERWORKS DISTRICT 4 OF WARD A
OF CALCASTEU PARISH, LOUISIANA
Westlake, Louisiana

Financial Statements
April 30, 2004 and 2003

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the 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.

Released Date 10-20-04

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BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

Founded in 1778

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Waterworks District 4 of Ward 4
of Calcasieu Parish, Louisiana
Wenner, Louisiana

We have audited the financial statements of Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana, a component unit of the Calcasieu Parish Police Jury, as of and for the years ended April 30, 2004 and 2003, 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 auditing standards generally accepted in the United States of America 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. 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 in the first paragraph present fairly, in all material respects, the financial position of Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana, as of April 30, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 5 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied various limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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Board of Commissioners
Waterworks District 4 of Ward 4
of Calcasieu Parish, Louisiana

In accordance with Government Auditing Standards, we have also issued a report dated September 21, 2004 on our consideration of Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana's internal control structure and compliance with laws and regulations. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Bronckhorst & Company

Lake Charles, Louisiana
September 21, 2004
/s/

**WATERWORKS DISTRICT NO. 4 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF APRIL 30, 2004**

The Management's Discussion and Analysis of the Waterworks District No. 4 of Ward 4 of Calcasieu Parish, Louisiana (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended April 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities at the close of fiscal year 2004 by \$557,872 which represents a 0.23% decrease from last fiscal year. Of this amount, \$181,485 (unrestricted net assets) may be used to meet the District's ongoing obligations to its users.
- The District's operating revenue increased \$5,192 (or 1.27%) and the net results from activities decreased by \$28,373. A significant portion of this decrease was due to an increase in repairs and maintenance related to water storage tanks.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



These financial statements consist of two sections - Management's Discussion and Analysis (this section) and the basic financial statements (including the notes to the financial statements).

**WATERWORKS DISTRICT NO. 4 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF APRIL 30, 2004**

Basic Financial Statements

The basic financial statements present information for the District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheet, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows.

The Balance Sheet (pages 6 - 8) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets (page 9) presents information showing how the District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statement (pages 9 - 10) presents information showing how the District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

	2004	2003	2002
Current and other assets	\$ 442,473	\$ 488,047	\$ 486,128
Capital assets	682,407	918,728	795,158
Total assets	\$ 1,124,880	\$ 1,218,883	\$ 1,281,286
Other liabilities	\$ 171,088	\$ 188,283	\$ 217,398
Long-term debt outstanding	438,080	413,608	465,608
Total liabilities	609,168	601,891	683,006
Net assets:			
Invested capital assets, net of debt	212,980	284,117	281,274
Restricted	38,488	31,270	24,864
Unrestricted	701,408	746,955	743,757
Total net assets	952,876	1062,342	1049,895
Total liabilities and net assets	\$ 1,014,880	\$ 1,078,883	\$ 1,178,181

Restricted net assets represent those assets that are not available for spending as a result of bond agreements. Conversely, unrestricted net assets are those that do not have any limitations by which these amounts may be used.

**WATERWORKS DISTRICT NO. 4 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF APRIL 30, 2004**

Net assets of the District decreased by \$24,649, or 4.23%, from April 30, 2003 to April 30, 2004.

	2004	2003	2002
Operating revenues	\$ 442,610	\$ 477,219	\$ 428,091
Operating expenses	(518,181)	(512,432)	(528,311)
Operating income (loss)	(75,571)	64,787	(100,220)
Non-operating revenues (expenses)	21,829	18,138	18,093
Net increase (decrease) in net assets	\$ (53,742)	\$ 13,725	\$ (82,127)

The District has implemented water rate increases effective May 1, 2004. This is expected to have a positive impact on the Change in Net Assets in future years.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of April 30, 2004, the District had \$995,807, net of accumulated depreciation, invested in a broad range of capital assets, including land, plant and distribution system, and furniture, fixtures, and equipment. (See Table below). This amount represents a net decrease (including additions and deductions) of \$48,349, or 4.53%, over last year.

	2004	2003	2002
Land and Right of Ways	\$ 8,857	\$ 8,857	\$ 8,857
Plant and Distribution System	1,627,261	1,657,281	1,817,261
Furniture, Fixtures, and Equipment	66,825	62,184	66,679
Less Accumulated Depreciation	(1,810,334)	(1,827,359)	(1,944,906)
Total	\$ 492,409	\$ 740,728	\$ 794,213

The District had no individually significant Capital additions for the year ending April 30, 2004 or 2003.

Debt

The District had \$434,647, \$526,660 and \$599,982 in bonds outstanding as of April 30, 2004, 2003, and 2002, respectively. This is a decrease of 11.8% and 9.7% for the fiscal years ended 2004 and 2003, respectively.

The District's Series 1972 Revenue bonds are un-rated.

**WATERWORKS DISTRICT NO. 4 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF APRIL 30, 2004**

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Debbie Burgle, Office Manager, Waterworks District No. 4 of Ward 4 of Calcasieu Parish.

WATERWORKS DISTRICT NO. 4 OF WARD 4 OF CALCAHOU PARISH, LOUISIANA

Worcester, Louisiana

Balance Sheet

As of April 30,

ASSETS	<u>2004</u>	<u>2003</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 24,040	\$ 20,617
Certificates of deposit	172,503	-
Accounts receivable, net of allowance for doubtful accounts of \$0 for 2004 & 2003	46,879	46,017
Accrued interest receivable	1,493	614
Prepaid insurance	1,487	3,817
Total Current Assets	<u>248,429</u>	<u>241,065</u>
RESTRICTED ASSETS		
Certificates of deposit-bond indenture	181,178	100,673
Certificates of deposit-bond indenture-cash equivalent	38,712	37,737
Certificates of deposit-water deposits	68,110	64,839
Cash - water deposits	831	2,634
Total Restricted Assets	<u>388,831</u>	<u>305,883</u>
PROPERTY, PLANT, AND EQUIPMENT		
Furniture, fixtures, and equipment	28,011	25,182
Paving lot	20,500	20,500
Trucks	37,282	37,280
Water works	308,801	288,011
Water tank	177,873	271,010
Distribution system	608,621	688,611
Fluoridation system	18,214	24,214
Plant and buildings	288,013	288,013
	<u>1,694,304</u>	<u>1,688,811</u>
Accumulated depreciation	<u>(1,110,528)</u>	<u>(957,788)</u>
Land	681,338	711,388
	<u>6,637</u>	<u>6,637</u>
Net Property, Plant, and Equipment	<u>671,447</u>	<u>449,758</u>
TOTAL ASSETS	<u>\$ 1,104,680</u>	<u>\$ 1,235,601</u>

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

WATERWORKS DISTRICT NO. 4 OF WARD 4 OF CALCAHAN PARISH, LOUISIANA
Westlake, Louisiana
Balance Sheet (Continued)
As of April 30,

	<u>2004</u>	<u>2003</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 10,120	\$ 12,340
Payroll taxes payable	1,568	2,814
Accrued compensation	7,778	6,389
Total Current Liabilities	21,466	21,543
CURRENT LIABILITIES - PAYABLE FROM		
RESTRICTED ASSETS		
Accrued interest payable	10,000	12,400
Bonds payable	74,447	88,683
Water deposits payable	78,115	67,473
Total Current Liabilities - Payable from Restricted Assets	162,562	168,556
LONG-TERM LIABILITIES		
Bonds payable	474,447	534,603
Less current maturity	(78,447)	(88,603)
Total Long-Term Liabilities	396,000	446,000
TOTAL LIABILITIES	<u>617,028</u>	<u>636,102</u>
NET ASSETS		
Investment in capital assets, net of related debt	177,960	204,115
Restricted for debt service	38,446	50,370
Unrestricted	301,486	348,948
Total Net Assets	517,892	603,433
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,134,920</u>	<u>\$ 1,239,535</u>

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

WATERWORKS DISTRICT NO. 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Worship, Louisiana

Statements of Revenues, Expenses, and Change in Net Assets
For the Year Ended April 30,

	<u>2004</u>	<u>Percent</u>	<u>2003</u>	<u>Percent</u>
OPERATING REVENUES				
Water sales	\$ 408,414	92.0%	\$ 406,723	92.0%
Minor tag revenue	10,243	2.3%	10,760	2.3%
Service charges	2,630	0.6%	2,878	0.7%
Low-charger/billboard fees	18,533	4.1%	17,680	4.0%
Total Operating Revenues	<u>449,820</u>	<u>100.0%</u>	<u>438,041</u>	<u>100.0%</u>
OPERATING EXPENSES				
Salary - apprenticeship	69,038	15.3%	55,997	12.8%
Salary - office	52,508	11.7%	51,480	11.8%
Transmission labor	31,480	7.0%	28,141	6.4%
Contract labor	3,100	0.7%	27,111	6.2%
Insurance	56,282	12.5%	50,139	11.5%
Payroll taxes	17,127	3.8%	18,833	4.3%
Retirement/benefits	8,489	1.9%	5,881	1.3%
Office supplies and postage	8,007	1.8%	8,736	2.0%
Printing expense	4,596	1.0%	3,480	0.8%
Telephone	4,306	1.0%	4,884	1.1%
Utilities	23,771	5.3%	19,191	4.4%
Printing and meter reading	27,837	6.2%	25,789	5.9%
Tire expense	5,833	1.3%	7,687	1.7%
Maintenance and repair	69,846	15.5%	64,128	14.6%
Chemicals and supplies	11,078	2.5%	16,172	3.7%
Depreciation	55,287	12.3%	53,134	12.1%
Legal and professional	9,078	2.0%	8,882	2.0%
Equipment rental	7,825	1.7%	8,788	2.0%
Interest expense	26,677	5.9%	30,411	7.0%
Miscellaneous	3,488	0.8%	5,402	1.2%
Residual expense	792	0.2%	1,124	0.3%
Total Operating Expenses	<u>536,222</u>	<u>119.4%</u>	<u>433,433</u>	<u>99.2%</u>
INCOME (LOSS) FROM OPERATIONS	<u>(97,402)</u>	<u>-21.7%</u>	<u>3,608</u>	<u>0.8%</u>
NON-OPERATING REVENUES-(EXPENSES)				
Grant proceeds	48,880	10.9%	-	0.0%
Interest income	3,488	0.8%	3,999	0.9%
Miscellaneous income	1,524	0.3%	4,117	0.9%
Gain/(loss) on asset disposal	-	0.0%	(72)	0.0%
Total Non-Operating Revenues (Expenses)	<u>54,912</u>	<u>12.2%</u>	<u>8,144</u>	<u>1.8%</u>
CHANGE IN NET ASSETS	<u>(42,490)</u>	<u>-9.5%</u>	<u>11,752</u>	<u>2.6%</u>
NET ASSETS - BEGINNING OF YEAR	<u>582,411</u>		<u>594,793</u>	
NET ASSETS - END OF YEAR	<u>\$ 539,921</u>		<u>\$ 583,041</u>	

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

WATERWORKS DISTRICT NO. 4 OF WARD 4 OF CALCAHAN PARISH, LOUISIANA

Westlake, Louisiana

Statements of Cash Flows

For the Years Ended April 30,

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 441,019	\$ 408,471
Payments to suppliers	(328,884)	(281,883)
Payments to employees	(138,465)	(115,893)
Other	1,368	2,317
Net Cash Provided (Used) in Operating Activities	<u>(274,744)</u>	<u>(48,298)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfer from (to) restricted assets	0,894	32,348
(Purchase) sale of investments	(172,331)	65,222
Interest earned	1,488	3,094
Other income	1,006	4,128
Net Cash Provided (Used) in Investing Activities	<u>(171,203)</u>	<u>102,792</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of fixed assets	14,248	(1,118)
Principal bond payments	(82,126)	(27,778)
Grant proceeds	63,000	-
Net Cash (Used) in Capital and Related Financing Activities	<u>(14,878)</u>	<u>(28,896)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(285,725)</u>	<u>25,698</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>261,482</u>	<u>32,614</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 75,757</u>	<u>\$ 58,312</u>
Cash and Cash Equivalents		
Restricted - bond indebtedness	\$ 16,712	\$ 21,117
Restricted - other deposits	881	2,488
Unrestricted	58,164	34,707
	<u>\$ 75,757</u>	<u>\$ 58,312</u>

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

WATERWORKS DISTRICT NO. 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA

Westlake, Louisiana

Statement of Cash Flows (Continued)

For the Years Ended April 30,

	<u>2004</u>	<u>2003</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (71,670)	\$ 1,600
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	31,207	30,714
(Increase) decrease in receivables	(1,622)	4,117
(Increase) decrease in prepaid expenses	179	(1,892)
Increase (decrease) in accounts payable	(1,218)	(17,711)
Increase (decrease) in payroll taxes	748	(617)
Increase (decrease) in accrued interest payable	(1,442)	(1,329)
Increase (decrease) in accrued compensation	1,171	(1,402)
Increase in restricted refundable water deposits	2,610	4,021
Total Adjustments	<u>32,992</u>	<u>41,601</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (38,678)</u>	<u>\$ 45,201</u>

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

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements
April 30, 2004 and 2003

Note 1 - Summary of Significant Accounting Policies

Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana, was created by ordinance of the Calcasieu Parish Police Jury in 1971. The District is governed by a board of five members who are appointed by the Calcasieu Parish Police Jury.

The accounting and reporting policies of the District conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 14:117 and to the guides set forth in the *Louisiana Municipal Audit and Accounting Guide*, and to the industry-wide guide, *Audits of State and Local Governmental Units*.

Financial Reporting Entity

As more fully described in paragraph one above, the Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana, is governed by a board appointed by the Calcasieu Parish Police Jury.

As the governing authority of the parish, for reporting purposes, the Calcasieu Parish Police Jury is the financial reporting entity for Calcasieu Parish. The financial reporting entity consists of: (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Calcasieu Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the police jury to impose its will on that organization and/or,
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority, but are financially dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2004 and 2003

Note 1 - Summary of Significant Accounting Policies (Continued)

Because the police jury appoints a voting majority of the District's board members, the District was determined to be a component unit of the Calcasieu Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by the police jury, or the other governmental units that comprise the financial reporting entity.

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 determinations 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 has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments".

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. The District also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

GASB Statement No. 20 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 has elected not to implement FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by GASB.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCAHOU PARISH, LOUISIANA

Westlake, Louisiana

Notes to Financial Statements (Continued)

April 30, 2004 and 2003

Note 1 - Summary of Significant Accounting Policies (Continued)

Property, Plant, Equipment, and Construction in Progress

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 depreciable property, plant and equipment 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	3 - 10 years
Tools	3 years
Water wells	10 - 20 years
Water tank	10 - 15 years
Distribution system	10 - 20 years
Plant and buildings	20 - 40 years
Land improvements	10 years

The property, plant, and equipment is stated at historical cost. Depreciation amounted to \$53,397 and \$53,734 for the years ended April 30, 2004 and 2003, respectively.

Cash and Cash Equivalents

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

Use of Estimates

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

Risk Management

The District is exposed to various risks of loss from fire, theft of, damage to, and destruction of assets; business interruption, errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice claims and judgments. Commercial insurance coverage is purchased for claims arising from such matters.

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCAHAN PARISH, LOUISIANA
Wardlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2004 and 2003

Item 2 - Bonds Payable

Waterworks District 4 of Ward 4 of Calcahan Parish, Louisiana, issued \$1,800,000 of Revenue Bonds that were purchased by the Department of Housing and Urban Development. The interest rate on the bonds is 5.50%. The bonds are secured by a first lien on the net revenues derived from the ownership and operation of the water system.

The following is a summary of bond payable transactions of the District for the year ended April 30, 2004:

Outstanding at May 1, 2003	\$ 506,000
Bonds Retired	<u>(92,150)</u>
Outstanding at April 30, 2004	<u>\$ 413,850</u>

The annual requirements to amortize the bonds outstanding as of April 30, 2004 and 2003 follows:

<u>April 30, 2004</u>			
Year Ending			
<u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2003	\$ 74,447	\$ 25,313	\$ 99,760
2004	50,000	22,500	72,500
2007	50,000	19,688	69,688
2008	50,000	18,875	68,875
2009	50,000	18,064	68,064
2010-2013	<u>300,000</u>	<u>28,135</u>	<u>328,135</u>
	<u>\$ 474,447</u>	<u>\$ 120,965</u>	<u>\$ 595,412</u>

<u>April 30, 2003</u>			
Year Ending			
<u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2004	\$ 85,805	\$ 27,644	\$ 113,449
2005	50,000	25,313	75,313
2006	50,000	22,500	72,500
2007	50,000	19,688	69,688
2008	50,000	18,875	68,875
2009-2013	<u>250,000</u>	<u>42,135</u>	<u>292,135</u>
	<u>\$ 315,805</u>	<u>\$ 116,955</u>	<u>\$ 432,760</u>

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2004 and 2003

Note 2 - Bonds Payable (Continued)

There were principal reductions of \$62,158 and \$17,179 on the outstanding bonds for the years ended April 30, 2004 and 2003, respectively. Any unpaid principal maturing since December 31, 1975 is included in current liabilities, as well as the current installment due. Delinquent principal payable is \$24,447 and \$41,681 for the years ended April 30, 2004 and 2003, respectively. The bondholder, the Department of Housing and Urban Development, is aware of the delinquency and regularly monitors the progress made by the District in attempting to pay the delinquent principal. No other action has been taken regarding the delinquent principal.

Note 3 - Allocation of Revenue

The Borrower covenants and agrees that as soon as any portion of the project becomes revenue producing, all income derived from its operation or ownership shall be deposited to the credit of a special fund to be known as the "Water System Revenue Fund", to be kept separate and apart from all other funds. Such fund shall be maintained so long as any of the bonds are outstanding, in a bank which is a member of the Federal Deposit Insurance Corporation, and shall be expended and used only in the manner and order specified below, all as permitted and defined by applicable covenants:

1. Current expenses of the system
2. Payments into the "Revenue Bond and Interest Sinking Fund" to cover the bond's current maturity of principal and interest.
3. Payments into the "Revenue Bond Reserve Fund" until such time as the funds shall equal \$41,681.
4. Payments to the "Replacement and Extension Fund" until the balance amounts to \$16,500. The purpose of the fund is to cover the costs of unusual or extraordinary maintenance, repairs, replacements, and extensions.
5. Subject to the foregoing, which are cumulative, any balance in the "Water System Revenue Fund" may be used for the purpose of acquiring for cancellation the outstanding Revenue Bonds.

WATERWORKS DISTRICT # OF WARD # OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2004 and 2003

Note 4 - Meeting Expenses

Members of the Board of Commissioners are currently paid a \$50 per diem allowance for attending board meetings. The total expenses for meetings during the current year and the prior year are as follows:

<u>Member</u>	<u>April 30, 2004</u>		<u>April 30, 2003</u>	
	Total		Total	
	Number Meetings	Expenses	Number Meetings	Expenses
Richard A. Nebert	11	\$ 550	10	\$ 500
Judy Glass	13	750	13	750
Warren Hinks	13	750	13	725
J.W. Foster	0	-	4	200
Kenneth Coolman	13	750	6	300
Miller Dore	13	750	13	725
		<u>\$ 3,300</u>		<u>\$ 3,240</u>

Note 5 - Accrued Vacation and Compensation

The District's liability for accumulated unpaid vacation and compensation as of April 30, 2004 and 2003, totaling \$7,738 and \$6,580, respectively, has been accrued at prevailing wage rates.

Note 6 - Retirement Benefits

The District implemented a Simplified Employee Pension Plan (SEPP) for its employees during the year ended April 30, 1997. The District currently contributes 4% of the salary of qualifying full-time employees to this plan. The contributions for years 2004 and 2003 was \$6,669 and \$5,811, respectively.

Note 7 - Cash, Cash Equivalents, and Certificates of Deposit

At April 30, 2004, the District had cash, cash equivalents, and certificates of deposit (bank balances) totaling \$399,576.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging agent bank in a holding or custodial bank that is mutually acceptable to both parties. At April 30, 2004, the District had \$406,500 in deposits (collected bank balances). These deposits are secured from state by \$17,815 of federal deposit insurance (CLASS Category 1) and \$384,125 of pledged securities held by the custodial bank in the name of the fiscal agent bank (CLASS Category 2).

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASTEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2004 and 2003

Note 7 - Cash, Cash Equivalents, and Certificates of Deposit (Continued)

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 5, Louisiana Revised Statute 58:1219 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

Note 8 - Restricted Assets

Restricted assets include monies set aside by the Board for bond indebtedness requirements and refundable meter deposits.

The composition of restricted cash and certificates of deposit is set forth below:

	2004	2003
Cash and Cash Equivalents	\$ 15,283	\$ 30,211
Certificates of Deposit	174,430	187,514
	\$ 189,713	\$ 187,825

Note 9 - Capital Assets

Capital asset activity for the year ended April 30, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
	\$	\$	\$	\$
Land	8,837	-	-	8,837
Capital Assets Being Depreciated:				
Plant and Distribution Systems	1,677,264	-	-	1,677,264
Furniture, Fixtures, & Equipment	61,399	4,398	(2,893)	62,904
Total Capital Assets Being Depreciated	1,699,655	4,398	(2,893)	1,699,655
Less Accumulated Depreciation	201,156	53,297	(2,038)	1,845,134
Total Capital Assets Being Depreciated, Net of Depreciation	1,498,499	3,101	-	1,498,499
Total Capital Assets, Net	\$ 1,507,336	\$ 3,101	\$ -	\$ 1,507,336

Note 10 - Cash Flow Information

Cash paid for interest for fiscal years ended April 30, 2004 and 2003 was \$17,919 and \$20,160 respectively.

Note 11 - Prior Year Balances

Certain prior year amounts may have been reclassified to conform with current year presentation. Such reclassifications had no effect on previously reported total net assets.



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BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN ALERT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Waterworks District 4 of Ward 4
of Calcasieu Parish, Louisiana
Wentzels, Louisiana

We have audited the financial statements of the Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana, as of and for the year ended April 30, 2004, and have issued our report thereon September 21, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item B-1.

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Board of Commissioners
Waterworks District 4 of Ward 4
of Calcasieu Parish, Louisiana

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts 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 over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described is not a material weakness.

This report is intended solely for the information and use of management and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:511, this report is distributed by the Legislative Auditor as a public document.

Broussard & Company

Lake Charles, Louisiana
September 21, 2004
AB

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCAHAN PARISH, LOUISIANA
Warrick, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2004

A. Summary of Independent Auditor's Results:

1. Unqualified opinion on financial statements.
2. Reportable conditions in internal control - Refer to B-1.
3. No instances of noncompliance noted.

B. GAGAS Findings:

1. A proper segregation of duties is not feasible due to the small number of people involved in the District's day-to-day operations. Management has considered this weakness and determined that it would not be cost effective to employ sufficient personnel to obtain adequate segregation of duties. This is a repeat finding.