

**WATERWORKS DISTRICT 4 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana**

**Financial Statements
April 30, 2007 and 2006**

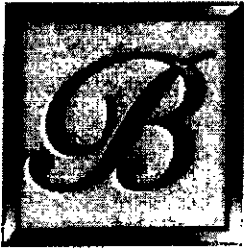
Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the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

Release Date

10/24/07

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 6
Balance Sheets	7 - 8
Statements of Revenues, Expenses, and Changes in Net Assets	9
Statements of Cash Flows	10 - 11
Notes to Financial Statements	12 - 18
Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	19 - 20
Schedule of Findings and Questioned Costs	21



Founded in 1978

BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Waterworks District 4 of Ward 4
of Calcasieu Parish, Louisiana
Westlake, 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, 2007 and 2006, 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. 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 opinions.

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, 2007 and 2006, 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 accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurements and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

MOSS BLUFF OFFICE

695 Sam Houston Jones Parkway, Suite 10
Lake Charles, Louisiana 70611
Ph: (337) 217-3370 Fax: (337) 439-6647

LAKE CHARLES OFFICE

One Lakeshore Drive, Suite 1900
Lake Charles, Louisiana 70629
Ph: (337) 439-6600 Fax: (337) 439-6647

SULPHUR OFFICE

704 First Avenue
Sulphur, Louisiana 70663
Ph: (337) 527-0010 Fax: (337) 527-0014

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 October 17, 2007 on our consideration of Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Broussard & Company

Lake Charles, Louisiana
October 17, 2007

**WATERWORKS DISTRICT NO. 4 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF APRIL 30, 2007**

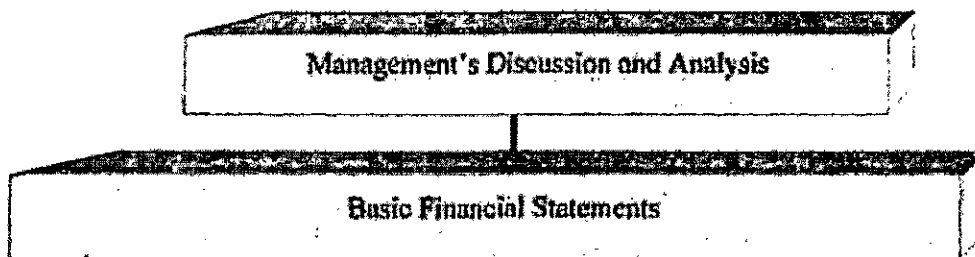
The Management's Discussion and Analysis of the Waterworks District No. 4 of Ward 4 of Calcasieu Parish, Louisiana's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended April 30, 2007. This document focuses on the current 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 2007 by \$1,088,906 which represents an 8% increase from last fiscal year. Of this amount, \$470,839 (unrestricted net assets) may be used to meet the District's ongoing obligations to its users.
- ★ The District's operating revenue decreased \$19,643 (or 3.6%) and the net results from activities decreased by \$146,859.

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, 2007**

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 7 - 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 10 - 11) 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

	2007	2006	2005
Current and other assets	\$ 627,185	\$ 608,889	\$ 524,459
Capital assets	823,349	839,969	766,359
Total assets	\$ 1,450,534	\$ 1,448,858	\$ 1,290,818
Other liabilities	\$ 101,428	\$ 113,045	\$ 118,059
Long-term debt outstanding	260,200	331,551	400,000
Total liabilities	361,628	444,596	518,059
Net assets:			
Invested capital assets, net of debt	563,149	508,418	366,359
Restricted	54,918	52,584	52,687
Unrestricted	470,839	443,260	353,713
Total net assets	1,088,906	1,004,262	772,759
Total liabilities and net assets	\$ 1,450,534	\$ 1,448,858	\$ 1,290,818

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 for 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, 2007**

Net assets of the District increased by \$84,644, or 8%, from April 30, 2006 to April 30, 2007.

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Operating revenues	\$ 524,270	\$ 543,913	\$ 521,122
Operating expenses	(478,240)	(462,486)	(437,081)
Operating income (loss)	<u>46,030</u>	<u>81,427</u>	<u>85,041</u>
Non-operating revenues (expenses)	<u>38,614</u>	<u>150,076</u>	<u>129,846</u>
Net increase (decrease) in net assets	<u>\$ 84,644</u>	<u>\$ 231,503</u>	<u>\$ 214,887</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of April 30, 2007, the District had \$823,349, 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 increase (including additions and deductions) of \$73,610, or 9.6%, over last year.

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Land and Right of Ways	\$ 8,857	\$ 8,857	\$ 8,857
Plant and Distribution System	1,785,890	1,785,890	1,731,232
Furniture, Fixtures, and Equipment	169,086	136,143	70,960
Construction in Progress	2,475	7,289	-
Less Accumulated Depreciation	<u>(1,142,959)</u>	<u>(1,098,210)</u>	<u>(1,044,690)</u>
Totals	<u>\$ 823,349</u>	<u>\$ 839,969</u>	<u>\$ 766,359</u>

This year's major capital additions included above were:

- Generator Shed and improvements \$ 38,210
- Truck \$ 22,142

Debt

The District had \$260,200, \$331,551 and \$400,000 in bonds outstanding as of April 30, 2007, 2006, and 2005, respectively. This is a decrease of 21.4% and 17.1% for the fiscal years ended 2007 and 2006, 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, 2007**

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 Colleen Matte, Office Manager, Waterworks District No. 4 of Ward 4 of Calcasieu Parish.

WATERWORKS DISTRICT NO. 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Balance Sheets
As of April 30,

ASSETS	2007	2006
CURRENT ASSETS		
Cash and cash equivalents	\$ 16,266	\$ 58,405
Certificates of deposit	346,637	277,651
Accounts receivable, net of allowance for doubtful accounts of \$0 for 2007 & 2006	39,694	55,187
Accrued interest receivable	7,636	9,233
Prepaid insurance	28,313	23,915
Total Current Assets	438,546	424,391
RESTRICTED ASSETS		
Certificates of deposit-bond indenture	110,336	107,621
Cash and cash equivalent-bond indenture	12	2,734
Certificates of deposit-meter deposits	75,400	72,072
Cash - meter deposits	2,891	2,071
Total Restricted Assets	188,639	184,498
PROPERTY, PLANT, AND EQUIPMENT		
Furniture, fixtures, and equipment	128,067	98,472
Parking lot	20,500	20,500
Trucks	41,019	37,671
Water wells	206,931	206,931
Water tank	277,972	277,972
Distribution system	946,446	946,446
Fluoridation system	24,214	24,214
Plant and buildings	309,827	309,827
	1,954,976	1,922,033
Accumulated depreciation	(1,142,959)	(1,098,210)
	812,017	823,823
Construction in progress	2,475	7,289
Land	8,857	8,857
Net Property, Plant, and Equipment	823,349	839,969
TOTAL ASSETS	\$ 1,450,534	\$ 1,448,858

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

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

	2007	2006
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 6,783	\$ 20,381
Payroll taxes payable	3,166	2,992
Accrued compensation	7,758	7,758
Total Current Liabilities	17,707	31,131
CURRENT LIABILITIES - PAYABLE FROM RESTRICTED ASSETS		
Accrued interest payable	6,098	7,771
Bonds payable	50,000	50,000
Meter deposits payable	77,623	74,143
Total Current Liabilities - Payable from Restricted Assets	133,721	131,914
LONG-TERM LIABILITIES		
Bonds payable	260,200	331,551
Less current maturity	(50,000)	(50,000)
Total Long-Term Liabilities	210,200	281,551
TOTAL LIABILITIES	361,628	444,596
NET ASSETS		
Investment in capital assets, net of related debt	563,149	508,418
Restricted for debt service	54,918	52,584
Unrestricted	470,839	443,260
Total Net Assets	1,088,906	1,004,262
TOTAL LIABILITIES AND NET ASSETS	\$ 1,450,534	\$ 1,448,858

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

WATERWORKS DISTRICT NO. 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Statements of Revenues, Expenses, and Changes in Net Assets
For the Years Ended April 30,

	<u>2007</u>	<u>Percent</u>	<u>2006</u>	<u>Percent</u>
OPERATING REVENUES				
Water sales	\$ 490,899	93.6%	\$ 507,756	93.4%
Meter tap revenue	9,300	1.8%	12,400	2.3%
Service charges	3,065	0.6%	3,263	0.6%
Late charges/delinquent fees	21,006	4.0%	20,494	3.8%
Total Operating Revenues	<u>524,270</u>	<u>100.0%</u>	<u>543,913</u>	<u>100.0%</u>
OPERATING EXPENSES				
Salary - superintendent	51,103	9.7%	63,887	11.7%
Salary - office	53,031	10.1%	49,685	9.1%
Transmission labor	32,002	6.1%	34,802	6.4%
Contract labor	4,164	0.8%	2,367	0.4%
Insurance	73,746	14.1%	67,926	12.5%
Payroll taxes	10,414	2.0%	9,855	1.8%
Retirement benefit	7,334	1.4%	6,823	1.3%
Office supplies and postage	10,525	2.0%	8,430	1.5%
Meeting expense	3,720	0.7%	3,960	0.7%
Telephone and tower communications	10,151	1.9%	4,184	0.8%
Utilities	27,549	5.3%	33,451	6.2%
Billing and meter reading	38,357	7.3%	32,947	6.1%
Truck expense	9,506	1.8%	6,328	1.2%
Maintenance and repairs	30,066	5.7%	28,386	5.2%
Chemicals and supplies	12,345	2.4%	9,922	1.8%
Depreciation	63,414	12.1%	55,612	10.2%
Legal and professional	6,750	1.3%	7,065	1.3%
Equipment rental	5,880	1.1%	8,960	1.6%
Interest expense	17,001	3.2%	20,073	3.7%
Miscellaneous	9,658	1.8%	5,986	1.1%
Bad debt expense	1,524	0.3%	1,837	0.3%
Total Operating Expenses	<u>478,240</u>	<u>91.2%</u>	<u>462,486</u>	<u>85.0%</u>
INCOME (LOSS) FROM OPERATIONS	<u>46,030</u>	<u>8.8%</u>	<u>81,427</u>	<u>15.0%</u>
NON-OPERATING REVENUES (EXPENSES)				
Grant proceeds	2,985	0.6%	110,715	20.4%
Interest income	20,563	3.9%	17,692	3.3%
Miscellaneous income	13,945	2.7%	21,669	4.0%
Gain/(loss) on asset disposal	1,121	0.2%	-	0.0%
Total Non-Operating Revenues (Expenses)	<u>38,614</u>	<u>7.4%</u>	<u>150,076</u>	<u>27.6%</u>
CHANGE IN NET ASSETS	<u>84,644</u>	<u>16.1%</u>	<u>231,503</u>	<u>42.6%</u>
NET ASSETS - BEGINNING OF YEAR	<u>1,004,262</u>		<u>772,759</u>	
NET ASSETS - END OF YEAR	<u>\$ 1,088,906</u>		<u>\$ 1,004,262</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
Statements of Cash Flows
For the Years Ended April 30,

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 539,763	\$ 539,815
Payments to suppliers	(290,764)	(263,837)
Payments to employees	(136,136)	(148,374)
Other	(2,344)	626
Net Cash Provided (Used) in Operating Activities	110,519	128,230
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfer from (to) restricted assets	(4,141)	(13,269)
(Purchase) sale of investments	(68,986)	(61,405)
Interest earned	22,160	17,692
Other income	13,945	21,669
Net Cash Provided (Used) in Investing Activities	(37,022)	(35,313)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of fixed assets	(55,539)	(129,222)
Cash received from the sale of fixed assets	1,250	-
Principal bond payments	(71,351)	(68,449)
Other	5,117	-
Grant proceeds	2,985	110,715
Net Cash (Used) in Capital and Related Financing Activities	(117,538)	(86,956)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(44,041)	5,961
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	63,210	57,249
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 19,169	\$ 63,210
Cash and Cash Equivalents:		
Restricted - bond indenture	\$ 12	\$ 2,734
Restricted - meter deposits	2,891	2,071
Unrestricted	16,266	58,405
	\$ 19,169	\$ 63,210

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

WATERWORKS DISTRICT NO. 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Statements of Cash Flows (Continued)
For the Years Ended April 30,

	<u>2007</u>	<u>2006</u>
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 46,030	\$ 81,427
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	63,414	55,612
(Increase) decrease in receivables	17,090	(4,098)
(Increase) decrease in prepaid expenses	(4,398)	303
Increase (decrease) in accounts payable	(13,598)	(5,098)
Increase (decrease) in payroll taxes	174	(575)
Increase (decrease) in accrued interest payable	(1,673)	(1,501)
Increase (decrease) in restricted refundable meter deposits	3,480	2,160
Total Adjustments	<u>64,489</u>	<u>46,803</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 110,519</u>	<u>\$ 128,230</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, 2007 and 2006

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 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.

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 fiscally 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, 2007 and 2006

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 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 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 CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2007 and 2006

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

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.

Accounts Receivable

Accounts receivable are stated at cost less an allowance for doubtful accounts. Accounts are considered delinquent when 30 days past due (based on days since last payment). The allowance account consists of an estimate of uncollectible specifically identified accounts and a general reserve. Management's evaluation of the adequacy of the allowance is based on a continuing review of all accounts and includes a consideration of past user history, any adverse situations that might affect the user's ability to repay, and current economic conditions. The need for an adjustment to the allowance is considered at year end. Amounts charged-off that are subsequently recovered are recorded as income.

Property, Plant, Equipment, and Construction in Progress

Property, plant, and equipment is stated at historical cost. Expenditures for major renewals or betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation of all exhaustible property, plant and equipment is charged as an expense against 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
Trucks	5 years
Water wells	10 – 50 years
Water tank	10 – 50 years
Distribution system	10 – 50 years
Plant and buildings	20 – 40 years
Land improvements	15 years

Depreciation amounted to \$63,414 and \$55,612 for the years ended April 30, 2007 and 2006, 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.

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2007 and 2006

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

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 torts, 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.

Note 2 - Bonds Payable

Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana, issued \$1,000,000 of Revenue Bonds that were purchased by the Department of Housing and Urban Development. The interest rate on the bonds is 5 5/8%. 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, 2007:

Outstanding at May 1, 2006	\$ 331,551
Bonds Retired	<u>(71,351)</u>
Outstanding at April 30, 2007	<u>\$ 260,200</u>

The annual requirements to amortize the bonds outstanding as of April 30, 2007 and 2006 follows:

<u>April 30, 2007</u> Year Ending April 30,	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2008	\$ 50,000	\$ 16,875	\$ 66,875
2009	50,000	14,064	64,064
2010	50,000	11,250	61,250
2011	50,000	8,438	58,438
2012	50,000	8,438	58,438
2013	<u>10,200</u>	<u>-0-</u>	<u>10,200</u>
	<u>\$ 260,200</u>	<u>\$ 59,065</u>	<u>\$ 319,265</u>

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2007 and 2006

Note 2 - Bonds Payable (Continued)

<u>April 30, 2006</u> Year Ending <u>April 30,</u>	Principal	Interest	Totals
2007	\$ 50,000	\$ 19,688	\$ 69,688
2008	50,000	16,875	66,875
2009	50,000	14,064	64,064
2010	50,000	11,250	61,250
2011	50,000	8,438	58,438
2012-2013	<u>81,551</u>	<u>8,438</u>	<u>89,989</u>
	<u>\$ 331,551</u>	<u>\$ 78,753</u>	<u>\$ 410,304</u>

There were principal reductions of \$71,351 and \$68,449 on the outstanding bonds for the years ended April 30, 2007 and 2006, respectively.

Note 3 - Dedication 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 funds 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 statutes:

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 \$65,401.
4. Payments to the "Replacement and Extension Fund" until the balance amounts to \$16,350. 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 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2007 and 2006

Note 4 - Meeting Expense

Members of the Board of Commissioners are currently paid a \$60 per diem allowance for attending board meetings. The total expenses for meetings during the current year and the prior year are as follows:

Member	April 30, 2007		April 30, 2006	
	Total Number Meetings	Expense	Total Number Meetings	Expense
Richard A. Hebert	13	\$ 780	14	\$ 840
Joey Glass	14	840	14	840
Warren Hicks	13	780	15	900
Kenneth Cochran	13	780	12	720
Mike Borel	9	540	11	660
		<u>\$ 3,720</u>		<u>\$ 3,960</u>

Note 5 - Accrued Vacation and Compensation

The District's liability for accumulated unpaid vacation and compensation as of April 30, 2007 and 2006, totaling \$7,758 and \$7,758, 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, 1987. This is a defined contribution plan. The District currently contributes 6% of the salary of qualifying full-time employees to this plan. The contribution for years 2007 and 2006 was \$7,334 and \$6,823, respectively.

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

At April 30, 2007, the District had cash, cash equivalents, and certificates of deposit (book balances) totaling \$551,542.

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, 2007, the District had \$532,373 in deposits (collected bank balances). These deposits are secured from risk by \$124,973 of federal deposit insurance and \$613,495 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2007 and 2006

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

Even though the pledged securities are considered uncollateralized 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 has failed to pay deposited funds upon demand.

Note 8 - Restricted Assets

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

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

	2007	2006
Cash and Cash Equivalents	\$ 2,903	\$ 4,805
Certificates of Deposit	<u>185,736</u>	<u>179,693</u>
	<u>\$ 188,639</u>	<u>\$ 184,498</u>

Note 9 - Capital Assets

Capital asset activity for the year ended April 30, 2007 was as follows:

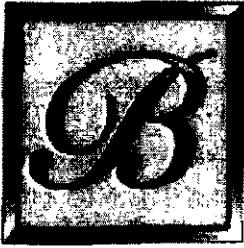
	Beginning Balances	Increases	Decreases	Ending Balances
Construction in Progress	\$ 7,289	\$ 2,475	\$ (7,289)	\$ 2,475
Land	8,857	- 0 -	- 0 -	8,857
Capital Assets Being Depreciated:				
Plant and Distribution System	1,785,890	- 0 -	- 0 -	1,785,890
Furniture, Fixtures, & Equipment	<u>136,143</u>	<u>51,737</u>	<u>(18,794)</u>	<u>169,086</u>
Total Capital Assets being Depreciated	1,922,033	51,737	(18,794)	1,954,976
Less Accumulated Depreciation	<u>1,098,210</u>	<u>63,414</u>	<u>(18,665)</u>	<u>1,142,959</u>
Total Capital Assets Being Depreciated, Net of Depreciation	<u>823,823</u>	<u>(11,677)</u>	<u>(129)</u>	<u>812,017</u>
Total Capital Assets, Net	<u>\$ 839,969</u>	<u>\$ (9,202)</u>	<u>\$ (7,418)</u>	<u>\$ 823,349</u>

Note 10 - Cash Flow Information

Cash paid for interest for fiscal years ended April 30, 2007 and 2006 was \$18,674 and \$21,574 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.



BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

Founded in 1978

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED 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. 4 of Ward 4 of Calcasieu Parish, Louisiana as of and for the year ended April 30, 2007, and have issued our report thereon dated October 17, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit we considered Waterworks District No. 4 of Ward 4 of Calcasieu Parish, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Waterworks District No. 4's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Waterworks District No. 4 of Ward 4 of Calcasieu Parish, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of Waterworks District No. 4 of Ward 4 of Calcasieu Parish, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana's internal control. We consider items 2007-1 and 2007-2 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Waterworks District No. 4's internal control.

MOSS BLUFF OFFICE

695 Sam Houston Jones Parkway, Suite D
Lake Charles, Louisiana 70611
Ph: (337) 217-3370 Fax: (337) 439-6647

LAKE CHARLES OFFICE

One Lakeshore Drive, Suite 1900
Lake Charles, Louisiana 70629
Ph: (337) 439-6600 Fax: (337) 439-6647

SULPHUR OFFICE

704 First Avenue
Sulphur, Louisiana 70663
Ph: (337) 527-0010 Fax: (337) 527-0014

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2007-2 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether financial statements of Waterworks District No. 4 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 test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Waterworks District No. 4 of Ward 4 of Calcasieu Parish's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Waterworks District No. 4 of Ward 4 of Calcasieu Parish's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management of Waterworks District No. 9 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 24:513, this report is distributed by the Legislative Auditor as a public document.

Broussard & Company

Lake Charles, Louisiana
October 17, 2007

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2007

A. Summary of Independent Auditor's Results:

1. Unqualified opinion on financial statements.
2. Significant deficiencies in internal control – refer to B. 2007-01; material weakness in internal control – refer to B. 2007-02.
3. No instances of noncompliance noted.

B. GAGAS Findings:

2007-01 Segregation of Duties - 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.

2007-02 Financial Statement Reporting – The District maintains its books and records on the modified cash basis of accounting. The District relies on the auditing firm to assist in adjusting the modified cash basis books to accrual basis and to assist in the preparation of external financial statements and related disclosures. Under U. S. generally accepted auditing standards, the auditing firm cannot be considered part of the District's internal control structure and because of the limitations of the accounting staff, the design of the District's internal control structure does not otherwise include procedures to prevent or detect a material misstatement in the external financial statements.

Management has considered this weakness and determined that it would not be cost effective at this time to employ or contract the appropriate personnel to remove this deficiency.