

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

**Financial Statements
April 30, 2009 and 2008**

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 9/30/09

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Broussard & Company
Certified Public Accountants

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, 2009 and 2008, 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.

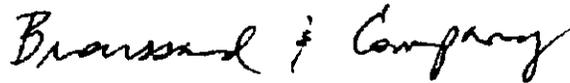
In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana, as of April 30, 2009 and 2008, and the results of its operations and its cash flows for the years 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 6 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.



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 8, 2009 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.

A handwritten signature in cursive script that reads "Branson & Company".

Lake Charles, Louisiana
September 8, 2009

**WATERWORKS DISTRICT NO. 4 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF APRIL 30, 2009**

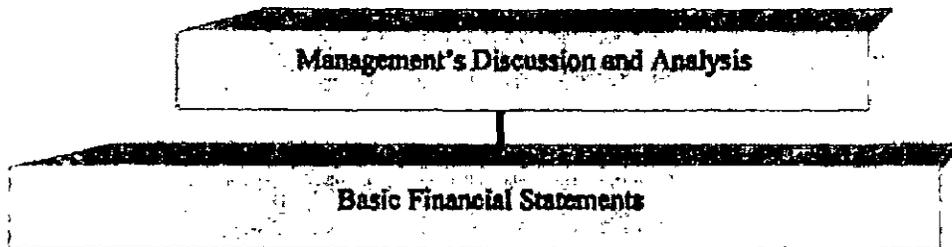
The Management's Discussion and Analysis of the Waterworks District No. 4 of Ward 4 of Calcasieu Parish, Louisiana's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended April 30, 2009. This document focuses on the current 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 2009 by \$1,242,390 which represents a 5.4% increase from last fiscal year. Of this amount, \$524,191 (unrestricted net assets) may be used to meet the District's ongoing obligations to its users.
- ★ The District's operating revenue decreased \$14,822 (or 2.7%) and the net results from activities decreased by \$26,256 (or 29.2%).

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, 2009**

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

	2009	2008	2007
Current and other assets	\$ 636,784	\$ 688,344	\$ 627,185
Capital assets	718,199	779,400	823,349
Total assets	<u>\$ 1,354,983</u>	<u>\$ 1,467,744</u>	<u>\$ 1,450,534</u>
Other liabilities	\$ 112,593	\$ 105,192	\$ 101,428
Long-term debt outstanding	-	183,176	260,200
Total liabilities	<u>112,593</u>	<u>288,368</u>	<u>361,628</u>
Net assets:			
Invested capital assets, net of debt	718,199	595,624	563,149
Restricted	-	72,926	54,918
Unrestricted	524,191	510,826	470,839
Total net assets	<u>1,242,390</u>	<u>1,179,376</u>	<u>1,088,906</u>
Total liabilities and net assets	<u>\$ 1,354,983</u>	<u>\$ 1,467,744</u>	<u>\$ 1,450,534</u>

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, 2009**

Net assets of the District increased by \$63,614, or 5.4%, from April 30, 2008 to April 30, 2009.

	2009	2008	2007
Operating revenues	\$ 526,734	\$ 541,556	\$ 528,270
Operating expenses	(488,280)	(526,677)	(478,240)
Operating income (loss)	38,454	14,879	46,030
Non-operating revenues (expenses)	25,160	74,991	38,614
Net increase (decrease) in net assets	\$ 63,614	\$ 89,870	\$ 84,644

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of April 30, 2009, the District had \$718,199, 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 \$61,201, or 7.9%, from last year.

	2009	2008	2007
Land and Right of Ways	\$ 8,857	\$ 8,857	\$ 8,857
Plant and Distribution System	1,800,552	1,800,552	1,785,890
Furniture, Fixtures, and Equipment	176,247	175,145	169,086
Construction in Progress	-0-	-0-	2,475
Less Accumulated Depreciation	(1,267,457)	(1,205,153)	(1,142,959)
Totals	\$ 718,199	\$ 779,400	\$ 823,349

There were no significant additions in the current year.

Debt

The District had \$-0-, \$183,776 and \$260,200 in bonds outstanding as of April 30, 2009, 2008, and 2007, respectively. This is a decrease of 100% and 29.4% for the fiscal years ended 2009 and 2008, respectively.

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

**WATERWORKS DISTRICT NO. 4 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF APRIL 30, 2009**

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	2009	2008
CURRENT ASSETS		
Cash and cash equivalents	\$ 481,170	\$ 195,047
Certificates of deposit	-	206,645
Accounts receivable, net of allowance for doubtful accounts of \$0 for 2009 & 2008	48,876	50,140
Grants receivable	-	17,905
Accrued interest receivable	94	4,990
Prepaid insurance	25,661	24,264
Total Current Assets	555,801	498,991
RESTRICTED ASSETS		
Cash and cash equivalent-meter deposits	80,983	-
Cash and cash equivalent-bond indenture	-	10
Certificates of deposit-meter deposits	-	78,943
Certificates of deposit-bond indenture	-	110,400
Total Restricted Assets	80,983	189,353
PROPERTY, PLANT, AND EQUIPMENT		
Furniture, fixtures, and equipment	135,229	134,126
Parking lot	20,500	20,500
Trucks	41,019	41,019
Water wells	206,931	206,931
Water tank	277,972	277,972
Distribution system	961,107	961,107
Fluoridation system	24,214	24,214
Plant and buildings	309,827	309,827
	1,976,799	1,975,696
Accumulated depreciation	(1,267,457)	(1,205,153)
	709,342	770,543
Land	8,857	8,857
Net Property, Plant, and Equipment	718,199	779,400
TOTAL ASSETS	\$ 1,354,983	\$ 1,467,744

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,

LIABILITIES AND NET ASSETS	2009	2008
CURRENT LIABILITIES		
Accounts payable	\$ 13,247	\$ 10,696
Payroll taxes payable	4,321	3,488
Accrued compensation	14,042	7,758
Total Current Liabilities	31,610	21,942
 CURRENT LIABILITIES - PAYABLE FROM RESTRICTED ASSETS		
Accrued interest payable	-	4,307
Meter deposits payable	80,983	78,943
Total Current Liabilities - Payable from Restricted Assets	80,983	83,250
 LONG-TERM LIABILITIES		
Bonds payable	-	183,776
Total Long-Term Liabilities	-	183,776
 TOTAL LIABILITIES	112,593	288,968
 NET ASSETS		
Investment in capital assets, net of related debt	718,199	595,624
Restricted for debt service	-	106,103
Unrestricted	524,191	477,049
Total Net Assets	1,242,390	1,178,776
 TOTAL LIABILITIES AND NET ASSETS	\$ 1,354,983	\$ 1,467,744

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,

	2009	Percent	2008	Percent
OPERATING REVENUES				
Water sales	\$ 494,806	93.9%	\$ 502,557	92.8%
Meter tap revenue	8,400	1.6%	13,400	2.5%
Service charges	2,775	0.5%	2,914	0.5%
Late charges/delinquent fees	20,753	3.9%	22,685	4.2%
Total Operating Revenues	526,734	100.0%	541,556	100.0%
OPERATING EXPENSES				
Salary - superintendent	70,973	13.5%	57,538	10.6%
Salary - office	54,681	10.4%	49,685	9.2%
Transmission labor	40,008	7.6%	32,363	6.0%
Contract labor	7,920	1.5%	2,963	0.5%
Insurance	71,102	13.5%	70,249	13.0%
Payroll taxes	12,168	2.3%	10,678	2.0%
Retirement benefit	6,809	1.3%	7,577	1.4%
Office supplies and postage	11,103	2.1%	9,143	1.7%
Meeting expense	3,600	0.7%	3,960	0.7%
Telephone and tower communications	8,086	1.5%	8,184	1.5%
Utilities	29,969	5.7%	26,902	5.0%
Billing and meter reading	18,919	3.6%	18,721	3.5%
Truck expense	10,117	1.9%	9,948	1.8%
Maintenance and repairs	37,579	7.1%	108,466	20.0%
Chemicals and supplies	15,151	2.9%	11,782	2.2%
Depreciation	62,304	11.8%	62,195	11.5%
Legal and professional	7,775	1.5%	7,500	1.4%
Equipment rental	12,576	2.4%	9,240	1.7%
Interest expense	2,717	0.5%	11,809	2.2%
Miscellaneous	3,460	0.7%	7,240	1.3%
Bad debt expense	1,263	0.2%	534	0.1%
Total Operating Expenses	488,280	92.7%	526,677	97.3%
INCOME (LOSS) FROM OPERATIONS	38,454	7.3%	14,879	2.7%
NON-OPERATING REVENUES (EXPENSES)				
Grant proceeds	-	0.0%	33,571	6.2%
Interest income	8,362	1.6%	24,610	4.5%
Miscellaneous income	16,798	3.2%	16,810	3.1%
Total Non-Operating Revenues (Expenses)	25,160	4.8%	74,991	13.8%
CHANGE IN NET ASSETS	63,614	12.1%	89,870	16.6%
NET ASSETS - BEGINNING OF YEAR	1,178,776		1,088,906	
NET ASSETS - END OF YEAR	\$ 1,242,390		\$ 1,178,776	

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,

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 545,903	\$ 531,110
Payments to suppliers	(255,667)	(306,862)
Payments to employees	(159,378)	(147,163)
Other	(31)	-
Net Cash Provided (Used) in Operating Activities	130,827	77,085
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfer from (to) restricted assets	189,343	(3,607)
(Purchase) sale of investments	206,645	139,992
Interest earned	8,362	27,256
Other income	16,798	16,810
Net Cash Provided (Used) in Investing Activities	421,148	180,451
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of fixed assets	(1,103)	(20,720)
Principal bond payments	(183,776)	(76,424)
Other	-	(170)
Grant proceeds	-	15,666
Net Cash (Used) in Capital and Related Financing Activities	(184,879)	(81,648)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	367,096	175,888
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	195,057	19,169
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 562,153	\$ 195,057
Cash and Cash Equivalents:		
Restricted - bond indenture	\$ -	\$ 10
Restricted - meter deposits	80,983	-
Unrestricted	481,170	195,047
	\$ 562,153	\$ 195,057

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,

	2009	2008
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 38,454	\$ 14,879
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	62,304	62,195
(Increase) decrease in receivables	24,065	(7,800)
(Increase) decrease in prepaid expenses	(1,397)	4,047
Increase (decrease) in accounts payable	2,551	3,913
Increase (decrease) in accrued compensation	6,284	-
Increase (decrease) in payroll taxes	833	322
Increase (decrease) in accrued interest payable	(4,307)	(1,791)
Increase (decrease) in restricted refundable meter deposits	2,040	1,320
Total Adjustments	92,373	62,206
Net Cash Provided (Used) by Operating Activities	\$ 130,827	\$ 77,085

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, 2009 and 2008

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 criterion 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, 2009 and 2008

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, 2009 and 2008

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 are 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 \$62,304 and \$62,195 for the years ended April 30, 2009 and 2008, 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, 2009 and 2008

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; errors and omissions; and natural disasters for which the District carries commercial insurance.

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, 2009:

Outstanding at May 1, 2008	\$ 183,776
Bonds Retired	<u>(183,776)</u>
Outstanding at April 30, 2009	<u>\$ -0-</u>

All outstanding bonds were paid in full during the year ended April 30, 2009.

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:

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2009 and 2008

Note 3 - Dedication of Revenue (Continued)

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.

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, 2009		April 30, 2008	
	Total Number Meetings	Expense	Total Number Meetings	Expense
Richard A. Hebert	11	\$ 660	11	\$ 660
Joey Glass	11	660	15	900
Warren Hicks	7	420	15	900
Kenneth Cochran	12	720	11	660
Occie Norton	11	660	14	840
O.L. Johnson	8	480	0	-0-
		<u>\$ 3,600</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, 2009 and 2008, totaling \$14,042 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 contributions for years 2009 and 2008 were \$6,809 and \$7,577, respectively.

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2009 and 2008

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

At April 30, 2009 and 2008, the District had cash, cash equivalents, and certificates of deposit (book balances) totaling \$562,153 and 591,044, respectively.

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, 2009, the District had \$562,465 in deposits (collected bank balances). These deposits are secured from risk by \$276,337 of federal deposit insurance and \$487,281 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

At April 30, 2008, the District had \$614,030 in deposits (collected bank balances). These deposits are secured from risk by \$137,465 of federal deposit insurance and \$621,076 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

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.

Under Louisiana Revised Statutes 39:2955, the District may deposit funds in demand deposit accounts, interest bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks, organized under Louisiana Law and National Banks having a principal offices in Louisiana. Additionally, Louisiana statutes allow the District to invest in United States Treasury obligations, obligations issued or guaranteed by the United States government or federal agencies, and mutual or trust funds registered with the Securities and Exchange Commission which have underlying investments consisting solely of and limited to the United States government or its agencies.

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2009 and 2008

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:

	2009	2008
Cash and Cash Equivalents	\$ 80,983	\$ 10
Certificates of Deposit	-0-	189,343
	\$ 80,983	\$ 189,353

Note 9 - Cash Flow Information

Cash paid for interest for fiscal years ended April 30, 2009 and 2008 was \$7,024 and \$13,600 respectively.

Note 10 - Capital Assets

Capital asset activity for the year ended April 30, 2009 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Land	\$ 8,857	\$ -0-	\$ -0-	\$ 8,857
Capital Assets Being Depreciated:				
Plant and Distribution System	1,800,551	-0-	-0-	1,800,551
Furniture, Fixtures, & Equipment	175,145	1,103	-0-	176,248
Total Capital Assets being Depreciated	1,975,696	1,103	-0-	1,976,799
Less Accumulated Depreciation	1,205,153	62,304	-0-	1,267,457
Total Capital Assets Being Depreciated, Net of Depreciation	770,543	(61,201)	-0-	709,342
Total Capital Assets, Net	\$ 779,400	\$ (61,201)	\$ -0-	\$ 718,199

Note 11- Prior Year Balances

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



Broussard & Company
Certified Public Accountants

**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, 2009, and have issued our report thereon dated September 8, 2009. 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 District'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. 4 of Ward 4 of Calcasieu Parish, Louisiana's internal control. We consider items 2009-01 and 2009-02 to be significant deficiencies in internal control over financial reporting.

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.

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 2009-2 to be a material weakness.

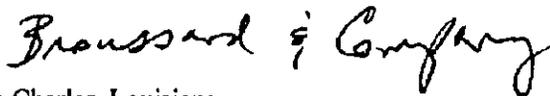
Compliance and Other Matters

As part of obtaining reasonable assurance about whether financial statements of Waterworks District No. 4 of Ward 4 of Calcasieu Parish 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*.

We noted certain matters that we reported to management of Waterworks District No. 4 of Ward 4 of Calcasieu Parish, in a separate letter dated September 8, 2009.

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. 4 of Ward 4 of Calcasieu Parish 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.



Lake Charles, Louisiana
September 8, 2009

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2009

A. Summary of Independent Auditor's Results:

1. Unqualified opinion on financial statements.
2. Significant deficiencies in internal control – refer to B. 2009-01; material weakness in internal control – refer to B. 2009-02.
3. No instances of noncompliance noted. Separate management letter dated September 8, 2009.

B. GAGAS Findings:

2009-01 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. This is a repeat finding.

Management has considered this weakness and determined that it would not be cost effective to employ sufficient personnel to obtain adequate segregation of duties.

2009-02 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. This is a repeat finding.

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.

C. Prior Year Findings:

2008-01 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.

2008-02 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.