

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

Financial Statements
June 30, 1982 and 1981

Under provisions of state law, this report is a public document. A copy of the report has been furnished to the entity and other local public officials. This report is available for public inspection at the Public House office of the Legislative Auditor and, when appropriate, at the office of the parish clerk of court.

Release Date 11/23/82

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**WATERWORKS DISTRICT NO. 11 OF WARDS 4 AND 7
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2002**

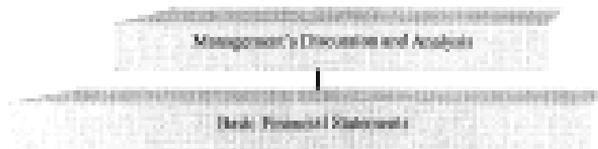
The Management's Discussion and Analysis of the Waterworks District No. 11 Of Wards 4 And 7 of Calcasieu Parish, Louisiana's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended June 30, 2002. This document focuses on the current year's activities, resulting changes, and recently 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 2002 by \$1,359,416 which represents a 0.2% increase from last fiscal year. Of this amount, \$791,245 (unrestricted net assets) may be used to meet the District's ongoing obligations to its users.
- The District's revenue increased 181,761 (or 14.1%) and the net results from activities increased by \$60,716. Of this increase \$37,899 was due to an increase in ad valorem tax revenue.

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. 11 OF PARISH 4 AND 7
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 1991**

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 Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows.

The Statement of Net Assets (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 such is reflected, 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 accumulation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

	1991	1990	1989
Current and other assets	\$ 381,238	\$ 410,000	\$ 392,334
Capital assets	2,607,798	2,874,745	3,834,415
Total assets	3,000,035	3,300,045	4,416,749
Other liabilities	171,378	170,015	148,568
Long-term debt outstanding	1,528,080	1,896,860	1,958,127
Total liabilities	1,699,458	2,071,020	2,106,695
Net assets:			
Invested capital assets, net of debt	190,760	1,008,179	1,048,790
Retained	(16,008)	155,644	114,218
Unrestricted	501,244	354,217	188,789
Total net assets	\$ 1,385,995	\$ 1,518,040	\$ 1,351,797

**WATERWORKS DISTRICT NO. 11 OF WARD 4 AND 5
 (IF CALLED) PARISH, LOUISIANA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 AS OF JUNE 30, 2002**

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 those amounts may be used.

Net assets of the District increased by \$41,690, or 3.18%, from June 30, 2001 to June 30, 2002.

	2002	2001	2000
Operating revenues	\$ 259,830	\$ 217,215	\$ 200,269
Operating expenses	(208,421)	(201,208)	(243,583)
Operating income (loss)	(79,591)	(12,993)	46,724
Non-operating revenues (expenses)	71,291	(5,341)	(984)
Net income (decrease) in net assets	\$ 41,690	\$ (18,934)	\$ 45,740

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2002, the District had \$2,981,799, net of accumulated depreciation, invested in a broad range of capital assets, including land, right of ways, plant and distribution systems, and furniture, fixtures, and equipment. (See Table below). This amount represents a net decrease (including additions and deductions) of \$66,546, or 2.2%, over last year.

	2002	2001	2000
Land and Right of Ways	\$ 21,364	\$ 21,364	\$ 21,364
Plant and Distribution System	3,798,326	3,698,077	3,679,699
Furniture, Fixtures, and Equipment	152,727	112,073	169,371
Less Accumulated Depreciation	(294,618)	(308,688)	(241,695)
Totals	\$ 2,981,799	\$ 2,974,345	\$ 3,029,415

This year's Major Capital additions included those items:

- Vehicle \$18,303
- Computer equipment \$15,514

**WATERWORKS DISTRICT NO. 11 OF WARDS 4 AND 7
OF CALCAHOU PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2002**

Debt

The District had \$1,977,000 in bonds outstanding at year-end, compared to \$1,965,075 last year, a decrease of 2.3%. A summary of this debt is shown in the table below.

Outstanding Debt at Year-end

	<u>2001</u>	<u>2002</u>	<u>2000</u>
Revenue Bonds	\$ 1,290,000	\$ 1,226,075	\$ 1,268,629
General Obligation Bonds	715,000	740,000	765,000
Total	<u>\$ 1,977,000</u>	<u>\$ 1,966,075</u>	<u>\$ 2,034,629</u>

During the current fiscal year, the District refinanced its revenue bonds to take advantage of favorable interest rates.

The District's Series 1998 General Obligation bonds and Series 2002 Revenue Refunding bonds are un-rated.

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 Lori Lucy, Executive Secretary, Waterworks District No. 11 of Wards 4 and 7 of Calcahou Parish.



Founded in 1918

THE BOUSHARD GROUP

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.
HEALTH CARE CONSULTANTS, L.L.C.
FINANCIAL SERVICES, L.L.C.

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Waterworks District 11 of Wards 4 and 7
of Calcasieu Parish, Louisiana
Bossier, Louisiana

We have audited the financial statements of Waterworks District 11 of Wards 4 and 7 of Calcasieu Parish, Louisiana, a component unit of the Calcasieu Parish Police Jury, as of and for the years ended June 30, 2002 and 2001, 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 misstatements. 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 11 of Wards 4 and 7 of Calcasieu Parish, Louisiana, as of June 30, 2002 and 2001, and the results of its operations and its cash flows for the years described in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*. This results in a change in the format and content of the financial statements as of June 30, 2002.

The Management's Discussion and Analysis on pages 1 through 4 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain 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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THE BOUSHARD GROUP IS AN EQUAL OPPORTUNITY EMPLOYER

Board of Commissioners
Waterworks District 11 of Wards 4 and 7
of Calcasieu Parish, Louisiana

In accordance with Government Auditing Standards, we have also issued a report dated September 11, 2002, on our consideration of Waterworks District 11 of Wards 4 and 7 of Calcasieu Parish, Louisiana's internal control structure and compliance with laws and regulations. That report is an integral part of our audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Bronson & Company

Lake Charles, Louisiana
September 11, 2002
AB

**WATERWORKS DISTRICT NO. 11 OF PARISH 4 AND 9
OF CALCAHOU PARISH, LOUISIANA**
Bossier, Louisiana
Statement of Net Assets
As of June 30,

	2001	2000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 31,290	\$ 41,734
Investments	169,439	2,004
Receivables (net of allowances for uncollectibles of \$2,117 for 2000 and \$1,415 for 2000):		
Water sales	51,518	46,115
Sanitized waste sales	96,297	37,821
Inventory, at cost	2,464	2,464
Prepaid expenses	2,810	2,800
Total Current Assets	360,798	112,938
RESTRICTED ASSETS		
Cash and cash equivalents	148,714	118,684
Investments	4,836	158,782
Total Restricted Assets	153,550	277,466
PROPERTY, PLANT, AND EQUIPMENT		
Plant and distribution system:	2,798,328	2,699,677
Furniture, fixtures, and equipment	152,747	112,932
	2,951,075	2,812,609
Less accumulated depreciation	(794,608)	(139,988)
	2,156,467	2,672,621
Land and right of way	21,264	21,264
Net Property, Plant, and Equipment	2,177,731	2,693,885
OTHER ASSETS		
Deferred charges, bond issue costs, net	11,708	11,708
TOTAL ASSETS	\$ 3,990,045	\$ 3,884,645

**WATERWORKS DISTRICT NO. 11 OF PARISHS 4 AND 7
OF CALCAHOUÉ PARISH, LOUISIANA**
Bulphox, Louisiana
Statement of Net Assets (Continued)
As of June 30,

	<u>2002</u>	<u>2001</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 11,797	\$ 16,010
Accrued wages	12,170	21,000
Payroll taxes and retirement payable	4,340	6,349
Sales tax payable	2,000	1,819
Total Current Liabilities	<u>30,207</u>	<u>45,178</u>
CURRENT LIABILITIES (Payable from Restricted Assets)		
Accrued interest	14,005	1,517
Current portion of revenue bonds	89,000	44,312
Current portion of general obligation bonds	80,000	21,000
Refundable customer deposits	77,635	47,643
Total Current Liabilities (Payable from Restricted Assets)	<u>260,640</u>	<u>114,472</u>
LONG TERM LIABILITIES		
Revenue bonds payable (net of current portion and deferred bond)	1,044,000	1,181,863
General obligation bonds payable (net of current portion)	803,000	703,800
Total Long Term Liabilities	<u>1,847,000</u>	<u>1,885,663</u>
Total Liabilities	<u>3,697,847</u>	<u>3,025,693</u>
NET ASSETS		
Investment in capital assets, net of accrued debt	988,799	1,088,278
Restricted for debt service	(71,000)	(70,644)
Unrestricted	28,146	184,833
Total Net Assets	<u>1,055,945</u>	<u>1,082,467</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,598,912</u>	<u>\$ 3,598,445</u>

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

**Statements of Revenues, Expenses, and Changes in Net Assets
For the Years Ended June 30,**

	2002	2001
OPERATING REVENUES		
Water sales	\$ 210,228	\$ 214,220
Tax fees	16,228	22,262
Total Operating Revenues	226,456	236,482
OPERATING EXPENSES		
Salaries	346,170	346,404
Payroll taxes	16,150	22,240
Retirement expense	10,098	3,812
Water seeling	42,824	60,607
Insurance	34,670	23,500
Legal and accounting fees	13,600	22,500
Office supplies	15,400	13,000
Plant supplies	72,428	40,242
Repairs and maintenance	422,811	282,000
Fuel expense	10,500	3,345
Utilities and telephone	27,026	28,724
Water purchases	31,548	21,354
Depreciation	111,340	104,280
Amortization expense	1,355	992
Rent charges	3,828	3,021
Debt and fees	1,567	948
Contingencies per items	3,400	3,400
Miscellaneous	6,729	6,411
Total Operating Expenses	1,044,425	1,011,200
INCOME FROM OPERATIONS	(817,969)	(774,718)
NON-OPERATING REVENUES (EXPENSES)		
All revenues taxes	233,546	93,702
Interest income	22,200	22,621
Miscellaneous income	41,546	4,726
Interest expense	(228,248)	(228,724)
Loss on sale of fixed assets	(1,201)	(2,226)
Total Non-Operating Revenues (Expense)	77,843	(235,905)
CHANGE IN NET ASSETS	(740,126)	(1,010,623)
NET ASSETS AT BEGINNING OF YEAR	1,208,741	1,207,720
NET ASSETS AT END OF YEAR	\$ 468,615	\$ 197,097

**WATERWORKS DISTRICT NO. 11 OF PARISH # AND T
OF CALCAHERU PARISH, LOUISIANA**

**Shreveport, Louisiana
Statements of Cash Flows
For The Years Ended June 30,**

	<u>2001</u>	<u>2001</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and users	271,809	204,891
Payments to suppliers	(288,943)	(281,438)
Payments to employees	(281,605)	(248,101)
Other	23,000	2,178
Net Cash Provided (Used) for Operating Activities	<u>65,261</u>	<u>(112,568)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(9,760)	(1,08,663)
Interest earned	12,790	7,641
Net Cash Provided (Used) for Investing Activities	<u>3,030</u>	<u>(101,022)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital expenditures	(51,809)	(78,641)
Proceeds from the sale of assets	-	310
Proceeds from issuance of bonds	1,217,800	-
Principal payments on bonds	(1,288,813)	(88,234)
Settlement notes	103,364	93,765
Interest expense	(108,444)	(119,719)
Miscellaneous	46,168	4,238
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(11,533)</u>	<u>(187,644)</u>
Net Increase (Decrease) in Cash	<u>56,758</u>	<u>(307,234)</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>182,408</u>	<u>289,641</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 239,166</u>	<u>\$ (18,593)</u>
Cash and Cash Equivalents		
Unaudited	\$ 21,796	\$ 45,734
Audited	143,714	118,884
	<u>\$ 239,166</u>	<u>\$ (18,593)</u>

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

**WATERWORKS DISTRICT NO. 11 OF PARISH 4 AND 7
OF CALCASIEU PARISH, LOUISIANA**
Sulphur, Louisiana
Statements of Cash Flows (Continued)
For The Years Ended June 30,

	2011	2010
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Income (Loss) from operations	\$ (29,601)	\$ (17,602)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	112,740	108,273
Provision for bad debts	401	(5,497)
Increase (decrease) in accounts receivable	(26,991)	(7,311)
Increase (decrease) in prepaid expense	(734)	148
Increase (decrease) in accounts payable and other accrued expenses	33,946	34,979
Total Adjustments	98,891	129,773
Net Cash Provided (Used) by Operating Activities	\$ 69,290	\$ 112,171
Supplemental Disclosures:		
Cash paid for interest	\$ 109,300	\$ 119,844

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

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

Bossier, Louisiana
Notes to Financial Statements
June 30, 2002 and 2001

Note 1 - Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Fund Accounting

The accounts of the district are organized on the basis of 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 net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Methods 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.

**WATERWORKS DISTRICT NO. 11 OF WARDS 4 AND 7
OF CALCASIEU PARISH, LOUISIANA**
Bossier, Louisiana
Notes to Financial Statements (Continued)
June 30, 2002 and 2001

Note 7 - Summary of Significant Accounting Policies (Continued):

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 levied 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 nonoperating revenues and expenses.

GAAP Statement No. 20 also states that for proprietary activities, management may elect to apply all FASB Statements and Interpretations issued after November 30, 1988, except for those that conflict with or contravene GAAP pronouncements. The District will not elect to apply 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.

C. Fixed Assets

All fixed assets of the proprietary fund are recorded at historical costs. Depreciation of all estimable fixed assets is charged as an expense against their operations. Pre-construction costs associated with the development of the water system, which includes engineering, legal, and interest costs are capitalized and will be amortized over their estimated useful lives using the straight-line method.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. The following estimated useful lives and methods are used to compute depreciation:

Plant and distribution systems	40 Years	Straight Line
Furniture, fixtures and equipment	5 - 40 Years	Straight Line

Depreciation expense amounted to \$111,385 for the year ended June 30, 2002, and \$105,280 for the year ended June 30, 2001.

**WATERWORKS DISTRICT NO. 21 OF PARISH 4 AND 7
OF CALCAHUSSE PARISH, LOUISIANA**
Bossier, Louisiana
Notes to Financial Statements (Continued)
June 30, 2002 and 2001

Note 1: Summary of Significant Accounting Policies (Continued)

D. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

E. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market.

F. Revaluations

Certain revaluations have been made to the June 30, 2001 financial statements in order for them to be better compared to the June 30, 2000 financial statements.

G. Cash

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

Note 2: Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Parish in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

For the year ended December 31, 2001, taxes of 16.51 mills were levied on property with net assessed valuations of approximately \$6,058,820. Total taxes levied, net of pension funds, were \$130,134. The 16.51 mills were dedicated as follows:

Maintenance fund	3.31 mills
Sliding fund	13.20 mills

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

Notes to Financial Statements (Continued)
June 30, 2002 and 2001

Note 3 - Changes in Long-Term Debt

The following is a summary of local payable transactions of the District for the year ended June 30, 2002:

	General Obligations	Revenue	Total
Outstanding at July 1, 2001	\$ 340,000	\$ 1,235,075	\$ 1,575,075
New Issue	-	1,217,000	1,217,000
Debt Retired	(25,000)	(1,268,075)	(1,293,075)
Outstanding at June 30, 2002	\$ 315,000	\$ 1,184,000	\$ 1,517,000

Long-term debt at June 30, 2002 consists of the following:

General obligation bonds:

\$315,000 General Obligation Bonds, Series 1999,
of Waterworks District No. 11 of Wards 4 and 7
of the Parish of Calcasieu, Louisiana, dated June 1,
1999, due in annual installments including interest
at 4.187% to 5.18% through the year 2018

\$ 315,000

Revenue bonds:

\$1,217,000 Water Revenue Refunding Bonds,
dated March 6, 2002, due in annual installments
of \$123,008 to \$125,348 through June 1, 2018,
interest at 5.25%

\$ 1,202,000

The District issued the above revenue bonds to refund the existing series 1987 and 1991 revenue bonds. The refunding was undertaken to reduce total future debt service payments. The reacquisition price was equal to the net carrying amount of the old debt, therefore no deferred gain or loss has been recorded.

The total cash required to service the refunded debt would have been \$2,181,000. The cash flow to service the new revenue bond issue will be \$1,768,183. The transaction resulted in an economic gain of \$255,273, after being discounted at the effective interest rate.

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

Natchitoches, Louisiana

Notes to Financial Statements (Continued)

June 30, 2002 and 2001

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

The annual requirements to amortize all debt outstanding as of June 30, 2002, are as follows:

General Obligation Bonds			
Year Ending			
June 30,	Principal	Interest	Total
2003	\$ 20,000	54,029	74,029
2004	20,000	52,312	72,312
2005	20,000	51,099	71,099
2006	20,000	49,462	69,462
2007	20,000	47,900	67,900
2008-2012	110,000	116,933	326,933
2013-2017	200,000	69,640	269,640
2018	20,000	3,312	23,312
Total	<u>\$ 730,000</u>	<u>\$ 1,099,081</u>	<u>\$ 1,829,081</u>

Revenue Bonds			
Year Ending			
June 30,	Principal	Interest	Total
2003	\$ 50,000	62,105	112,105
2004	62,000	60,000	122,000
2005	66,000	58,753	124,753
2006	70,000	57,287	127,287
2007	75,000	55,612	130,612
2008-2012	412,000	180,895	592,895
2013-2016	200,000	28,312	228,312
Total	<u>\$ 1,335,000</u>	<u>\$ 1,528,081</u>	<u>\$ 3,173,081</u>

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

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

**WATERWORKS DISTRICT NO. 31 OF WARD 4 AND 7
OF CALICASSI PARISH, LOUISIANA**
Bossier, Louisiana
Notes to Financial Statements (Continued)
June 30, 2002 and 2001

Item 4 - Restricted Assets

Certain proceeds of enterprise bond revenue bonds and general obligation bonds, as well as certain resources not available for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Proceeds from refundable customer deposits are also restricted for the repayment of water deposits.

Bond Redemption Fund	\$ 25,000
Banking Fund	49,264
Reserve Fund	2,810
Contingency Fund	2,810
Customer Deposits	70,445
	<u>\$ 149,329</u>

Item 5 - Cash, Cash Equivalents, and Investments

At June 30, 2002, the District had cash and cash equivalents (check balances) totaling \$183,000.

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 June 30, 2002, the District had \$14,477 in deposits (collected bank balances). These deposits are secured from risk by \$280,000 of federal deposit insurance and \$980,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GAAP Category 5).

Even though the pledged securities are considered reclassified (Category 3) under the provisions of GAAP Statement 5, Louisiana Revised Statute 38:1259 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 18 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Fund, Inc. (LAMF), a nonprofit corporation formed by an initiative of the State Treasurer.

**SEWERWORKS DISTRICT NO. 11 OF WARDS 4 AND 7
OF CALCAHOU PARISH, LOUISIANA**

Bossier, Louisiana

Notes to Financial Statements (Continued)

June 30, 2002 and 2001

Item 2 - Cash, Cash Equivalents, and Investments (Continued):

In accordance with GASB Codification Section 128.126, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 128.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governmental entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA - R.S. 33:2055. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by these securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 502, Act 704) enacted LSA-R.S. 33:2055(A)(2)(b) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "investment grade (A-1P-2) commercial paper of domestic United States corporations". Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 391 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasury and the board of directors. LAMP is not registered with the SEC as an investment company.

**MULLENWORKS DISTRICT NO. 11 OF WARDS 4 AND 7
OF CALCASIEU PARISH, LOUISIANA**
Sulphur, Louisiana
Notes to Financial Statements (Continued)
June 30, 2002 and 2001

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2002, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Land and Right of Ways	\$ 11,364	\$ -	\$ -	\$ 11,364
Capital Assets Being Depreciated:				
Plant and Distribution System	3,696,677	17,849	-	3,714,526
Furniture, Fixtures, & Equipment	111,932	26,299	8,030	129,901
Total Capital Assets Being Depreciated	3,808,609	44,148	8,030	3,844,727
Less Accumulated Depreciation	850,668	113,761	17,310	951,139
Total Capital Assets Being Depreciated, Net of Depreciation	2,957,941	32,387	11,720	2,893,588
Total Capital Assets, Net	\$3,970,305	\$36,387	\$11,720	\$4,034,972

Note 5 - Board of Commissioners' Fees

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

Member	Balance
Donald Paulk	\$ 1,000
Nora Martin	1,128
Louis Blain	1,158
Ronnie Harvins	1,200
Harry Henry	1,000
	<u>\$ 5,586</u>

Note 6 - Deferred Compensation

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

During the year, contributions by the District amounted to \$10,000, covering \$142,180 of the District's total payroll of \$156,172.

WATERWORKS DISTRICT NO. 11 OF PARISHS AND
OF CALCAHOUÉ PARISH, LOUISIANA
Caldonia, Louisiana
Notes to Financial Statements (Continued)
June 30, 2002 and 2001

Item 7 - Water Supply

All of the water utilized by the District is purchased from the Sabine River Authority.

Item 8 - Risk Management

The District is exposed to various risks of loss related to acts, theft of, damage to and destruction of assets; and natural disasters, for which the District carries commercial insurance.



Founded in 1978

THE BROUSSARD GROUP

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.
HEALTH CARE CONSULTANTS, L.L.C.
FINANCIAL SERVICES, L.L.C.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Waterworks District 11 of Wards 4 and 7
of Calcasieu Parish, Louisiana
Sulphur, Louisiana

We have audited the general purpose financial statements of the Waterworks District 11 of Wards 4 and 7 of Calcasieu Parish, Louisiana, as of and for the year ended June 30, 2002, and have issued our report thereon dated September 17, 2002. 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 11 of Wards 4 and 7 of Calcasieu Parish, Louisiana's general purpose 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 these 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 is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 1A-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Waterworks District 11 of Wards 4 and 7 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 general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting, would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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 general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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Board of Commissioners
Winnouka District 11 of Wards 4 and 7
of Calcasieu Parish, Louisiana

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 those specified parties. Under Louisiana Revised Statute 24:503, this report is distributed by the Legislative Auditor as a public document.

Brownand Company

Lake Charles, Louisiana
September 17, 2002
GK

**WATERWORKS DISTRICT NO. 11 OF PARISH 4 AND 7
OF CALCAVUSSE PARISH, LOUISIANA**
Sulphur, Louisiana
**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2002**

A. Summary of Independent Auditor's Results

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

B. GAGAS Findings

1. None.

2002-01 Public Bid Law

Finding: Public Bid Law (Rev. Stat. 48:2212) requires public entities to advertise and award, to the lowest responsible bidder, public works contracts and material, equipment, and supply purchases exceeding certain specified limits. The District purchased a vehicle subject to aforementioned statute and failed to advertise in the official journal of the District. Quotations were obtained from vendors and the lowest quote was accepted.

Cause: The District misinterpreted the specified amounts subject to the bid law.

Recommendation: The District should review its public bid requirements when contemplating purchases.

Response: Management concurs with the recommendations.

2002-02 Minutes of Board Meetings

Finding: During our audit we discovered that no minutes were taken for four special meetings of the Board of Commissioners.

Cause: The District failed to prepare or retain minutes for the above-mentioned meetings.

Recommendation: The District retain and periodically review a journal documenting all official minutes of meetings of the Board of Commissioners.

Response: Management concurs with the recommendations.

C. Summary of Prior Year Findings

- 11.2. Lease of computer equipment without prior approval of the State Board of Commissioners was paid off during FY01 June 30, 2002.