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

**General Purpose Financial Statements
April 30, 2000 and 1999**

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 JUL 26 2000

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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 general purpose 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, 2000 and 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the general purpose 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, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 13, 2000, on our consideration of Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana's internal control and compliance with laws and regulations.

Broussard & Company

Lake Charles, Louisiana
June 13, 2000
/dkb

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WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Balance Sheets
April 30,

	<u>2000</u>	<u>1999</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 47,735	\$ 27,244
Accounts receivable, net of allowance for doubtful accounts of \$0 for 2000 & 1999	36,003	28,008
Accrued interest receivable	3,977	2,785
Prepaid insurance	1,476	-
Total Current Assets	89,191	58,037
RESTRICTED ASSETS		
Certificates of deposit-bond indenture	217,127	209,463
Certificates of deposit-meter deposits	57,425	58,600
Cash - meter deposits	3,353	-
Total Restricted Assets	277,905	268,063
PROPERTY, PLANT, AND EQUIPMENT		
Furniture, fixtures, and equipment	26,187	26,187
Trucks	32,112	32,112
Water wells	206,931	194,837
Water tank	277,972	277,972
Distribution system	784,931	759,751
Flouridation system	24,214	24,214
Plant and buildings	289,013	247,218
Construction in progress	-	30,020
Total	1,641,360	1,592,311
Accumulated depreciation	(803,318)	(748,247)
Land	838,042	844,064
	8,857	8,857
Net Property, Plant, and Equipment	846,899	852,921
TOTAL ASSETS	\$ 1,213,995	\$ 1,179,021

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

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Balance Sheets
April 30,

	<u>2000</u>	<u>1999</u>
LIABILITIES AND RETAINED EARNINGS		
CURRENT LIABILITIES		
Accounts payable	\$ 16,318	\$ 2,094
Payroll taxes payable	2,042	2,589
Accrued compensation	7,897	3,455
	<hr/>	<hr/>
Total Current Liabilities	26,257	8,138
	<hr/>	<hr/>
CURRENT LIABILITIES - PAYABLE FROM RESTRICTED ASSETS		
Accrued interest payable	16,217	13,547
Bonds payable	119,616	133,198
Meter deposits payable	60,778	58,600
	<hr/>	<hr/>
Total Current Liabilities - Payable from Restricted Assets	196,611	205,345
	<hr/>	<hr/>
LONG-TERM LIABILITIES		
Bonds payable	699,617	748,198
Less current maturity	(119,616)	(133,198)
	<hr/>	<hr/>
Total Long-Term Liabilities	580,001	615,000
	<hr/>	<hr/>
TOTAL LIABILITIES	<hr/> 802,869 <hr/>	<hr/> 828,483 <hr/>
RETAINED EARNINGS		
Reserved per revenue bond indenture	81,294	62,718
Unreserved-undesignated	329,832	287,820
	<hr/>	<hr/>
Total Retained Earnings	411,126	350,538
	<hr/>	<hr/>
TOTAL LIABILITIES AND RETAINED EARNINGS	<hr/> \$ 1,213,995 <hr/>	<hr/> \$ 1,179,021 <hr/>

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

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Statements of Revenue, Expenses, and Changes in Retained Earnings
For the Years Ended April 30,

	2000	Percent	1999	Percent
OPERATING REVENUES				
Water sales	\$ 342,659	93.5	\$ 330,363	93.1
Meter tap revenue	10,300	2.8	10,200	2.9
Service charges	2,212	0.6	2,500	0.7
Late charges/delinquent fees	11,387	3.1	11,606	3.3
Total Operating Revenues	366,558	100.0	354,669	100.0
OPERATING EXPENSES				
Salary - superintendent	48,373	13.2	69,326	19.5
Salary-office	27,747	7.6	25,482	7.2
Transmission labor	24,070	6.6	24,317	6.9
Contract labor	2,530	0.7	4,055	1.1
Insurance	24,205	6.6	24,663	7.0
Payroll taxes	7,435	2.0	9,354	2.6
Retirement benefits	4,519	1.2	6,689	1.9
Office supplies and postage	6,324	1.7	5,894	1.7
Meeting expense	4,620	1.3	5,160	1.5
Telephone	2,854	0.8	3,258	0.9
Utilities	18,599	5.1	17,761	5.0
Billing and meter reading	20,662	5.6	19,346	5.5
Truck expense	5,378	1.5	4,186	1.2
Maintenance and repairs	23,401	6.4	19,530	5.5
Chemicals and supplies	6,892	1.9	3,506	1.0
Depreciation	55,072	15.0	54,544	15.4
Legal and professional	8,926	2.4	9,135	2.6
Equipment rental	7,760	2.1	9,273	2.6
Interest expense	44,088	12.0	43,046	12.1
Miscellaneous	1,571	0.4	652	0.2
Bad debt expense	669	0.2	941	0.3
Litigation settlement	-	-	31,000	8.7
Total Operating Expenses	345,695	94.3	391,118	110.3
INCOME (LOSS) FROM OPERATIONS	20,863	5.7	(36,449)	(10.3)
NON-OPERATING REVENUES (EXPENSES)				
Interest income	12,108	3.3	14,069	4.0
Miscellaneous income	27,617	7.5	21,474	6.1
Total Non-Operating Revenue (Expenses)	39,725	10.8	35,543	10.0
NET INCOME (LOSS)	60,588	16.5	(906)	(0.3)
RETAINED EARNINGS - MAY 1	350,538		351,444	
RETAINED EARNINGS - APRIL 30	\$ 411,126		\$ 350,538	

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

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Statements of Cash Flows
For the Years Ended April 30,

	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ 20,863	\$ (36,449)
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	55,072	54,544
(Increase) decrease in receivables	(9,186)	5,084
(Increase) decrease in prepaid expenses	(1,476)	736
Increase (decrease) in accounts payable	14,224	(7,914)
Increase (decrease) in payroll taxes	(547)	725
Increase (decrease) in accrued interest payable	2,670	(1,068)
Increase (decrease) in accrued compensation	4,442	(1,483)
Increase in restricted refundable meter deposits	2,178	2,032
Total adjustments	<u>67,377</u>	<u>52,656</u>
 Net Cash Provided (Used) by Operating Activities	 <u>88,240</u>	 <u>16,207</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Transfer from (to) restricted assets	(9,842)	30,870
Other/miscellaneous income	27,615	21,474
Interest earned	12,108	14,069
 Net Cash Provided (Used) in Investing Activities	 <u>29,881</u>	 <u>66,413</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of fixed assets	(49,048)	(35,875)
Principal bond payments	(48,581)	(45,961)
 Net Cash (Used) in Capital and Related Financing Activities	 <u>(97,629)</u>	 <u>(81,836)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 20,492	 784
 CASH AND CASH EQUIVALENTS (UNRESTRICTED) AT BEGINNING OF YEAR	 <u>27,243</u>	 <u>26,459</u>
 CASH AND CASH EQUIVALENTS (UNRESTRICTED) AT END OF YEAR	 <u>\$ 47,735</u>	 <u>\$ 27,243</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, 2000 and 1999

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, 2000 and 1999

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

Property, Plant, Equipment, and Construction in Progress

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

Depreciation of all exhaustible property, plant and equipment is charged as an expense against the operations. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Furniture and fixtures	5 – 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

The property, plant, and equipment is stated at historical cost. Depreciation amounted to \$55,072 and \$54,544 for the years ended April 30, 2000 and 1999, respectively.

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2000 and 1999

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

Cash and Cash Equivalents

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

Use of Estimates

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

GASB Pronouncements

Proprietary funds are reported in accordance with GASB Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Funds." This standard requires that all applicable Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 be applied to proprietary activities unless they conflict with or contradict GASB pronouncements. Governments are given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The District has elected not to implement FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by GASB.

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 annual requirements to amortize the bonds outstanding as of April 30, 2000 and 1999 follows:

<u>April 30, 2000</u> Year Ending <u>April 30,</u>	Principal	Interest	Totals
2001	\$ 119,616	\$ 34,875	\$ 154,491
2002	40,000	32,625	72,625
2003	45,000	30,375	75,375
2004	45,000	27,844	72,844
2005	50,000	25,313	75,313
Thereafter	<u>400,000</u>	<u>101,252</u>	<u>501,252</u>
	<u>\$ 699,616</u>	<u>\$ 252,284</u>	<u>\$ 951,900</u>

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2000 and 1999

Note 2 - Bonds Payable (Continued):

<u>April 30, 1999</u> Year Ending <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2000	\$ 133,198	\$ 38,518	\$ 171,716
2001	40,000	34,875	74,875
2002	40,000	32,625	72,625
2003	45,000	30,375	75,375
2004	45,000	27,844	72,844
Thereafter	<u>445,000</u>	<u>126,560</u>	<u>571,560</u>
	<u>\$ 748,198</u>	<u>\$ 290,797</u>	<u>\$ 1,038,995</u>

There were principal reductions of \$48,581 and \$45,961 on the outstanding bonds for the years ended April 30, 2000 and 1999, respectively. Principal payments maturing since December 31, 1976 are included in current liabilities, as well as the current installment due. Delinquent principal payable is \$79,616 and \$93,198 for the years ended April 30, 2000 and 1999, respectively. The bond holder, the Department of Housing and Urban Development, is aware of the delinquency and regularly monitors the progress made by the District in attempting to pay the delinquent principal. No other action has been taken regarding the delinquent principal.

Note 3 - 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 fund shall be maintained so long as any of the bonds are outstanding, in a bank which is a member of the Federal Deposit Insurance Corporation, and shall be expended and used only in the manner and order specified below, all as permitted and defined by applicable 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, 2000 and 1999

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, 2000		April 30, 1999	
	Total Number Meetings	Expense	Total Number Meetings	Expense
Richard A. Hebert	16	\$ 960	17	\$ 1,020
A.G. Schwarzer	14	840	17	1,020
Joey Glass	15	900	17	1,020
Warren Hicks	15	900	17	1,020
J.W. Foster	17	1,020	18	1,080
		<u>\$ 4,620</u>		<u>\$ 5,160</u>

Note 5 - Accrued Vacation and Compensation

The District's liability for accumulated unpaid vacation and compensation as of April 30, 2000 and 1999, totaling \$7,897 and \$3,455, 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. The District currently contributes 6% of the salary of qualifying full-time employees to this plan. The contribution for years 2000 and 1999 was \$4,519 and \$6,689, respectively.

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

At April 30, 2000, the District had cash, cash equivalents, and certificates of deposit (book balances) totaling \$325,640.

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, 2000, the District had \$328,799 in deposits (collected bank balances). These deposits are secured from risk by \$157,395 of federal deposit insurance and \$305,928 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2000 and 1999

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

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 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:

	2000	1999
Cash	\$ 3,353	\$ 21,389
Certificates of Deposit	274,552	246,674
	\$ 277,905	\$ 268,063

Note 9 - Cash Flow Information

Cash paid for interest for fiscal years ended April 30, 2000 and 1999 was \$41,418 and \$44,114 respectively.

Note 10- Prior Year Balances

Certain prior year amounts have been reclassified to conform with current year presentation. Such reclassifications had no effect on previously reported net income and retained earnings.



Founded in 1978

BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, 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 4 of Ward 4
of Calcasieu Parish, Louisiana
Westlake, Louisiana

We have audited the general purpose financial statements of the Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana, as of and for the year ended April 30, 2000, and have issued our report thereon dated June 13, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana's 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 those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

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

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

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

This report is intended for the information of the management of Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana. However, this report is a matter of public record and its distribution is not limited.

Broussard & Company

Lake Charles, Louisiana
June 13, 2000
/dkb

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2000

A. Summary of Independent Auditor's Results:

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

B. GAGAS Findings:

1. 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.

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Summary of Prior Year Findings
For the Year Ended April 30, 2000

The following findings were mentioned in the April 30, 1999 audit and are mentioned again in the current year.

PRE-SIGNED CHECKS

Due to the small number of people involved in the day-to-day operations of the District (refer to the "Internal Control and Compliance Report"), blank checks are routinely signed in advance and maintained in a locked safe until needed. Although the checks require additional signatures of the plant or office managers, it was recommended that all bank statements be opened and reviewed by board members prior to proper routing through the office.

CORRECTIVE ACTION PLAN

The District is currently working with its local financial institution to develop procedures for handling auto bank drafts for as many vendors as possible. Bank statements are directly processed by the office manager.



THE BROUSSARD GROUP

Broussard & Company, APC
Certified Public Accountants
Financial Consultants

Broussard & Company, LLC
Health Care Provider Consultants



Founded in 1978

June 13, 2000

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

Gentlemen:

In planning and performing our audit of the financial statements of Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana, for the year ended April 30, 2000, we considered the internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of some matters that may be opportunities for improving operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated June 13, 2000, on the financial statements of Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana.

We have already discussed many of these comments and suggestions with various personnel, and we will be pleased to discuss them in further detail at your convenience, if necessary.

Broussard & Company

Lake Charles, Louisiana
June 13, 2000
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MEMORANDUM

PRE-SIGNED CHECKS

As noted in the "Internal Control and Compliance Report", a proper segregation of duties is not feasible due to the small number of people involved in the District's day-to-day operations. We noted where the District's board members pre-sign blank checks which are then stored in a locked safe until needed. All checks also require the signatures of the office manager or the plant manager before payment. These procedures were implemented in the past by the District's board in an effort to eliminate down time due to the inability to get checks signed as needed.

As an additional safeguard over the cash disbursements cycle, we suggest a member of the District's board open all bank statements and review canceled checks for required signatures on a monthly basis.