



**Waterworks District No. 7
Keithville, Louisiana**

Financial Statements
Year Ended December 31, 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

7/29/09

**Waterworks District No. 7
Keithville, Louisiana**

Contents

| | |
|--|-------|
| Independent Auditors' Report | 3-4 |
| Required Supplementary Information | |
| Management's Discussion and Analysis | 5-9 |
| Basic Financial Statements: | |
| Balance Sheet | 10-11 |
| Statement of Revenue, Expenditures and Changes in Net Assets | 12-13 |
| Statement of Cash Flows | 14-15 |
| Summary of Accounting Policies | 16-17 |
| Notes to Financial Statements | 18-21 |
| Supplemental Information: | |
| Statement of Revenue, Expenditures, and Changes in Fund Balance –Budget and Actual (GAAP Basis) | 23 |
| Compensation Paid to Board Members | 24 |
| Prior Audit Findings and Management Letter Comments | 25 |
| Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 26-27 |
| Summary of Audit Results | 28 |



Shreveport Office
024 Texas Street
Suite 800
Shreveport, LA 71101
Phone 318 221 3615
Fax 318 425 2604

Dallas Office
2425 N. Central Expy
Suite 200
Richardson, TX 75080
Phone 972 238 5900
Fax 972 238 5920

www.rbm.com

Independent Auditors' Report

Board of Commissioners
Waterworks District No. 7
Keithville, Louisiana

We have audited the accompanying basic financial statements of the Waterworks District No. 7, Keithville, Louisiana (a component unit of the Caddo Parish Commission), as of December 31, 2008, and for the year then ended, 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 audit.

We conducted our audit in accordance with United States of America 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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 audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Waterworks District No. 7, Keithville, Louisiana as of December 31, 2008, and the results of its operations for the year then ended in conformity with United States of America generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2009, on our consideration of the District's internal control over financial reporting and 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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on page 5 is not a required part of the basic 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 measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purpose of additional analysis and is not a required part of the basic financial statements of the Waterworks District No. 7, Keithville, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

RBM LLP

Certified Public Accountants

Shreveport, Louisiana
June 19, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of Waterworks District No. 7, Keithville, Louisiana (District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2008. Please read it in conjunction with the District's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

For 2008, operating revenue for the District was \$613,024 compared to \$622,056 for the year ended December 31, 2007.

During the years ended December 31, 2008 and 2007 the District had total operating expenses, excluding depreciation, of \$385,746 and \$340,899, respectively. Net other expense for 2008 and 2007 was \$40,756 and \$58,727.

THE DISTRICT

Waterworks District No. 7, Keithville, Louisiana was created by ordinance on January 8, 1975 as provided under Louisiana Revised Statutes 33:3811. The purpose of the District is to provide water service to the residents of District No. 7. The District is governed by a five person board of commissioners appointed by the Caddo Parish Commission and is considered a component unit of Caddo Parish, Louisiana. Commissioners of the District serve five-year terms and are compensated as provided in Louisiana Revised Statutes 33:3819. The District is comprised of property in southwest Caddo Parish, Louisiana and serves approximately 1,600 residential and commercial customers. Operations consist of seven (7) wells, five treatment plants and approximately 72 miles of water lines. The District employs five full-time employees.

REPORTING ON WATERWORKS DISTRICT NO. 7, KEITHVILLE, LOUISIANA AS A WHOLE

Our analysis of the Waterworks District No. 7, Keithville as a whole begins on page 6. One of the most important questions asked about the District's finances is "Is Waterworks District No. 7 as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the funds maintained by the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is

similar to the accounting method used by most private-sector companies. Accrual of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. You can think of the District's net assets – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base, to assess the overall health of the District.

WATERWORKS DISTRICT NO. 7, KEITHVILLE, LOUISIANA AS A WHOLE

Following is the summary information from the statement of net assets (Table 1) and the statement of activities (Table 2) comparing amounts as of December 31, 2008:

Table 1

| | 2008 |
|--|--------------------|
| Current and other assets, including investments | \$ 554,119 |
| Restricted assets | 447,067 |
| Capital assets | 1,960,340 |
| Total assets | 2,961,526 |
| Current liabilities | 106,817 |
| Long-term liabilities | 1,477,777 |
| Total Liabilities | 1,584,594 |
| Net assets: | |
| Reserve for debt service and capital asset purchases | 447,067 |
| Unrestricted | 929,865 |
| Total net assets | 1,376,932 |
| Total net assets & liabilities | \$2,961,526 |

Net assets of the District governmental activities increased by \$118,322 or 9.4%. Unrestricted net assets, the part of net assets that can be used to finance the District expenses without constraints or other legal requirements, increased from a year ago, from \$861,604 at December 31, 2007 to \$929,865 at December 31, 2008.

Table 2

| | 2008 |
|---|------------------|
| Revenue: | |
| Water sales | \$581,861 |
| New meter installation, membership and reconnect fees | 18,633 |
| Finance charges on late payment of bills | 11,608 |
| Miscellaneous | 825 |
| Ad valorem tax | 97 |
| Operating revenue | 613,024 |
| Operating expenses | 453,946 |
| Operating income | 159,078 |
| Other expense, net | (40,756) |
| Increase in net assets | \$118,322 |

Operating revenue decreased \$9,032 in 2008 to a total of \$613,024 as compared to a decrease of \$26,608 in 2007.

THE DISTRICT'S NET ASSETS

As the District completed the year, its net assets totaled \$1,376,932, which is higher than last year's net assets of \$1,258,610 due to the net income for 2008.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2008, the District had invested \$2,873,220 in capital assets. (See Table 3 below)

Table 3

| | 2008 |
|------------------------------------|--------------------|
| Distribution and treatment systems | \$2,707,795 |
| Equipment | 120,484 |
| Vehicles | 44,941 |
| Total | \$2,873,220 |
| Major additions include - | |
| Automobile | \$25,375 |
| Equipment | 3,457 |
| Building | 1,500 |
| Total additions | \$30,332 |

More detail information about capital assets is presented in Note 2 to the financial statements.

DEBT

As of December 31, 2008, the District's debt totaled \$1,518,296.

More detailed information about the debt is presented in Note 4 to the financial statements.

FUTURE ECONOMIC PLANS

The District has completed its planned system extension. Management believes this will allow the District to serve its customers well into the future. Accordingly, the District does not expect significant expenditures other than normal operating costs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Waterworks District No. 7, Keithville 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 the Waterworks District No. 7, Keithville, at 3836 Colquitt Road, Keithville, Louisiana 71047.

June 19, 2009
Steve Mikovich
President

**Waterworks District No. 7
Keithville, LA**

Balance Sheet

| <u>December 31,</u> | <u>2008</u> |
|---|--------------------|
| Assets: | |
| Cash and cash equivalents (Note 3) | \$ 197,292 |
| Accounts receivable, net of \$5,600 allowance for bad debts | 41,521 |
| Total current assets | 238,813 |
| Investments (Note 5) | 313,813 |
| Restricted investments (Note 7) | 447,067 |
| Property and equipment, net (Note 2) | 1,960,340 |
| Deposits and other assets | 1,493 |
| Total assets | \$2,961,526 |
| Liabilities: | |
| Accounts payable | \$ 12,063 |
| Accrued wages and expenses | 34,610 |
| Current portion of bonds and certificate of indebtedness (Note 4) | 40,519 |
| Meter deposits | 19,625 |
| Total current liabilities | 106,817 |
| Long-term debt, less current maturities (Note 4) | 1,477,777 |
| Total liabilities | 1,584,594 |

(Continued)

**Waterworks District No. 7
Keithville, LA**

**Balance Sheet
(Continued)**



| <i>December 31,</i> | 2008 |
|---|--------------------|
| Net Assets: | |
| Restricted for debt service and capital asset acquisition | \$ 447,067 |
| Unrestricted | 929,865 |
| Total net assets | 1,376,932 |
| Total net assets and liabilities | \$2,961,526 |

See accompanying summary of accounting policies and notes to financial statements.

**Waterworks District No. 7
Keithville, LA**

Statement of Revenue, Expenditures and Changes in Net Assets

| <i>Year Ended December 31,</i> | <i>2008</i> |
|---|-------------|
| Revenue: | |
| Water sales | \$581,861 |
| New meter installation, membership fees and reconnect charges | 18,633 |
| Finance charges on late payment of bills | 11,608 |
| Miscellaneous | 825 |
| Ad valorem tax income | 97 |
| <hr/> | |
| Total revenue | 613,024 |
| | |
| Expenditures: | |
| Salaries and wages | 150,897 |
| Depreciation | 68,200 |
| Utilities | 48,771 |
| Repairs and maintenance | 39,708 |
| Contract labor | 30,527 |
| Office supplies and expense | 19,778 |
| Vehicle expense | 13,210 |
| Payroll tax expense | 12,421 |
| Chemicals and chlorine | 12,344 |
| Telephone and communications | 9,222 |
| Insurance expense | 8,915 |
| Board member fees | 7,500 |
| Accounting and legal | 6,459 |
| Fees and permits | 6,108 |
| Lease expense | 6,000 |
| Workers' compensation | 4,765 |
| Miscellaneous | 3,769 |
| Bank charges | 2,435 |
| Equipment lease expense | 1,617 |
| Bad debt | 1,300 |
| <hr/> | |
| Total expenditures | 453,946 |

(Continued)

Waterworks District No. 7
Keithville, LA

Statement of Revenue, Expenditures and Changes in Net Assets
(Concluded)

| <i>December 31,</i> | 2008 |
|--|--------------------|
| <u>Excess of revenue over expenditures from operations</u> | <u>\$159,078</u> |
| Other income (expense): | |
| Interest, dividend and other investment income | 36,034 |
| Interest expense | <u>(76,790)</u> |
| <u>Other expense</u> | <u>(40,756)</u> |
| Excess of revenue over expenditures | 118,322 |
| <u>Net assets, beginning of year</u> | <u>1,258,610</u> |
| <u>Net assets, end of year</u> | <u>\$1,376,932</u> |

See accompanying summary of accounting policies and notes to financial statements.

**Waterworks District No. 7
Keithville, LA**

Statement of Cash Flows

| <i>Year Ended December 31,</i> | 2008 |
|---|------------------|
| Cash Flows From Operating Activities: | |
| Received from customers | \$636,213 |
| Miscellaneous | 825 |
| Received for ad valorem taxes | 97 |
| Paid to employees | (145,358) |
| Paid for operations | (235,257) |
| Net cash flows from operating activities | 256,520 |
| Cash Flows From Capital and Related Financing Activities: | |
| Paid for capital acquisitions | (30,332) |
| Interest payments – long-term debt | (77,482) |
| Principal payments – long-term debt | (47,943) |
| Net cash flows from capital and related financing activities | (155,757) |
| Cash Flows From Investing Activities: | |
| Receipt of interest and dividends | 36,034 |
| Purchase of investments | (152,547) |
| Net cash flows from investment activities | (116,513) |
| Net Change in Cash and Cash Equivalents | (15,750) |
| Cash and Cash Equivalents – Beginning of Year | 213,042 |
| Cash and Cash Equivalents – End of Year | \$197,292 |

(Continued)

**Waterworks District No. 7
Keithville, LA**

**Statement of Cash Flows
(Concluded)**

| <i>Year Ended December 31,</i> | 2008 |
|---|------------------|
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income | \$159,078 |
| Depreciation expense | 68,200 |
| Change in operating assets and liabilities: | |
| Decrease in accounts receivable | 5,428 |
| Increase in accounts payable and accrued expenses | 13,265 |
| Increase in meter deposits | 10,549 |
| Net cash provided by operating activities | \$256,520 |

See accompanying summary of accounting policies and notes to financial statements

Waterworks District No. 7 Keithville, LA

Summary of Accounting Policies

| | |
|------------------------------|---|
| Business | Waterworks District No. 7, Keithville, Louisiana (a component unit of Caddo Parish, Louisiana) was created by ordinance on January 8, 1975 as provided under Louisiana Revised Statutes 33:3811. The purpose of the District is to provide water service to the residents of District No. 7. The District is governed by a five person board of commissioners appointed by the Caddo Parish Commission. Commissioners of the District serve five-year terms and are compensated as provided in Louisiana Revised Statutes 33:3819. The District is comprised of property in southwest Caddo Parish, Louisiana and serves approximately 1,600 residential and commercial customers. Operations consist of seven (7) wells, five treatment plants and approximately 72 miles of water lines. The District employs five full-time employees. |
| Basis of Presentation | The financial statements of the Waterworks District No. 7, Keithville have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below. |
| Basis of Accounting | The District utilizes the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded at the time the liabilities are created. |
| Investments | Investments are stated at the lower of cost or market. |
| Revenue | Ad valorem taxes are levied on January 1 and due on December 31. Current collections represent amounts levied in prior years as the District no longer levies taxes. Fees for water, meters and connection charges are recognized when earned. |
| Compensated Absences | Compensated absences for vacation are accrued up to a maximum of 400 hours. |

Waterworks District No. 7 Keithville, LA

Summary of Accounting Policies (Concluded)

| | | | | | |
|------------------------------------|--|------------------------------------|-------------|----------------------------------|------------|
| Cash and Cash Equivalents | Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an original maturity of three months or less. | | | | |
| Accounts Receivable | Uncollectible amounts due for accounts receivable are recognized using the allowance method. The allowance for uncollectible accounts at December 31, 2008, was \$5,600. | | | | |
| Capital Assets | <p>Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.</p> <p>Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:</p> <table><tr><td>Distribution and treatment systems</td><td>15-50 years</td></tr><tr><td>Building, equipment and vehicles</td><td>5-15 years</td></tr></table> | Distribution and treatment systems | 15-50 years | Building, equipment and vehicles | 5-15 years |
| Distribution and treatment systems | 15-50 years | | | | |
| Building, equipment and vehicles | 5-15 years | | | | |

Waterworks District No. 7 Keithville, LA

Notes to Financial Statements

1. Ad Valorem Taxes The general obligation bonds to be paid by property tax revenues were retired in 2005 and, accordingly, the District no longer levies the related taxes. Property taxes represent taxes levied prior to 2005 that were collected in the current year.

2. Plant, Property and Equipment At December 31, 2008, plant, property and equipment is comprised of the following:

| | |
|--|-------------|
| Water distribution system | \$2,167,577 |
| Water treatment plants | 515,018 |
| Equipment | 51,312 |
| Office furniture, fixtures and equipment | 36,410 |
| Land | 25,200 |
| Transportation equipment | 44,941 |
| Meters | 16,896 |
| Buildings | 15,866 |
| | |
| Plant, property and equipment | 2,873,220 |
| Less - accumulated depreciation | (912,880) |
| | |
| Plant, property and equipment, net | \$1,960,340 |

3. Cash and Cash Equivalents At December 31, 2008, all cash and cash equivalents (book balances) were held in demand deposit accounts.

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 fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2008, the district has \$205,407 in deposits (collected bank balances). These deposits are protected from risk by \$250,000 of federal deposit insurance..

Waterworks District No. 7 Keithville, LA

Notes to Financial Statements (Continued)

4. **Long-Term Debt** The following is a summary of bond transactions of the District for the year ended December 31, 2008:

| | Purchase Money Mortgages | Utility Revenue Bonds |
|----------------------------------|--------------------------------|-----------------------------|
| Balance, January 1, 2008 | \$9,031 | \$1,557,208 |
| Principal payments | (9,031) | (38,912) |
| Balance, December 31, 2008 | \$ - | \$1,518,296 |

Bonds payable at December 31, 2008, is comprised of the following issues:

Utilities Revenue Bonds

| | |
|--|-----------|
| \$142,000 Revenue Bonds dated August, 1981; due in annual installments ranging from \$4,000 to \$8,000, plus interest at 5%, through August 2021 | \$ 76,000 |
| \$340,000 Water Revenue Bonds dated March, 1992; due in annual installments of \$23,100, including interest at 6.125%, through August 2033 | 286,082 |
| \$643,000 Water Revenue Bonds (initial funding in 2004 totaled \$370,000) dated December, 2004; due in monthly installments of \$2,971, including interest at 4.625%, through September 2044 | 623,214 |

(Continued)

**Waterworks District No. 7
Keithville, Louisiana**

**Notes to Financial Statements
(Continued)**

| | | |
|--|--|---------|
| 4. Long-term Debt – (continued) | \$588,000 Water Revenue Bonds dated June 2006; due in annual installments ranging from \$21,000 to \$49,000, plus interest at 4.75% through August 2023 | 533,000 |
|--|--|---------|

| | |
|--------------------------------|--------------------|
| Total Utilities Revenue | \$1,518,296 |
|--------------------------------|--------------------|

The annual requirements to amortize all debts outstanding at December 31, 2008, including \$1,316,368 in interest, are as follows:

| Year Ending December 31 | Utility Revenue Bonds |
|----------------------------|-----------------------------|
| 2009 | \$115,865 |
| 2010 | 116,525 |
| 2011 | 117,090 |
| 2012 | 117,556 |
| 2013-2017 | 585,943 |
| 2018-2022 | 582,480 |
| 2023-2027 | 345,065 |
| 2028-2032 | 293,093 |
| 2033-2037 | 178,240 |
| 2038-2042 | 178,240 |
| 2043-2045 | 64,668 |
| Total | \$2,694,765 |

5. Investments Investments, including restricted accounts, are comprised of the following at December 31, 2008:

| | |
|-------------------------|------------------|
| Money market funds | \$128,495 |
| Certificates of deposit | 536,468 |
| Bonds | 95,917 |
| Total | \$760,880 |

**Waterworks District No. 7
Keithville, Louisiana**

**Notes to Financial Statements
(Concluded)**

6. Operating Leases The District has entered into six operating leases for plots of land, of which five are for the production of water and one is for stand pipe and for office equipment. The following is a schedule by years of future rental payments required under operating leases having remaining noncancellable lease terms in excess of one year as of December 31, 2009 - \$3,109, December 31, 2010 through December 31, 2013 - \$2,700 each year and 2014 and thereafter - \$37,800.

7. Restricted Investments Restricted investment accounts comprised the following as of December 31, 2008:

| | |
|-------------------------------------|-----------|
| Reserve Fund | \$120,000 |
| Note Revenue Fund | 33,423 |
| Depreciation and Contingency Fund | 53,056 |
| <hr/> | |
| Restricted by Bond Agreements | 206,479 |
| <hr/> | |
| Restricted for Capital Expenditures | 240,588 |
| <hr/> | |
| Total | \$447,067 |

Supplemental Material



**Caddo Parish Waterworks District No. 7
Keithville, Louisiana**

**Statement of Revenue, Expenditures, and Changes in Fund
Balance – Budget and Actual (GAAP Basis)**

Year Ended December 31, 2008

| | <u>Budget Amounts</u> | | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|-----------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Water Sales | \$ 560,000 | \$ 586,000 | \$ 581,861 | \$ (4,139) |
| New meter installation, member fees, finance charges and reconnect charges | 44,100 | 43,915 | 30,241 | (13,674) |
| Miscellaneous | 500 | 775 | 825 | 50 |
| Investment income | 24,000 | 30,450 | 36,034 | 5,584 |
| Ad valorem taxes | - | 100 | 97 | (3) |
| Total revenues | 628,600 | 661,240 | 649,058 | (12,182) |
| Expenditures: | | | | |
| Operating expenditures | 427,765 | 452,355 | 453,946 | (1,591) |
| Interest | 70,000 | 83,750 | 76,790 | 6,960 |
| Total expenditures | 497,765 | 536,105 | 530,736 | 5,369 |
| Excess of revenue over expenditures | \$ 130,835 | \$ 125,135 | \$ 118,322 | \$ (6,813) |

Waterworks District No. 7
Keithville, Louisiana
Compensation Paid to Board Members
Year Ended December 31, 2008
Schedule 1

A schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the Louisiana Legislature.

| <u>Commissioner</u> | <u>Term Expires</u> | <u>Amount</u> |
|---------------------------|---------------------|----------------|
| Mary Collier | January 8, 2012 | \$1,560 |
| Jewel Wagoner | January 8, 2010 | 1,440 |
| Ann Osment | January 8, 2009 | 1,500 |
| Steve Mikovich, President | January 8, 2008 | 1,500 |
| Jimmy Edwards | January 8, 2010 | 1,500 |
| Total Compensation | | \$7,500 |

**Waterworks District No. 7
Keithville, Louisiana
Prior Audit Findings and
Management Letter Comments
Year Ended December 31, 2008
Schedule 2**

None



Shreveport Office
624 Travis Street
Suite 800
Shreveport, LA 71101
Phone: 318.221.3615
Fax: 318.426.2604

Dallas Office
2428 N. Central Expwy
Suite 200
Richardson, TX 75080
Phone: 972.238.6900
Fax: 972.238.5920

www.rbm.com

**Independent Auditors' Report on Compliance
and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements
Performed in Accordance with *Governmental
Auditing Standards***

Board of Commissioners
Waterworks District No. 7
Keithville, Louisiana

We have audited the financial statements of the Caddo Waterworks District No. 7, a component unit of the Caddo Parish Commission, as of and for the year ended December 31, 2008, and have issued our report thereon dated June 19, 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.

Compliance

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

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 the District's ability

to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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 the District's internal control.

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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended for the information of the District's management, the Board of Commissioners, the Caddo Parish Commission, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

RBM LLP

Certified Public Accountants

Shreveport, Louisiana
June 19, 2009

**Waterworks District No. 7
Keithville, Louisiana**

Summary of Audit Results

December 31, 2008

Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the financial statements of the Waterworks District No. 7.
2. No instances of noncompliance were reported in the auditors' report on compliance.
3. No significant deficiencies in internal accounting control were reported in the auditors' report on internal control.
4. A separate management letter was not issued.