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**WATERWORKS DISTRICT NO. 9
OF WARD 4 OF CALCASIEU
PARISH, LOUISIANA
Sulphur, Louisiana**

**Annual Financial Report
December 31, 1999 and 1998**

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 MAY 31 2000

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Founded in 1978

BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Waterworks District No. 9 of Ward 4
of Calcasieu Parish, Louisiana
Sulphur, Louisiana

We have audited the accompanying balance sheets of Waterworks District 9 of Ward 4 of Calcasieu Parish, Louisiana, component unit of Calcasieu Parish Police Jury, as of December 31, 1999 and 1998, and the related statements of revenues, expenses, and changes in retained earnings, and cash flows for the years then ended. 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 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Waterworks District 9 of Ward 4 of Calcasieu Parish, Louisiana as of December 31, 1999 and 1998, 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 April 28, 2000 on our consideration of Waterworks District 9 of Ward 4 of Calcasieu Parish, Louisiana's internal control structure and a report dated April 28, 2000 on its compliance with laws and regulations.

Broussard & Company

Lake Charles, Louisiana
April 28, 2000
/dkb

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WATERWORKS DISTRICT NO. 9 OF WARD 4
Sulphur, Louisiana
Balance Sheets
As of December 31,

	1999	1998
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 298,897	\$ 321,601
Investments	846,890	492,068
Receivables (net of allowance for uncollectibles of \$8,890 for 1999 and \$4,550 for 1998):		
Water accounts	82,916	90,670
Unbilled	46,577	46,368
Taxes - ad valorem - maintenance	101,109	90,648
Interest	606	4,424
Inventory	11,445	10,900
Prepaid insurance	1,734	1,644
	1,390,174	1,058,323
RESTRICTED ASSETS		
Cash and cash equivalents - revenue bonds	67,523	70,583
Cash and cash equivalents - construction	5,626	2,035,591
Investments - construction	1,412,201	-
Certificate of deposit - revenue bonds	380,000	380,000
Cash - sinking fund - general obligations bonds	387,898	311,892
Taxes - ad valorem - sinking fund	195,191	244,993
	2,448,439	3,043,059
PROPERTY, PLANT, AND EQUIPMENT		
Furniture, fixtures, and equipment	44,170	39,702
Vehicles	60,702	60,702
Plant and distribution system	8,461,591	7,794,866
	8,566,463	7,895,270
Less: accumulated depreciation and amortization	(2,503,907)	(2,293,888)
	6,062,556	5,601,382
Construction in progress	128,843	4,042
Land	89,625	89,625
	6,281,024	5,695,049
TOTAL ASSETS	\$ 10,119,637	\$ 9,796,431

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

WATERWORKS DISTRICT NO. 9 OF WARD 4
Sulphur, Louisiana
Balance Sheets
As of December 31,

	1999	1998
LIABILITIES AND RETAINED EARNINGS		
CURRENT LIABILITIES		
Accounts payable	\$ 56,350	\$ 85,635
Payroll taxes and retirement payable	5,110	3,490
Sales tax payable	2,507	2,403
Wages payable	2,367	1,724
Due to DOTD	26,162	26,162
	92,496	119,414
CURRENT LIABILITIES (Payable from Restricted Assets)		
Interest payable - general obligation bonds	31,446	33,446
Current portion of revenue bonds	115,000	110,000
Current portion of general obligation bonds	80,000	75,000
	226,446	218,446
LONG-TERM LIABILITIES		
Revenue bonds (net of current portion and deferred loss)	4,491,100	4,605,349
General obligation bonds (net of current portion)	1,845,000	1,925,000
	6,336,100	6,530,349
Total Liabilities	6,655,042	6,868,209
RETAINED EARNINGS		
Reserved per revenue bond indentures	332,523	340,583
Designated for construction	1,417,827	2,035,591
Designated for general obligation bonds	471,643	448,439
Unreserved	1,242,602	103,609
	3,464,595	2,928,222
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 10,119,637	\$ 9,796,431

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

WATERWORKS DISTRICT NO. 9 OF WARD 4
Sulphur, Louisiana
Statements of Revenue, Expenses, and Changes in Retained Earnings
For The Years Ended December 31,

	<u>1999</u>	<u>1998</u>
OPERATING REVENUES		
Water sales and fees	\$ 1,110,250	\$ 1,069,180
 OPERATING EXPENSES		
Wages - plant	174,051	145,785
Payroll tax and employee benefits	35,858	32,823
Amortization expense	17,489	43,132
Comissioner fees	4,200	4,500
Contract labor	7,374	5,307
Depreciation expense	216,358	189,347
Insurance	13,573	21,429
Legal expenses	13,740	12,805
Meter reading	27,170	25,070
Miscellaneous	13,527	8,709
Office supplies	14,738	13,033
Plant supplies	40,773	43,351
Repairs and maintenance	33,389	117,138
Telephone	11,346	9,231
Utilities	41,224	40,515
Repairs - vehicle	6,119	2,299
Bad debt expense	4,340	489
Total Operating Expenses	<u>675,269</u>	<u>714,963</u>
 INCOME FROM OPERATIONS	 <u>434,981</u>	 <u>354,217</u>
 NON-OPERATING REVENUES (EXPENSES)		
Ad valorem taxes - sinking fund	180,820	256,042
Ad valorem taxes - maintenance	93,665	94,735
Interest income	102,387	89,749
Miscellaneous	53,079	35,197
Revenue sharing	6,561	6,561
Interest expense	(335,120)	(323,919)
Total Non-Operating Revenues	<u>101,392</u>	<u>158,365</u>
 NET INCOME	 <u>536,373</u>	 <u>512,582</u>
 RETAINED EARNINGS - Beginning of Year	 <u>2,928,222</u>	 <u>2,415,640</u>
RETAINED EARNINGS - End of Year	<u><u>\$ 3,464,595</u></u>	<u><u>\$ 2,928,222</u></u>

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

WATERWORKS DISTRICT NO. 9 OF WARD 4
Sulphur, Louisiana
Statements of Cash Flows
For The Years Ended December 31,

	1999	1998
Cash Flows From Operating Activities:	\$ 434,981	\$ 354,217
Operating income		
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	216,358	189,347
Provisions for bad debts	4,340	489
Amortization	17,489	43,132
(Increase) decrease in receivables	46,364	(62,320)
(Increase) decrease in prepaid insurance	(90)	284
Increase (decrease) in accounts payable and other accrued expenses	(28,917)	107,468
	255,544	278,400
Total Adjustments		
Net Cash Provided (Used) by Operating Activities	690,525	632,617
Cash Flows Form Investing Activities:		
Interest income	102,387	89,749
Redemption of certificate of deposit	-	300,000
Investment in LAMP	(1,767,024)	(492,068)
	(1,664,637)	(102,319)
Net Cash Provided (Used) by Investing Activities		
Cash Flows From Capital and Related Financing Activities:		
Capital expenditures for plant and equipment	(784,499)	(127,403)
Principal payments on bonds	(185,000)	(105,000)
Current bond issue proceeds	-	2,000,000
Bond issue costs	-	(30,887)
Ad valorem taxes	274,485	361,072
Intergovernmental - revenue sharing	6,561	6,561
Interest expense	(372,930)	(323,919)
Other	55,771	54,626
	(1,005,611)	1,835,050
Net Cash Provided (Used) by Capital and Related Financing Activities		
Net Increase (Decrease) in Cash	(1,979,723)	2,365,348
Cash and Cash Equivalents - Beginning of Year	2,739,667	374,319
Cash and Cash Equivalents - End of Year	\$ 759,944	\$ 2,739,667
Cash and Cash Equivalents:		
Cash - unrestricted	\$ 298,897	\$ 321,601
Cash - restricted	461,047	2,418,066
	\$ 759,944	\$ 2,739,667
Supplemental Disclosure:		
Cash paid for interest (net of amount capitalized)	\$ 337,120	\$ 290,473

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

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements
December 31, 1999 and 1998**

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana conform to generally accepted accounting principles 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, Audits of State and Local Governmental Units.

GASB No. 20 requires that governments' proprietary activities apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins. 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. The following is a summary of the more significant policies:

Financial Reporting Entity

This report includes all funds and account groups 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 foregoing criteria, the Waterworks District No. 9 has no other fiscal or significant managerial responsibility over any other governmental unit that is not included in the financial statements of the Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana. The district is a component unit of the Calcasieu Parish Police Jury.

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.

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 1999 and 1998**

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

Estimates

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

Property, Plant, and Equipment and Long-Term Liabilities

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 fixed assets 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, fixtures, and equipment	3 - 15 years
Vehicles	5 years
Plant and distribution system	40 years

All fixed assets are stated at historical cost. Depreciation amounted to \$216,358 for the year ended December 31, 1999 and \$189,347 for the year ended December 31, 1998.

The various fees incurred in connection with obtaining and issuing the general obligation and revenue bonds have been capitalized and are being amortized over a period of fifteen to twenty-five years using the interest method. Amortization expense amounted to \$17,489 for the year ended December 31, 1999 and \$43,132 for the year ended December 31, 1998.

Cash and Cash Equivalents

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

Inventory

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

Capitalization of Interest - FAS-34 (Capitalization of Interest Costs) requires that interest expenditures incurred during construction of assets be capitalized. FAS-62 (Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants) concludes that constructed assets financed with the proceeds of tax-exempt debt (if those

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 1999 and 1998**

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

funds are externally restricted to finance the acquisitions of the asset or used to service the related debt) should include capitalized interest only to the extent that interest cost exceeds interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowing. Net interest costs capitalized totaled \$37,810 and \$41,960 during 1999 and 1998, respectively.

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, 1999, taxes of 7.59 mills were levied on property with assessed valuations, net of homestead exemption. Total taxes levied was \$331,665. Taxes receivable at December 31, 1999 were \$296,300, all of which were considered collectible. The 7.59 mills were dedicated as follows:

Maintenance fund	2.59 mills
Sinking fund	5.00 mills

Note 3 - Changes in Long-Term Debt

The following is a summary of bond payable transactions of the District for the year ended December 31, 1999:

	General Obligation	Revenue	Total
Outstanding at December 31, 1998	\$2,000,000	\$4,715,349	\$6,715,349
Bonds retired	(75,000)	(110,000)	(185,000)
Deferred loss amortization	-	751	751
Outstanding at December 31, 1999	<u>\$1,925,000</u>	<u>\$4,606,100</u>	<u>\$6,531,100</u>

Long-term debt at December 31, 1999 consists of the following:

General obligation bonds:

\$2,000,000 General Obligation Waterworks Improvement Bonds of Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana due in annual installments of \$75,000 to \$195,000 through March 1, 2013; interest at 4.1 % to 8.0%	\$1,925,000
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**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 1999 and 1998**

Note 3 - Changes in Long-Term Debt (Continued):

Revenue bonds:

\$5,015,000 Waterworks Revenue Refunding Bonds, Series 1996, due in annual installments of \$95,000 to \$375,000 through January 1, 2021; interest at 4.3% to 6%	<u>\$4,606,100</u>
	<u>\$6,531,100</u>

The District issued the above bonds to refund the revenue bonds that were due to Farmer's Home Administration. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$31,566. This amount is being netted against the new debt and amortized over the new debt's life, which is shorter than the life of the refunded debt.

The annual requirements to amortize all debt outstanding as of December 31, 1999, including interest payments of \$4,146,774, are as follows:

Year Ending December 31,	General Obligation	Revenue	Total
2000	\$ 171,138	\$ 381,750	\$ 552,888
2001	169,538	385,476	555,014
2002	172,338	383,654	555,992
2003	170,538	386,294	556,832
2004	185,078	383,456	568,534
Thereafter	<u>1,751,031</u>	<u>6,137,583</u>	<u>7,888,614</u>
Total	<u>\$ 2,619,661</u>	<u>\$ 8,058,213</u>	<u>\$10,677,874</u>

The revenue bonds are to be retired from the income and revenues derived from the operation of the System of the Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana.

Note 4 - Accumulated Unpaid Vacation and Sick Pay

There was no liability for accumulated unpaid vacation and sick pay at December 31, 1999 and 1998.

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 1999 and 1998**

Note 5 - Board of Commissioners' Fees

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

Mary Ellender	\$ 720
Larry Mouton	900
Byron Chamblee	840
Vito Tramonte	900
Jim Mitchell	<u>840</u>
Total	<u>\$ 4,200</u>

Note 6 - Cash, Cash Equivalents, and Investments

At December 31, 1999, the District has cash and certificates of deposit (book balances) totaling \$1,139,944 as follows:

Demand deposits	\$ 703,109
Certificate of deposit	<u>436,835</u>
Total	<u>\$ 1,139,944</u>

A reconciliation of cash and certificates of deposit follows:

Cash on hand	\$ 400
Carrying amount of deposits	<u>1,139,544</u>
	<u>\$ 1,139,944</u>
Cash and cash equivalents	\$ 759,944
Certificates of deposit (non-cash equivalents)	<u>380,000</u>
	<u>\$ 1,139,944</u>

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 fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1999, the District had \$1,147,221 in deposits (collected bank balances). These deposits are secured from risk by \$250,647 of federal deposit insurance and \$1,295,025 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 1999 and 1998**

Note 6 - Cash, Cash Equivalents, and Investments (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 bank has failed to pay deposited funds upon demand.

Under state law, the municipality 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 Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. The carrying amount of the District's investment in LAMP was \$2,259,092 as of December 31, 1999 and \$492,068 as of December 31, 1998.

Note 7 - Other Information

The District had 2,682 active metered customers at December 31, 1999.

Note 8 - Construction in Progress

The District has two significant construction projects in progress at December 31, 1999. The following is a schedule of these projects.

	<u>Estimated Total Costs</u>	<u>Costs Incurred To Date</u>	<u>Estimated Completion Date</u>
Ground Storage Tank	\$ 262,397	\$ 81,383	June 1, 2000
Water Line Improvement	503,991	35,265	November 7, 2000

Note 9 - Deferred Compensation Plan

The District provided a deferred compensation plan to all of its employees created in accordance with Internal Revenue Code Section 457. The District must contribute an amount equal to 5% of the employee's compensation. Pension expense for 1999 was \$8,543.

Note 10- Prior Year Balances

Certain prior year amounts have been reclassified to conform with current year presentation.



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CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

REPORT ON THE INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Waterworks District No. 9 of Ward 4
of Calcasieu Parish, Louisiana
Sulphur, Louisiana

We have audited the financial statements of Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana, as of and for the year ended December 31, 1999, and have issued our report thereon dated April 28, 2000.

We conducted our audit 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 financial statements are free of material misstatement.

The management of Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana, for the year ended December 31, 1999, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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Board of Commissioners
Waterworks District No. 9 of Ward 4
of Calcasieu Parish, Louisiana

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the primary government 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 structure and its operation that we consider to be material weaknesses as defined above.

This report is intended solely for the information of management and Waterworks District No. 9 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
April 28, 2000
/dkb



Founded in 1978

BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

COMPLIANCE REPORT BASED ON AN AUDIT OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Waterworks District No. 9 of Ward 4
of Calcasieu Parish, Louisiana
Sulphur, Louisiana

We have audited the financial statements of Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana, as of and for the year ended December 31, 1999, and have issued our report thereon dated April 28, 2000.

We conducted our audit 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 financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana compliance with certain provisions of laws, regulations, and contracts. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

This report is intended for the information of management, and Waterworks District No. 9 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
April 28, 2000
/dkb

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**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Schedule of Findings
December 31, 1999**

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. None.