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**WEST BATON ROUGE PARISH
WATER WORKS DISTRICT NO. 1****ANNUAL FINANCIAL REPORT****DECEMBER 31, 2003**

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 3-12-04

**WEST BATON ROUGE PARISH
WATER WORKS DISTRICT NO. 1
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DECEMBER 31, 2005**

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Board of Water Works Commissioners of the
West Baton Rouge Parish, Louisiana - Water Works District No. 1

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying general purpose financial statements of the West Baton Rouge Parish, Louisiana - Water Works District No. 1, a component unit of the West Baton Rouge Parish Council, as of and for the year ended December 31, 2003, 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 audit.

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. 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 audit provides 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 the West Baton Rouge Parish, Louisiana - Water Works District No. 1 as of December 31, 2003, and the results of that Parish's operations and cash flows of its Proprietary Fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying supplementary information in the foregoing table of contents is not necessary for a fair presentation of the general purpose financial statements, but is presented as additional analytical data. Such information, except for the schedule of insurance in Force marked "unaudited," has been subjected to the tests and other auditing procedures applied in the audit of the general purpose financial statements mentioned above. In our opinion, all of the additional information is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

INDEPENDENT AUDITORS' REPORT (continued)

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion on the financial statements for the West Baton Rouge Parish, Louisiana - Water Works District No. 1.



Metairie, Louisiana
January 30, 2004



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**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 Water Works Commissioners of the
West Baton Rouge Parish, Louisiana - Water Works District No. 1

We have audited the general purpose financial statements of the West Baton Rouge Parish, Louisiana - Water Works District No. 1, a component unit of West Baton Rouge Parish Council, as of and for the year ended December 31, 2003, and have issued our report thereon January 30, 2004. 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 West Baton Rouge Parish, Louisiana - Water Works District No. 1'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 West Baton Rouge Parish, Louisiana - Water Works District No. 1'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.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS (continued)**

This report is intended solely for the information and use of management and the Legislative Auditors and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Shreveport, Louisiana
January 30, 2004

FINANCIAL STATEMENTS

EXHIBIT A

WEST BATON ROUGE PARISH WATER WORKS DISTRICT NO. 1
BALANCE SHEET
DECEMBER 31, 2003 AND 2002

ASSETS	2003	2002
Current Assets:		
Cash in banks	\$ 175,115	\$ 138,966
Investment in certificates of deposit	171,513	169,555
Interest receivable	-	-
Accounts receivable	36,248	35,930
Taxes receivable - Ad valorem	33,229	35,074
Prepaid insurance	1,182	907
Total Current Assets	418,287	379,432
Restricted Assets:		
Cash in banks	17,934	15,934
Deferred compensation benefit investments	35,910	31,187
Total Restricted Assets	54,844	47,121
Property, Plant and Equipment:		
Water system	1,496,662	1,467,940
Office equipment	33,661	13,661
	1,530,323	1,481,601
Less accumulated depreciation	(1,003,748)	(949,189)
	526,575	532,412
Land	16,607	16,607
Total Property, Plant and Equipment	543,182	548,393
TOTAL ASSETS	\$ 963,797	\$ 975,916

(Continued)

The accompanying notes are an integral part of this statement.

EXHIBIT A

WEST BATON ROUGE PARISH WATER WORKS DISTRICT NO. 1
BALANCE SHEET
DECEMBER 31, 2003 AND 2002

LIABILITIES AND FUND EQUITY	<u>2003</u>	<u>2002</u>
Current Liabilities:		
Payable from Current Assets -		
Accounts payable	\$ 5,790	\$ 5,790
Sales and payroll taxes payable	504	790
Retainage payable	-	-
Garbage and sewer fees payable	30,847	30,455
Interest payable	877	1,895
Current portion of note payable	7,500	(8,500)
	<u>35,994</u>	<u>24,290</u>
Payable from Restricted Assets -		
Customer deposits	17,934	15,934
Deferred compensation due employees	36,510	31,187
	<u>54,444</u>	<u>47,121</u>
Long-Term Liabilities		
Note payable	80,000	87,000
	<u>80,000</u>	<u>87,000</u>
Total Liabilities	<u>136,078</u>	<u>138,199</u>
Fund Equity:		
Contributed Capital -		
Railroad	38,070	38,070
Federal grants	304,000	304,000
Municipality	2,600	2,600
Parish	8,625	8,625
Construction fund	140,000	140,000
Total Contributed Capital	<u>642,195</u>	<u>642,195</u>
Retained Earnings		
Unreserved	312,834	293,133
Total Retained Earnings	<u>312,834</u>	<u>293,133</u>
Total Fund Equity	<u>955,029</u>	<u>935,328</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 993,787</u>	<u>\$ 973,528</u>

The accompanying notes are an integral part of this statement.

EXHIBIT B

**WEST BAYTON ROUGE PARISH WATER WORKS DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
OPERATING REVENUE		
Water sales	\$126,073	\$121,080
Fees	9,968	18,374
Inventories and other fees	9,650	13,787
Total Operating Revenue	<u>145,691</u>	<u>153,241</u>
OPERATING EXPENSES		
Salaries	52,948	52,373
Payroll taxes	702	691
Per diem	6,168	6,090
Maintenance - labor	71,238	73,818
Maintenance - materials	14,743	13,651
Water treatment supplies	91,857	11,626
Office supplies and postage	5,508	4,383
Utilities	7,830	8,774
Insurance	14,917	11,173
Telephone	1,512	1,438
Professional services	3,101	2,608
Membership and association dues	878	862
Outgoing expense	588	812
Miscellaneous	1,285	3,751
Depreciation	54,579	54,717
Bad debt expense	185	4,212
Total Operating Expense	<u>182,947</u>	<u>184,328</u>
OPERATING INCOME (LOSS)	<u>62,744</u>	<u>(31,087)</u>
NON-OPERATING REVENUE		
Rural development grants	-	-
All valuations	38,075	38,482
Revenue sharing	3,000	3,075
Interest revenue	4,669	3,287
Other revenue	1,988	332
Lease income	11,040	3,840
Total Non-Operating Revenue	<u>68,772</u>	<u>59,916</u>
NON-OPERATING EXPENSE		
Interest expense	3,047	3,020
Total Non-Operating Expense	<u>3,047</u>	<u>3,020</u>
NET INCOME (LOSS)	<u>127,469</u>	<u>27,815</u>
RETAINED EARNINGS, BEGINNING	<u>283,153</u>	<u>282,970</u>
RETAINED EARNINGS, ENDING	<u>\$410,938</u>	<u>\$310,785</u>

The accompanying notes are an integral part of this statement.

MIDT BAYON ROUGE WATERWORKS DISTRICT NO. 1
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2002 AND 2003

EXHIBIT C

	2002	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash provided by operating activities:		
Net operating income	(638,260)	(541,504)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	64,570	64,717
Change in Assets and Liabilities:		
Decrease (increase) in accounts receivable	(215)	7,887
Increase (Decrease) in prepaid insurance	(285)	(265)
Increase (Decrease) in accounts payable	(84)	1,675
Decrease in interest payable	(58)	(58)
Increase (Decrease) in sales and payroll taxes payable	(281)	170
Decrease in retained payable	-	-
Decrease (increase) in garbage and sewer fees payable	380	(717)
Net Cash Provided by (Used for) Operating Activities	14,174	21,882
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Ad valorem taxes	39,675	38,480
Revenue sharing	3,089	3,075
Lease income	11,040	9,640
Change in Assets:		
Increase in taxes receivable	1,848	(23,687)
Net Cash Provided by (Used for) Financing Activities	65,637	27,508
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(26,706)	(17,241)
Change in liabilities payable from restricted assets -		
Increase in customer deposits	1,570	3,508
Principal payment on loan	(6,500)	(6,500)
Interest payment on loan	(3,347)	(3,220)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(34,483)	(23,955)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest revenue	1,050	1,287
Other income	1,985	332
Investment in certificates of deposit	(3,458)	(852)
Change in Assets -		
Increase/Decrease in interest receivable	-	-
Net Cash Provided by (Used for) Investing Activities	1,577	1,644
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	41,285	26,079
CASH AND CASH EQUIVALENTS, BEGINNING	156,960	128,841
CASH AND CASH EQUIVALENTS, ENDING	\$ 198,245	\$ 154,920

The accompanying notes are an integral part of this statement.

WEST BATON ROUGE PARISH WATER WORKS DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

1. Summary of Significant Accounting Policies

West Baton Rouge Parish Water Works District No. 1 was created by the West Baton Rouge Parish Council as provided by Louisiana Revised Statutes 33:3811-3821. The "District" is governed by a board of commissioners, appointed by the Parish Council. The District is responsible for providing water service within the boundaries of District No. 1. The District employs three part-time employees.

A. Basis of Presentation

The accompanying financial statements conform to generally accepted accounting principles (GAAP) as applicable to governmental units. Such accounting and reporting procedures also conform to the requirements of LRS 24:217 and the industry audit guide, *Audits of State and Local Governmental Units*, issued by the American Institute of Certified Public Accountants.

B. Reporting Entity

As the governing authority of the parish, for reporting purposes, the West Baton Rouge Parish Council is the financial reporting entity of West Baton Rouge Parish. The financial reporting entity consists of (a) the primary government (Parish Council), (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 Statement No. 14 established criteria for determining which component units should be considered part of the West Baton Rouge Parish Council 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. The criteria include: (1) appointing a voting majority of an organization's governing body, and the ability of the Parish Council to impose its will on that organization, and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Council; (2) organizations for which the Parish Council does not appoint a voting majority but are fiscally dependent on the Parish Council; and (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.

Because the West Baton Rouge Parish Council appoints the governing board and because of the scope of public services, the District is deemed to be a component unit of West Baton Rouge Parish Council, the governing body of the parish and the governmental body with oversight responsibility.

The accompanying financial statements present only information on the funds maintained by the District and do not present information on the Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

WEST BATON ROUGE PARISH WATER WORKS DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

C. Fund Accounting

The District is organized and operated on the basis of funds whereby a separate self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues and expense. The operations are financed and operated in a manner similar to a private business enterprise - 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.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The Enterprise fund, as reported in the accompanying financial statements has been reported on the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when they are incurred.

Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. In October 1998, the voters of the District approved the millage renewal.

State revenue sharing income (which is based on population and homesteads in the parish), is received on a fiscal year period ending in June.

Unexpired insurance at the end of the year is recorded as a current asset. Salaries and other operating expenses are recorded as current expenses when they are incurred.

E. Budgetary Practices

The District does not utilize any formal budgetary controls in its reporting system.

F. Encumbrances

Encumbrance accounting is not employed by the District.

G. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, all restricted and unrestricted cash in banks (demand deposits, interest-bearing demand deposits and money market accounts) and highly liquid investments, having a maturity of three months or less when purchased are considered to be cash equivalents.

WEST BATON ROUGE PARISH WATER WORKS DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1993

II. Fixed Assets

The cost of property plants and equipment, including significant betterment to existing facilities and infrastructure is recorded in the enterprise fund on its balance sheet. Depreciation of all depreciable fixed assets are charged as an expense against operations and has been computed under the straight-line method based on the estimated useful lives of the individual assets. Estimated useful lives are as follows:

Office equipment	5 - 10 years
Plant equipment	10 - 30 years
Lease and improvement	10 - 30 years

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Depreciated assets are valued at their estimated fair value on the date donated.

I. Compensated Absences

Employees of the District work part-time, and therefore the District does not have a formal leave policy.

I. Change in Classifications

Certain assets and their related liability accounts have been reclassified from current assets and liabilities to restricted assets and liabilities payable from restricted assets. Current and prior year balances reflect this reclassification.

The asset and liability accounts for employees deferred compensation have been reclassified in such a manner to reflect the custodial nature of this arrangement. Refer to Footnote 6 which discusses the deferred compensation plan.

Likewise, cash held for customer utility deposits and the related liability have been reclassified from current assets and liabilities to restricted assets and liabilities payable from restricted assets. These deposits are refundable and are not available for current operations.

WEST BATON ROUGE PARISH WATER WORKS DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

2. Cash and Investments

Cash -

Under state law the District may deposit funds in demand deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At December 31, 2003 the carrying amount of the District's deposits was \$192,619 and the bank balance was \$192,789, which was entirely covered by federal depository insurance.

Investments -

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days.

The District holds investments in certificates of deposit as follows:

	<u>Carrying Amount</u>	<u>Rate</u>	<u>Maturity</u>	<u>Market Value</u>
<u>Unrestricted</u>				
American Gateway Bank	\$52,000	4.00%	5/13/2005	\$52,000
First Financial Bank	\$8,275	1.10%	3/08/2004	\$8,275
First Financial Bank	\$1,238	1.10%	3/15/2004	\$1,238

At December 31, 2003, the bank balance of investments of \$171,513, of which \$152,000 was covered by federal deposit insurance. Deposit collateral consisting of securities having a market value of \$293,813, held in the fiscal agent bank's name, was pledged to secure the remaining investments of \$ 19,513 (Risk Category 3).

3. Accounts Receivable

At December 31, accounts receivable from customers are comprised of the following:

	<u>2003</u>	<u>2002</u>
Water	\$ 13,150	\$ 13,820
Garbage	11,189	9,810
Sewer - Town of Abbeville	11,844	12,834
Annual State - 80W	0	10
	<u>36,245</u>	<u>36,630</u>
Less: Allowance for Doubtful Accounts	<u>(1,000)</u>	<u>(1,000)</u>
	<u>\$ 35,245</u>	<u>\$ 35,630</u>

WEST BATON ROUGE PARISH WATER WORKS DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

4. Plant and Equipment

The following is a summary of the changes in property, plant and equipment:

	Balance 1/1/2003	Additions	Deletions	Balance 12/31/2003	Accumulated Depreciation	Book Value 12/31/2003
Water System	\$ 1,467,248	\$ 28,708	\$ -	\$ 1,495,956	\$ 987,014	\$ 508,942
Equipment	13,651	-	-	13,651	12,134	1,517
	<u>\$ 1,480,899</u>	<u>\$ 28,708</u>	<u>\$ -</u>	<u>\$ 1,510,205</u>	<u>\$ 1,003,748</u>	<u>\$ 506,457</u>

5. Components of Restricted Assets

December 31, 2003	Customer Deposits	Employee Deferred Compensation	Total
Cash	\$ 17,504	\$ -	\$ 17,504
Benefit Investments	-	36,510	36,510
Totals	<u>\$ 17,504</u>	<u>\$ 36,510</u>	<u>\$ 54,014</u>

6. Deferred Compensation Plan

In July 1993, the District adopted a deferred compensation plan for its part-time employees in accordance with Internal Revenue Code Section 457. The District does not make any contributions to the plan, and benefits are held by a third-party insurer in individual accounts for the participants. The deferred compensation is not available to employees until termination, retirement, death or emergency situations approved under the plan. All amounts of compensation deferred under the plan, and all income attributable to those amounts, are solely the property of the District, subject only to the claims of the District's general creditors. Participants' rights under the plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of District management that the District has no liability for losses under the plan but does have a duty of due care that would be required of an ordinary prudent investor.

WEST BATON ROUGE PARISH WATER WORKS DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

7. Certificate of Indebtedness, Series 2000

\$75,000 Certificate of Indebtedness, Series 2000 dated September 1, 2000. The certificates were issued in the form of two single fully registered certificates. One certificate is in the amount of \$60,000, due in annual installments of \$5,000 to \$9,000 through September 1, 2010. Interest at 5.75% is payable semi-annually. The second certificate is in the amount of \$15,000 due in annual installments of \$3,000 through September 1, 2005; interest rate at 8% per annum.

Certificate of Indebtedness, Series 2000 \$75,000

The annual requirements to amortize all debt outstanding as of December 31, 2003 including interest payments of \$13,225 are as follows:

Year Ending December 31	Amount
2004	\$ 8,800
2005	8,700
2006	10,473
2007	10,013
2008	10,583
2009	10,038
2010	<u>8,517</u>
	<u>\$ 70,225</u>

8. Flow of Funds and Restrictions on Use

For the payment of principal of and the interest on the Certificates, there is to be created a special fund to be known as "Waterworks District No. 1 of West Baton Rouge Parish, Louisiana, Certificate of Indebtedness Sinking Fund" or "Sinking Fund," said fund to be established and maintained with the regularly designated fiscal agent bank of the issuer. The issuer shall deposit in the Sinking Fund from the Pledged Revenues the amounts necessary, monthly in advance on or before the 20th day of each calendar month, commencing September 1, 2001, a sum equal to one-sixth (1/6) or other greater proportionate monthly amount of the interest falling due on the Certificates on the next Interest Payment Date and a sum equal to one-twelfth (1/12) or greater proportionate monthly amount of the principal falling due on the Certificates on the next Principal Installment Date, together with such additional proportionate sums as may be required to pay said principal and interest installments as the same become due. Amounts deposited in the Sinking Fund shall be expended solely for the payment of principal of and interest on the Certificates and the payment of any reasonable and necessary charges for Paying Agent services until the Certificates have been paid in full in principal and interest.

WEST BATON ROUGE PARISH WATER WORKS DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

The depository for the Sinking Fund shall transfer from the Sinking Fund to the Paying Agent at least one (1) day in advance of each Interest Payment Date funds fully sufficient to pay promptly the principal and interest falling on such date.

The Issuer hereby authorizes and directs the Paying Agent to pay, when due, maturing principal and interest falling due on each Interest Payment Date and Principal Payment Date from moneys transferred to the Paying Agent from said Sinking Fund by the depository bank.

It shall be specifically understood and agreed, however, and this provision shall be a part of this contract, that after the Issuer's Pledged Revenues have been set aside out of the revenues of any month sufficient to make the required pro rata deposit for such month, sufficient to pay principal and interest on the Certificates, then any excess of the Issuer's Pledged Revenues remaining in each month shall be available for expenditure by the issuer for its lawful purpose of operation of the issuer's water works system.

All moneys deposited with the regularly designated fiscal agent bank or banks of the issuer, for the account of the Sinking Fund, or the Paying Agent under the terms of this Resolution shall constitute funds for the benefit of the Owner of the Certificates, and shall be secured by said fiduciaries at all times to the full extent thereof in the manner required by law for the securing of deposits of public funds.

9. Related Party Transactions

In July 1986, the District entered into a contract with the West Baton Rouge Parish Council to collect garbage fees from water customers whose garbage is picked up under a private contract awarded by the Parish Council. The District retains a portion of collections as a fee, and is reimbursed by the Parish Council for uncollected charges when the water service is discontinued for non-payment. In August, 2002, the contract was extended until July 2004.

In April 1990, the District entered into a contract with the Town of Adita, Louisiana to invoice and collect sewer fees from water customers living within the Town. The original contract was valid for one year and was extended for one year in May 1991. The collection activity is on-going, and a new service agreement was signed effective February 4, 1999, to extend to December 31, 2000. The sewer rates are based on water usage, and customers may have their water service discontinued for non-payment of the sewer fees. No compensation is paid to the District, but the Town accepts customer payments for water, sewer and garbage charges on behalf of the District.

WEST BATON ROUGE PARISH WATER WORKS DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

The amount payable for garbage and sewer fees is detailed as follows:

	2003	2002
<u>West Baton Rouge Parish Council</u>		
Garbage fees	\$ 8,857	\$ 7,708
<u>Town of Abbe</u>		
Sewer fees	12,190	12,758
	\$ 20,847	\$ 20,466

18. Litigation

The District is involved in one lawsuit. The matter is entitled "Diana Lafolain, et al. v. West Baton Rouge Parish Waterworks District #1, et al". The suit stems from an alleged substandard test on a water sample. The suit is being completely covered by the District's insurer and has no financial impact on the District.

SUPPLEMENTARY INFORMATION

SCHEDULE I

WEST BATON ROUGE PARISH WATER WORKS DISTRICT NO. 1
 SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
 DECEMBER 31, 2003

The schedule of per diem paid to board members was prepared in compliance with House Concurrent Resolution No. 34 of the 1979 Session of the Legislature.

The per diem of the board members is included in the operating expenses of the enterprise fund. In accordance with Louisiana Revised Statute 73:2819, each member received \$60 for each regular monthly meeting they attended and \$18 for each special meeting.

<u>Board Member</u>	<u>Amount</u>
Hervé Bouquet	\$720
Shane Lopez	540
Gaston LeBlanc	720
Elin Dean Thibodeaux	660
Lytle Cloutier	720
Ray A. River	540
Louis LeClerc	540
Ernest Grant, Jr.	720
	<u>\$5160</u>

WEST BATH ROAD PARISH WATERWORKS DISTRICT NO. 1
 INSURANCE IN FORCE (UNAUDITED)
 PERIOD END 31. 03. 2003

Insurer	Type of Coverage	Amount	Policy Limitation	Term in Months
Travelers Indemnity Co. of Connecticut	Workers' Compensation	Statutory Limit	20000	12
Reliance Insurance Company	Commercial Property Liability	Limit \$400,000	20000	12
	Commercial General Liability	\$2,000,000 general aggregate limit	20000	12
	Commercial Crime Employee Dishonesty	\$100,000 limit	20000	12
	Fidelity or Alteration	\$5,000 limit	20000	12
	Boiler and Machinery	\$500,000 property damage coverage	20000	12
	Business Auto Liability	\$1,000,000 limit	20000	12
	Additional Building and Personal Property	Limit - various	20000	12
	Directors and Officers	\$1,000,000 annual aggregate	20000	12
	Umbrella Liability	\$1,000,000 annual aggregate	20000	12