

Varnado Waterworks District
Washington Parish Council
Varnado, Louisiana

Annual Financial Report
December 31, 2003 and 2002

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the city and other appropriate public officials. The report is available for public inspection at the District Office at the Legislative Auditor's and, where appropriate, at the office of the parish clerk of court.

Release Date 7-28-04

Yazoo Waterworks District
 Washington Parish Council
 Yazoo, Louisiana

Annual Financial Report
 December 31, 2000 and 2001
 With Supplemental Information Schedules

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Independent Auditor's Report

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MEMBER
A.I.P.A.

MEMBER
I.P.A.

Board of Commissioners
Vernado Waterworks District
Washington Parish Council
Vernado, Louisiana

Commissioners:

I have audited the accompanying financial statements of business-type activities of the Vernado Waterworks District, Vernado, Louisiana, a component unit of the Washington Parish Council, as of December 31, 2003 and 2002, which comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's Board of Commissioners. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Vernado Waterworks District. The information has been subjected to the auditing procedures applied in the examination of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

In my opinion, the financial statements and supplemental information referred to in the above paragraphs, present fairly, in all material respects, the financial position of the business-type activities of the Vernado Waterworks District, as of December 31, 2003 and 2002, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated May 21, 2004, on my consideration of the Vernado Waterworks District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

Management's Discussion and Analysis on pages 3-11 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. I have applied limited procedures, which consisted primarily of inquiry of management regarding the methods of measurement and presentation of the supplemental information. However, I did not audit the information and express no opinion on it.


William R. Darden, CPA

May 27, 2004

Management's Discussion and Analysis

Vernado Waterworks District
Washington Parish Council
Vernado, Louisiana

Management's Discussion and Analysis

Introduction

Vernado Waterworks District is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (hereinafter referred to as GASB 34), and related standards. Please read the following in conjunction with the District's financial statements and footnotes, which follow this section.

Financial Highlights

- Total assets for the year were \$1,877,340 at December 31, 2003, and exceeded liabilities to the amount of \$1,239,169 (i.e., net assets). Of the total net assets, \$1,521,713 was unrestricted and available to support short-term operations, with the balance invested in capital assets, net of related debt, or restricted for capital activity and debt service.
- Year five revenues (water sales) for the fiscal year ending December 31, 2003 remained relatively constant increasing to \$321,093 representing an approximate 1.84% increase from the total year five of \$316,164 for the fiscal year ending December 31, 2002. One of the reasons for the stability in total water sales was that there was only a small increase in the number of customers from December 31, 2002 to December 31, 2003.
- The District's operating expenses, consisting of those expenses resulting from the District's ongoing operations, other than interest expense and other non-operating expenses, increased by \$46,924 (11.89% increase) as compared to the prior fiscal year, totaling \$441,643 for the fiscal year ended December 31, 2003. The largest components of the increase in operating expenses was a \$22,151 and \$18,146 increase in salaries and interest expenses, respectively.
- Interest income from cash accounts and investments for the fiscal year ended December 31, 2003, totaled \$53,513 representing a decrease of \$1,818 from the prior fiscal year.
- Total long-term debt decreased from \$481,642 at December 31, 2002, to \$268,571 at December 31, 2003. The decrease is due primarily to the payment of principal on outstanding bonds.
- A total of \$161,000 has been awarded to the Washington Parish Council for a project that will benefit Vernado Waterworks District customers. The funding is through the Louisiana Community Development Block Grant (LCDBG) and will provide funding for a new well (LCDBG Well Site # 4).

Vermade Waterworks District
Washington Parish Council
Vermade, Louisiana

Management's Discussion and Analysis

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of Vermade Waterworks District's financial condition and performance.

The financial statements report information on the District using full accrual accounting methods similar to those used in the private-business sector. Financial statements include the Balance Sheet, Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. The Balance Sheet provides information about the nature and amount of the District's resources and obligations at year-end, and provides a basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The Statement of Revenues, Expenses, and Changes in Net Assets, accounts for the revenues and expenses for the fiscal year, and provides information on how net assets changed during the year. This statement measures the success of the District's operations in a format that can be used to determine if the District has recovered its costs through user fees and other charges.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities, and provides information on the source of cash receipts, what the cash was used for, and the total change in cash for the reporting period.

The notes to the financial statements provide required disclosures essential to an understanding of the financial statements. The notes present information about the District's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes a comparative budget schedule, key information schedules on operation of the District, and schedules detailing audit findings and management response, as well as required reports for Single Audit disclosure.

Financial Analysis

The purpose of financial analysis is to help determine whether Vermade Waterworks District is better off as a result of the current year's activities. In this analysis, data from two of the basic financial statements, the Balance Sheet, and the Statement of Revenues, Expenses, and Changes in Net Assets, are presented below in condensed format. These statements report the net assets, the difference between assets and liabilities, and the change in net assets, which provides information for indicating the financial condition of the District. Following these statements is a separate schedule summarizing and analyzing budget changes for the current fiscal year.

**Yarnold Waterworks District
Washington Parish Council
Yarnold, Louisiana**

Management's Discussion and Analysis

Condensed Balance Sheet

	December 31, 2003	December 31, 2002	Dollar Change	Percent Change
Current and Other Assets	\$ 1,521,096	\$ 1,314,883	\$ 206,213	15.68%
Capital Assets	1,235,383	1,261,410	(26,027)	-2.06%
Total Assets	<u>\$ 3,077,181</u>	<u>\$ 3,076,313</u>	<u>\$ 868</u>	<u>0.03%</u>
Long-Term Debt Outstanding	\$ 766,170	\$ 803,642	\$ (37,472)	-4.67%
Other Liabilities	81,841	83,148	(1,307)	-1.57%
Total Liabilities	<u>\$ 848,011</u>	<u>\$ 886,790</u>	<u>\$ (38,779)</u>	<u>-4.38%</u>
Invested in Capital Assets, Net of Related Debt	190,087	711,829	(521,742)	-73.29%
Restricted for Capital Activity and Debt Service	361,189	380,844	(19,655)	-5.16%
Unrestricted	1,232,773	1,228,688	4,085	0.33%
Total Net Assets	<u>2,229,170</u>	<u>2,189,521</u>	<u>\$ 39,649</u>	<u>1.81%</u>
Total Liabilities and Net Assets	<u>\$ 3,077,181</u>	<u>\$ 3,076,313</u>	<u>\$ 868</u>	<u>0.03%</u>

The major component of change for "Current and Other Assets" is a \$206,213 increase in operating cash, with the major increase consisting of a \$16,478, \$4,908 and \$5,180 for investments, due from other governments, and cash - depreciation & contingency, respectively.

"Capital Assets" decreased by \$25,027, reflecting \$80,365 reversion costs, \$4,348 for the LCDCO Well Site #4 and \$71,519 for the Military Road Generator project, and \$31,697 in net purchases for water system capital assets. In the depreciation recorded on capital assets of \$117,747 for the fiscal year ending December 31, 2003.

The decrease in "Long-Term Debt Outstanding" of \$37,472 is due to payment of principal on existing water revenue bonds for the District. A more detailed analysis of the changes in long-term debt is included in a following section entitled "Long-Term Debt Activity".

"Other Liabilities" increased by \$1,791, remaining relatively constant at a 1.72% increase compared to the prior year.

"Total Net Assets" (total assets less total liabilities) increased by \$39,649 for the fiscal year ending December 31, 2003, primarily because of the decreases noted above in "Long-Term Debt Activity".

Yarnado Waterworks District
Washington Parish Council
Yarnado, Louisiana

Management's Discussion and Analysis

Condensed Statement of Revenues, Expenses, and Change in Net Assets

	Year Ended December 31, 2000	Year Ended December 31, 2001	Dollar Change	Percent Change
Revenues				
Operating Revenues	\$ 409,790	\$ 440,329	\$ 30,539	7.49%
Non-operating Revenues	32,482	99,973	(67,491)	-68.15%
Total Revenues	532,272	540,302	(8,030)	-1.51%
Expenses				
Depreciation Expense	117,343	116,418	1,925	1.12%
Other Operating Expense	323,898	278,288	45,610	16.29%
Nonoperating Expense	49,285	49,746	(461)	-0.93%
Total Expenses	490,526	444,452	46,074	10.43%
Income (Loss) Before	41,746	133,850	(92,104)	
Prior Period Adjustment				
Prior Period Adjustment	(4,746)	-	(4,746)	
Changes in Net Assets	36,999	133,850	(96,851)	
Beginning Net Assets	2,192,571	2,058,721	133,850	
Ending Net Assets	\$ 2,229,570	\$ 2,192,571	\$ 36,999	

While the Balance Sheet shows the change in financial position of net assets, the Statement of Revenues, Expenses, and Changes in Net Assets provides answers to the nature and scope of these changes. The above table gives an indication of how Yarnado Waterworks District is being conservatively managed. Total "Operating Revenues" (including water sales and revenues related to providing water and related services to customers) remained fairly constant, as did the number of customers served by the District. Non-operating Revenues, consist of interest income, decreased by \$67,490, reflected primarily as a "Net Decrease in Fair Market Value of Investments" of \$20,645. For the category of expense most controllable by the District, "Other Operating Expense", there was a \$45,610 increase from the prior year with the largest increase of \$18,346 for increased insurance costs, with the balance of the increase due mostly to changes in salaries, maintenance supplies, and permit charges. "Other Operating Expense" includes expenditures for operations, other than for "Depreciation Expenses". The final category, "Non-operating Expense" includes interest expense which decreased by \$461 from the prior fiscal year.

The District showed a profit of \$26,998 for the fiscal year ended December 31, 2000, as compared to a profit of \$133,850 for the fiscal year ended December 31, 2001.

**Yamato Waterworks District
Washington Parish Council
Yamato, Louisiana**

Management's Discussion and Analysis

Budgetary Highlights

Yamato Waterworks District adopts an annual operating budget in accordance with requirements of the United States Department of Agriculture, Rural Utilities Service. This budget provides an estimate for the current fiscal year of the proposed expenditures and the revenues that will finance the operations of the District. The operating budget is adopted before the end of the prior fiscal year, and is amended by the Board of Commissioners after review of monthly budget-to-actual financial reports. A summary of the approved budget is presented below in a condensed format summarizing major revenue and expenditure categories, and is followed by analysis of significant variances between budget and actual amounts. Although not presented as a part of the basic financial statements, a more detailed schedule is also presented in "Schedule I - Budgetary Comparison Schedule", as supplementary information.

Budget vs. Actual - Fiscal Year Ended December 31, 2003

	Budget Year Ended December 31, 2003	Actual Year Ended December 31, 2003	Favorable (Unfavorable) Variance
Revenues			
Opening	\$ 490,150	\$ 498,790	\$ 8,640
Non-operating	40,908	32,482	(8,426)
Total Revenues	531,058	531,272	1,214
Operating Expenses:			
Accounting	12,800	18,560	1,440
Depreciation	122,800	117,747	4,253
Director Fees	4,800	3,840	508
Insurance	66,800	63,288	2,412
Maintenance Supplies	24,800	31,682	2,318
Office Expenses	12,800	18,973	2,820
Payroll Taxes	9,500	8,508	500
Plant Maintenance	4,800	3,146	804
Repairs & Installations	18,800	7,371	2,429
Salaries	118,800	124,928	(16,928)
Telephone	2,800	3,212	288
Travel	2,500	3,128	180
Utilities	16,500	46,863	(29,363)
Other Operating Expenses	41,200	37,209	23,981
Total Operating Expenses	418,180	441,643	(23,463)
Non-Operating Expenses			
Interest Expense	68,000	49,285	18,715
Total Non-operating Exp.	68,000	49,285	18,715
Total Expenses	486,180	490,928	3,132
Income (Loss) Before Capital Contributions	\$ 32,750	\$ 41,244	\$ 8,594

Varnado Waterworks District
Washington Parish Council
Varnado, Louisiana

Management's Discussion and Analysis

There was no significant variation between budgeted and actual "Operating" and "Non-operating Revenues", with the difference in "Non-operating Revenues" due primarily to change in the fair market values of investments for the District. Actual "Operating Expenses" were \$1,343 above budgeted "Operating Expenses". These factors, in addition to "Interest Expense", that was \$10,713 below budget, resulted in a positive variation of \$8,394 below budget.

Other Significant Trends and Account Changes

Included within this section is first a listing and analysis of general trends and operating data affecting the operation of the District. This is followed by an analysis of any significant account changes, not included within other sections of the Management's Discussion and Analysis.

General Operating Data

	December 31, 2000	December 31, 2001	Increase (Decrease)
Customers:			
Residential	1,254	1,318	64
Commercial	18	19	(1)
Schools	5	5	-
Prison	1	1	-
Total	1,338	1,343	5

The above table shows a customer increase of 55 from the prior fiscal year.

Vassado Waterworks District
Washington Parish Council
Vassado, Louisiana

Management's Discussion and Analysis

Other Significant Trends and Account Changes (Continued)

One key measure of a water utility's profitability, and the ability to generate positive cash flows, is the ability of the water system to collect accounts receivable on a timely basis. Presented below is an aged receivable listing for the fiscal years ending December 31, 2003, and 2002.

	Year Ended December 31, 2003	Year Ended December 31, 2002	Increase (Decrease)
0 - 30 Days Past Due	\$ 21,100	\$ 20,068	\$ 1,032
31 - 60 Days Past Due	5,150	6,077	(927)
61 - 90 Days Past Due	1,360	1,181	179
Over 90 Days Past Due	940	257	683
Total Accounts Receivable for Water (Before Allowance for Bad Debts)	\$ 28,550	\$ 27,583	\$ 967

There were no significant changes in the aging of receivables from the prior fiscal year, although there continues to be customers within the "31-60 days" category that are not paying billings on a timely basis.

Capital Assets

At the end of the fiscal year ending December 31, 2003, Vassado Waterworks District had \$1,355,583 (net of accumulated depreciation) recorded in capital assets. This includes water systems and improvements, the District's investment for the office building and storage for water system equipment and supplies, land owned for the office building site and for water well locations, and equipment and machinery, including vehicles, for water system operation. The changes in capital assets are presented in the table below.

	December 31, 2003	December 31, 2002	Dollar Change	Percent Change
Land	\$ 35,312	\$ 35,312	\$ -	0.00%
Buildings	121,178	123,178	-	0.00%
Vehicles	10,717	8,792	1,925	21.71%
Equipment	31,808	18,808	4,508	26.30%
Furniture and Fixtures	58,284	31,172	27,212	76.08%
Water Distribution System	3,184,374	3,166,829	17,545	0.05%
Construction in Progress	68,886	66,189	2,697	3.94%
Subtotal	3,582,275	3,499,410	111,865	3.20%
Less: Accumulated Depreciation	(2,086,692)	(1,888,947)	(1,17,747)	6.23%
Net Capital Assets	\$ 1,355,583	\$ 1,261,470	\$93,880	7.43%

Purchases of capital assets, from December 31, 2002 to December 31, 2003 increased by \$111,865. The major increases were for "Water Distribution System" consisting of \$73,919 in expenditures for the Military Road Generator project.

**Vernade Waterworks District
Washington Parish Council
Vernade, Louisiana**

Management's Discussion and Analysis

Long-Term Debt Activity

The primary source of long-term financing for Vernade Waterworks District water system improvements is revenue bonds financed by the United States Department of Agriculture, Rural Utilities Service (RUS), although, one of the revenue bonds was refunded by a private lending institution as Revenue Refunding Bonds, Series 2002. Interest financing, pending completion of construction, is generally financed by private financial institutions, or through low-interest programs of the Louisiana Public Facilities Authority. Interest rates for long-term debt financed through RUS and a private lending institution as December 31, 2003, range from 5.05% to 5.875%, with initial payment terms for bonds generally at 40 years.

Bonds financed for Vernade Waterworks District do not generally require a specific debt to net income or net cash flow ratio, but bond covenants do state that the District must set its water rates at a level necessary to fund debt service requirements and to pay for the normal operating expenses of the District. One measure of the operating performance of the District is the Debt to Net Assets ratio. This measure, viewed over time, yields a comparison of how the District has maintained a workable ratio of total debt to net resources of the District. An increase over an extended period of time would indicate that the District is increasing debt in relation to its operating performance, and management should analyze other factors, such as overall profitability, to ensure that total debt is increased only in relation to the income that will be earned by financed expansions. Two variations of the Debt to Assets Ratio, Total Debt to Net Assets and also Total Long-Term Debt to Net Assets, are presented below. As indicated, the ratios are only a measure of performance and should be reviewed over an extended period of time in combination with other factors that indicate the profitability of the District.

	December 31, 2003	December 31, 2002
Total Debt	\$ 848,412	\$ 883,762
Total Long-Term Debt	766,571	801,662
Total Net Assets	2,129,169	2,192,571
Total Debt to Net Assets Ratio	0.39	0.40
Total Long-Term Debt to Net Assets Ratio	0.36	0.37

Vernade Water District has managed the District conservatively, maintaining a favorable ratio of debt to water system assets.

Future Economic Plans

The Vernade Waterworks District's management approach is conservative. The Board of Commissioners actively monitor revenues and expenses and evaluate the costs of proposed expansion projects. The Louisiana Community Development Block Grant Program (LCDBG) funded through a \$161,000 grant to the Washington Parish Council, will provide needed services for customers of the District, providing a new well (LCDBG Well Site # 4).

Financial Statements

**Varadero Waterworks District
Washington Parish Council
Varadero, Louisiana**

Statement A

**Balance Sheet
December 31, 2000 and 2001**

Assets	<u>2000</u>	<u>2001</u>
Current Assets:		
Cash - Operating	\$ 741,568	\$ 792,192
Investments	434,700	419,328
Accounts Receivable (Net)	37,367	35,138
Accrued Billings	11,185	10,562
Due From Other Governments	1,549	3,400
Prepaid Insurance	8,812	6,738
Total Current Assets	<u>1,241,281</u>	<u>1,308,358</u>
Restricted Assets:		
Cash - Customer Deposits	2,000	2,014
Debt Reserve Account:		
Cash	39,067	39,721
Investments	69,047	71,282
Depreciation & Contingency Account:		
Cash	60,000	60,304
Investments	84,811	87,238
Total Restricted Assets	<u>275,935</u>	<u>290,567</u>
Capital Assets:		
Land	26,512	26,512
Buildings	123,128	123,118
Office Equipment	16,727	6,742
Machinery & Equipment	21,280	16,660
Vehicles	58,384	33,172
Water Distribution System	3,244,374	3,158,629
Construction in Progress	68,600	68,180
Total Capital Assets	<u>3,559,207</u>	<u>3,433,413</u>
Less: Accumulated Depreciation	<u>-2,808,686</u>	<u>-1,858,963</u>
Net Capital Assets	<u>750,521</u>	<u>1,574,450</u>
Total Assets	\$ <u>2,275,797</u> \$	\$ <u>2,273,365</u>

(Continued)

The accompanying notes are an integral part of these statements.

**Vermont Waterworks District
Washington Parish Council
Vermont, Louisiana**

Statement A

**Balance Sheet
December 31, 2000 and 2002**

Liabilities and Net Assets	2000	2002
Liabilities:		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	\$ 8,715	\$ 7,459
Accrued Audit Fees	3,400	-
Sales Tax Payable	41	888
Payroll Taxes Payable	2,040	2,258
Due to Other Governments	4,185	1,708
Accrued Interest Payable	1,508	2,808
Current Half Bond Payable	46,027	46,800
Total Current Liabilities (Payable From Current Assets)	66,836	64,913
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits Payable	18,248	18,817
Total Current Liabilities (Payable From Restricted Assets)	18,248	18,817
Long-Term Liabilities:		
1977 Water Revenue Bonds	68,040	68,329
1988 Water Revenue Bonds	698,525	717,212
Total Long-Term Liabilities	766,565	785,541
Total Liabilities	853,694	877,271
Net Assets:		
Included in Capital Assets, Net of Related Debt	718,087	711,828
Restricted for Capital Activity and Debt Service	201,580	280,844
Unrestricted	1,218,735	1,228,898
Total Net Assets	2,138,402	2,221,570
Total Liabilities and Net Assets	\$ 2,092,196	\$ 2,098,841

(Continued)

The accompanying notes are an integral part of these statements.

**Vermade Waterworks District
Washington Parish Council
Vermade, Louisiana**

**Statement of Revenue, Expenses, and Changes in Net Assets
Years Ended December 31, 2003 and 2002**

Statement B

	2003	2002
Operating Revenues		
Water Sales	\$ 350,000	\$ 335,907
Installations	8,860	13,219
Penalties	9,187	9,200
Billing Fees	62,616	77,814
Reconnect Fees	2,815	3,885
Other	26	1,000
Total Operating Revenues	435,504	447,025
Operating Expenses		
Accounting Fees	90,908	8,000
Audit Fees	3,408	-
Advertising	1,761	181
Bank Charges	-14	8
Conventions	500	771
Depreciation Expense	117,747	116,428
Director Fees	3,840	4,800
Insurance	63,888	45,242
Legal Fees	3,080	-
Maintenance Supplies	21,682	26,104
Membership Dues	684	208
Printing	1,488	1,815
ROP Checks	-110	24
Office Expense	10,875	8,000
Operation & Maintenance - Contract	3,291	-
Payroll Taxes	6,908	7,041
Permits	4,173	3,888
Plant Maintenance	3,148	7,174
Repairs and Installations	7,871	12,080
Rent Expense	204	-
Salaries	124,808	102,588
Telephone	3,212	3,148
Taxes	2,108	2,488
Travel Expense	1,251	608
Utilities	48,265	42,908
Total Operating Expenses	441,043	368,718
Operating Income (Loss)	54,461	78,307

(Continued)

The notes are an integral part of these statements.

**Vernado Waterworks District
Washington Parish Council
Vernado, Louisiana**

**Statement of Revenues, Expenses, and Changes in Net Assets
Years Ended December 31, 2003 and 2002**

Statement 8

	2003	2002
Nonoperating Revenues (Expenses)		
Interest Income	14,824	15,883
Investment Interest	35,890	47,754
FEMA Grant	-	4,573
Bad Debt Recovery	80	238
Other Revenues	360	4,323
Net Increase (Decrease) in Fair Market Value of Investments	-21,445	30,860
Bond Interest Expense	-48,285	-48,248
Total Nonoperating Revenues (Expenses)	-18,976	40,328
Income (Losses) Before		
Price Period Adjustment	38,070	100,838
Prior Period Adjustment	-4,740	0
Change in Net Assets	33,330	100,838
Net Assets, Beginning of Year	3,100,671	3,089,833
Net Assets, End of Year	\$ 3,134,001	\$ 3,190,671

(Continued)

The notes are an integral part of these statements.

**Vernade Waterworks District
Washington Parish Council
Vernade, Louisiana**

Statement C

**Statement of Cash Flows
Years Ended December 31, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
Cash Flows From Operating Activities		
Received From Customers	\$ 400,872	\$ 410,281
Received (Paid) for Meter Deposit Fees	-321	876
Received for Billing Fees	81,221	77,754
Paid for Operations	-187,804	-203,705
Paid to Employees	-133,443	-118,047
Net Cash Flows From Operating Activities	<u>178,565</u>	<u>175,059</u>
Cash Flows From Noncapital Financing Activities		
Recovery of Bad Debts	50	238
Miscellaneous Income	289	4,323
Net Cash Flows From Noncapital Financing Activities	<u>339</u>	<u>4,561</u>
Cash Flows From Capital and Related Financing Activities		
Capital Grants Received	-	4,973
Paid for Capital Acquisitions	-189,243	-32,296
Paid for Construction Projects	-2,620	-38,326
Principal Payments - Long-Term Debt	-38,000	-41,204
Interest Payments - Long-Term Debt	-80,897	-68,546
Net Cash Flows From Capital and Related Financing Activities	<u>-291,810</u>	<u>-175,399</u>
Cash Flows From Investing Activities		
Purchase (Sale) of Investments	-32,929	59,347
Receipt of Interest and Dividends	48,721	37,347
Net Cash Flows From Investing Activities	<u>15,792</u>	<u>96,694</u>
Net Change in Cash and Cash Equivalents	-14,067	155,342
Cash and Cash Equivalents - Beginning of Year	<u>852,121</u>	<u>737,000</u>
Cash and Cash Equivalents - End of Year	<u>\$ 838,054</u>	<u>\$ 892,342</u>

(Continued)

The accompanying notes are an integral part of these statements.

Yamada Waterworks District
Washington Parish Council
Yamada, Louisiana

Statement C

Statement of Cash Flows
Years Ended December 31, 2000 and 2001

Reconciliation of Operating Income to Net Cash Flows From Operating Activities:		
Operating Income (Loss)	\$ 88,879 \$	88,879
Adjustments to Reconcile Operating Income to Net Cash		
Flows From Operating Activities:		
Depreciation Expense	117,747	118,438
Changes in Assets and Liabilities:		
Decrease (Increase) in Customer Receivables	-3,235	6,648
Increase (Decrease) in Accounts Payable	7,886	-29,828
Increase (Decrease) in Other Operating Net Assets	-8,882	-8,779
Net Cash Flows From Operating Activities	\$ <u>179,595</u> \$	<u>175,558</u>

(Continued)

The accompanying notes are an integral part of these statements.

**Notes to the
Financial Statements**

**Vernado Waterworks District
Washington Parish Council
Vernado, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

Introduction

Vernado Waterworks District was established in 1975, by an ordinance of the Washington Parish Council. The ordinance, enacted pursuant to Louisiana Revised Statutes 33:1813, describes and defines the boundaries of the water district, and provides for a 4-member governing board of commissioners appointed by the Washington Parish Council. The District currently serves 1,378 customers as of December 31, 2003. The District's water wells are located approximately five miles north of the Bogalusa, Louisiana city limits. The system lines run north to the Mississippi state line, south to the Bogalusa city limits, east to Pearl River, and approximately five miles west of Military Road.

Vernado Waterworks District was first created and constitutes a public corporation and political subdivision of the State of Louisiana, and has all the power and privileges granted by the Constitution and statutes of this state to such subdivisions, including the authority to incur debt, to issue bonds, and to levy taxes and assessments.

GASB Statement No. 34, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Vernado Waterworks District is considered a component unit of the Washington Parish Council.

1. Summary of Significant Accounting Policies

A. Measurement Focus and Basis of Accounting and Financial Statement Presentation

The District's financial statements are prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The District applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, and the Accounting Principle Board (APB) of the Committee On Accounting Procedure, issued on or before November 30, 1989, unless those pronouncements conflict or contradict with GASB pronouncements.

These financial statements are prepared in conformance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis for State and Local Governments*. Statement No. 34 established standards for financial reporting, with presentation requirements including a statement of net assets (or balance sheet), a statement of activities and changes in net assets, and a statement of cash flows. The District has also adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Nonexchange Transactions*, that require capital contributions to the District be presented as a change in net assets.

All activities of the District are accounted for in a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing authority is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

**Yazoo Waterworks District
Washington Parish Council
Yazoo, Louisiana**

**Notes to the Financial Statements
December 31, 2003 and 2002**

Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

The term measurement focus denotes what is being measured and reported in the District's operating statement. Financial operations of the District are accounted for on the flow of economic resources measurement focus. With this measurement focus, all of the assets and liabilities, available to the District for the purpose of providing goods and services to the public, are included on the balance sheet. The activity statement includes all costs of providing goods and services during the period.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations, primarily the provision of water to rural areas of Washington Parish. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

B. Cash and Cash Equivalents and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

C. Investments

Investments are limited by Louisiana Revised Statute (R.S. 133:2935 and the District's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The following disclosures are required by GASB Statement No. 31:

- The District uses the quoted market prices to estimate the fair value of the investments.
- None of the investments are reported at amortized cost.
- The District has investments in one investment pool. The investment pool is LAMP, and the fair value of the position in the pool is the same as the value of the pool shares.
- There is no involuntary participation in an external investment pool.

Vermade Waterworks District
Washington Parish Council
Vermade, Louisiana

Notes to the Financial Statements
December 31, 2003 and 2002

D. Inventories

Purchases of various operating supplies are regarded as expenditures at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year.

E. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items. Prepaid items consist of prepaid insurance premiums.

F. Restricted Assets

Certain proceeds of the Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

G. Capital Assets

Capital assets of the District are defined by the Management, as assets with an initial, individual cost of more than \$500, and an estimated useful life in excess of one year. Capital assets are recorded at either historical cost or estimated historical cost. Donated assets, including water systems donated for continued maintenance by the District, are valued at their estimated fair market value on the date donated. Depreciation of all depreciable fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	12 - 30 years
Equipment & Furniture	3 - 7 years
Water System	28 - 30 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

H. Compensated Absence

The District has the following policy relating to vacation and sick leave:

Employees receive 2 weeks of paid vacation after being employed for 1 to 5 years, and 3 weeks of paid vacation for 6 years and over. Employees are not allowed to carry over vacation from one year to the next.

Employees receive 15 days per month of employment for sick leave up to a maximum of 45 days.

Yamalo Waterworks District
Washington Parish Council
Yamalo, Louisiana

Notes to the Financial Statements
December 31, 2003 and 2002

I. Long-term Liabilities

Long-term liabilities are recognized within the Enterprise Fund. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

J. Net Assets

GAISS Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, requires classification of net assets, the difference between the District's assets and liabilities, into three components, as described below:

- **Invested in capital assets, net of related debt** - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, or indebtedness attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net asset calculation as unspent proceeds.
- **Restricted** - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

K. Use of Estimates

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

Vernado Waterworks District
Washington Parish Council
Vernado, Louisiana

Notes to the Financial Statements
December 31, 2003 and 2002

Cash and Cash Equivalents

At December 31, 2003, and 2002, the District had cash and cash equivalents (bank balances) totaling as follows:

	December 31, 2003	December 31, 2002
Demand Deposit Accounts	\$ 148,602	\$ 175,813
Time Deposits	281,140	120,574
LAMP	339,676	333,844
Total Cash and Cash Equivalents	\$ 769,418	\$ 630,231

These deposits are stated at cost, which approximates market value. 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, 2003, the District had \$221,913 in deposits (collected bank balances). These deposits are secured from risk by \$118,828 of federal deposit insurance. The remaining balance of \$103,085 is partly secured by the pledge of securities for \$138,688, while the remainder of \$4,407 is unsecured.

At December 31, 2002, the District had \$141,796 in deposits (collected bank balances). These deposits are secured from risk by \$118,793 federal deposit insurance. The remaining balance of \$23,003 are secured by the pledge of securities.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 28:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 18 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

3. Investments

Investments are categorized into these three categories of credit risk:

- Issued or registered, or securities held by the District or its agent in the District's name
- Unissued and unregistered, with securities held by the counter party's trust department or agent in the District's name
- Unissued and unregistered, with securities held by the counter party, or by its trust department or agent but not in the District's name.

**Yarwood Waterworks District
Washington Parish Council
Yarwood, Louisiana**

**Notes to the Financial Statements
December 31, 2003 and 2002**

All investments held by the District fall into category 1 credit risk, defined as "insured or registered, or securities held by the District or its agent in the District's name." In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments are carried at fair market value, with the estimated fair market value based on quoted market prices.

At December 31, 2003, the District's investment balances were as follows:

Type of Investment	Carrying Amount	Market Value
Government Money Market	\$ 10,158	\$ 10,158
Federal Home Loan Mortgage	489,148	489,524
Federal National Mortgage Association	189,899	189,899
	\$ 689,205	\$ 689,581

For the fiscal year ended December 31, 2003, investments totaled \$277,187 and consisted of \$11,492 in Government Money Market securities, \$461,715 of Federal Home Loan Mortgage securities and \$103,980 in Federal National Mortgage Association securities.

In accordance with GASB Codification Section 100.165, the investment in LAMP at December 31, 2003 and 2002, is not categorized in the three risk categories provided by GASB Codification Section 100.154 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPAs. Only local governments having contracts to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U. S. Treasury, the U. S. Government, or one of its agencies, outspices, or instrumentalities, as well as repurchase agreements collateralized by these securities. The dollar-weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 181 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Therefore, LAMP is considered a cash equivalent.

Vermado Waterworks District
 Washington Parish Council
 Vermado, Louisiana

Notes to the Financial Statements
 December 31, 2002 and 2001

4. **Receivables**

The following is a summary of receivables at December 31, 2002, and 2001:

	2002	2001
Current	\$ 32,165	\$ 18,068
31 - 60 Past Due	5,255	5,677
61 - 90 Past Due	1,361	1,181
Over 90 Past Due	544	157
Total	39,325	25,183
Less: Allowance for Un-collectible Accounts	(1,968)	(1,968)
Net Accounts Receivable	<u>\$ 37,357</u>	<u>\$ 33,115</u>

All customer receivables are reported at gross value and reduced by the portion that is expected to be un-collectible. Periodically, the board reviews the aging of receivables and determines the actual amount un-collectible. For board approval, un-collectible accounts are written off against accounts receivable, and the allowance for doubtful accounts is adjusted to a reasonable estimate of un-collectibility.

Estimated unbilled revenues (accrued billings) are recognized at the end of each fiscal year on a pro-rata basis. The estimated amount is based on billing during the month following the close of the fiscal year. At December 31, 2000, accrued billings amounts were \$0,125, and \$48,182 at December 31, 2002.

5. **Restricted Assets**

Restricted assets were applicable to the following at December 31, 2002, and 2001:

	December 31, 2002	December 31, 2001
Cash-Customer Deposits	\$ 1,036	\$ 2,004
Cash-Bond Reserve Account	26,097	21,721
Investments-Bond Reserve Account	69,613	71,282
Cash-Depreciation & Contingency Account	28,099	51,204
Investments-Depreciation & Contingency Account	84,911	87,238
Total Restricted Assets	<u>\$ 279,756</u>	<u>\$ 279,449</u>

**Vermade Waterworks District
Washington Parish Council
Vermade, Louisiana**

**Notes to the Financial Statements
December 31, 2002 and 2001**

6. Capital Assets

A summary of changes in capital assets during the fiscal year ending December 31, 2002 is as follows:

	Balance December 31, 2001	Additions and Reclassifications	Deletions and Reclassifications	Balance December 31, 2002
Land	\$ 35,512	\$ -	\$ -	\$ 35,512
Buildings	121,178	-	-	121,178
Office Equipment	8,763	1,583	-	10,347
Machinery & Equipment	16,808	4,388	-	21,196
Vehicles	21,172	25,212	-	46,384
Water Distribution System	1,166,829	77,345	-	1,244,174
Capital Assets in Service	1,389,210	189,242	-	1,578,452
Construction in Progress	66,180	2,628	-	68,808
Total Capital Assets	1,455,410	191,870	-	1,647,280
Less: Accumulated Depreciation	(1,888,540)	(212,751)	-	(2,101,291)
Net Capital Assets	<u>\$ 1,561,478</u>	<u>\$ (2,881)</u>	<u>\$ -</u>	<u>\$ 1,338,585</u>

During the fiscal year ending December 31, 2002, construction expenditures totaling \$80,665 were incurred by the District consisting of \$4,248 for the LUDNO Well Site # 4 project plus \$73,915 in expenditures for the Military Road Generator project. No construction period interest costs were incurred.

Equipment, fixtures, and furniture are depreciated using the useful lives of 5 to 10 years, and the water distribution system uses a useful life of 20 to 30 years. All assets are depreciated under the straight-line method. Depreciation expense for the fiscal year ending December 31, 2002, totaled \$119,947.

7. Long-term Debt

The following is a summary of the long-term liability transactions during the fiscal year ending December 31, 2002:

Description	Long-Term Liabilities Beginning of Year	Additions	Deletions	Long-Term Liabilities End of Year	Due Within One Year
1971 Water Revenue Bonds	\$ 130,329	\$ -	\$ (19,126)	\$ 91,803	\$ 12,657
1988 Water Revenue Bonds	729,211	-	(79,737)	719,474	21,851
Total	<u>\$ 859,540</u>	<u>\$ -</u>	<u>\$ (98,863)</u>	<u>\$ 818,579</u>	<u>\$ 34,508</u>

**Vermade Waterworks District
Washington Parish Council
Vermade, Louisiana**

**Notes to the Financial Statements
December 31, 2003 and 2002**

Bonds Payable at December 31, 2003 and 2002 comprise the following issues:

	December 31, 2003	December 31, 2002
Water System Revenue Bonds - 8128 Bonds 91-01: \$281,000 revenue bonds sold to Rural Utility Service, dated 11/15/77, due in monthly installments of \$1,348.81 through 1/1/016, interest at 5.0%	\$ 91,800	\$ 118,028
Water System Revenue Bonds - 8128 Bonds 91-04: \$921,800 revenue bonds sold to Rural Utility Service, dated 03/29/82, due in quarterly installments of \$5,200.40 through 3/29/03; interest at 5.812%	318,536	799,313
Total Bonds Payable	\$ 410,336	\$ 917,341

The annual requirements to amortize all debt outstanding as of December 31, 2003, including interest payments of \$1,887,049 are as follows:

Year Ending December 31,	1977 Water Revenue Bonds \$281,000	1988 Water Revenue Bonds \$921,800	Total
2004	\$ 28,986	\$ 62,765	\$ 89,751
2005	28,986	62,765	89,751
2006	28,986	62,765	89,751
2007	28,986	62,765	89,751
2008	28,986	62,765	89,751
2009-2013	134,828	313,824	448,652
2014-2018	165,894	313,824	479,718
2019-2023	-	313,824	313,824
2024-2033	-	366,758	366,758
Totals	\$ 371,531	\$ 1,521,647	\$ 1,893,178

I. Flow of Funds, Restrictions on Use

**Vermade Waterworks District
Washington Parish Council
Vermade, Louisiana**

**Notes to the Financial Statements
December 31, 2003 and 2002**

8. Plan of Funds, Restrictions on Use

The voters of the District approved the issuance of \$795,000, \$76,000, and \$933,000 of the utility revenue bonds in elections held January, 1977, November 13, 1978, and April 13, 1988. Permanent financing for the \$795,000 issue, used to finance Phase I of the District's waterworks system, was obtained on November 16, 1977 from the United States Department of Agriculture, Rural Utilities Service (RUS). The \$76,000 issue, used to construct Phase II, was also sold to RUS, but has been fully refunded. The final issue of \$933,000, used to construct Phase III of the water system, was also sold to RUS on March 29, 1988.

Under the terms of the bond issues, the bonds are payable as to principal and interest solely from the income and revenues derived from the operations of the combined water systems of the District after provisions have been made for the payment of the reasonable and necessary expenses of administering, operating, and maintaining of the system.

The District is to maintain its water rates at minimum amounts and increase these rates as necessary in accordance with its loan agreements with RUS.

Each month there will be set aside into a fund called "Bond and Interest Sinking (Redemption) Fund" a sum equal to one-twelfth (1/12) of the next principal payment due, together with such proportionate sum as may be required as the same respectively become due on such date. Money in the Sinking Fund shall be deposited as and furnished shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments. Alternatively, RUS has set up a payment schedule whereby the District can make payments directly to its office. This eliminates the need of the "Bond and Interest Sinking Fund".

There shall also be set aside into a "Utility System Revenue Bond Reserve Fund" an amount equal to 3% of the monthly debt installment, after the construction becomes revenue producing, until there is accumulated therein an amount equal to the highest annual debt service payment in any future year. The monthly reserve deposit requirement totals \$374 per month, but is no longer required since the accumulated balance of \$95,024 at December 31, 2003 exceeds the highest succeeding annual installment.

Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund, or to which there would otherwise be a deficit. The District fully funded the Reserve Fund for the year ended December 31, 2003.

Funds will also be set aside into a "Depreciation and Contingency Fund", after completion of the project, at the rate of \$288 per month for the term of the bonds. Money in this fund will be used for the making of repairs or replacements to the system, for depreciable capital items, which are necessary to keep the system in operating condition, enhance its revenue producing capacity or provide for a higher degree of service for which money is recoverable as a maintenance and operation expense. Money in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for payments in other bond funds. The District fully funded the Depreciation and Contingency Fund for the year ended December 31, 2003, with a balance maintained of \$182,818, as compared to \$178,943 as of December 31, 2002.

Vernado Waterworks District
Washington Parish Council
Vernado, Louisiana

Notes to the Financial Statements
December 31, 2003 and 2002

All the revenues, received in any year and not required to be paid in such year into any of the noted funds, shall be regarded as surplus and may be used for any lawful corporate purpose.

9. **Restricted and Designated Net Assets**

At December 31, 2003, Vernado Waterworks District reported \$261,149 in Restricted Net Assets (Restricted for Capital Activity and Debt Service), representing the District's funds restricted by revenue bond debt covenants, contracts with customers for water deposits, and the unspent portion of capital debt related to amounts restricted for capital projects less liabilities related to these restricted funds. A liability relates to restricted assets if the asset results from incurring the liability or if the liability will be liquidated with the restricted assets.

10. **Intergovernmental Agreement**

The Vernado Waterworks District entered into a service agreement with the Bogus Linn Water Works District and the Vernado Gas District. The Vernado Waterworks District will perform all necessary functions involving billing of customers, collection of customer's accounts, keeping and furnishing necessary financial information and records on a monthly basis to Bogus Linn Water Works District and Vernado Gas District. The Vernado Waterworks District also performs meter reading for Vernado Gas District. The fee for this service is \$1.75 per customer per month for Bogus Linn Water Works and \$2.15 per customer per month for Vernado Gas District, payable monthly. Vernado Waterworks District will provide all system repair and maintenance customarily done by its own personnel. Accurate hourly records of personnel records involved in repairs shall be kept and Bogus Linn Water Works District and Vernado Gas District will be billed monthly at two times the employees hourly rate. All materials, parts and supplies will be paid directly by the District which incurred the cost. Vernado Waterworks District employees will keep accurate mileage records for the service truck used for maintenance and repairs and will bill the other districts 75 cents per mile for work done on their respective systems. Periodically, an accounting will be made of the costs of the services provided under the agreement. Cash settlements will be made between the Districts, so each District pays its portion of the actual costs.

Supplemental Information Schedules

Veranda Waterworks District
 Washington Parish Council
 Veranda, Louisiana

Schedule 1

Budgetary Comparison Schedule
 Year Ended December 31, 2000

(With Comparative Amounts for the Fiscal Year Ended December 31, 1999)

	2000	2000	Favorable	2000
	Budget	Actual	(Unfavorable)	Actual
Operating Revenues				
Water Sales	\$ 388,090	\$ 393,090	\$ 5,000	\$ 376,181
Installations	8,000	8,000	808	13,210
Penalties	8,000	9,157	157	8,280
Billing Fees	90,000	92,818	2,818	17,014
Reconnect Fees	3,200	2,815	-385	3,885
Other	100	58	-111	1,108
Total Operating Revenues	<u>490,390</u>	<u>496,722</u>	<u>6,372</u>	<u>487,628</u>
Operating Expenses				
Accounting Fees	12,000	10,580	1,420	8,560
Advertising	1,500	1,181	148	181
Audit Fees	0	3,400	-3,400	-
Bank Charges & MFP Checks	500	-14	514	33
Conventions	600	688	-88	771
Depreciation Expense	122,000	117,167	4,833	118,430
Director Fees	4,000	3,848	152	4,860
Insurance	65,000	65,568	2,412	48,242
Legal Fees	1,200	1,068	132	-
Maintenance Supplies	24,000	21,882	2,118	20,104
Membership Dues	700	664	36	200
Printing	2,000	1,485	515	1,910
Office Expense	16,000	18,075	-675	8,280
Operation & Maintenance - Contract	2,200	3,281	-1,081	-
Payroll Taxes	8,500	8,988	582	7,941
Repairs	4,800	4,175	227	3,650
Repairs and Maintenance	14,000	13,710	3,284	18,984
Rent Expense	300	284	16	-
Salaries	118,000	124,920	-14,920	102,389
Telephone	2,000	3,212	588	3,148
Travel	2,500	2,128	380	2,400
Truck Expense	1,300	1,001	199	539
Utilities	45,500	46,805	-435	43,688
Total Operating Expenses	<u>456,750</u>	<u>481,842</u>	<u>-3,092</u>	<u>394,719</u>
Operating Income	<u>33,640</u>	<u>14,880</u>	<u>3,872</u>	<u>92,909</u>

(Continued)

The accompanying notes are an integral part these statements.

Washington Parish Council
Bossier, Louisiana

Schedule 1

Budgetary Comparison Schedule
Year Ended December 31, 2000

2000 Comparative Amounts for the Fiscal Year Ended December 31, 2000

	2000	2001	Variance- Favorable	2001
	Budget	Actual	(Unfavorable)	Actual
Nonoperating Revenues (Expenses)				
Interest Income	\$ 48,080	\$ 14,524	\$ -33,470	\$ 15,560
Investment Interest	0	58,983	58,983	-41,754
FEMA Grant	0	0	0	4,973
Real Debt Recovery	-3,080	54	3,080	590
Other Revenues	500	308	-148	4,523
Net Increase (Decrease) in Fair Market Value of Investments	-24,808	-21,445	2,555	28,890
Bond Interest Expense	-60,808	-49,285	10,715	-49,748
Total Nonoperating	<u>-40,808</u>	<u>-19,805</u>	<u>21,894</u>	<u>45,278</u>
Income (Loss) Before Contributions and Price Period Adjustments	5,790	58,370	52,580	133,030
Capital Contributions	0	-4,780	-4,780	-
Change in Net Assets	5,790	53,590	27,780	133,030
Net Assets, Beginning of Year	2,192,521	2,192,521	0	2,058,535
Net Assets, End of Year	<u>\$ 2,198,311</u>	<u>\$ 2,246,111</u>	<u>\$ 27,780</u>	<u>\$ 2,192,571</u>

(Continued)

The accompanying notes are an integral part these statements.

**Yamalo Waterworks District
Washington Parish Council
Yamalo, Louisiana**

Schedule 2

**Schedule of Insurance Coverage
December 31, 1993**

Insurance Company	Coverage	Effective Date	Expiration Date	
Western Surety Company Policy # 932141902	Position/Fidelity Bond			
	President	\$ 100,000	11/15/93	
	Vice-President	100,000	11/15/93	
	Board Member	100,000		
	General Manager Clerk	25,000 25,000		
CNA Insurance Company Policy # 1089622807	Water & Machinery Coverage - Water Pumping Systems	\$ 200,000	02/28/94 02/28/94	
	Commercial General Liability: General Aggregate Products/Completed Operations Personal & Advertising Injury Basis: Occurrence Fire Damage	\$ 2,000,000 1,000,000 1,000,000 1,000,000 50,000	02/28/93 02/28/94	
Avalon Insurance Co. Policy # 077908100	Commercial Property: Office Building Contents Motor Building	\$ 50,000 25,000 5,000	02/28/93 02/28/94	
	Progressive Insurance Co. Policy # 9490910271	Business Auto: Liability	\$ 1,000,000 1,000,000	02/28/93 02/28/94
		Uninsured Motorist	\$ 250,000	
Collision		\$ 250,000		
Medical Payments		\$ 5,000/acc.		
Continental Casualty Co. Policy #022451902	Errors & Omissions: Any One Claim Annual Aggregate Deductible	\$ 1,000,000 1,000,000 5,000	02/28/93 02/28/94	
	LA Comm. & Trade Assoc. Policy #021000812410100	Workers Compensation: Accident Policy Limit Each Employee	\$ 100,000 500,000 100,000	01/01/93 01/01/94

**Vermade Waterworks District
Washington Parish Council
Vernon, Louisiana**

**Schedule of Compensation Paid Board of Commissioners
December 31, 2005**

Schedule 3

<u>Board of Commissioners</u>	Per Diem Payments	<u>Term of Office</u>
Randy Thomas, Commissioner 28118 Lake Pace Road Angie, LA 70426 (985) 848-2011	300	Expires 12/31/09
Freddie Jefferson, Vice-President 31118 School Rd Angie, LA 70426 (985) 888-2460	720	Expires 12/31/06
Melodyann Peters, Commissioner 24279 Old Columbia Road Angie, LA 70426 (985) 732-6891	600	Expires 12/31/08
Berkley Thomas, President 28078 Edwards Drive Bogalusa, LA 70817 (985) 732-1821	720	Expires 12/31/04
Aaron Williams, Commissioner 62253 Forest Road Angie, LA 70426 (985) 732-3002	720	Deceased 12/00
Agill Bococ, Commissioner 61748 Seal Road Angie, LA 70426 (985) 732-2962	780	Expires 12/31/05
	<u>\$ 3,840</u>	

Vernado Waterworks District
Washington Parish Council
Vernado, Louisiana

Schedule 4

Schedule of Water Customers
December 31, 2003

As of December 31, 2003, the water district had the following number of customers.

Residential	1,204
Commercial	18
School	5
Police	1
Total Customers	<u>1,228</u>

Schedule of Water Rates
December 31, 2003

<u>Usage</u>	<u>Monthly Charge</u>
Residential:	
First 2,000 gallons	\$9.50
Next 3,000 gallons	1.85 per thousand gallons
Over 5,000 gallons	1.80 per thousand gallons
Commercial:	
First 15,000 gallons	\$15.00
All over 15,000 gallons	1.00 per thousand gallons

**Summary Of Prior Year Findings
And
Management's Corrective Action Plan**

Vernado Waterworks District
Washington Parish Council
Vernado, Louisiana

Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2003

Section I-Internal Control and Compliance Material to the Financial Statements:

No Prior-Year Findings for Section I.

Section II-Internal Control and Compliance Material to Federal Awards:

No Prior-Year Findings for Section II.

Section III-Management Letter:

No Prior-year Findings for Section III.

**Vernado Waterworks District
Washington Parish Council
Vernado, Louisiana**

**Corrective Action Plan for Current Year Audit Findings
For the Year Ended December 31, 2003**

Section I: Internal Control and Compliance Related to the Financial Statements:

No Findings for Section I.

**Report on Compliance
And
Internal Control**

WILLIAM R. DURDEN
Certified Public Accountant

1000 11TH AVENUE
FIRMING LINTOCK, LLP
1000000-4413
FAX: (504) 438-4400

MEMBER
AICPA

MEMBER
CPA

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

Washington Parish Council
Board of Commissioners
Vernado Waterworks District
Vernado, Louisiana

I have audited the financial statements of the Vernado Waterworks District (a component unit of the Washington Parish Council) of and for the year ended December 31, 2003, and have issued my report thereon dated May 27, 2004. I conducted my 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 Vernado Waterworks District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, which non-compliance with could have a direct and material effect on the determination of financial statement amounts. However, granting an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Vernado Waterworks District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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 a material weakness.

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 accounts that would be material in relation to the 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be a material weakness.

This report is intended solely for the information and use of the Board of Commissioners of the Vermade Waterworks District, the Washington Parish Council, the State of Louisiana Legislative Auditor, and the U. S. Rural Utility Service office. However, this report is a matter of public record, and its distribution is not limited.



William R. Gaudin
Certified Public Accountant

May 27, 2004