

8700

RECEIVED
LEGISLATIVE AU
02 APR 10 AM 9

**ST. HELENA PARISH WATERWORKS
DISTRICT NO.2
PARISH OF ST. HELENA
GREENSBURG, LOUISIANA
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2001**

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 4/17/02

**St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana
Year Ended December 31, 2001**

TABLE OF CONTENTS

	<u>Statement</u>	<u>Schedule</u>	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT			4
GENERAL PURPOSE FINANCIAL STATEMENTS:			
PROPRIETARY FUND - ENTERPRISE FUND:			
BALANCE SHEET	A		5
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN UNRESERVED RETAINED EARNINGS	B		7
STATEMENT OF CASH FLOWS	C		8
NOTES TO THE FINANCIAL STATEMENTS			9
SUPPLEMENTARY INFORMATION:			
COMPARATIVE BALANCE SHEET		1	21
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN UNRESERVED RETAINED EARNINGS (BUDGET AND ACTUAL)		2	23
COMPARATIVE SCHEDULE OF CASH FLOWS		3	25
SCHEDULE OF INSURANCE COVERAGES		4	26
SCHEDULE OF BOARD OF COMMISSIONERS		5	27
SCHEDULE OF WATER CUSTOMERS AND SCHEDULE OF WATER RATES		6	28

**St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana
Year Ended December 31, 2001**

TABLE OF CONTENTS

	<u>Statement</u>	<u>Schedule</u>	<u>Page</u>
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND AUDIT FINDINGS RESOLUTION:			
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS		7	30
SUMMARY SCHEDULE FOR PRIOR YEAR AUDIT FINDINGS		8	32
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS		9	33
SCHEDULE OF FINDINGS AND QUESTIONED COSTS		10	34
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS			36
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133			38

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Bruce C. Harrell, CPA

Warren A. Wool, CPA
Michael P. Estay, CPA
Dale H. Jones, CPA
Charles P. Hebert, CPA
James D. Rabalais, CPA

109 West Minnesota Park
Park Place Suite 7
Hammond, LA 70403
VOICE: (985) 542-6372
FAX: (985) 345-3156

KENTWOOD OFFICE
P.O. Box 45 - 909 Avenue G
Kentwood, LA 70444
VOICE: (985) 229-5955
FAX: (985) 229-5951

INTERNET
www.teamcpa.com

MEMBERS
American Institute of CPAs
Society of Louisiana CPAs

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
St. Helena Parish Waterworks District No. 2
Greensburg, Louisiana 70441

We have audited the accompanying general purpose financial statements of the St. Helena Parish Waterworks District No. 2, Louisiana, a component unit of the St. Helena Parish Police Jury, as of December 31, 2001, and for the year then ended, 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the St. Helena Parish Waterworks District No. 2's, general purpose financial statements present fairly, in all material respects, the financial position of the St. Helena Parish Waterworks District No. 2, as of December 31, 2001, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2002, on our consideration of the St. Helena Parish Waterworks District No. 2's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The schedules listed in the table of contents are presented for additional analysis and are not a required part of the financial statements of the St. Helena Parish Waterworks District No. 2, Louisiana. Also, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements of the St. Helena Parish Waterworks District No. 2. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



Bruce Harrell and Company, CPAs
A Professional Accounting Corporation
March 4, 2002

**St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana**

Statement A

**Balance Sheet - Proprietary Fund Type
December 31, 2001**

Assets

Current Assets:

Cash	\$	50,614
Accounts Receivable (Net)		31,839
Accrued Billings		7,247
Prepaid Insurance		556
Total Current Assets		90,256

Restricted Assets:

Cash - RUS Bond Sinking Fund		157,047
Cash - RUS Depreciation & Contingency Fund		64,501
Cash - RUS Bond Reserve Fund		83,302
Cash - Customer's Deposits		29,435
Cash - Phase IV Construction		3,721
Cash - Capital Improvements Fund		107,600
Total Restricted Assets		445,606

Property, Plant and Equipment:

Land		12,350
Buildings		24,005
Furniture and Fixtures		1,591
Vehicles		12,705
Equipment		6,250
Chemical Storage Tank		9,356
Water System		1,111,121
Water Well - RUS NE Expansion		145,424
Water Tank - RUS NE Expansion		161,715
Water Lines - RUS NE Expansion		433,552
Phase IV Water Distribution System		1,219,455
Phase III Expansion		1,349,122
Total Property, Plant and Equipment		4,486,646
Less: Accumulated Depreciation		(992,219)
Net Property, Plant and Equipment		3,494,427

Other Assets:

Bond Issue Cost		6,610
Total Other Assets		6,610
Total Assets	\$	4,036,899

(Continued)

The accompanying notes are an integral part of these statements.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana

Statement A (Continued)

Balance Sheet - Proprietary Fund Type
December 31, 2001

Liabilities and Fund Equity

Liabilities:

Current Liabilities (Payable From Current Assets):

Accounts Payable	\$ 3,113
Sales Tax Payable	834
Payroll Taxes Payable	106
Total Current Liabilities (Payable From Current Assets)	4,053

Current Liabilities (Payable From Restricted Assets):

Current RUS Bond Payable	13,051
Accrued RUS Bond Interest	28,294
Customer Deposits Payable	47,820
Construction Retainage Payable	53,776
Total Current Liabilities (Payable From Restricted Assets)	142,941

Long-Term Liabilities:

Revenue Bonds Payable -	
1987 Water Revenue Bonds	174,097
1994 Water Revenue Bonds	337,663
1999 Water Revenue Bonds	195,363
2000 Water Revenue Bonds	273,936
2001 Water Revenue Refunding Bonds	414,000
Total Long-Term Liabilities	1,395,059
Total Liabilities	1,542,053

Fund Equity:

Contributed Capital - RUS Original System	500,000
Contributed Capital - RUS NE Expansion	542,000
Contributed Capital - Hwy 16 Relocation	102,581
Contributed Capital - Fire Department	5,540
Contributed Capital - Phase III Expansion	980,000
Contributed Capital - Connection Fees	26,750
Contributed Capital - Phase IV Expansion #1	375,400
Contributed Capital - Phase IV Expansion #2	252,000
Less: Accumulated Amortization	(558,982)
Net Contributions	2,225,289

Retained Earnings:

Reserved for RUS Bond Depreciation and Contingency	147,803
--	---------

Unreserved Retained Earnings:

Designated	107,600
Undesignated	14,154
Total Retained Earnings	269,557

Total Fund Equity	2,494,846
--------------------------	------------------

Total Liabilities and Fund Equity	\$ 4,036,899
--	---------------------

(Concluded)

The accompanying notes are an integral part of these statements.

**St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana**

Statement B

**Statement of Revenues, Expenses and Changes in Unreserved
Retained Earnings - Proprietary Fund Type
Year Ended December 31, 2001**

Operating Revenues	
Water Sales	\$ 261,982
Connection Fees	19,655
DHH Fees	384
Late Charges	9,810
Interest	17,410
Other	45
Total Operating Revenues	<u>309,286</u>
Operating Expenses	
Salaries	6,462
Payroll Taxes	492
Per Diem - Board Members	2,800
Accounting	12,613
Advertising	240
Amortization of Bond Issue Costs	76
Bad Debts	3,977
Bank Charges	139
Billing Costs	8,388
Chemicals	1,944
Contract Management & Operations	63,884
Depreciation	110,367
Dues	455
Insurance	6,197
Meter Installations	8,512
Office Supplies & Expense	1,215
Postage	3,061
Repairs and Maintenance	10,393
Supplies - Water System	11,602
Telephone	2,047
Utilities	14,701
Vehicle Expense	1,967
Total Operating Expense	<u>271,532</u>
Operating Income	<u>37,754</u>
Non-Operating Revenue (Expenses):	
Interest Expense	(72,894)
Recovery-Bad Debts	566
Total Non-Operating Revenue (Expenses)	<u>(72,328)</u>
Net Income (Loss)	<u>(34,574)</u>
Unreserved Retained Earnings- Beginning	103,374
Amortization of Contributed Capital	62,596
Increase in Reserve for Contingencies	(9,642)
Unreserved Retained Earnings-Ending	<u>\$ 121,754</u>

The accompanying notes are an integral part of these statements.

**St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana**

Statement C

**Statement of Cash Flows-Proprietary Fund Type
Year Ended December 31, 2001**

Cash Flows from Operating Activities:

Operating Income	\$ 37,754
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	110,367
Bond Issue Cost Amortization	76
Changes in Accounts Receivable	1,288
Changes in Accrued Billings	649
Changes in Prepaid Insurance	450
Changes in Accounts Payable and Accrued Expenses	(916)
Changes in Current Liabilities Payable from Restricted Assets	4,646
Net Cash Provided by Operating Activities	154,314

Cash Flows from Capital and Related Financing Activities:

Acquisition of Property and Equipment	(403,008)
2001 Water Revenue Refunding Bonds, Proceeds	416,000
Bond Issuance Costs - 2001 Water Revenue Refunding Bonds	(6,685)
2000 Water Revenue Bonds Proceeds	109,000
Phase IV RUS Capital Contribution	257,000
Principal Repayments-	
1984 Water Revenue Bonds	(440,296)
1987 Water Revenue Bonds	(2,231)
1994 Water Revenue Bonds	(3,708)
1999 Water Revenue Bonds	(1,938)
2000 Water Revenue Bonds	(1,313)
Interest Payments - RUS Loans	(72,894)
Net Cash Used by Capital and Related Financing Activities	(150,073)

Cash Flows from Non-capital Financing Activities:

Recovery of Bad Debts	566
Net Cash Provided by Non-capital Financing Activities	566

Net Cash Increase (Decrease) for Year	4,807
Cash, Beginning	491,413
Cash, Ending	\$ 496,220

The accompanying notes are an integral part of these statements.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana
Notes to the Financial Statements
As of and for the Year Ended December 31, 2001

INTRODUCTION

St. Helena Parish Waterworks District No. 2 was established July, 1983, by an ordinance of the St. Helena Parish Police Jury, Greensburg, Louisiana. The ordinance, enacted pursuant to Louisiana Revised Statutes 33:3813, describes and defines the boundaries of the water district, and provides for a 5-member governing board of commissioners appointed by the St. Helena Parish Police Jury.

St. Helena Parish Waterworks District No. 2 was thus 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 subdivision, including the authority to incur debt, to issue bonds, and to levy taxes and assessments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF 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.

B. REPORTING ENTITY

The District is a component unit of the St. Helena Parish Police Jury, the financial reporting entity. The police jury is financially accountable for the District because it appoints a voting majority of the board and has the ability to impose its will on them.

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

C. FUND ACCOUNTING

The St. Helena Parish Waterworks District No. 2 was organized and is operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services 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 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 uses the accrual basis of accounting. Revenues are recognized when

St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana
Notes to the Financial Statements
(Continued)
As of and for the Year Ended December 31, 2001

earned and expenses are recognized at the time liabilities are incurred. Interest on revenue bonds, proceeds of which are used in financing the construction of certain assets, is capitalized during the construction period. Then Enterprise Fund uses the following practices in recording certain revenues and expenses:

Revenues

The water district's revenue is derived primarily from water sales. The revenue is recognized when earned.

Expenditures

The water district recognizes all expenses at the time liabilities are incurred.

E. 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.

F. 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.

G. PREPAID ITEMS

Prepaid items consist of prepaid insurance premiums.

H. 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.

I. FIXED ASSETS

Fixed assets of the District are included on the balance sheet of the fund. Interest costs incurred during construction are capitalized. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of 20 to 40 years for water systems and 5 to 10 years for equipment.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana
Notes to the Financial Statements
(Continued)
As of and for the Year Ended December 31, 2001

J. COMPENSATED ABSENCES

At December 31, 2001, the District did not have employees that accumulate or vest benefits.

K. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the Enterprise Fund.

L. FUND EQUITY

Contributed Capital

Grants, entitlements, or shared revenues that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired from such contributions. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net income.

Reserve

Reserves represent those portions of fund equity legally segregated for a specific future use.

M. 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 amount of assets and liabilities and disclosure 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 those estimates.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana
Notes to the Financial Statements
(Continued)
As of and for the Year Ended December 31, 2001

2. CASH AND CASH EQUIVALENTS

At December 31, 2001, the District had cash and cash equivalents (book balances) totaling \$496,220, as follows:

Demand Deposits	\$	218,420
Time and Savings Accounts		277,600
Other		200
Total	\$	496,220

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, 2001, the District had \$524,543 in collected bank balances deposited in two separate banks. For the first bank, collected bank balances at December 31, 2001, totaled \$379,939, and consisted of \$219,939 in demand deposit accounts, and \$160,000 in time and savings accounts. The demand deposit accounts, totaling \$219,939 were secured by \$100,000 of federal deposit insurance and \$119,939 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The time and savings accounts, totaling \$160,000, were secured by \$100,000 of federal deposit insurance, and \$60,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). In the second bank, the District had collected bank balances totaling \$144,604, and consisting of \$27,004 in demand deposit accounts and \$117,600 in time and savings accounts. The demand deposit accounts, totaling \$27,004, were secured by \$100,000 of federal deposit insurance. The time and savings accounts, totaling \$117,600, were secured by \$100,000 of federal deposit insurance and \$17,600 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

3. RECEIVABLES

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

Current	\$	20,350
31 - 60		6,155
61 - 90		3,257
Over 90		2,738
Total		32,500
Less: Allowance for Bad Debts		661
Accounts Receivable, Net	\$	31,839

St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana
Notes to the Financial Statements
(Continued)
As of and for the Year Ended December 31, 2001

All customer receivables are reported at gross value and reduced by the portion that is expected to be uncollectible. The board of commissioners of St. Helena Parish Waterworks District No. 2 established a monthly allowance for uncollectible accounts, at \$220 per month, the amount based on past experience in customer collections. Periodically, the board reviews the aging of receivables and determines the actual amounts uncollectible. Per board approval, uncollectible amounts are written off against accounts receivable, and the allowance for doubtful accounts is adjusted to a reasonable estimate of uncollectibility. For the fiscal year ending December 31, 2001, the District recorded bad debt expense of \$3,977.

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, 2001, accrued billings amounts were \$7,247.

4. RESTRICTED ASSETS

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

Bond Sinking Fund	\$ 157,047
Bond Contingency Fund	64,501
Bond Reserve Fund	83,302
Customers' Deposits	29,435
Phase IV Construction	3,721
Capital Improvement Fund	107,600
Total Restricted Assets	<u>\$ 445,606</u>

Of the restricted assets listed above, the restricted assets designated for the Capital Improvement Fund, totaling \$107,600 are restricted by the board of directors for future capital projects. The amount of \$3,721, for Phase IV Construction, consists of funds restricted for construction expenditures for the United States Department of Agriculture, Rural Utilities Service (RUS) Phase IV Project.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana
Notes to the Financial Statements
(Continued)
As of and for the Year Ended December 31, 2001

5. PROPERTY, PLANT AND EQUIPMENT

A summary of proprietary fund type property, utility plant and equipment in service at December 31, 2001, follows:

Description	Life/Years	Cost	Accumulated Depreciation	Net
Land	N/A	\$ 12,350	\$ -	\$ 12,350
Buildings & Improvements	20	24,005	19,888	4,117
Furniture & Fixtures	10	1,591	1,501	90
Vehicles	5	12,705	12,705	-
Equipment	10	6,250	3,559	2,691
Chemical Storage Tank	10	9,356	2,027	7,329
Original RUS Project:				-
Water System	40	698,637	288,788	409,849
Water Well	20	157,502	128,085	29,417
Water Tank	40	124,971	51,550	73,421
Water System- Highway 16 Relocation	40	130,011	30,093	99,918
Water System (RUS NE EXP):				
Water Well	40	145,424	44,233	101,191
Water Tank	40	161,715	48,515	113,200
Water Lines	40	433,552	129,744	303,808
Phase III Expansion	40	1,349,122	210,140	1,138,982
Phase IV Water System	40	1,219,455	21,391	1,198,064
Totals		<u>\$ 4,486,646</u>	<u>\$ 992,219</u>	<u>\$ 3,494,427</u>

Equipment, furniture, and fixtures are depreciated using the useful lives of 5 to 10 years, and the water distribution system uses a useful life of 20 to 40 years. All assets are depreciated under the straight-line method. Depreciation expense for the fiscal year ending December 31, 2001, totaled \$110,367.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana
Notes to the Financial Statements
(Continued)
As of and for the Year Ended December 31, 2001

6. LONG-TERM DEBT

The following is a summary of the long-term liability transactions during the year:

Description	Long-Term Liabilities Payable at Beginning of Year	Additions	Deletions	Long-Term Liabilities Payable at End of Year
1984 Water Revenue Bonds	\$ 440,296	\$ -	\$ 440,296	-
1987 Water Revenue Bonds	178,628	-	2,231	176,397
1994 Water Revenue Bonds	345,171	-	3,708	341,463
1999 Water Revenue Bonds	199,501	-	1,938	197,563
2000 Water Revenue Bonds	169,000	109,000	1,313	276,687
2001 Water Revenue Refunding Bonds	-	416,000	-	416,000
	<u>\$ 1,332,596</u>	<u>\$ 525,000</u>	<u>\$ 449,486</u>	<u>\$ 1,408,110</u>

Bonds Payable at December 31, 2001 comprise the following individual issues:

1984 Water Revenue Bonds - The original bond was issued on January 26, 1984, at Five-Hundred Twenty-Four Thousand Dollars (\$524,000), numbered R-1, and issued at the rate of 7.25% to the U.S. Rural Utilities Service (RUS) office. Under the terms of the agreement, an interest only payment was due on January 26, for the two years following the bond issue date. Beginning with the third annual payment date of January 26, 1987, and thereafter on each succeeding annual payment date, an annual payment of \$41,423 was required until interest and principal were fully paid. This bond was fully refunded with the proceeds of the 2001 Water Revenue Refunding Bonds.

1987 Water Revenue Bonds - These revenue bonds represent RUS funding for the Northeast Expansion Project. On August 13, 1987, the governing authority passed a resolution to issue an additional \$198,000 of revenue bonds for the purpose of improving and extending the water system. As of December 31, 1991, the expansion project was completed. Under the terms of the RUS "Letter of Conditions" issued August 4, 1987, the loan is to be repaid over a period not exceeding 40 years from the date of the bond and at an interest rate of 6.375%. An interest payment only was due 12 months from the date of the bond, with the first amortized payment of principal and interest due 2 years from the date of the bond and annually thereafter. The annual payment of principal and interest totals \$13,868.

1994 Water Revenue Bonds - These bonds, dated 5/26/94, totaling \$360,000, were issued at an annual interest rate of 5.0%, and provided funding for the RUS Phase III project. Under the terms of funding by the Rural Utilities Service, interest payments were made on January 26, 1995 of \$8,176, and \$17,995 on January 26, 1996. Installments of principal and interest, totaling \$21,344 are to be made on an annual basis, beginning January 26, 1997, with the loan to be repaid over a period not exceeding 40 years from the date of the bond.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana
Notes to the Financial Statements
(Continued)
As of and for the Year Ended December 31, 2001

1999 Water Revenue Bonds - These bonds, dated 8/26/99, totaling \$200,000, were issued at an annual interest rate of 4.75%, and provided funding for the RUS Phase IV project. Under the terms of funding by the Rural Utilities Service, an interest payment only is due on August 26, 2000, with monthly principal and interest payments of \$940 to begin on September 26, 2000, with the loan to be repaid over a period not exceeding 40 years from the date of the bond.

2000 Water Revenue Bonds - These bonds, dated 7/17/00, totaling \$278,000, were issued at an interest rate of 4.5%, and provided funding for the "Phase IV Water Well & Tank Improvements" project. Provisions of the loan agreement require an interest only payment on 6/26/01, with principal and interest payments of \$1,262 to begin on 7/26/01, with the loan to be repaid over a period not exceeding 40 years from the date of the bond.

2001 Water Revenue Refunding Bonds, Series 2001, dated 11/20/01, totaling \$416,000, were issued at an interest rate of 5.2%, and were used to refund the 1984 Water Revenue Bonds. Provisions of the loan agreement require an interest only payment on January 26 of each year beginning January 26, 2002 and ending on January 26, 2017 and a principal and interest payment on July 26 of each year beginning July 26, 2002 and ending on July 26, 2016.

In accordance with requirements of Governmental Accounting Standards Board (GASB) Opinion 23 *Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities*, the refunding of the 1984 Water Revenue Bonds was accounted for as a "current refunding" since proceeds of the newly issued debt were used immediately to retire the old debt. Transactions to retire the 1984 Water Revenue Bonds are summarized below:

Source of Funds:

Bond Proceeds (2001 Water Revenue Refunding Bonds)	\$	416,000
Bond Sinking Fund (of Water District)		41,035
Other Funds (of Water District)		6,586
Total Source of Funds	\$	463,621

Use of Funds:

Bond Principal Redemption (1984 Water Revenue Bonds)	\$	431,494
Interest Payment (on Redeemed Bonds)		25,541
Bond Issuance Costs		6,586
Total Uses of Funds	\$	463,621

Refunding of the 1984 Water Revenue Bonds resulted in a net cash savings of \$174,543, with a present value of net savings of \$64,280, calculated from the bond issuance date of November 20, 2001, for the 2001 Water Revenue Refunding Bonds.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana
Notes to the Financial Statements
(Continued)
As of and for the Year Ended December 31, 2001

The annual requirements to amortize all debt outstanding, including interest payments of \$1,292,230 are as follows

Year Ending December 31,	1987 Water Revenue Bonds \$198,000	1994 Water Revenue Bonds \$360,000	1999 Water Revenue Bonds \$200,000	2000 Water Revenue Bonds \$278,000	2001 Refunding Bonds \$416,000	Total
2002	\$ 13,868	\$ 21,344	\$ 11,280	\$ 15,145	\$ 16,730	\$ 78,367
2003	13,868	21,344	11,280	15,145	40,034	101,671
2004	13,868	21,344	11,280	15,145	40,020	101,657
2005	13,868	21,344	11,280	15,145	39,954	101,591
2006	13,868	21,344	11,280	15,145	39,836	101,473
2007-2011	69,340	106,720	56,400	75,727	198,356	506,543
2012-2016	69,340	106,720	56,400	75,727	198,396	506,583
2017-2021	69,340	106,720	56,400	75,727	38,988	347,175
2022-2026	69,340	106,720	56,400	75,727	-	308,187
2027-2031	27,736	106,720	56,400	75,727	-	266,583
2032-2036	-	64,032	56,400	75,727	-	196,159
2037-2040	-	-	30,080	54,271	-	84,351
Totals	<u>\$ 374,436</u>	<u>\$ 704,352</u>	<u>\$ 424,880</u>	<u>\$ 584,358</u>	<u>\$ 612,314</u>	<u>\$ 2,700,340</u>

St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana
Notes to the Financial Statements
(Continued)
As of and for the Year Ended December 31, 2001

7. FLOW OF FUNDS, RESTRICTIONS ON USE

Specific legal requirements for reserve accounts are as follows:

- a) There shall be established a "Water System Revenue Bond and Sinking Fund" - sufficient in amount to pay the principal and interest on outstanding revenue bonds as they become due and payable. Payments are to be made from the Operating Fund (Revenue Fund) of the District, to the "Revenue Sinking Fund" by the 20th of each month, in an amount equal to 1/12 of the interest and principal falling due on the next bond payment date. Monies in the "Revenue Sinking Fund" are deposited as Trust Funds, and are exclusively pledged for the purpose of paying principal and interest on the Revenue Bonds.

The District made all of the required deposits for the RUS Bonds and for the 2001 Water Revenue Refunding Bonds, issued in parity with the RUS bonds maintaining a total of \$157,047 for the fiscal year ended December 31, 2001.

- b) Bond reserve deposit requirements are as modified by the RUS letter of conditions dated February 10, 2000, and by bond reserve requirements of the 2001 Water Revenue Refunding Bonds.

There shall be set aside into a "Utility System Revenue Bond Reserve Fund" a sum equal to five percent (5%) of the monthly bond payment after the construction becomes revenue producing until there is accumulated therein an amount equal to the highest succeeding annual debt service payment in any future year. 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 as to which there would otherwise be default.

Combined payment requirements for the RUS bond issues and the 2001 Water Revenue Refunding Bonds increased to \$406 per month on December 20, 2001, and will increase to \$426 per month beginning February 20, 2002.

The twelve required monthly payments to the "Revenue Bond Reserve Fund" were made for the year 2001 with a balance maintained of \$83,302 at December 31, 2001.

- c) Funds are also to be deposited into a "Depreciation and Contingency Fund," under the terms of the RUS Bond issues and the 2001 Water Revenue Refunding Bonds. Funds in the Depreciation and Contingency Fund are to be used to care for depreciation, extensions, additions, improvements and replacements necessary to operate properly the System by transferring from the Water Revenue Fund to the regularly designated fiscal agent bank of the Issuer (or such other bank designated by the Issuer with the approval of the Government), monthly in advance on or before the 20th day of each month of each year beginning with the first month following completion of the improvements and extensions to the System financed with the proceeds of the Bonds, the sum equal to five percent (5%) of the amount to be paid monthly into the Sinking Fund with respect to the Bond and upon the Reserve Fund being funded to the Reserve Fund Requirement, the monthly deposit into the Contingency Fund will increase to an amount equal to ten percent (10%) of the amount paid monthly into the Sinking Fund with respect to the Bonds, all as required by the Government, which monthly payments will be in addition to those required to be made into the Contingency Fund by the Parity Bond Resolutions. Moneys in the Contingency Fund shall also be used to pay the principal of and interest on any bond for the payment of which there is not sufficient money in the Sinking Fund or the Reserve Fund, but if so used, such money shall be replaced by the Issuer as soon as possible thereafter out of the earnings of the System after making the required payments into the respective funds and accounts herein above set out.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana
Notes to the Financial Statements
(Continued)
As of and for the Year Ended December 31, 2001

Combined payment requirements for the RUS bond issues and the 2001 Water Revenue Refunding Bonds increased to \$406 per month on December 20, 2001, and will increase to \$426 per month beginning February 20, 2002.

The twelve required monthly payments to the "Depreciation & Contingency Fund" were made for the year 2001. The balance in the "Depreciation and Contingency Fund" at December 31, 2001, was \$64,501.

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.

8. RESERVED RETAINED EARNINGS

Reserved Retained Earnings, totaling \$147,803, is created in conjunction with the issuance of revenue bonds and is funded by transfers from the revenue account based on assets held by the water district that are restricted for bond payments and emergency repairs. The purpose of the reserved retained earnings is to service the revenue bonds.

9. UNRESERVED RETAINED EARNINGS-DESIGNATED

The board of commissioners of the District at December 31, 2001 had designated a total of \$107,600 for future capital improvement projects.

10. WATER SYSTEM MANAGEMENT

The water system, under the direction of the board of commissioners of St. Helena Parish Waterworks District No.2, is operated under a contract with an outside party. The contract manager receives customer service calls, collects payments from customers, and performs routine maintenance work for the District.

SUPPLEMENTARY INFORMATION

St. Helena Parish Waterworks District No. 2
Parish of St. Helena
Greensburg, Louisiana

Schedule 1

Comparative Balance Sheet - Proprietary Fund Type
December 31, 2001 and 2000

	Enterprise Fund	
	2001	2000
Assets		
Current Assets:		
Cash	\$ 50,614	\$ 38,100
Accounts Receivable (Net)	31,839	33,127
Accrued Billings	7,247	7,896
Prepaid Insurance	556	1,006
Total Current Assets	90,256	80,129
Restricted Assets:		
Cash - RUS Bond Sinking Fund	157,047	176,269
Cash - RUS Depreciation & Contingency Fund	64,501	60,254
Cash - RUS Bond Reserve Fund	83,302	77,906
Cash - Customer Deposits	29,435	30,225
Cash - Phase IV Construction	3,721	4,763
Cash - Capital Improvements Fund	107,600	103,896
Total Restricted Assets	445,606	453,313
Property, Plant and Equipment:		
Land	12,350	12,350
Buildings	24,005	24,005
Furniture and Fixtures	1,591	1,591
Vehicles	12,705	12,705
Equipment	6,250	6,250
Chemical Storage Tank	9,356	9,356
Water System	1,111,121	1,109,099
Water Well - RUS NE Expansion	145,424	145,424
Water Tank - RUS NE Expansion	161,715	161,715
Water Lines - RUS NE Expansion	433,552	433,552
Phase IV Water Distribution System	1,219,455	603,569
Phase III Expansion	1,349,122	1,349,122
Construction in Progress - Phase IV	-	214,900
Total Property, Plant and Equipment	4,486,646	4,083,638
Less: Accumulated Depreciation	(992,219)	(881,852)
Net Property, Plant and Equipment	3,494,427	3,201,786
Other Assets:		
Bond Issue Cost	6,610	-
Total Other Assets	6,610	-
Total Assets	\$ 4,036,899	\$ 3,735,228

(Continued)

The accompanying notes are an integral part of these statements.

**St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana**

Schedule 1 (Continued)

**Comparative Balance Sheet - Proprietary Fund Type
December 31, 2001 and 2000**

Liabilities and Fund Equity	Enterprise Fund	
Liabilities:	2001	2000
Current Liabilities (Payable From Current Assets):		
Accounts Payable	\$ 3,113	\$ 4,102
Sales Tax Payable	834	731
Payroll Taxes Payable	106	136
Total Current Liabilities (Payable From Current Assets)	4,053	4,969
Current Liabilities (Payable From Restricted Assets):		
Current RUS Bond Payable	13,051	16,263
Accrued RUS Bond Interest	28,294	58,438
Customer Deposits Payable	47,820	46,836
Accrued Construction Interest	-	2,275
Construction Accounts Payable	-	13,320
Construction Retainage Payable	53,776	4,375
Total Current Liabilities (Payable From Restricted Assets)	142,941	141,507
Long-Term Liabilities:		
Revenue Bonds Payable -		
1984 Water Revenue Bonds	-	433,099
1987 Water Revenue Bonds	174,097	176,486
1994 Water Revenue Bonds	337,663	341,486
1999 Water Revenue Bonds	195,363	197,592
2000 Water Revenue Bonds	273,936	167,670
2001 Water Revenue Refunding Bonds	414,000	-
Total Long-Term Liabilities	1,395,059	1,316,333
Total Liabilities	1,542,053	1,462,809
Fund Equity:		
Contributed Capital - RUS Original System	500,000	500,000
Contributed Capital - RUS NE Expansion	542,000	542,000
Contributed Capital - Hwy 16 Relocation	102,581	102,581
Contributed Capital - Fire Department	5,540	5,540
Contributed Capital - Phase III Expansion	980,000	980,000
Contributed Capital - Connection Fees	26,750	26,750
Contributed Capital - Phase IV Expansion #1	375,400	370,400
Contributed Capital - Phase IV Expansion #2	252,000	-
Less: Accumulated Amortization	(558,982)	(496,386)
Net Contributions	2,225,289	2,030,885
Retained Earnings:		
Reserved for RUS Bond Depreciation and Contingency	147,803	138,160
Unreserved Retained Earnings:		
Designated	107,600	103,374
Undesignated	14,154	-
Total Retained Earnings	269,557	241,534
Total Fund Equity	2,494,846	2,272,419
Total Liabilities and Fund Equity	\$ 4,036,899	\$ 3,735,228

(Concluded)

The accompanying notes are an integral part of these statements.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana

Schedule 2

**Schedule of Revenues, Expenses and Changes in Unreserved
Retained Earnings (Budget and Actual)-Proprietary Fund Type
Year Ended December 31, 2001
And Actual for the Year Ended December 31, 2000**

	Enterprise Fund			
	2001 Budget	2001 Actual	Variance- Favorable (Unfavorable)	2000 Actual
Operating Revenues				
Water Sales	\$ 260,809	\$ 261,982	\$ 1,173	\$ 244,397
Connection Fees	18,125	19,655	1,530	13,525
DHH Fees	384	384	-	379
Late Charges	9,837	9,810	(27)	8,348
Interest	17,607	17,410	(197)	19,438
Other	120	45	(75)	3,806
Total Operating Revenues	<u>306,882</u>	<u>309,286</u>	<u>2,404</u>	<u>289,893</u>
Operating Expenses				
Salaries	6,500	6,462	38	6,862
Payroll Taxes	600	492	108	546
Per Diem - Board Members	2,750	2,800	(50)	2,800
Accounting	13,637	12,613	1,024	11,055
Advertising	320	240	80	205
Amortization of Bond Issue Costs	36	76	(40)	-
Bad Debts	4,080	3,977	103	579
Bank Charges	143	139	4	-
Billing Costs	8,400	8,388	12	8,000
Chemicals	2,500	1,944	556	2,326
Contract Management & Operations	64,000	63,884	116	56,992
Depreciation	110,000	110,367	(367)	88,350
Dues	150	455	(305)	150
Insurance	6,250	6,197	53	4,892
Meter Installations	7,200	8,512	(1,312)	4,800
Miscellaneous	100	-	100	362
Office Supplies & Expense	1,800	1,215	585	1,398
Postage	3,000	3,061	(61)	3,147
Repairs and Maintenance	9,000	10,393	(1,393)	11,236
Supplies - Water System	10,000	11,602	(1,602)	5,317
Telephone	2,000	2,047	(47)	1,404
Utilities	15,000	14,701	299	14,626
Vehicle Expense	2,300	1,967	333	2,280
Total Operating Expense	<u>269,766</u>	<u>271,532</u>	<u>(1,766)</u>	<u>227,327</u>
Operating Income	<u>37,116</u>	<u>37,754</u>	<u>638</u>	<u>62,566</u>

(Continued)

The accompanying notes are an integral part of these statements.

**St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana**

Schedule 2 (Continued)

**Schedule of Revenues, Expenses and Changes in Unreserved
Retained Earnings (Budget and Actual)-Proprietary Fund Type
Year Ended December 31, 2001
And Actual for the Year Ended December 31, 2000**

	Enterprise Fund			
	2001 Budget	2001 Actual	Variance- Favorable (Unfavorable)	2000 Actual
Non-Operating Revenue (Expenses):				
Interest Expense	(74,327)	(72,894)	1,433	(66,648)
Recovery-Bad Debts	687	566	(121)	325
Total Non-Operating Revenue (Expenses)	<u>(73,640)</u>	<u>(72,328)</u>	<u>1,312</u>	<u>(66,323)</u>
Net Income (Loss)	\$ <u><u>(36,524)</u></u>	<u>(34,574)</u>	\$ <u><u>1,950</u></u>	\$ <u><u>(3,757)</u></u>
Unreserved Retained Earnings-Beginning		103,374		
Amortization of Contributed Capital		62,596		
Increase in Reserve for Contingencies		<u>(9,642)</u>		
Unreserved Retained Earnings-Ending		\$ <u><u>121,754</u></u>		

(Concluded)

The accompanying notes are an integral part of these statements.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana

Schedule 3

Comparative Schedule of Cash Flows - Proprietary Fund Type
Years Ended December 31, 2001 and 2000

	2001	2000
Cash Flows from Operating Activities:		
Operating Income	\$ 37,754	\$ 62,566
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	110,367	88,350
Bond Issue Cost Amortization	76	-
Changes in Accounts Receivable	1,288	(4,170)
Changes in Accrued Billings	649	(2,670)
Changes in Due From Rural Utility Service	-	40,000
Changes in Prepaid Insurance	450	12
Changes in Accounts Payable and Accrued Expenses	(916)	984
Changes in Current Liabilities Payable from Restricted Assets	4,646	(49,923)
Net Cash Provided by Operating Activities	154,314	135,149
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Property and Equipment	(403,008)	(437,285)
2001 Water Revenue Refunding Bonds, Proceeds	416,000	-
Bond Issue Costs - 2001 Water Revenue Refunding Bonds	(6,685)	-
2000 Water Revenue Bonds Proceeds	109,000	169,000
Phase IV RUS Capital Contribution	257,000	197,400
Principal Repayments-		
1984 Water Revenue Bonds	(440,296)	(9,693)
1987 Water Revenue Bonds	(2,231)	(2,629)
1994 Water Revenue Bonds	(3,708)	(4,347)
1999 Water Revenue Bonds	(1,938)	(499)
2000 Water Revenue Bonds	(1,313)	-
Interest Payments - RUS Loans	(72,894)	(66,648)
Net Cash Used by Capital and Related Financing Activities	(150,073)	(154,701)
Cash Flows from Non-capital Financing Activities:		
Recovery of Bad Debts	566	325
Net Cash Provided by Non-capital Financing Activities	566	325
Net Cash Increase (Decrease) for Year	4,807	(19,227)
Cash, Beginning	491,413	510,640
Cash, Ending	\$ 496,220	\$ 491,413

The accompanying notes are an integral part of these statements.

**St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana**

Schedule 4

**Schedule of Insurance Coverages
December 31, 2001**

<u>Insurance Company</u>	<u>Coverage</u>	<u>Effective Date</u>	<u>Expiration Date</u>
Travelers Property Casualty Insurance Company Policy # I-660-566X4874-TIA-01	Employee Dishonesty - Blanket coverage of \$110,000	01/22/01	01/22/02
Travelers Property Casualty Insurance Company Policy # I-660-566X4874-TIA-01	Business Auto Coverage of \$1,000,000 combined Single Limit Liability Coverage, Uninsured Motorists Coverage of \$1,000,000 Comprehensive and Collision of lesser of actual cash value or cost of repair	01/22/01	01/22/02
Travelers Property Casualty Insurance Company Policy # I-660-566X4874-TIA-01	-Property Coverage of \$20,453 for Building; \$4,080 for contents. 2503 Hillsdale Rd, Greensburg, LA -Property coverages of \$3,244 for pump station at Hwy 10, Greensburg, LA -Property coverages of \$108,120 for water tower at Hwy 10, Greensburg, LA -Property Coverages of \$3,244 for pumping station at Hwy 38, Greensburg, LA -Property Coverage of \$56,180 for tank at Hwy 38, Greensburg, LA -Property Coverage of \$27,540 for generator building at Hwy 38, Greensburg, LA	01/22/01	01/22/02
Travelers Property Casualty Insurance Company Policy # I-660-566X4874-TIA-01	-Commercial General Liability Limits at \$1,000,000 Aggregate; \$1,000,000 per occurrence; personal and advertising injury and products liability coverage limits at \$1,000,000; \$100,000 fire damage limit	01/22/01	01/22/02
General Star Indemnity Company Policy # IYA602235B	Public Officials Liability limits at \$1,000,000 and deductible of \$1,000	09/02/01	09/02/02
Louisiana Workers' Compensation Policy # 17223-1	Workmen's Compensation at statutory limits, Employer's Liability at \$100,000	04/17/01	04/17/02

**St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana**

Schedule 5

**Schedule of Board of Commissioners
December 31, 2001**

<u>Board of Commissioners</u>	<u>Per Diem Payments</u>	<u>Term of Office</u>
Claude Sharkey, President 8178 Hwy. 441 Amite, Louisiana 70422	\$ 600	07/26/97 - 07/26/2003
James Ash, Vice-President 228 Red Bluff Ch. Rd. Greensburg, Louisiana 70441	450	07/27/96 - 07/26/2002
Jim Hitchens, Secretary-Treasurer 6914 Hwy. 441 Amite, Louisiana 70422	600	07/26/99 - 07/26/2005
Evelyn Jones 16375 Hwy 441 Kentwood, Louisiana 70444	600	07/27/01 - 07/26/2007
Huey Davis 4520 Hwy 441 Amite, Louisiana 70422	550	07/26/98 - 07/26/2004
	<u>\$ 2,800</u>	

St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana

Schedule 6

Schedule of Water Customers
December 31, 2001

As of December 31, 2001, the water district had the following number of customers.

Water-Residential	1,144
Commercial/Dairy	<u>47</u>
Total Customers	<u><u>1,191</u></u>

Schedule of Water Rates
December 31, 2001

<u>Usage</u>	<u>Monthly Charge</u>
Residential:	
First 2,000 gallons	\$ 9.00
Next 4,000 gallons	2.50 per 1,000 gallons
Next 4,000 gallons	1.50 per 1,000 gallons
Over 10,000 gallons	1.00 per 1,000 gallons
Commercial:	
First 10,000 gallons	\$25.00
All over 10,000 gallons	.80 per 1,000 gallons
Dairy:	
First 20,000 gallons	\$25.00
All over 20,000 gallons	.80 per 1,000 gallons

**St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana**

**Supplemental Information Schedules
December 31, 2001**

General

**Expenditures of Federal Awards
And Audit Findings Resolution**

In accordance with Office of Management and Budget Circular A-133, schedules of expenditures of federal awards, follow-up and corrective action taken on prior audit findings, and corrective action plan for current year audit findings are presented.

**St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana**

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2001**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Program or Amount</u>	<u>Loan Balance at December 31, 2000</u>	<u>Receipts or Revenue Recognized</u>
U. S. Department of Agriculture				
Water and Waste Disposal Systems				
For Rural Communities				
--Loan Repayments	10.760	\$ 524,000	\$ 440,296	\$ -
--Loan Repayments	10.760	198,000	178,628	-
--Loan Repayments	10.760	360,000	345,171	-
--Loan Repayments	10.760	200,000	199,501	-
--Receipt of Loan Funds	10.760	278,000	169,000	109,000
Total Loan Activity			<u>\$ 1,332,596</u>	<u>\$ 109,000</u>
U. S. Department of Agriculture				
Water and Waste Disposal Systems				
For Rural Communities				
--Construction - Phase IV Water Well	10.760			
--Construction - Phase IV Water Tank	10.760			

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the St. Helena Waterworks District No. 2 and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations".

Note 2 - Bond Refinancing

On November 20, 2001, St. Helena Waterworks District No. 2 paid off Water Revenue Bonds dated January 26, 1984. The 1984 Revenue Bonds with an original issue amount of \$524,000 were refunded by water revenue refunding bond issued by a commercial financial institution.

The accompanying notes are an integral part of these statements.

Schedule 7

<u>Disbursements/ Expenditures</u>	<u>Loan Balance at December 31, 2001</u>
\$ 440,296	\$ -
2,231	176,397
3,708	341,463
1,938	197,563
1,313	276,687
<u>\$ 449,486</u>	<u>\$ 992,110</u>

<u>Disbursements/ Expenditures</u>
\$ 401510
214238
<u>\$ 615748</u>

**St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana**

Schedule 8

**Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2001**

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

No Findings for Section I.

Section II-Internal Control and Compliance Material to Federal Awards

No Findings for Section II.

Section III - Management Letter

Reference Number: 2000-M1

Description of Finding:

We noted in the prior fiscal year that accounts receivable over 60 days past due increased from \$3,904 at December 31, 1999, to \$7,817 at December 31, 2000. Per discussion and review with management, part of the increase was because of new customers added to the system that did not keep their account balances current. A total of 208 customers were billed in August 2000 for the Phase IV expansion, and by December 31, 2000, a total of 30 of these customers had been disconnected for non-payment. In addition, billings increased from \$219,572 at December 31, 1999, to \$244,397 at December 31, 2000.

For the fiscal year ending December 31, 2001, the amount over 90 days decreased from \$4,804 to \$2,738. Whereas the management of past due debt is a continuing process, the District is actively reviewing past due status of accounts and disconnecting on a timely basis.

Corrective Action Planned (Response by Management):

We will review the past due accounts and take the necessary action.

Corrective Action Taken: Final

**St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana**

Schedule 9

**Corrective Action Plan for Current Year Audit Findings
For the Year Ended December 31, 2001**

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

No Findings for Section I.

Section II-Internal Control and Compliance Material to Federal Awards

No Findings for Section II.

Section III - Management Letter

No Findings for Section III.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana

Schedule 10

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2001

I. Type of Report Issued on the Financial Statements.

A unqualified opinion was issued on the financial statements for the St. Helena Parish Waterworks District No. 2, for the fiscal year ending December 31, 2001.

II. Disclosure of Reportable Conditions in Internal Control.

There were no reportable conditions disclosed by the audit of the financial statements of the District.

III. Disclosure of noncompliance material to the financial statements.

There were no material instances of noncompliance disclosed by the audit of the financial statements of the District, which are required to be reported in accordance with *Government Auditing Standards*.

IV. Disclosure of Reportable Conditions in Internal Control over Major Programs.

There were no reportable conditions for the Major Program for the District for the fiscal year ending December 31, 2001.

V. Type of Report Issued for Major Programs.

Unqualified.

VI. Disclosure of Audit Findings Required to be Reported under S___ .510 Audit Findings.

There were no findings to be reported under S___ .510 Audit Findings. ,

VII. Identification of Major Programs.

The Major Program for the St. Helena Parish Waterworks District No. 2 was the "Water and Waste Disposal Systems for Rural Communities" loan/grant program (CFDA 10.760).

VIII. Dollar Threshold to Distinguish Between Type "A" and Type "B" programs.

Expenditures of \$300,000.

IX. Statement as to Whether the Auditee qualified as Low-Risk Auditee under S___ .530.

Yes, the St. Helena Parish Waterworks District No. 2 did qualify as a low-risk auditee under the provisions of S___ .530, since the major program had been audited in the prior two years.

**St. Helena Parish Waterworks District No. 2
Parish of St. Helena, Louisiana**

Schedule 10 (Continued)

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2001**

X. Findings - Financial Statement Audit.

There were no findings to be reported in accordance with GAGAS for the fiscal year ending December 31, 2001.

XI. Findings and Questioned Costs for Federal Awards.

There were no findings or questioned costs for the St. Helena Parish Waterworks District No. 2 for the fiscal year ending December 31, 2001.

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Bruce C. Harrell, CPA

Warren A. Wool, CPA
Michael P. Estay, CPA
Dale H. Jones, CPA
Charles P. Hebert, CPA
James D. Rabalais, CPA

109 West Minnesota Park
Park Place Suite 7
Hammond, LA 70403
VOICE: (985) 542-6372
FAX: (985) 345-3156

KENTWOOD OFFICE
P.O. Box 45 - 909 Avenue G
Kentwood, LA 70444
VOICE: (985) 229-5955
FAX: (985) 229-5951

INTERNET
www.teamcpa.com

MEMBERS
American Institute of CPAs
Society of Louisiana CPAs

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

Board of Commissioners
St. Helena Parish Waterworks District No. 2
Greensburg, Louisiana 70441

We have audited the general purpose financial statements of the St. Helena Parish Waterworks District No. 2, Louisiana, as of and for the year ended December 31, 2001, and have issued our report thereon dated March 4, 2002. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the St. Helena Parish Waterworks District No. 2, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests 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 St. Helena Parish Waterworks District No. 2, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. A material weakness is a reportable condition in which the design and 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.

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Board of Commissioners
St. Helena Parish Waterworks District No. 2
Page 2

This report is intended for the information of management, the 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.


Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

March 4, 2002

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Bruce C. Harrell, CPA

Warren A. Wool, CPA
Michael P. Estay, CPA
Dale H. Jones, CPA
Charles P. Hebert, CPA
James D. Rabalais, CPA

109 West Minnesota Park
Park Place Suite 7
Hammond, LA 70403
VOICE: (985) 542-6372
FAX: (985) 345-3156

KENTWOOD OFFICE
P.O. Box 45 - 909 Avenue G
Kentwood, LA 70444
VOICE: (985) 229-5955
FAX: (985) 229-5951

INTERNET
www.teamcpa.com

MEMBERS
American Institute of CPAs
Society of Louisiana CPAs

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners
St. Helena Parish Waterworks District No. 2
Greensburg, Louisiana 70441

Compliance

We have audited the compliance of the St. Helena Parish Waterworks District No. 2 with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2001. The St. Helena Parish Waterworks District No. 2's major federal programs are identified in the accompanying schedule of federal awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the St. Helena Parish Waterworks District No. 2's management. Our responsibility is to express an opinion on the St. Helena Parish Waterworks District No. 2's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the St. Helena Parish Waterworks District No. 2's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the St. Helena Parish Waterworks District No. 2's compliance with those requirements.

In our opinion, the St. Helena Parish Waterworks District No. 2 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001.

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Board of Commissioners
St. Helena Parish Waterworks District No. 2
Page 2

Internal Control Over Compliance

The management of the St. Helena Parish Waterworks District No. 2 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the St. Helena Parish Waterworks District No. 2's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

March 4, 2002