

8750

OFFICIAL
FILE COPY

RECEIVED
LEONARD J. ...
99 APR 31 AM 9:24

DO NOT REMOVE

Clones necessary
comes from this
copy and (PAGE)
BIBL & FILE

ST. HELENA PARISH WATERWORKS
DISTRICT NO. 1

PARISH OF ST. HELENA,
GREENBURG, LOUISIANA

ANNUAL FINANCIAL REPORT

YEARS ENDED DECEMBER 31, 1997 AND 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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.

APR 15 1999

Release Date _____

St. Helena Parish Waterworks District No.2
Parish of St. Helena
Greensburg, Louisiana
Years Ended December 31, 1997 and 1996

TABLE OF CONTENTS

	<u>Statement</u>	<u>Schedule</u>	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....			3
COMPARATIVE BALANCE SHEET-PROPRIETARY FUND TYPE.....	A		4
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN UNRESERVED RETAINED EARNINGS (BUDGET AND ACTUAL) - PROPRIETARY FUND TYPE.....	B		6
COMPARATIVE STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE.....	C		7
NOTES TO THE FINANCIAL STATEMENTS.....			8
SUPPLEMENTARY INFORMATION			
SCHEDULE OF INSURANCE COVERAGES.....		1	19
SCHEDULE OF BOARD OF COMMISSIONERS.....		2	20
SCHEDULE OF WATER CUSTOMERS AND SCHEDULE OF WATER RATES.....		3	21
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....		4	22
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF COMPONENT UNIT FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....			23
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS.....		5	25

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

Bruce C. Harrill, CPA

Wanda A. Wood, CPA
Michael T. Boley, CPA
Tobin J. Jones, CPA
Charles P. Wilson, CPA
James D. Robinson, CPA

100 West Minnesota Park
Park Place Suite 7
Harrison, LA 70003
PHONE: (504) 543-6170
FAX: (504) 343-1016

LESTWOOD OFFICE
P.O. Box 41 - 602 Fifth St.
Bastrop, LA 70001
PHONE: (504) 224-8800
FAX: (504) 224-8800

MEMBERS
American Institute of CPAs
Board of Louisiana CPAs

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
St. Helena Parish Waterworks District No.2
Greensburg, Louisiana 70040

We have audited the accompanying component unit 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, 1997, and 1996, and for the years then ended, as listed in the table of contents. These component unit financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the St. Helena Parish Waterworks District No.2, Louisiana, as of December 31, 1997, and 1996, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 1998, on our consideration of the St. Helena Parish Waterworks District No.2, Louisiana'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 component unit financial statements taken as a whole. The schedule listed in the table of contents are presented for additional analysis and are not a required part of the component unit financial statements of the St. Helena Parish Waterworks District No.2, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly presented in all material respects in relation to the component unit financial statements taken as a whole.


Bruce Harrill and Company, CPAs
A Professional Accounting Corporation

March 3, 1998

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

STATEMENT A

COMPARATIVE BALANCE SHEET - PROPRIETARY FUND TYPE

December 31, 1997 and 1998

	Enterprise Fund	
	1997	1998
Assets		
Current Assets:		
Cash	\$ 18,898	\$ 23,333
Accounts Receivable	26,215	23,854
Allowance for Uncollectible Accounts	(1,810)	(709)
Prepaid Insurance	562	545
Total Current Assets	<u>43,865</u>	<u>46,923</u>
Restricted Assets:		
Cash - RUI Bond Sinking Fund	180,381	189,168
Cash - RUI Depreciated & Contingency Fund	44,321	39,208
Cash - RUI Bond Reserve Fund	89,878	93,872
Cash - Customer Deposits	39,393	37,968
Cash - Phase 4 Connection Fees	9,718	3,656
Cash - RUI Contribution (Phase III)	-	138
Cash - Capital Improvements Fund	68,070	60,598
Total Restricted Assets	<u>391,961</u>	<u>384,607</u>
Property, Plant and Equipment:		
Land	7,000	7,000
Buildings	24,000	24,000
Furniture and Fixtures	1,582	1,582
Vehicles	12,795	12,795
Equipment	400	400
Water Systems	881,110	881,110
Water Main - RUI III Expansion	149,424	149,424
Water Tank - RUI III Expansion	181,718	181,718
Water Lines - RUI III Expansion	403,582	403,582
Water System - Hwy 18 Relocation	102,589	102,589
Phase III Expansion	1,349,122	1,349,122
Total Property, Plant and Equipment	<u>2,279,824</u>	<u>2,218,824</u>
Less: Accumulated Depreciation:	<u>(523,853)</u>	<u>(523,689)</u>
Net Property, Plant and Equipment	<u>1,755,971</u>	<u>1,695,135</u>
Total Assets	<u>\$ 3,233,648</u>	<u>\$ 3,087,268</u>
Liabilities and Fund Equity		
Liabilities:		
Current Liabilities (Payable From Current Assets)		
Accounts Payable	\$ 3,176	\$ 4,614
Sales Tax Payable	484	637
Payroll Taxes Payable	121	1,628
Total Current Liabilities (Payable From Current Assets)	<u>3,781</u>	<u>6,880</u>

Continued on the following page

The accompanying notes are an integral part of these statements.

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

STATEMENT A

COMPARATIVE BALANCE SHEET - PROPRIETARY FUND TYPE
(Continued)
December 31, 1997 and 1996

	Enterprise Fund	
	1997	1996
Current Liabilities (Payable From Restricted Assets):		
Current RUS Bond Payable	\$ 13,261	\$ 13,429
Accrued RUS Bond Interest	89,888	89,888
Customer Deposits Payable	41,758	40,138
Liability for Connection Fees	8,522	3,050
Total Current Liabilities (Payable From Restricted Assets)	153,429	146,505
Long-Term Liabilities:		
Revenue Bonds Payable -		
RUS Original System	487,894	488,888
RUS NE Expansion	153,251	185,371
Phase II Expansion	352,824	556,546
Total Long-Term Liabilities	993,969	1,230,805
Total Liabilities	1,147,398	1,377,310
Fund Equity:		
Contributed Capital - RUS Original System	500,000	500,000
Contributed Capital - RUS NE Expansion	542,000	542,000
Contributed Capital - Hwy 18 Relocation	182,581	182,581
Contributed Capital - Fire Department	8,540	8,540
Contributed Capital - Phase II Expansion	980,000	980,000
Contributed Capital - Phase II Connection Fees	14,750	14,750
Less: Accumulated Amortization	(227,363)	(283,762)
Net Contributions	1,980,808	1,981,129
Retained Earnings:		
Reserved for RUS Bond Depreciation and Contingency	93,897	92,888
Unreserved Retained Earnings:		
Designated	4,898	(18,089)
Undesignated	-	-
Total Retained Earnings	98,795	74,799
Total Fund Equity	1,979,603	1,955,929
Total Liabilities and Fund Equity	\$ 3,027,001	\$ 3,287,289

(Continued)

The accompanying notes are an integral part of these statements.

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

STATEMENT B

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN UNRESERVED
 RETAINED EARNINGS (BUDGET AND ACTUAL)-PROPRITARY FUND TYPE**
Year Ended December 31, 1997

And Actual for the Year Ended December 31, 1996

	Enterprise Fund			1996 Actual
	1997 Budget	1997 Actual	Variance- Favorable (Unfavorable)	
Operating Revenues				
Water Sales	\$ 198,080	\$ 204,372	\$ 18,372	\$ 196,789
Connection Fees	6,428	9,715	3,287	15,188
Late Charges	1,833	7,891	6,058	8,028
Interest	5,080	9,489	4,409	7,603
Total Operating Revenues	211,421	231,467	20,046	227,608
Operating Expenses				
Salaries	5,080	6,304	(1,224)	28,433
Payroll Taxes	380	497	(117)	2,284
Office Supplies & Expense	584	1,718	(1,134)	1,787
Accounting	6,020	7,888	(1,868)	7,683
Meter Installations	3,880	5,558	(1,678)	6,184
Repairs and Maintenance	9,040	9,894	(854)	9,182
Supplies - Water System	2,480	7,835	(5,355)	5,977
Vehicle Expense	4,280	1,288	2,992	8,418
Utilities	11,680	11,871	(191)	10,788
Telephone	480	1,588	(1,108)	1,275
Insurance	1,218	4,948	(3,730)	6,871
Billing Costs	6,480	7,408	(828)	7,758
Postage	-	888	(888)	-
Bad Debts	-	1,111	(1,111)	2,128
Contract Management	38,080	35,858	2,222	-
Par. Deam - Board Members	3,880	2,808	480	2,880
Advertising	-	-	-	985
Educational Expense	380	-	380	-
Depreciation	66,745	66,797	(52)	66,683
Miscellaneous	240	188	52	373
Total Operating Expense	178,848	188,412	(9,036)	188,438
Net Operating Income	32,573	43,055	10,482	39,170
Non-Operating Revenue (Expense)				
Interest Expense	(65,460)	(65,427)	3,333	(64,244)
Miscellaneous Income	1,200	384	(816)	-
Recovery-Bad Debts	-	358	(358)	-
Total Non-Operating Revenue (Expense)	(64,260)	(64,790)	5,530	(64,244)
Net Income (Loss)	\$ (31,687)	(21,637)	\$ 10,050	\$ (24,974)
Amortization of Contributed Capital			13,820	
Increase in Reserve for Contingencies			(71,000)	
(Deficit)- Retained Earnings-Unreserved January 1, 1997		(58,080)		
Retained Earnings-Unreserved December 31, 1997		\$ 4,888		

The accompanying notes are an integral part of these statements.

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

STATEMENT C

COMPARATIVE STATEMENT OF CASH FLOWS-PROPRIETARY FUND TYPE
Years Ended December 31, 1997 and 1996

	<u>1997</u>	<u>1996</u>
Cash Flows from Operating Activities:		
Operating Income	\$ 41,269	\$ 48,177
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	68,367	68,660
Changes in Accounts Receivable	(1,210)	783
Changes in Prepaid Insurance	(309)	(1,899)
Changes in Other Current Assets	-	57,100
Changes in Accounts Payable and Accrued Expenses	(2,508)	1,404
Changes in Current Liabilities Payable from Restricted Assets	8,502	(43,980)
Net Cash Provided by Operating Activities	<u>67,742</u>	<u>121,255</u>
Cash Flows from Non-capital Financing Activities:		
Miscellaneous Interest	284	-
Recovery of Bad Debts	360	-
Net Cash Provided by Non-capital Financing Activities	<u>644</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:		
Principal Repayments:		
RUS Bond - Original Water System	(7,572)	(7,152)
RUS Bond - RUS NE Expansion	(2,100)	(1,900)
RUS Bond - Phase II	(3,631)	(438)
Interest Payments - RUS Loans	(53,427)	(54,244)
Grant Proceeds - RUS Phase II	-	27,580
Capital Additions - Phase II	-	(28,467)
Net Cash Provided by Capital and Related Financing Activities	<u>(72,090)</u>	<u>(72,092)</u>
Net Cash Increase for Year	62,656	69,349
Cash at Beginning of Year	<u>361,600</u>	<u>362,571</u>
Cash at End of Year	\$ 414,448	\$ 391,920

The accompanying notes are an integral part of these statements.

St. Helena Parish Waterworks District No.2
Parish of St. Helena
NOTES TO THE FINANCIAL STATEMENTS

December 31, 1997

St. Helena Parish Waterworks District No.2 was established July, 1963, by an ordinance of the St. Helena Parish Police Jury, Greensburg, Louisiana. The ordinance, enacted pursuant to Louisiana Revised Statutes 33:3811, describes and defines the boundaries of the water district, and provides for a 5-member governing board of commissioners appointed by the St. Helena 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 accompanying financial statements of the St. Helena Parish Waterworks District No.2 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the St. Helena Parish Police Jury is the financial reporting entity for St. Helena Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Government Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. Helena Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

St. Helena Parish Waterworks District No.2
Parish of St. Helena
NOTES TO THE FINANCIAL STATEMENTS
(Continued)
December 31, 1997

Because the St. Helena Parish Police Jury appoints the governing board, has the ability to significantly influence operations, and the scope of public services is within the police jury, the district was determined to be a component unit of the St. Helena Parish Police Jury, the financial reporting entity. 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 governmental 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 locus of the governing body is that the cost (expense, 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 earned and expenses are recognized as 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.

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 short 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.

St. Helena Parish Waterworks District No.2
Parish of St. Helena
NOTES TO THE FINANCIAL STATEMENTS
(Continued)
December 31, 1997

L. 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 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.

J. COMPENSATED AGENCIES

At December 31, 1997, 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, endowments, 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 these estimates.

St. Helena Parish Waterworks District No.2
Parish of St. Helena
NOTES TO THE FINANCIAL STATEMENTS
(Continued)
December 31, 1997

2. CASH AND CASH EQUIVALENTS

At December 31, 1997, the district had cash and cash equivalents (bank balances) totaling \$414,448, as follows:

Demand deposits	\$	1,342
Interest bearing demand deposits		401,106
Certificates of Deposit		<u>10,000</u>
Total	\$	<u>414,448</u>

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, 1997, the district had \$430,202 in collected bank balances deposited in two separate banks. For the first bank, collected bank balances at December 31, 1997, totaled \$300,038, and consisted of \$278,995 in interest bearing accounts, and \$21,043 in non-interest bearing accounts. The interest bearing accounts, totaling \$170,998, were secured by \$180,000 of federal deposit insurance and \$174,823 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GA5B - Category 2). The non-interest bearing accounts, totaling \$21,043, were secured by \$180,000 of federal deposit insurance. In the second bank, the district had collected bank balances totaling \$128,164, and consisting of \$127,414 in interest bearing accounts and \$740 in non-interest bearing accounts. The non-interest bearing accounts, totaling \$740, were secured by \$108,000 of federal deposit insurance. The interest bearing accounts, totaling \$127,414, were secured by \$108,000 of federal deposit insurance. The remaining balance of \$27,414 is not secured by the pledge of securities at December 31, 1997, and is a violation of state law.

Even though the pledged securities are considered uncollateralized (Category 2) under the provisions of GA5B Statement 1, Louisiana Revised Statute 38:1219 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. RECEIVABLES

The Water Enterprise Fund customer accounts receivable at December 31, 1997, consisted of the following:

Current	\$	16,199
31 - 60		5,424
61 - 90		1,783
Over 90		<u>2,079</u>
Total	\$	<u>28,775</u>
Less: Allowance for Bad Debt		(1,831)
Accounts Receivable, Net	\$	<u>26,944</u>

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 \$150 per month, the amount based on past experience in customer collections. Periodically, the board reviews the aging of receivables and determines the actual amount

St. Helena Parish Waterworks District No.2
Parish of St. Helena
NOTES TO THE FINANCIAL STATEMENTS
(Continued)
December 31, 1997

uncollectible. For 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, 1997, the district recorded bad debt expense of \$1,811.

Estimated unbilled revenues (accounts 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, 1997, account billings amounts were immaterial.

4. RESTRICTED ASSETS

Restricted assets were applicable to the following at December 31, 1997:

Bond Sinking Fund	\$ 168,181
Bond Contingency Fund	44,321
Bond Reserve Fund	18,576
Customers' Deposits	28,290
Phase 4 Connection Fees	6,718
Capital Improvement Fund	98,070
Total Restricted Assets	<u>\$ 364,156</u>

Of the restricted assets listed above, the restricted assets designated for the Capital Improvement Fund, totaling \$98,070 are restricted by the board of directors for future capital projects. The amount of \$6,718, for Phase 4 Connection Fees, consists of connection fees collected for the United States Department of Agriculture, Rural Utilities Service (RUS) Phase 4 Project, and are segregated as a liability of the district, pending final completion of the RUS project.

B. PROPERTY, PLANT AND EQUIPMENT

A summary of proprietary fixed type property, utility plant and equipment in service at December 31, 1997, follows:

Description	Life/Years	Cost	Accumulated Depreciation	Net
Land	N/A	\$ 7,089	\$ -	\$ 7,089
Buildings & Improvements	20	24,085	15,899	8,186
Furniture & Fixtures	10	1,393	1,393	-
Vehicles	3	12,783	12,783	-
Equipment	10	430	430	-
Original RUS Project:				-
Water System	40	498,637	239,133	479,504
Water Well	20	157,582	87,033	60,469
Water Tank	40	124,971	39,053	85,918
Water System (RUS NO EXP):				
Water Well	40	145,434	39,681	105,753
Water Tank	40	161,715	32,343	129,372
Water Lines	40	453,537	86,188	347,164
Water System-Highway 18 Relocation	40	102,559	15,390	87,169
Phase II Water System	40	1,348,122	78,728	1,231,694
Totals		\$ 3,219,854	\$ 673,883	\$ 2,585,171
Changes during the year:				
Balance, Beginning of Year		\$ 3,219,854	\$ 673,486	\$ 2,681,168
Additions:		-	-	-
Deletions:		-	-	-
Depreciation		-	86,397	(86,397)
Balance, End of Year		\$ 3,219,854	\$ 673,883	\$ 2,585,171

Equipment, furniture, and fixtures are depreciated using the useful lives of 3 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, 1997, totaled \$86,397.

St. Helens Parish Waterworks District No.2
Parish of St. Helens
NOTES TO THE FINANCIAL STATEMENTS
 (Continued)
December 31, 1997

Equipment, furniture, and fixtures are depreciated using the useful lives of 5 to 10 years, and the water distribution system with 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, 1997, totaled \$86,397.

6. LONG-TERM DEBT

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

	1984 Revenue Bonds	1987 Revenue Bonds	1994 Revenue Bonds	Total
Long-Term Liabilities Payable at Beginning of Year	\$ 472,788	\$ 187,299	\$ 359,894	\$ 1,019,981
Additions	-	-	-	-
Deletions	7,340	1,693	3,488	12,781
Long-Term Liabilities Payable at End of Year	\$ 465,448	\$ 185,906	\$ 356,406	\$ 1,007,760

As of December 31, 1997, there are three revenue bonds outstanding. The original bond was issued on January 28, 1984, in 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, 1985, and thereafter on each succeeding annual payment date, an annual payment of \$41,421 is required until interest and principal are fully paid. The final date for payment of the entire indebtedness, if not paid sooner, shall be not later than forty (40) years from bond issue date.

The second revenue bond represents RUS funding for the Northeast Expansion Project. On August 13, 1987, the governing authority passed a resolution to issue an additional \$158,080 of revenue bonds for the purpose of improving and extending the water system. As of December 31, 1997, 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.

The third bond, dated 1/26/94, totaling \$160,000, was issued at an annual interest rate of 7.0%, 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 \$17,983 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
NOTES TO THE FINANCIAL STATEMENTS
(Continued)
December 31, 1997

The annual requirements to amortize all debt outstanding, including interest payments of \$1,418,783, are as follows:

Year Ending December 31,	Water System Revenue - RUS \$524,000	Water System Revenue - RUS IR Expansion \$188,000	Water System Revenue- RUS \$368,000	Total
1988	\$ 41,423	\$ 13,868	\$ 21,344	\$ 76,635
1989	41,423	13,868	21,344	76,635
1990	41,423	13,868	21,344	76,635
1991	41,423	13,868	21,344	76,635
1992	41,423	13,868	21,344	76,635
1993-1997	207,115	69,340	186,720	383,175
1998-2012	207,115	69,340	186,720	383,175
2013-2017	207,115	69,340	186,720	383,175
2018-2022	207,115	69,340	186,720	383,175
2023-2027	163,890	69,340	186,720	341,752
2028-2032	-	18,885	168,720	187,605
2033-2034	-	-	42,688	42,688
Totals	\$ 1,281,267	\$ 414,988	\$ 789,738	\$ 2,425,983

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 original RUS Bond, dated January 28, 1984, and for the RUS Bonds dated August 11, 1987, and May 26, 1994, maintaining a total of \$160,381 for the fiscal year ended December 31, 1997.

St. Helena Parish Waterworks District No.1
Parish of St. Helena
NOTES TO THE FINANCIAL STATEMENTS
(Continued)
December 31, 1997

- b) Bond reserve requirements apply to the original bond dated January 26, 1984, to the bond for the RUS NE Expansion dated August 13, 1987, and as modified by the RUS Letter of Conditions, dated January 15, 1993, to the bond dated May 28, 1994.

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 business revenue producing until there is accumulated therein an amount equal to the highest 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 or in which there would otherwise be default.

Continued payment requirements for all RUS bond issues, as of December 31, 1993, are \$120 per month.

The twelve required monthly payments to the "Reserve Bond Fund" were made for the year 1997 with a balance maintained of \$99,176 at December 31, 1997.

- c) Funds are also to be deposited into a "Depreciation and Contingency Fund", under the terms of the bond agreements. Continued payment requirements for all RUS bond issues, as of December 31, 1997, and as modified by the RUS Letter of Conditions, dated January 15, 1993, are \$127 per month. Money in this fund will be used for the making of extraordinary repairs or replacements to the system 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 not available 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 twelve required monthly payments to the "Depreciation & Contingency Fund" were made for the year 1997. Balance in the "Depreciation and Contingency Fund" at December 31, 1997, was \$44,373.

All the revenues received in any year and not required to be paid in each 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 \$100,897, 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 utilities 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 30, 1997 had designated a total of \$4,898 for future capital improvement projects.

St. Helena Parish Waterworks District No.2
Parish of St. Helena
NOTES TO THE FINANCIAL STATEMENTS
(Continued)
December 31, 1997

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 by a system manager. The manager receives customer service calls, collects payments from customers, and performs routine maintenance work for the district. Subsequent to the end of the December 31, 1996 fiscal year, a management contract was approved for operation of the water system.

11. CONSTRUCTION COMMITMENTS

During the fiscal year ending December 31, 1996, St. Helena Parish Waterworks District No. 2 received preliminary approval, subject to the "Letter of Conditions" dated July 8, 1996, from the Rural Utilities Service office, U.S. Department of Agriculture, for funding of an additional project for water system improvements. Final approval will provide funding of \$610,808, consisting of a grant not to exceed \$400,000, and a loan not to exceed 208,808, and will serve an estimated 221 additional water customers. This project had not been implemented as of December 31, 1997.

**St. Helena Parish Waterworks District No.1
Parish of St. Helena**

**SCHEDULE OF INSURANCE COVERAGES
December 31, 1997**

SCHEDULE 1

<u>Insurance Company</u>	<u>Coverage</u>	<u>Effective Date</u>	<u>Expiration Date</u>
Valley Forge Insurance Company Policy # B1 61587132	Employee Disability - Blanket coverage of \$100,000.	01/22/97	01/22/98
Valley Forge Insurance Company Policy # B1 61587132	Business Auto Coverage of \$200,000 combined Single Limit Liability Coverage, Uninsured Motorist Coverage of \$200,000, \$250 deductible Comprehensive, \$500 deductible Collision, for 1992 Chevrolet N Ton RVU	01/22/97	01/22/98
Valley Forge Insurance Company Policy # B1 61587132	-Property Coverages of \$18,800 for Building, \$4,000 for contents. -Property coverages of \$100,000 for pump station and water tower at 1505 Millhale Rd. -Property coverages of \$2,000 for water tower and well site/pumping Station at Hwy 10, Gretnahong	01/22/97	01/22/98
General Star Indemnity Company Policy # FYA802135	Public Officials Liability limits at \$1,000,000, and deductible of \$1,000.	09/01/97	09/01/98
Louisiana Workers' Compensation Policy # 17223-1	Workers' Compensation at statutory limits, Employer's Liability at \$100,000	04/17/97	04/17/98
Valley Forge Insurance Company Policy # B1 61587132	-Premises and Operations Liability Limits at \$500,000 Aggregate limit, \$200,000 per occurrence, and personal and advertising injury and products liability coverage limits at \$200,000 each occurrence; Fire Damage Limit at \$10,000	01/22/97	01/22/98

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

SCHEDULE 2

**SCHEDULE OF BOARD OF COMMISSIONERS
December 31, 1997**

<u>Board of Commissioners</u>	<u>Per Diem Payments</u>	<u>Term of Office</u>
Claude Sharkey, President Rt. 1, Box 17 Amite, Louisiana 70421	\$ 500	03/26/97 - 03/26/2000
James Ash, Vice-President Rt. 3, Box 322 Greenberg, Louisiana 70441	300	03/27/98 - 03/26/2002
Jim Hichens, Secretary-Treasurer Rt. 1, Box B3-AA Amite, Louisiana 70421	600	03/26/94 - 03/26/1998
Larry Jones, Sr. 18375 HWY 441 Kimbard, Louisiana 70444	500	03/27/95 - 03/26/2000
Flay Davis Rt. 4, Box 261 Amite, Louisiana 70421	600	03/26/93 - 03/26/1998
	<u>\$ 2,500</u>	

St. Helena Parish Waterworks District No.1
Parish of St. Helena

SCHEDULE 3

SCHEDULE OF WATER CUSTOMERS
December 31, 1997

As of December 31, 1997, the water district had the following number of customers.

Water-Residential	899
Water-Non Residential and Schools	17
Total Water Customers	916

SCHEDULE OF WATER RATES
December 31, 1997

Usage	Monthly Charge
Residential:	
First 2,000 gallons	\$ 9.00
Next 4,000 gallons	2.10 per 1,000 gallons
Next 4,000 gallons	1.70 per 1,000 gallons
Over 16,000 gallons	1.00 per 1,000 gallons
Commercial:	
First 10,000 gallons	\$ 21.00
All over 10,000 gallons	.80 per 1,000 gallons
Dairy:	
First 20,000 gallons	\$ 21.00
All over 20,000 gallons	.80 per 1,000 gallons

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

SCHEDULE 4

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 1993

Federal Grant/Pass-Through Program Title	Federal CFDA Number	Program or Account	Cash		Receipts or Revenue Recognized	Complemental Expenditures	Cash Amount Remaining at December 31, 1993
			Account Revenues at December 31, 1993	Disbursed			
U. S. Department of Agriculture Water and Waste Disposal Systems Peer Rural Communities							
-Loan Repayments	10-418	\$ 504,000	\$ 470,308	\$ -	\$ 1,248	\$ 485,308	
-Loan Repayments	10-418	180,000	187,209	-	1,850	182,209	
-Loan Repayments	10-418	580,000	559,854	-	3,448	586,448	
Total Loan Activity			<u>\$ 1,070,000</u>	<u>\$ -</u>	<u>\$ 7,546</u>	<u>\$ 1,067,500</u>	
U. S. Department of Agriculture Water and Waste Disposal Systems Peer Rural Communities							
-Contributions and Funds (State 1)	10-418	-	\$ 150	\$ -	\$ 500	\$ -	
Total Construction Activity			<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ -</u>	

Note 1: The Schedule of Expenditures of Federal Awards presented above is a summary of the cash activity of the District's federal awards programs, and is not intended to present transactions that would be included in the financial statements of the District, based on the accrual basis. However, there is no difference between the cash and accrual basis for the loan repayments presented above, and the total payment of \$1.35 on the construction loan above represents a total expenditure of funds advanced to the construction project by the District.

The accompanying notes are an integral part of these statements.

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

Bruce C. Harrell, CPA

Warren H. Wood, CPA
Michael P. Hany, CPA
Dale H. Jones, CPA
Charles F. Helms, CPA
James G. Robinson, CPA

109 West Minnesota Park
Park Place Suite 7
Hammond, LA 70403
VOCER: (504) 882-6071
FAC: (504) 345-1158

MEMPHIS OFFICE
P.O. Box 45 - 682 Fifth St.
Bartmond, LA 70444
VOCER: (504) 228-9940
FAX: (504) 228-4941

MEMBERS
American Institute of CPAs
Society of Louisiana CPAs

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF COMPONENT UNIT 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 component unit financial statements of the St. Helena Parish Waterworks District No.2, Louisiana, as of and for the years ended December 31, 1997, and 1998, and have issued our report thereon dated March 1, 1998. 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 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 instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying Corrective Action Plan For Current Year Audit Findings and Finding 97-1.

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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect St. Helena Parish Waterworks District No.2, Louisiana's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

It was noted that St. Helena Parish Waterworks District No.2, Louisiana, has a lack of segregation of duties in its system of internal controls. This deficiency in the internal control structure is caused by the small number of personnel that handle the operations of the district.

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

A material weakness is a reportable condition in which the design and operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the component unit 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. 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 as defined above. However, we believe the reportable condition described above is not a material weakness.

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 3, 1988

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

SCHEDULE 5

**Corrective Action Plan for Current Year Audit Findings
For the Year Ended December 31, 1997**

Reference Number: W-1

Description of Finding:

During the fiscal year ending December 31, 1997, interest-bearing deposits totaling \$127,414, were secured by \$100,000 of federal deposit insurance, with the remaining balance of \$27,414 not secured by a pledge of securities as of December 31, 1997, which is a violation of state law.

Corrective Action Planned:

The deposits in question were within a secured bank where deposits in the past had been well below the limit of \$100,000 covered by federal deposit insurance. The deposits exceeded \$100,000 because of additional funds set aside by the Board of Commissioners to plan for future contingencies. Upon notification to the bank, securities were immediately pledged to protect the interests of St. Helena Parish Waterworks District No. 2. The Board of Commissioners will monitor the account balances to insure that the interests of the District are protected.

Name of Contact Person:

Claude Sharkey, President
St. Helena Parish Waterworks District No. 2
Rt. 1, Box 77
Ardit, Louisiana 70412
(224) 748-6157