

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

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Annual Financial Statements  
December 31, 2003 and 2002

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

Release Date 7-28-04

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

**Annual Financial Statements  
December 31, 2003 and 2002  
With Supplemental Information Schedules**

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# Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS  
& PROFESSIONAL CORPORATION  
BIRMINGHAM, ALABAMA

John S. Durnin, CPA  
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Member  
American Institute of CPA's  
Society of Louisiana CPA's

May 31, 2004

## Independent Auditor's Report

Board of Commissioners  
St. Helena Parish Waterworks District No. 2  
Greensburg, Louisiana 70041

We have audited the accompanying financial statements of the business-type activities of the St. Helena Parish Waterworks District No. 2, Greensburg, Louisiana, a component unit of the St. Helena Parish Police Jury, as of and for the year ended December 31, 2003, which comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the St. Helena Parish Waterworks District No. 2's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the business-type activities of the St. Helena Parish Waterworks District No. 2, Greensburg, Louisiana, a component unit of the St. Helena Parish Police Jury, as of and for the year ended December 31, 2002 were audited by other auditors whose report dated March 8, 2003, expressed an unqualified opinion on these statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the St. Helena Parish Waterworks District No. 2 as of December 31, 2003, and the respective changes in financial position 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 May 31, 2004, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis on pages 6 through 10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

St. Helens Parish Waterworks District No. 2  
Greensburg, Louisiana 70641

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the St. Helens Parish Waterworks District No. 2. The supplemental information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the St. Helens Parish Waterworks District No. 2. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully submitted,



Dennis & James, CPAs  
(A Professional Corporation)

## **Management's Discussion and Analysis**

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

**Management's Discussion and Analysis**

**Introduction**

St. Helena Parish Waterworks District No. 2 is pleased to present its *Annual Financial Report* developed in compliance with *Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (hereinafter referred to as *GASB 34*), and related standards. Please read the following in conjunction with the District's financial statements and footnotes, which follow this section.

**Financial Highlights**

- Total assets for the year were \$1,917,799 at December 31, 2003, and extended liabilities in the amount of \$1,481,300 (i.e., net assets). Of the total net assets, \$283,263 was unrestricted and available to support short-term operations, with the balance invested in capital assets, net of related debt, or restricted for capital activity and debt service.
- User fee revenues (water sales) for the fiscal year ending December 31, 2003 realized relatively constant increasing to \$267,660 representing an increase of less than 7% from the total user fees of \$265,398 for the fiscal year ending December 31, 2002. One of the reasons for the stability in total water sales was that the total customers only increased by 15 from the prior fiscal year, totaling 1,208 at December 31, 2003.
- The District's operating expenses increased by \$24,169 to \$291,313 as compared to \$267,141 for the prior fiscal year. The increase is due primarily to increases in accounting and auditing of \$4,031, contract management & Operations of \$4,988, repairs and maintenance of \$3,978 and supplies of \$2,773.
- Interest income for the fiscal year ended December 31, 2003, totaled \$8,478 representing a decrease of \$2,102 from the prior fiscal year.
- Total indebtedness for water revenue bonds decreased by \$51,283 from \$1,394,450 at December 31, 2002, to \$1,343,165 at December 31, 2003. The decrease is due primarily to the payment of principal on outstanding bonds.
- As a result of the demand for services, and long-range plans of the St. Helena Parish Waterworks District No. 2, the District is in the process of finalizing plans to construct or renovate a new office.

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

**Management's Discussion and Analysis**

**Overview of Annual Financial Report**

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of St. Helena Parish Waterworks District No. 2's financial condition and performance.

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

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

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

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

**Financial Analysis**

The purpose of financial analysis is to help determine whether St. Helena Parish Waterworks District No. 2 is better off as a result of the current year's activities. In this analysis, data from two of the basic financial statements, the Balance Sheet, and the Statement of Revenues, Expenses, and Changes in Net Assets, are presented below in condensed format. These statements report the net assets, the difference between assets and liabilities, and the change in net assets, which provides information for indicating the financial condition of the District. Following these statements is a separate schedule summarizing and analyzing budget changes for the current fiscal year.

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

**Management's Discussion and Analysis**

**Condensed Balance Sheet**

	December 31, 2005	December 31, 2004	Dollar Change	Percent Change
<b>Current and Other Assets</b>	\$ 620,028	\$ 618,549	\$ 11,908	1.91%
<b>Capital Assets</b>	3,287,130	3,395,128	(108,998)	-3.24%
<b>Total Assets</b>	<u>\$ 3,907,158</u>	<u>\$ 4,013,677</u>	<u>\$ (106,189)</u>	-2.64%
<b>Long-Term Debt Outstanding</b>	\$ 1,340,183	\$ 1,394,458	\$ (54,265)	-3.89%
<b>Other Liabilities</b>	93,583	55,877	37,706	67.11%
<b>Total Liabilities</b>	<u>1,433,766</u>	<u>1,450,335</u>	<u>(16,569)</u>	-1.14%
<b>Invested in Capital Assets, Net of Related Debt</b>	1,943,944	2,802,679	(858,735)	-30.67%
<b>Restricted for Capital Activity and Debt Service</b>	322,093	315,319	6,578	2.09%
<b>Unrestricted</b>	211,281	299,457	8,805	2.77%
<b>Total Net Assets</b>	<u>2,473,392</u>	<u>2,563,342</u>	<u>(89,950)</u>	-3.51%
<b>Total Liabilities and Net Assets</b>	<u>\$ 3,907,158</u>	<u>\$ 4,013,677</u>	<u>\$ (106,189)</u>	-2.64%

The major components of change for "Current and Other Assets" are a \$3,081 increase in operating cash, and a \$7,827 increase in restricted assets (required deposits related to RLS bond requirements), less overall decreases in other current assets.

"Capital Assets" decreased by \$108,998, reflecting \$35,130 in total purchases for water system capital assets, less the depreciation recorded on capital assets of \$120,128 for the fiscal year ending December 31, 2005.

The decrease in "Long-Term Debt Outstanding" of \$54,265 is due to payment of principal on existing water revenue bonds for the District, and includes a principal payment in advance of date due in the amount of \$19,008. A more detailed analysis of the changes in long-term debt is included in a following section entitled "Long-Term Debt Activity".

"Total Net Assets" (total assets less total liabilities) decreased by \$89,950 for the fiscal year ending December 31, 2005, primarily because of the decreases to "Capital Assets" of \$108,998 and the related decrease in "Long-Term Debt Outstanding" of \$54,265. These two categories combined are responsible for a \$38,738 decrease in "Net Assets-Invested in Capital Assets, Net of Related Debt".



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

**Management's Discussion and Analysis**

**Condensed Statement of Revenues, Expenses, and Changes in Net Assets**

	Year Ended December 31, 2002	Year Ended December 31, 2001	Dollar Change	Percent Change
<b>Revenues:</b>				
Operating Revenues	\$ 300,417	\$ 299,950	\$ 11,868	3.94%
Nonoperating Revenues	9,192	10,879	(1,478)	-13.60%
<b>Total Revenues</b>	<b>311,609</b>	<b>301,829</b>	<b>9,986</b>	<b>3.31%</b>
<b>Expenses:</b>				
Depreciation Expense	119,125	119,810	(685)	-0.58%
Other Operating Expense	171,346	147,481	\$23,900	16.21%
Nonoperating Expenses	68,842	68,111	11,335	16.64%
<b>Total Expenses</b>	<b>357,313</b>	<b>335,402</b>	<b>(25,854)</b>	<b>-7.70%</b>
<b>Income (Loss) Before</b>				
Contributions and Prior Period				
Adjustments	(49,547)	(73,699)	(15,948)	
Prior Period Adjustments	-	(8,982)	8,982	
<b>Income (Loss) Before</b>				
Contributions	(49,547)	(42,599)	(6,948)	
Capital Contributions	3,208	75,400	(72,192)	
<b>Changes in Net Assets</b>	<b>(46,347)</b>	<b>32,801</b>	<b>(79,148)</b>	
<b>Beginning Net Assets</b>	<b>2,377,647</b>	<b>2,896,846</b>	<b>51,981</b>	
<b>Ending Net Assets</b>	<b>\$ 2,411,300</b>	<b>\$ 2,927,647</b>	<b>\$ (46,347)</b>	

While the Balance Sheet shows the change in financial position of net assets, the Statement of Revenues, Expenses, and Changes in Net Assets provides answers to the nature and scope of these changes. The above table gives an indication of how St. Helena Water District is being conservatively managed. Total "Operating Revenues" (including water sales and revenues related to providing water and related services to customers) remained fairly constant, increasing by \$11,864 (3.94%). Nonoperating Revenues, consisting of interest income, decreased by \$1,478 reflecting a lower rate of return currently available on cash deposited. Total expenses increased by \$25,854 from the prior fiscal year. "Depreciation Expense" remained constant for fiscal year ending December 31, 2001. For the category of expense most controllable by the District, "Other Operating Expense", there was a \$21,900 increase from the prior year. "Other Operating Expense" includes expenditures for operations, other than for "Depreciation Expense". The increase was due primarily to an accounting and auditing increase of \$4,610 less decrease in billing costs of \$1,197, repairs & maintenance increase of \$3,967, an increase of \$2,179 in supplies expense, and contract management increase of \$4,098. The final category, "Nonoperating Expense" includes interest expense and increased by \$1,734 from the prior fiscal year.

The District showed a loss of 349,947 for the fiscal year ended December 31, 2001, primarily due to the effect of \$120,125 recorded for "Depreciation Expense", as compared to a loss of \$52,699 for the fiscal year ended December 31, 2000.

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

**Management's Discussion and Analysis**

**Budgetary Highlights**

St. Helena Parish Waterworks District No. 2 adopts an annual operating budget in accordance with requirements of the United States Department of Agriculture, Rural Utilities Service. This budget provides an estimate for the current fiscal year of the proposed expenditures and the revenues that will finance the operations of the District. The operating budget is adopted before the end of the prior fiscal year, and is amended by the Board of Commissioners after review of monthly budget-to-actual financial reports. A summary of the approved budget is presented below in a condensed format summarizing major revenue and expenditure categories, and is followed by analysis of significant variations between budget and actual amounts. Although not presented as a part of the basic financial statements, a more detailed schedule is also presented in "Schedule 1 - Budgetary Comparison Schedule", as supplementary information, following the footnotes to the financial statements.

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

	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>
	<u>Year Ended</u>	<u>Year Ended</u>	<u>(Unfavorable)</u>
	<u>December 31,</u>	<u>December 31,</u>	<u>Variance</u>
	<u>2003</u>	<u>2003</u>	
<b>Revenues:</b>			
Operating	\$ 278,484	\$ 301,417	\$ 23,933
Nonoperating	8,688	9,392	704
<b>Total Revenues</b>	<u>287,172</u>	<u>310,809</u>	<u>23,637</u>
<b>Operating Expenses:</b>			
Accounting & Auditing	11,200	13,119	(1,919)
Chemicals	3,647	3,388	259
Contract Labor	71,000	70,908	92
Depreciation	118,600	120,115	(1,515)
Insurance	6,129	6,284	155
Minor Installations	6,613	7,134	(499)
Office & Computer Expenses	961	4,289	(3,328)
Repairs & Maintenance	11,000	11,477	(477)
Salaries	7,956	7,315	641
Supplier-Water System	8,000	8,490	490
Utilities	16,000	17,862	(1,862)
Other Operating Expenses	22,000	20,216	1,784
<b>Total Operating Expenses</b>	<u>317,616</u>	<u>321,511</u>	<u>(3,895)</u>
<b>Non-Operating Expenses:</b>			
Interest Expense	68,000	69,845	(1,845)
<b>Total Nonoperating Exp.</b>	<u>68,000</u>	<u>69,845</u>	<u>(1,845)</u>
<b>Total Expenses</b>	<u>385,616</u>	<u>391,356</u>	<u>(5,740)</u>
<b>Income (Loss) Before Capital Contributions and Prior Period Adjustments</b>	<u>\$ (98,444)</u>	<u>\$ (80,547)</u>	<u>\$ 17,897</u>

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

Management's Discussion and Analysis

There was no significant variation between budgeted and actual "Operating" and "Nonoperating Revenues". For "Operating Expenses" no specific category was significantly above budget, and total actual "Operating Expenses" were \$8,541 above budgeted "Operating Expenses". These factors, in addition to "Interest Expense, that was \$843 above budget, resulted in a negative variation of \$1,348 above budget. Because of the effects of recording \$128,129 in depreciation expense, the District generally adopts a budget that shows a "Loss Before-Capital Contributions."

Other Significant Trends and Account Changes

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

General Operating Data

	December 31, 2003	December 31, 2002	Increase (Decrease)
Customers:			
Residential	1,168	1,148	20
Commercial	48	45	3
Total	1,208	1,193	15

The above table shows no significant change, with an increase of fifteen customers.

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

**Management's Discussion and Analysis**

**Other Significant Account Changes and Financial Trends (Continued)**

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

	Year Ended December 31, 2003	Year Ended December 31, 2002	Increase (Decrease)
0 - 30 Days Past Due	\$ 19,693	\$ 18,798	\$ 1,197
31 - 60 Days Past Due	6,116	6,604	(288)
61 - 90 Days Past Due	3,143	3,899	656
Over 90 Days Past Due	2,156	1,758	398
<b>Total Accounts Receivable for Water</b>			
<b>(Before Allowance for Bad Debt)</b>	<b>\$ 31,308</b>	<b>\$ 29,208</b>	<b>\$ 2,100</b>

Total receivables for the water district increased by \$2,107 from the period of December 31, 2002, to December 31, 2003, with increases in all categories except "31-60 days past due."

**Capital Assets**

At the end of the fiscal year ending December 31, 2003, St. Helena Parish Waterworks District No. 2 had \$1,287,118 (net of accumulated depreciation) recorded in capital assets. This includes water systems and improvements, the District's investment for the office building and storage for water system equipment and supplies, land owned for the office building site and for water well locations, and equipment and machinery, including vehicles, for water system operation. The changes in capital assets are presented in the table below.

	December 31, 2003	December 31, 2002	Dollar Change	Percent Change
Land	\$ 12,338	\$ 12,339	\$ -	0.00%
Buildings	34,895	24,865	-	0.00%
Vehicles	12,700	12,760	-	0.00%
Equipment	7,222	6,250	972	12.35%
Furniture and Fixtures	1,991	1,991	-	0.00%
Water Distribution System	4,439,239	4,452,373	6,898	0.15%
Construction in Progress	2,292	-	2,292	-
<b>Subtotal</b>	<b>4,519,494</b>	<b>4,960,274</b>	<b>30,138</b>	<b>0.51%</b>
Less: Accumulated Depreciation	(1,232,376)	(1,112,148)	(120,228)	10.80%
<b>Net Capital Assets</b>	<b>\$ 3,287,118</b>	<b>\$ 3,848,126</b>	<b>\$ (189,985)</b>	<b>-4.94%</b>

Purchases of capital assets from December 31, 2002 to December 31, 2003 were minimal, with only an increase of \$30,138 in water system improvements.

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

**Management's Discussion and Analysis**

**Long-Term Debt Activity**

The primary source of long-term financing for St. Helena Parish Waterworks District No. 2 water system improvements is revenue bonds financed by the United States Department of Agriculture, Rural Utilities Service (RUS), although one of the revenue bonds was refunded by a private lending institution as Revenue Refunding Bonds, Series 2002. Interim financing, pending completion of construction, is generally financed by private financial institutions, or through low-interest programs of the Louisiana Public Facilities Authority. Interest rates for long-term debt financed through RUS and a private lending institution at December 31, 2003, range from 4.9% to 6.375%, with initial payment terms for bonds generally at 40 years.

Bonds financed for St. Helena Parish Waterworks District No. 2 do not generally require a specific debt to net income or net cash flow ratio, but bond restrictions do state that the District must set its water rates at a level necessary to fund debt service requirements and to pay for the normal operating expenses of the District. One measure of the operating performance of the District is the Debt to Net Assets ratio. This measure, viewed over time, yields a comparison of how the District has maintained a workable ratio of total debt to net resources of the District. An increase over an extended period of time would indicate that the District is increasing debt in relation to its operating performance, and management should analyze other factors, such as overall profitability, to ensure that total debt is increased only in relation to the income that will be earned by financed-expansions. Two variations of the Debt to Assets Ratio, Total Debt to Net Assets and also Total Long-Term Debt to Net Assets, are presented below. As indicated, the ratios are only a measure of performance and should be reviewed over an extended period of time in combination with other factors that indicate the profitability of the water District.

	December 31, 2003	December 31, 2002
Total Debt	\$ 1,450,488	\$1,468,327
Total Long-Term Debt	1,343,183	1,399,458
Total Net Assets	2,481,360	2,317,647
Total Debt to Net Assets Ratio	0.58	0.63
Total Long-Term Debt to Net Assets Ratio	0.54	0.60

**Future Revenue Plans**

The St. Helena Water District's management approach is conservative. The Board of Commissioners actively monitors resources and expenses and evaluates the costs of proposed expansion projects. Although only preliminary construction costs of \$1,200 have been incurred, the District is evaluating plans to construct a new office or renovate existing buildings in order to enhance customer services.

## Financial Statements

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

Statement A

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

Assets	2000	2001 (Continued)
<b>Current Assets:</b>		
Cash - Operating	\$ 88,999	\$ 88,999
Cash - Capital Improvements	118,020	109,081
Accounts Receivable (Net)	38,047	28,544
Accrued Billings	3,683	6,944
Prepaid Insurance	1,889	1,713
Total Current Assets	251,438	237,281
<b>Restricted Assets:</b>		
Cash - BUS Bond Sinking Fund	183,983	194,780
Cash - BUS Depreciation & Contingency Fund	74,804	69,623
Cash - BUS Bond Reserve Fund	98,503	89,780
Cash - Customer's Deposits	38,784	28,789
Cash - Phase IV Construction	4,300	3,281
Total Restricted Assets	360,374	386,253
<b>Capital Assets:</b>		
Land	13,330	13,330
Buildings	24,885	24,885
Furniture and Fixtures	1,581	1,581
Vehicles	12,765	12,765
Equipment	7,222	6,260
Chemical Storage Tank	9,336	9,336
Water System	1,177,987	1,171,121
Water Well - BUS NE Expansion	145,428	145,428
Water Tank - BUS NE Expansion	181,715	181,715
Water Lines - BUS NE Expansion	403,202	403,202
Phase III Expansion	1,549,122	1,549,122
Phase IV Water Distribution System	1,243,883	1,243,883
Phase IV CIP	3,262	-
Total Capital Assets	4,579,409	4,589,214
Less: Accumulated Depreciation	(1,231,219)	(1,133,849)
Net Capital Assets	3,348,190	3,455,365
<b>Other Assets:</b>		
Bond Issue Cost	3,260	3,423
Total Other Assets	3,260	3,423
Total Assets	\$ 3,817,388	\$ 4,015,914

(Continued)

See accompanying notes and accountant's report.

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

**Statement A**

**Balance Sheet**  
**December 31, 2003 and 2002**

<b>Liabilities and Net Assets</b>	<u>2003</u>	<u>2002</u> <i>(Revised)</i>
<b>Liabilities:</b>		
<b>Current Liabilities (Payable From Current Assets):</b>		
Accounts Payable	\$ 2,497	\$ 1,761
Accrued Auditing & Accounting Fees	8,900	8,900
Sales Tax Payable	74	749
Payroll Taxes Payable	308	117
<b>Total Current Liabilities (Payable From Current Assets)</b>	<u>11,579</u>	<u>11,467</u>
<b>Current Liabilities (Payable From Restricted Assets):</b>		
Current Bonds Payable	15,615	31,399
Accrued BLS Bond Interest	31,140	31,898
Customer Deposits Payable	60,579	48,712
<b>Total Current Liabilities (Payable From Restricted Assets)</b>	<u>107,334</u>	<u>111,519</u>
<b>Long-Term Liabilities:</b>		
1987 Water Revenue Bonds	167,823	171,844
1994 Water Revenue Bonds	227,837	232,645
1999 Water Revenue Bonds	395,463	395,200
2000 Water Revenue Bonds	248,669	271,659
2003 Water Revenue Refunding Bonds	379,080	399,080
<b>Total Long-Term Liabilities</b>	<u>1,398,172</u>	<u>1,350,541</u>
<b>Total Liabilities</b>	<u>1,496,488</u>	<u>1,458,327</u>
<b>Net Assets:</b>		
Reversed in Capital Assets, Net of Related Debt	1,943,944	2,000,675
Restricted for Capital Activity and Debt Service	323,893	315,319
Unrestricted	213,263	208,437
<b>Total Net Assets</b>	<u>2,481,100</u>	<u>2,524,431</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 3,977,588</u>	<u>\$ 4,012,758</u>

*(Continued)*

See accompanying notes and accountant's report.



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

Statement B

**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Years Ended December 31, 2002 and 2001**

	2002	2001
	\$	\$
<b>Operating Revenues</b>		(Restated)
Water Sales	167,081	163,598
Connection Fees	21,299	13,127
DFHI Fees	521	408
Late Charges	18,087	8,551
Other	3,625	297
<b>Total Operating Revenues</b>	209,613	196,981
<b>Operating Expenses</b>		
Salaries	7,115	6,489
Payroll Taxes	154	189
Per Diem - Board Members	2,990	2,490
Accounting	13,318	11,277
Advertising	1,282	159
Amortization of Bond Issue Costs	343	987
Bad Debts	2,284	1,725
Bank Charges	128	112
Billing Costs	7,944	9,141
Chemicals	3,386	2,986
Contract Management & Operations	70,598	65,608
Depreciation	120,125	119,918
Fees	398	258
Insurance	6,284	5,748
Meter Installations	7,126	4,255
Miscellaneous Expenses	287	308
Office Supplies & Expenses	1,682	785
Postage	3,207	3,984
Repairs and Maintenance	11,477	7,807
Supplies - Water System	8,493	5,128
Telephone	1,665	1,773
Utilities	17,862	15,982
Vehicle Expense	2,407	1,308
<b>Total Operating Expenses</b>	291,311	267,411
<b>Operating Income (Loss)</b>	18,302	29,570

(Continued)

See accompanying notes and accountant's report.

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

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

Statement B

	2003	2002 (Restated)
<b>Nonoperating Revenues (Expenses)</b>		
Interest Income	\$ 1,478	\$ 18,580
Recovery of Bad Debt	934	290
Interest Expense	(55,841)	(58,111)
Total Nonoperating Revenues (Expenses)	(53,429)	(39,241)
<b>Income (Loss) Before Contributions and Prior Period Adjustments</b>		
Prior Period Adjustments	(49,347)	(31,699)
<b>Income (Loss) Before Contributions</b>	(102,547)	(71,940)
Capital Contributions	3,260	31,699
<b>Change in Net Assets</b>	(99,287)	(40,241)
<b>Net Assets, Beginning of Year</b>	2,577,647	2,494,846
<b>Net Assets, End of Year</b>	\$ 2,478,360	\$ 2,527,647

(Continued)

See accompanying notes and accountant's report.

**St. Helena Parish Waterworks District No. 3**  
**Parish of St. Helena**  
**Greensburg, Louisiana**

Statement C

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

	2003	2002
<b>Cash Flows From Operating Activities</b>		
Received From Customers	\$ 394,210	\$ 294,151
Received (Paid) for Meter Deposit Fees	1,807	892
Paid for Operations	(162,779)	(137,378)
Paid to Employees	(10,628)	(9,382)
Net Cash Flows From Operating Activities	121,610	148,383
<b>Cash Flows From Noncapital Financing Activities</b>		
Recovery of Bad Debts	814	299
Net Cash Flows From Noncapital Financing Activities	814	299
<b>Cash Flows From Capital and Related Financing Activities</b>		
Capital Contributions Received	3,200	75,400
Paid for Capital Acquisitions	(101,300)	(76,404)
Principal Payments - Long-Term Debt	(51,265)	(13,668)
Interest Payments - Long-Term Debt	(76,988)	(64,707)
Net Cash Flows From Capital and Related Financing Activities	(126,353)	(79,379)
<b>Cash Flows From Investing Activities</b>		
Receipt of Interest and Dividends	8,878	10,580
Net Cash Flows From Investing Activities	8,878	10,580
<b>Net Change in Cash and Cash Equivalents</b>	13,932	79,783
<b>Cash and Cash Equivalents - Beginning of Year</b>	576,085	496,299
<b>Cash and Cash Equivalents - End of Year</b>	\$ 589,917	\$ 576,085
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</b>		
Cash	196,180	196,080
Restricted Cash	393,817	385,925
Cash and Cash Equivalents - End of Year	\$ 589,917	\$ 576,085

(Continued)

See accompanying notes and accountant's report.

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

Statement C

Statement of Cash Flows  
Years Ended December 31, 2010 and 2009

**Reconciliation of Operating Income to Net Cash Flows From Operating Activities**

Operating Income (Loss)	\$	10,986	\$	23,543
Adjustments to Reconcile Operating Income to Net Cash				
Flows From Operating Activities:				
Depreciation Expense		128,123		118,900
Changes in Assets and Liabilities:				
Increase (Decrease) in Customer Receivables		3,306		3,306
Decrease (Increase) in Prepaid Insurance		(78)		(3,177)
Decrease (Increase) in Bond Issue Cost		343		987
Increase (Decrease) in Accounts Payable		(1,294)		348
Increase (Decrease) in Sales Tax Payable		(675)		(85)
Increase (Decrease) in Payroll Taxes Payable		(9)		11
Increase (Decrease) in Customer Deposits Payable		1,987		892
Net Cash Flows From Operating Activities	\$	<u>133,113</u>	\$	<u>148,588</u>

(Continued)

See accompanying notes and accountant's report.

**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, 1961, 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. The District currently serves 1,200 customers as of December 31, 2001, and operates in an area extending from Livingston Parish on the southern boundary and extending westward through Ward 3, Ward 3 north of Montpelier (bounded on the south by Ward 4), north to east of Ward 2, and parts of Ward 1 and 6.

St. Helena Parish Waterworks District No. 2 was then created and constitutes a public corporation and political subdivision of the State of Louisiana, and has all the powers and privileges granted by the Constitution and statute of this state to such subdivision, including the authority to incur debt, to issue bonds, and to levy taxes and assessments.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the St. Helena Parish Waterworks District No. 2 is considered a component unit of the St. Helena Parish Police Jury.

**1. Summary of Significant Accounting Policies**

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

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

These financial statements are presented in conformance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis for State and Local Governments*. Statement No. 34 established standards for financial reporting, with presentation requirements including a statement of net assets (or balance sheet), a statement of activities and changes in net assets, and a statement of cash flows. The District has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Interchange Transactions*, that require capital contributions to the District be presented as a change in net assets.

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

**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, 2003**

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

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

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

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

**B. Cash and Cash Equivalents and Investments**

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

**C. Inventories**

Quantities of various operating supplies are reported 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.

**D. Prepaid Items**

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

**E. 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, Louisiana**

**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2001**

**F. Capital Assets**

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

Buildings	15 - 30 years
Equipment & Furniture	5 - 7 years
Water Systems	20 - 40 years

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

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

**G. Compensated Absences**

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

**H. Long-term Liabilities**

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

**I. Net Assets**

GASB Statement No. 14, Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments, requires classification of net assets, the difference between the District's assets and liabilities, into three components, as described below:

- \*\* Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, or indebtedness attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net asset calculation as unspent proceeds.

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

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

- **Restricted** - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

**4. 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, Louisiana**

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

**2. Cash and Cash Equivalents**

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

	2003	2002
Demand Deposit Accounts	\$ 300,857	\$ 296,815
Time and Savings Accounts	238,058	278,899
<b>Total Cash and Cash Equivalents</b>	<b>\$ 538,915</b>	<b>\$ 575,714</b>

These deposits are stated at cost, which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2003, the District had \$685,493 in collected bank balances deposited in two separate banks. For the first bank, collected bank balances at December 31, 2003, totaled \$457,543, and consisted of \$297,543 in demand deposit accounts, and \$160,000 in time and savings accounts. The demand deposit accounts, totaling \$297,543 were secured by \$108,000 of federal deposit insurance and \$189,543 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 \$160,000 of federal deposit insurance, and \$68,000 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 \$148,899, and consisting of \$15,809 in demand deposit accounts and \$133,090 in time and savings accounts. The demand deposit accounts, totaling \$21,809, were secured by \$180,000 of federal deposit insurance. The time and savings accounts, totaling \$128,058, were secured by \$108,000 of federal deposit insurance and \$20,058 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

At December 31, 2002, the District had \$583,578 in collected bank balances deposited in two separate banks. For the first bank, collected bank balances at December 31, 2002, totaled \$440,344, and consisted of \$281,344 in demand deposit accounts, and \$160,000 in time and savings accounts. The demand deposit accounts, totaling \$281,344 were secured by \$108,000 of federal deposit insurance and \$173,344 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 \$160,000 of federal deposit insurance, and \$68,000 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 \$143,854, and consisting of \$24,742 in demand deposit accounts and \$119,091 in time and savings accounts. The demand deposit accounts, totaling \$24,742, were secured by \$108,000 of federal deposit insurance. The time and savings accounts, totaling \$119,091, were secured by \$108,000 of federal deposit insurance and \$11,091 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 39:1129 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 90 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

**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, 2002**

**3. Receivables**

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

	2002	2001
Current	\$ 18,684	\$ 18,298
31 - 60 Past Due	6,517	6,804
61 - 90 Past Due	3,183	2,905
Over 90 Past Due	2,136	1,788
Total	30,520	29,805
Less: Allowance for Uncollectible Accounts	11,285	10,111
Net Accounts Receivable	\$ 19,235	\$ 19,694

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 \$210 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, 2002, the District recorded bad debt expense of \$1,284, as compared to bad debt expense of \$1,725 for the fiscal year ending December 31, 2001.

Estimated unbilled revenues (overhead 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, 2002, accrued billings amounts were \$1,683, and \$6,544 at December 31, 2001.

**4. Restricted Assets**

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

	December 31, 2002	December 31, 2001
Cash-Bond Sinking Fund	\$ 187,293	\$ 194,700
Cash-RLS Depreciation and Contingency	74,414	69,415
Cash-RLS Bond Reserve	96,313	89,700
Cash-Customer Deposits	38,792	38,769
Cash-Phase IV Construction	4,588	3,791
Total Restricted Assets	\$ 361,311	\$ 386,315

The amounts for Phase IV Construction consists of funds restricted for construction expenditures for the United States Department of Agriculture, Rural Utilities Service (RLS) Phase IV Project.

**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, 2003**

**5. Capital Assets**

A summary of changes in capital assets during the fiscal year ending December 31, 2003 is as follows:

	Balance December 31, 2002	Additions and Replacements	Deletions and Rescissions	Balance December 31, 2003
Land	\$ 12,158	\$ -	\$ -	\$ 12,158
Building	24,000	-	-	24,000
Vehicles	12,708	-	-	12,708
Equipment	6,258	973	-	7,231
Furniture and Fixtures	1,591	-	-	1,591
Chemical Storage Tank	9,356	-	-	9,356
<b>Water Distribution Systems:</b>				
Original RUS Spd-Water System	1,111,121	6,866	-	1,117,987
RUS N/E Expansion-Water Well	145,424	-	-	145,424
RUS N/E Expansion-Water Tank	161,712	-	-	161,712
RUS N/E Expansion-Water Lines	433,352	-	-	433,352
Phase III Expansion	1,249,122	-	-	1,249,122
Phase IV Water System	1,262,883	-	-	1,262,883
Capital Assets in Service	4,589,274	1,839	-	4,591,113
Construction in Progress	-	2,281	-	2,281
Total Capital Assets	4,589,274	18,120	-	4,597,404
Less: Accumulated Depreciation	(3,112,149)	(128,125)	-	(3,240,274)
Net Capital Assets	\$ 1,387,125	\$ 6,995	\$ -	\$ 1,394,120

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, 2003, totaled \$120,125.

**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, 2003**

**6. Long-term Debt**

The following is a summary of the long-term liability transactions during the fiscal year ending December 31, 2003:

<u>Description</u>	<u>Long-Term Liabilities Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Long-Term Liabilities End of Year</u>	<u>Due Within One Year</u>
1987 Water Revenue Bonds	\$ 173,740	\$ -	\$ (2,812)	\$ 170,928	\$ 3,000
1994 Water Revenue Bonds	307,045	-	(4,518)	302,527	4,715
1998 Water Revenue Bonds	189,625	-	(2,832)	186,793	2,130
2000 Water Revenue Bonds	273,816	-	(2,878)	270,938	3,810
2001 Water Revenue Bonds	404,800	-	(79,000)	325,800	-
<b>Total</b>	<b><u>\$ 1,349,026</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (10,032)</u></b>	<b><u>\$ 1,238,994</u></b>	<b><u>\$ 13,655</u></b>

**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, 2003**

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

	<u>December 31, 2003</u>	<u>December 31, 2002</u>
Water System Revenue Bonds - BLS Bonds 91-00: \$198,000 revenue bonds sold to Rural Utility Service, dated 09/12/98, due in installments of \$1,861.92 through 04/26/28; interest at 6.375%	\$ 178,922	\$ 173,764
Water System Revenue Bonds - BLS Bonds 91-00: \$348,000 revenue bonds sold to Rural Utility Service, dated 5/26/99, due in annual installments of \$1,344.08 through 03/28/24; interest at 5.0%	322,612	317,143
Water System Revenue Bonds - BLS Bonds 91-00: \$200,000 revenue bonds sold to Rural Utility Service, dated 08/26/99, due in monthly installments of \$946.08 through 08/26/08; interest at 6.125%	193,583	195,623
Water System Revenue Bonds - BLS Bonds 91-00: \$178,000 revenue bonds sold to Rural Utility Service, dated 03/11/98, due in monthly installments of \$1,262.12 through 07/31/40; interest at 4.5%	271,888	273,936
Water Revenue Refunding Bonds, Series 2000: \$418,000 revenue refunding bonds sold to Fleurie Bank, dated 11/05/01, interest at 5.25% payable January 26 and July 26 of each year, commencing January 26, 2002, with principal being payable annually on January 26 of the years 2002 through 2017	275,800	418,000
<b>Total Bonds Payable</b>	<u>\$ 1,243,805</u>	<u>\$ 1,398,470</u>

**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, 2005**

The annual requirements to amortize all debt outstanding as of December 31, 2005, including interest payments of \$1,153,787 are as follows:

Year Ending December 31,	1987 Water Revenue Bonds \$278,000	1994 Water Revenue Bonds \$260,000	1999 Water Revenue Bonds \$260,000	2000 Water Revenue Bonds \$178,000	2001 Refunding Bonds \$416,000	Total
2004	\$ 13,868	\$ 21,344	\$ 13,280	\$ 15,140	\$ 20,034	\$ 83,671
2005	13,868	21,344	13,280	15,140	40,000	103,657
2006	13,868	21,344	13,280	15,140	39,958	103,591
2007	13,868	21,344	13,280	15,140	39,806	103,473
2008	13,868	21,344	13,280	15,140	39,666	103,303
2009-2010	68,340	108,720	58,408	75,727	198,108	509,303
2011-2012	68,340	108,720	58,408	75,727	198,504	469,701
2013-2015	68,340	108,720	58,408	75,727	-	309,197
2016-2018	68,340	108,720	58,408	75,727	-	309,197
2019-2020	-	108,720	58,408	75,727	-	242,857
2021-2025	-	21,344	58,408	75,727	-	155,477
2026	-	-	7,328	21,861	-	29,189
<b>Totals</b>	<b>\$ 146,700</b>	<b>\$ 651,664</b>	<b>\$ 402,128</b>	<b>\$ 554,868</b>	<b>\$ 338,148</b>	<b>\$ 2,593,637</b>

**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, 2003**

**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. Moneys 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 \$187,900 at December 31, 2003, and a balance of \$194,780 for the fiscal year ended December 31, 2002.

- b) Bond reserve deposit requirements are as set forth 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 and there is accumulated therein an amount equal to the highest succeeding annual debt service payment in any future year. The actual required deposit for any given year is calculated by multiplying the annual debt service requirement times 7%, with the total deposit requirement being \$402,517.75 through year 2015 and totaling to \$11,145.44 for year 2009 per the "Combined Monthly Payment Schedule" for all revenue bonds of the District. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund or to which there would otherwise be default.

Combined payment requirements for the RUS bond issues and the 2001 Water Revenue Refunding Bonds increased to \$426 per month on February 28, 2002.

The twelve required monthly payments to the "Revenue Bond Reserve Fund" were made for the year 2003 with a balance maintained of \$96,315 at December 31, 2003, as compared to a balance of \$89,780 at December 31, 2002.

- 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. 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

**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, 2003**

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.

Combined payment requirements for the RUS bond issues and the 2001 Water Revenue Refunding Bonds increased to \$426 per month beginning February 28, 2003.

The twelve required monthly payments to the "Depreciation & Contingency Fund" were made for the year 2003. The balance in the "Depreciation and Contingency Fund" at December 31, 2003 was \$74,414, as compared to \$69,425 at December 31, 2002.

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

**8. Restricted and Designated Net Assets**

At December 31, 2003, St. Helena Parish Waterworks District No. 2 recorded \$332,093 in Restricted Net Assets (Restricted for Capital Activity and Debt Service), representing the District's funds restricted by revenue bond debt covenants, contracts with customers for water deposits, and the unspent portion of capital debt related to amounts restricted for capital projects less liabilities related to these restricted funds. A liability relates to restricted assets if the asset results from incurring the liability or if the liability will be liquidated with the restricted assets.

In addition, for the fiscal year ending December 31, 2003, the Board of Commissioners of the District Designated a total of \$110,280 as such reserved for future capital improvement projects. Since this designation represents an internally imposed restriction, the amount designated for capital improvements is included within the category of Unrestricted Net Assets, totaling \$215,263 at December 31, 2003.

**9. Prior Period Adjustment**

Prior period adjustment was made to correct the beginning Net Assets balance. The adjustments corrected the accrual fee audit fees for the prior fiscal year ending December 31, 2002. The correction to the beginning Net Asset balance is as follows:

<u>Date</u>	<u>Description</u>	<u>Amount</u>
12/31/02	Net Asset Balance, Before Prior Period Adjustment	\$ 2,316,347
	Prior Period Adjustments:	
12/31/02	- Correcting Accrual Audit Fees	(6,800)
12/31/02	Net Assets Balance, After Prior Period Adjustment	<u>\$ 2,309,547</u>

**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. 3  
Parish of St. Helena, Louisiana**

**Schedule I**

**Budgetary Comparison Schedule  
Year Ended December 31, 2002**

(With Comparative Amounts for the Fiscal Year Ended December 31, 2001)

	2002	2001	Variance- Favorable	2001
	Budget	Actual	(Unfavorable)	Actual
<b>Operating Revenues</b>				
Water Sales	\$ 269,240	\$ 267,883	\$ (1,358)	\$ 267,598
Connection Fees	18,714	31,269	2,555	15,127
SEWER Fees	323	323	-	499
Leak Charges	10,204	30,897	(117)	5,593
Other	-	3,672	3,672	237
<b>Total Operating Revenues</b>	<u>298,481</u>	<u>363,411</u>	<u>3,813</u>	<u>296,254</u>
<b>Operating Expenses</b>				
Salaries	7,956	7,115	841	6,889
Payroll Taxes	618	554	62	589
Per Diem - Board Members	2,833	2,890	(117)	2,880
Accounting	11,208	15,210	(4,102)	11,271
Advertising	1,651	1,582	69	159
Amortization of Bond Issue Costs	368	342	26	987
Bad Debts	2,899	2,284	624	1,723
Bank Charges	112	120	88	112
Billing Costs	10,900	7,944	2,959	5,141
Chemicals	3,667	3,266	391	2,946
Contract Management & Operations	11,888	30,588	492	65,688
Depreciation	120,000	120,123	(123)	119,998
Gas	189	200	(90)	218
Insurance	6,323	6,284	241	5,748
Motor Installations	6,633	7,126	(493)	4,333
Miscellaneous	113	288	(175)	308
Office Supplies & Expense	816	1,082	(266)	780
Postage	145	3,297	(3,052)	3,954
Repairs and Maintenance	11,809	11,477	(477)	7,507
Supplies - Water System	9,800	8,493	507	5,128
Telephones	1,543	1,663	(121)	1,779
Utilities	16,899	17,062	(163)	15,952
Vehicle Expense	3,682	2,487	290	1,108
<b>Total Operating Expenses</b>	<u>287,819</u>	<u>281,251</u>	<u>(4,581)</u>	<u>267,411</u>
<b>Operating Income</b>	<u>11,476</u>	<u>10,966</u>	<u>(683)</u>	<u>23,343</u>

(Continued)

See accountant's report.

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

Schedule 1

**Budgetary Comparison Schedule**  
**Year Ended December 31, 2003**

**(With Comparative Amounts for the Fiscal Year Ended December 31, 2002)**

	2003 Budget	2003 Actual	Variance- Favorable (Unfavorable)	2002 Actual
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income	\$ 8,763	\$ 8,478	\$ (285)	\$ 30,580
Recovery of Bad Debts	929	914	(15)	290
Interest Expense	(68,008)	(68,843)	(835)	(68,111)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(58,316)</u>	<u>(68,451)</u>	<u>(1,135)</u>	<u>(37,241)</u>
<b>Income (Loss) Before Contributions and Prior Period Adjustments</b>	<u>(47,330)</u>	<u>(49,347)</u>	<u>(1,709)</u>	<u>(33,694)</u>
Prior Period Adjustments	-	-	-	(8,260)
<b>Income (Loss) Before Contributions</b>	<u>(47,330)</u>	<u>(49,347)</u>	<u>(1,709)</u>	<u>(41,954)</u>
Capital Contributions	3,208	3,208	-	73,680
<b>Change in Net Assets</b>	<u>(44,122)</u>	<u>(46,139)</u>	<u>(1,709)</u>	<u>31,726</u>
<b>Net Assets, Beginning of Year</b>	<u>2,527,647</u>	<u>2,527,647</u>	<u>-</u>	<u>2,494,946</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,483,525</u>	<u>\$ 2,481,508</u>	<u>\$ (1,709)</u>	<u>\$ 2,527,647</u>

(Continued)

See accountant's report.

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

**Schedule C**

**Schedule of Insurance Coverages  
December 31, 1983**

<u>Insurance Company</u>	<u>Coverage</u>	<u>Effective Date</u>	<u>Expiration Date</u>
Travelers Property Casualty Insurance Company Policy # 1-680-518822660-CDP-03	Employee Dishonesty - Market coverage of \$110,000	01/02/83	01/02/84
Travelers Property Casualty Insurance Company Policy # 1-680-56638716-TLA-03	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	01/02/83	01/02/84
Travelers Property Casualty Insurance Company Policy # 1-680-56638716-TLA-03	-Property coverage of \$21,159 for building; \$4,381 for contents, 2581 Hillside Rd, Greensburg, LA -Property coverage of \$3,341 for pump station at Hwy 18, Greensburg, LA -Property coverage of \$311,264 for water tower at Hwy 18, Greensburg, LA -Property coverage of \$3,341 for pumping station at Hwy 38, Greensburg, LA -Property coverage of \$37,865 for tank at Hwy 38, Greensburg, LA -Property coverage of \$28,366 for generator building at Hwy 38, Greensburg, LA -Property coverage of \$154,908 for tanks, bins and silos at Hwy 38, Greensburg, LA	01/02/83	01/02/84
Travelers Property Casualty Insurance Company Policy # 1-680-56638716-TLA-03	Commercial General Liability Limits at \$1,000,000 Aggregate; \$1,000,000 per occurrence; personal and advertising injury and products liability coverage limits at \$3,000,000; \$1,000,000 fire damage limit	01/02/83	01/02/84

See accountant's report.

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

Schedule 2

Schedule of Insurance Coverage  
December 31, 2003

<u>Insurance Company</u>	<u>Coverage</u>	<u>Effective Date</u>	<u>Expiration Date</u>
General Star Indemnity Company Policy # LA790749	Public Officials Liability limits at \$1,000,000 and deductible of \$2,500	09/02/03	09/02/04
Louisiana Workers' Compensation Policy # 17323-A	Workers' Compensation at statutory limits, Employer's Liability at \$100,000	04/17/03	04/17/04

See accountant's report.

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

**Schedule 3**

**Schedule of Compositions Paid Board of Commissioners  
December 31, 1985**

<u>Board of Commissioners</u>	<u>Per Diem Payments</u>	<u>Term of Office</u>
Claude Sharkey, President 8178 Hwy. 441 Amite, Louisiana 70412 985-748-6847	3 600	07/06/81 - 07/06/86
James Ash, Vice-President 128 Red Bluff Cr. Rd. Greenburg, Louisiana 70440 225-212-6215	150	05/25/82 - 07/06/1987
Jim Withers, Secretary-Treasurer 6934 Hwy. 441 Amite, Louisiana 70412 985-748-7741	600	07/26/79 - 07/06/1985
Shelby Jones 16275 Hwy 441 Kenswood, Louisiana 70441 225-212-6826	600	07/27/80 - 07/06/1987
Mary Davis 4520 Hwy 441 Amite, Louisiana 70412 985-748-6124	600	07/26/78 - 07/06/1984
	<u>2 1,500</u>	

See accountant's report.

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

Schedule A

Schedule of Water Customers  
December 31, 2000

As of December 31, 2000, the water district had the following number of customers.

Water-Residential	1,159
Commercial/Dairy	<u>88</u>
Total Customers	<u>1,247</u>

Number customers having a meter size larger than the residential size (24")	<u>21</u>
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Schedule of Water Rates  
December 31, 2000

<u>Usage</u>	<u>Monthly Charge</u>
<b>Residential:</b>	
First 2,000 gallons	\$ 9.00
Next 4,000 gallons	2.50 per 1,000 gallons
Next 6,000 gallons	1.50 per 1,000 gallons
Over 10,000 gallons	1.00 per 1,000 gallons
<b>Commercial:</b>	
First 10,000 gallons	\$15.00
All over 10,000 gallons	.50 per 1,000 gallons
<b>Dairy:</b>	
First 20,000 gallons	\$15.00
All over 20,000 gallons	.50 per 1,000 gallons

See accountant's report.

**Other Independent Auditor's Reports and  
Schedule of Findings and Questioned Costs**



Independent Auditor's Report on  
Compliance and on Internal Control over  
Financial Reporting Based on an Audit of  
Basic Financial Statements Performed in  
Accordance with *Government Auditing Standards*

# Durnin & James

REGISTERED PUBLIC ACCOUNTANTS  
& PROFESSIONAL CORPORATION  
BOSSIERE, LA • GREENSBURG, LA

John H. Durnin, CPA  
Dennis G. James, CPA

Member  
American Institute of CPAs  
Society of Certified CPAs

May 21, 2004

**Independent Auditor's Report on Compliance and on  
Internal Control over Financial Reporting Based on an  
Audit of Basic Financial Statements Performed in  
Accordance with Government Auditing Standards**

Board of Commissioners  
St. Helena Parish Waterworks District No. 2  
Greensburg, Louisiana 70041

We have audited the financial statements of the business-type activities of the St. Helena Parish Waterworks District No. 2, Greensburg, Louisiana, as of and for the year ended December 31, 2003, which comprise the District's basic financial statements and have issued our report thereon dated May 21, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether the St. Helena Parish Waterworks District No. 2'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 these 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 is required to be reported under *Government Auditing Standards*.

### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the St. Helena Parish Waterworks District No. 2'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 operations 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 the St. Helena Waterworks District No. 2's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying corrective action plan for current year audit findings 2003-01.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to

the 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 over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor, and the Rural Utilities Service office. Under Louisiana Revised Statute 24:503, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Dennis B. James, CPAs  
(A Professional Corporation)

## Corrective Action Plan

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

**Corrective Action Plan for Prior Year Audit Findings  
For the Year Ended December 31, 2005**

**Schedule 9**

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

**Schedule 6**

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

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

**Internal Control**

**Reference Number:** 2003-01 – Adjustments to Utility Billing Accounts Receivable

**Condition:**

During our audit and review of the utility billing accounts receivable procedures, we noted that a contract employee who reads the water meters, also collects payments from customers, and approves adjustments in individual accounts to the utility billing accounts receivable. The board of commissioners do not presently approve those adjustments to the utility billing accounts receivable. We believe improvement is needed in this area to make sure that unauthorized adjustments are not made to the utility billing accounts receivable. The cause of this condition appears to be a flaw in the design and operation of the approval process for utility billing accounts receivable adjustments. As a result, allowing a contract employee who also reads customer's meters and accepts payments from customers to make adjustments to the utility billing accounts receivable without the review and approval of the board creates an environment in which unauthorized adjustments could occur and not be detected in a timely manner.

**Recommendation:**

We believe the outside accountant that is hired by the district to prepare the monthly water meter billings, should prepare a list of adjustments for the month to be approved by the board at their monthly meeting.

**Corrective Action Planned (Response by Management):**

In management's corrective action plan dated May 25, 2004 the manager indicated that, to the extent possible, the contract employee responsible for reading meters and receiving customer payments would not be responsible for making adjustments to the utility billing accounts receivable. Furthermore, the outside accountant would prepare the list of adjustments for approval from the board.

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

No Findings for Section II

**Section III - Management Letter**

No Findings for Section III