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SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
KINDER, LOUISIANA

A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 1999

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

Release Date 8-9-00

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Board of Commissioners
Southwest Allen Parish Water District No. 2
April 28, 2000

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. 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 general purpose financial statements of the Southwest Allen Parish Water District No. 2. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements; and, in our opinion, the information is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Mires & Company, CPAs, APC

Mires and Company, CPAs, APC
April 28, 2000

M & Co.

GENERAL PURPOSE FINANCIAL STATEMENTS

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
DECEMBER 31, 1999

	<u>GOVERNMENTAL</u> <u>FUND TYPE</u> Debt <u>Service</u>	<u>PROPRIETARY</u> <u>FUND TYPE</u> Enterprise	<u>ACCOUNT</u> <u>GROUP</u> Long-Term Debt
ASSETS			
Cash	\$ -	\$ 484,815	\$ -
Receivables:			
Taxes - net	-	-	-
Accounts - net	-	68,121	-
Interest	-	3,019	-
Due from other fund	-	-	-
Prepaid insurance	-	4,647	-
Restricted assets:			
Bond sinking fund:			
Cash	-	26,816	-
Bond reserve fund:			
Cash	-	51,431	-
Bond contingency fund:			
Cash	-	82,619	-
Rent deposits:			
Cash	-	6,188	-
Fixed assets - net	-	2,252,060	-
Amount available in debt service fund . . .	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 2,979,716</u>	<u>\$ -</u>

See accompanying notes.

TOTALS
(Memorandum Only)

<u>1999</u>	<u>1998</u>
\$ 484,815	\$ 713,679
-	29,040
68,121	59,280
3,019	4,082
-	204,432
4,647	-
26,816	26,585
51,431	50,085
82,619	78,476
6,188	5,845
2,252,060	1,996,258
-	<u>204,154</u>
<u>\$ 2,979,716</u>	<u>\$ 3,371,916</u>

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
DECEMBER 31, 1999

	GOVERNMENTAL <u>FUND TYPE</u> Debt <u>Service</u>	PROPRIETARY <u>FUND TYPE</u> Enterprise	ACCOUNT <u>GROUP</u> Long-Term <u>Debt</u>
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	\$ -	\$ 169,650	\$ -
Due to other fund	-	-	-
Payable from restricted assets:			
Revenue bonds	-	15,000	-
Accrued interest	-	13,442	-
Rent deposits	-	4,325	-
General obligation bonds payable	-	-	-
Revenue bonds payable	-	429,000	-
TOTAL LIABILITIES	<u>-</u>	<u>631,417</u>	<u>-</u>
Fund equity			
Contributed capital	-	775,316	-
Retained earnings:			
Reserve for debt service	-	132,424	-
Unreserved	-	1,440,559	-
Fund balance:			
Reserve for debt service	-	-	-
Unreserved	-	-	-
TOTAL FUND EQUITY	<u>-</u>	<u>2,348,299</u>	<u>-</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ -</u>	<u>\$ 2,979,716</u>	<u>\$ -</u>

See accompanying notes.

TOTALS
(Memorandum Only)

1999	1998
\$ 169,650	\$ 17,894
-	204,432
15,000	14,000
13,442	13,866
4,325	4,175
-	204,154
<u>429,000</u>	<u>444,000</u>
<u>631,417</u>	<u>902,521</u>
775,316	779,000
132,424	127,280
1,440,559	1,278,296
-	204,154
-	80,665
<u>2,348,299</u>	<u>2,469,395</u>
<u>\$ 2,979,716</u>	<u>\$ 3,371,916</u>

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND TYPE
Year Ended December 31, 1999

	<u>1999</u>	<u>1998</u>
Revenues:		
Ad valorem taxes - net	\$ -	\$ 29,040
Interest	<u>-</u>	<u>2,474</u>
TOTAL REVENUES	<u>-</u>	<u>31,514</u>
Expenditures:		
Debt service:		
Principal retirement	204,154	2,487
Interest	11,169	22,594
Prepayment penalty	<u>4,017</u>	<u>-</u>
TOTAL EXPENDITURES	<u>219,340</u>	<u>25,081</u>
Excess (deficiency) of revenues over expenditures	<u>(219,340)</u>	<u>6,433</u>
Other financing sources (uses):		
Operating transfers in	-	-
Operating transfers out	<u>(65,479)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(65,479)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(284,819)</u>	<u>-</u>
FUND BALANCE - BEGINNING	<u>284,819</u>	<u>278,386</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ 284,819</u>

See accompanying notes.

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GOVERNMENTAL FUND TYPE
Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Ad valorem taxes - net	\$ 26,896	\$ -	\$ (26,896)
Interest	<u>2,500</u>	<u>-</u>	<u>(2,500)</u>
TOTAL REVENUES	<u>29,396</u>	<u>-</u>	<u>(29,396)</u>
Expenditures:			
Debt service:			
Principal retirement	204,154	204,154	-
Interest	15,185	11,169	4,016
Prepayment penalty	<u>-</u>	<u>4,017</u>	<u>(4,017)</u>
TOTAL EXPENDITURES	<u>219,339</u>	<u>219,340</u>	<u>(1)</u>
Excess (deficiency) of revenues over expenditures	<u>(189,943)</u>	<u>(219,340)</u>	<u>(29,397)</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	<u>-</u>	<u>(65,479)</u>	<u>(65,479)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(65,479)</u>	<u>(65,479)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(189,943)</u>	<u>(284,819)</u>	<u>(94,876)</u>
FUND BALANCE - BEGINNING	<u>284,819</u>	<u>284,819</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 94,876</u>	<u>\$ -</u>	<u>\$ (94,876)</u>

See accompanying notes.

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS - PROPRIETARY FUND TYPE
Year Ended December 31, 1999

	<u>1999</u>	<u>1998</u>
OPERATING REVENUES:		
Charges for services	\$ 585,721	\$ 546,008
Miscellaneous	<u>11,146</u>	<u>15,604</u>
TOTAL OPERATING REVENUES	<u>596,867</u>	<u>561,612</u>
OPERATING EXPENSES:		
Advertising	3,977	3,375
Bad debts	21	-
Bank charges	109	101
Computer service	996	280
Contract labor	29,175	30,048
Depreciation	71,325	66,097
Dues	1,003	75
Insurance - general	16,874	12,788
Insurance - health	17,264	13,820
Miscellaneous	2,873	2,113
Office	8,702	6,908
Per diem	1,750	1,700
Postage	4,822	4,613
Professional fees	6,821	5,850
Repairs and maintenance	25,359	27,122
Retirement	8,577	7,627
Salaries	129,457	124,650
Supplies	73,977	66,792
Taxes and licenses	2,217	2,149
Transportation	9,478	9,031
Travel	1,145	565
Utilities	84,233	73,178
Vehicle lease	<u>17,239</u>	<u>12,177</u>
TOTAL OPERATING EXPENSES	<u>517,394</u>	<u>471,080</u>
OPERATING INCOME	<u>79,473</u>	<u>90,532</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest income	36,752	37,027
Interest expense	<u>(21,576)</u>	<u>(23,156)</u>
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>15,176</u>	<u>13,871</u>
INCOME (LOSS) BEFORE OTHER FINANCING SOURCES (USES)	94,649	104,403
OTHER FINANCING SOURCES (USES):		
Operating transfers in	65,479	-
Operating transfers out	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>65,479</u>	<u>-</u>
NET INCOME	160,128	104,403

See accompanying notes.

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS - PROPRIETARY FUND TYPE
Year Ended December 31, 1999

	<u>1999</u>	<u>1998</u>
Add current year's depreciation on fixed assets acquired by funds externally restricted for capital expenditures that reduce contributed capital	\$ 7,279	\$ 7,279
Increase in retained earnings	167,407	111,682
RETAINED EARNINGS - BEGINNING	<u>1,405,576</u>	<u>1,293,894</u>
RETAINED EARNINGS - ENDING	<u>\$1,572,983</u>	<u>\$1,405,576</u>

See accompanying notes.

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS - BUDGET AND ACTUAL - PROPRIETARY FUND TYPE
Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
OPERATING REVENUES:			
Charges for services	\$ 592,981	\$ 585,721	\$ (7,260)
Miscellaneous	<u>13,000</u>	<u>11,146</u>	<u>(1,854)</u>
TOTAL OPERATING REVENUES	<u>605,981</u>	<u>596,867</u>	<u>(9,114)</u>
OPERATING EXPENSES:			
Advertising	3,880	3,977	(97)
Bad debts	-	21	(21)
Bank charges	104	109	(5)
Computer service	18,532	996	17,536
Contract labor	83,399	29,175	54,224
Depreciation	65,402	71,325	(5,923)
Dues	860	1,003	(143)
Insurance - general	19,701	16,874	2,827
Insurance - health	19,700	17,264	2,436
Miscellaneous	4,965	2,873	2,092
Office	8,883	8,702	181
Per diem	-	1,750	(1,750)
Postage	4,809	4,822	(13)
Professional fees	6,657	6,821	(164)
Repairs and maintenance	10,836	25,359	(14,523)
Retirement	10,663	8,577	2,086
Salaries	128,644	129,457	(813)
Supplies	77,760	73,977	3,783
Taxes and licenses	18,433	2,217	16,216
Transportation	12,654	9,478	3,176
Travel	1,373	1,145	228
Utilities	74,569	84,233	(9,664)
Vehicle lease	-	17,239	(17,239)
TOTAL OPERATING EXPENSES	<u>571,824</u>	<u>517,394</u>	<u>54,430</u>
OPERATING INCOME	<u>34,157</u>	<u>79,473</u>	<u>45,316</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest income	29,293	36,752	7,459
Interest expense	<u>(39,967)</u>	<u>(21,576)</u>	<u>18,391</u>
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>(10,674)</u>	<u>15,176</u>	<u>25,850</u>
INCOME (LOSS) BEFORE OTHER FINANCING SOURCES (USES)	23,483	94,649	71,166
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	65,479	65,479
Operating transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>65,479</u>	<u>65,479</u>
NET INCOME	23,483	160,128	136,645

See accompanying notes.

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS - BUDGET AND ACTUAL - PROPRIETARY FUND TYPE
Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Add current year's depreciation on fixed assets acquired by funds externally restricted for capital expenditures that reduce contributed capital	\$ -	\$ 7,279	\$ 7,279
Increase in retained earnings	23,483	167,407	143,924
RETAINED EARNINGS - BEGINNING	<u>1,405,576</u>	<u>1,405,576</u>	<u>-</u>
RETAINED EARNINGS - ENDING	<u>\$1,429,059</u>	<u>\$1,572,983</u>	<u>\$ 143,924</u>

See accompanying notes.

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
Year Ended December 31, 1999

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	\$ 79,473	\$ 90,532
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	71,325	66,097
(Increase) decrease in:		
Accounts receivable	(7,785)	(8,218)
Prepaid expenses	(4,647)	2,913
Increase (decrease) in:		
Accounts payable	151,756	2,371
Rent deposits	150	500
Accrued interest payable	(424)	(393)
Due to other fund	<u>(204,432)</u>	<u>183,402</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>85,416</u>	<u>337,204</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributions from customers	3,595	5,325
Acquisition of fixed assets	(257,305)	(187,319)
Principal paid on revenue bonds	(14,000)	(13,000)
Interest paid on revenue bonds	<u>(22,900)</u>	<u>(23,550)</u>
NET CASH PROVIDED (USED) FROM (FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(290,610)</u>	<u>(218,544)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	<u>33,733</u>	<u>37,421</u>
NET CASH PROVIDED (USED) FROM (IN) INVESTING ACTIVITIES	<u>33,733</u>	<u>37,421</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(171,461)	156,081
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>823,330</u>	<u>667,249</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 651,869</u>	<u>\$ 823,330</u>

See accompanying notes.

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

INTRODUCTION

The Southwest Allen Parish Water District No. 2 is a political subdivision of the State of Louisiana. It was created under the provisions of Louisiana Revised Statutes 33:3811, for the purpose of providing water to the rural area of Southwest Allen Parish. The District is governed by a board of commissioners composed of five compensated members appointed by the Allen Parish Police Jury.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying general purpose financial statements of the Southwest Allen Parish Water 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.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

B. Reporting Entity

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

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

C. Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the District are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Fund Type:

Debt Service Fund-

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt.

Proprietary Fund Type:

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

Enterprise Fund-

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing water services to the general public on a continuing basis is financed through user charges.

General Long-Term Debt Account Group:

The General Long-Term Debt Account Group is used to account for long-term liabilities to be financed from government funds.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds.

The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund is included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, interest revenue and charges for services.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

E. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and these investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, 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.

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Accounts Receivable

Uncollectible amounts due for receivables are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible. This method does not result in a charge to bad debts that is materially different from the amount that would be charged if the reserve method were used.

G. Fixed Assets

All fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

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. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of each class of depreciable property is computed using the straight-line method. Estimated useful lives are as follows:

Building	27 years
Distribution system	50 years
Furniture & fixtures	5-7 years
Equipment	5 years

H. Statement of Cash Flow

For purpose of the statement of cash flows, for the enterprise fund, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less to be cash equivalents. The statement reflects ending cash and cash equivalents of \$651,869 which represents unrestricted and restricted amounts of \$484,815 and \$167,054, respectively.

I. Budgets and Budgetary Accounting

A budget is adopted on a basis consistent with generally accepted accounting principles for all governmental and proprietary funds. All annual appropriations lapse at fiscal year end.

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In November of each year, the budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

J. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers or customers. Reserves represent those portions of fund equity legally segregated for debt service.

K. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement. At December 31, 1999 the District's liability for compensated absences could not be reasonable estimated.

L. Total Columns on Statements

Total columns on the component unit financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
 A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

M. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

NOTE 2 - CASH AND CASH EQUIVALENTS

At December 31, 1999, the District has cash and cash equivalents (book balances) totaling \$651,869 as follows:

Interest-bearing demand deposits	\$ 372,434
Time deposits	<u>279,435</u>
Total	<u>\$ 651,869</u>

These deposits are stated at cost, which approximates market. 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, 1999, the District has \$654,424 in deposits (collected bank balances). These deposits are secured from risk by \$346,117 of federal deposit insurance and \$308,307 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 No. 3, R. S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 - FIXED ASSETS

A summary of changes in proprietary fund fixed assets for the year ended December 31, 1999 is as follows:

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 3 - FIXED ASSETS

	<u>Fixed Assets</u>		
	<u>Beginning Of Year</u>	<u>Net Additions (Deletions)</u>	<u>End of Year</u>
Building	\$ 103,449	\$ -	\$ 103,449
Distribution system	2,689,696	364,653	3,054,349
Furniture, fixtures, & equipment	161,152	31,206	192,358
Construction in progress	76,832	(76,832)	-
Land	<u>32,400</u>	<u>8,100</u>	<u>40,500</u>
	3,063,529	<u>\$ 327,127</u>	3,390,656
Less accumulated depreciation	<u>1,067,271</u>		<u>1,138,596</u>
TOTALS	<u>\$ 1,996,258</u>		<u>\$ 2,252,060</u>

Depreciation expense was \$71,325 for the year ended December 31, 1999.

NOTE 4 - LONG-TERM DEBT

A. Debt Outstanding

The following is a summary of bond transactions of the District for the year ended December 31, 1999:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
Bonds payable, January 1, 1999	\$ 204,154	\$ 458,000	\$ 662,154
Bonds retired	<u>204,154</u>	<u>14,000</u>	<u>218,154</u>
Bonds payable December 31, 1999	<u>\$ -</u>	<u>\$ 444,000</u>	<u>\$ 444,000</u>

Bonds payable at December 31, 1999 are comprised of the following individual issue:

Revenue bond

\$648,000 Utility Revenue Bonds dated 05/24/77; due in annual installments of \$10,000 - \$36,000 through May 24, 2017; interest at 5.0%. The right to prepay the whole or any part of the principal amount may be made on any interest payment date. \$ 444,000

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
 A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1999

NOTE 4 - LONG-TERM DEBT

B. Debt Service Requirements to Maturity

The annual requirements to amortize all debts outstanding as of December 31, 1999, including interest payments of \$240,550 are as follows:

<u>Year Ending</u> <u>December 30,</u>	<u>Revenue</u>
2000	\$ 37,200
2001	37,450
2002	37,650
2003	37,800
2004	37,900
Thereafter	<u>496,550</u>
	<u>\$ 684,550</u>

NOTE 5 - COMPONENTS OF RESTRICTED ASSETS

Enterprise Fund:

	Revenue Bond <u>Sinking</u>	Revenue Bond <u>Reserve</u>	Revenue Bond <u>Contingency</u>	Customer <u>Deposits</u>	<u>Totals</u>
Cash	<u>\$ 26,816</u>	<u>\$ 51,431</u>	<u>\$ 82,619</u>	<u>\$ 6,188</u>	<u>\$ 167,054</u>

Certain proceeds of enterprise fund revenue bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "bond sinking" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "bond reserve" account is used to report resources set aside to make up potential future deficiencies in the bond sinking account. The "bond contingency" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

The amount of retained earnings reserved for revenue bond retirement is detailed as follows:

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
 A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1999

NOTE 5 - COMPONENTS OF RESTRICTED ASSETS

Restricted assets: revenue bond sinking, reserve and contingency funds	\$ 160,866
Less:	
Current maturities of revenue bonds, payable from restricted assets	15,000
Accrued interest, payable from restricted assets	<u>13,442</u>
Retained Earnings Reserved	<u>\$ 132,424</u>

NOTE 6 - CONTRIBUTED CAPITAL

During the year, contributed capital changed by the following amount:

Contribution from customers	\$ 3,595
Depreciation of fixed assets acquired by funds externally restricted for capital expenditures . .	<u>(7,279)</u>
	(3,684)
CONTRIBUTED CAPITAL, BEGINNING	<u>779,000</u>
CONTRIBUTED CAPITAL, ENDING	<u>\$ 775,316</u>

NOTE 7 - RETIREMENT COMMITMENTS

Through August 31, 1999 the District contributed to a pension plan through the National Rural Water Association for all eligible employees. Total payroll for the District was \$95,107 and total payroll for covered employees was \$70,893.

Covered employees were required to contribute 3.0% of their total compensation. The District was required to contribute 7.0% of total compensation. Total contributions made by the District and employees were \$4,962 and \$2,112, respectively.

Full time employee membership is mandatory as a condition of employment. Eligibility requirements consist of minimum age of 21, twelve months of service and 1,000 hours worked. Vesting is automatic and at 100%.

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
 A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1999

NOTE 8 - RISK MANAGEMENT

covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settle claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 9 - OPERATING LEASES

During the year 1997 the District signed lease agreements with Ford Credit for the lease of two vehicles. One lease is for twenty four months at \$327 per month with the option to purchase the vehicle at the end of the lease term. The other lease is for 36 months at \$574 per month with the option to purchase the vehicle at the end of the lease term. During the year 1999 the District signed a lease agreement with Ford Credit for the lease of one vehicle for 36 months at \$589 per month with the option to purchase the vehicle at the end of the lease term. The District does not intend to purchase these vehicles at the end of the lease term.

NOTE 10 - EXPENDITURES/EXPENSES - ACTUAL AND BUDGET

The following individual fund had actual expenditures/expenses over budgeted expenditures/expenses for the year ended December 31, 1999:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>%</u>
Debt Service	\$219,339	\$284,819	\$65,480	29.85%

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
 A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
 SUPPLEMENTAL INFORMATION SCHEDULE
 DECEMBER 31, 1999

Schedule of Compensation Paid to Commissioners:

A schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. LA. Rev. Stat. 33:3819 allows for each commissioner to be paid up to \$60 for each meeting attended. Commissioners are paid \$25 for each meeting attended except for the President whose per diem was increased to \$50 beginning with the July 1999 meeting.

Per diem paid commissioners for the year ended December 31, 1999 were as follows:

	<u>Per Diem</u>
Lee White	\$ 450
Percy Morehead	200
William B. Jackson	300
Johnny Wallace	225
Patricia Odom	<u>275</u>
	<u>\$ 1,450</u>

See accompanying notes.

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
SUPPLEMENTAL INFORMATION SCHEDULE (UNAUDITED)
DECEMBER 31, 1999

BOARD OF DIRECTORS (UNAUDITED) :

William Jackson
12898 Hwy 165
Kinder, LA 70648
318-738-2795
January 1995 to present

Percy Morehead - Secretary/Treasurer
463 Rostrom Road
Kinder, LA 70648
318-738-2311
January 1995 to present

Lee White - President
4435 Hwy 383
Kinder, LA 70648
318-738-5138
January 1995 to present

Patricia Odom
P.O. Box 154
Kinder, LA 70648
318-738-5993
January 1995 to present

Johnny Wallace - Vice President
333 Little Mill Road
Kinder, LA 70648
318-738-5484
January 1995 to present

Year to year elections

NUMBER OF RESIDENTIAL USERS ON THE SYSTEM (UNAUDITED)
1,524

NUMBER OF COMMERCIAL USERS ON THE SYSTEM (UNAUDITED)
28

NUMBER OF COMMERCIAL USERS HAVING METER LARGER THAN RESIDENTIAL SIZE (UNAUDITED)
28

See accompanying notes.

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
 A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
 SUPPLEMENTAL INFORMATION SCHEDULE
 DECEMBER 31, 1999

PRESENT RATES

Allen Parish - Residential:

<u>Units</u>	<u>Per Unit</u>	<u>Per 1,000 gallons</u>
First 2,000 gallons	\$10.00	Minimum charge
Next and up	0.001750	\$1.75

Jeff Davis Parish Residential:

<u>Units</u>	<u>Per Unit</u>	<u>Per 1,000 gallons</u>
First 2,000 gallons	\$11.00	Minimum charge
Next and up	0.001750	\$1.75

Commercial:

<u>Units</u>	<u>Per Unit</u>	<u>Per 1,000 gallons</u>
First 15,000 gallons	\$20.00	Minimum charge
Next and up	0.001750	\$1.75

Town of Kinder:

<u>Units</u>	<u>Per Unit</u>	<u>Per 1,000 gallons</u>
0.00 gallons and up	0.000850	\$0.85

Allen Correctional Center:

<u>Units</u>	<u>Per Unit</u>	<u>Per 1,000 gallons</u>
0.00 gallons and up	0.000850	\$0.85

School:

<u>Units</u>	<u>Per Unit</u>	<u>Per 1,000 gallons</u>
0.00 gallons and up	0.001000	\$1.00

Grand Casino Coushatta:

<u>Units</u>	<u>Per Unit</u>	<u>Per 1,000 gallons</u>
0.00 gallons and up	0.000900	\$0.90

See accompanying notes.

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
 A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
 SUPPLEMENTAL INFORMATION SCHEDULE
 SCHEDULE OF FINDINGS
 For the Year Ended December 31, 1999

We have audited the financial statements of the Southwest Allen Parish Water District No. 2 as of and for the year ended December 31, 1999, and have issued our report dated April 28, 2000. 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. Our audit of the financial statements as of December 31, 1999 resulted in an unqualified opinion.

Section I Summary of Auditors' Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weaknesses	<u> X </u> Yes	_____ No
Reportable Conditions	<u> X </u> Yes	_____ No

Compliance:

Compliance Material to Financial Statements	<u> X </u> Yes	_____ No
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Section II Financial Statement Findings

99-1 I/C (Material weakness)

Segregation of duties: Because of the lack of a large staff, more specifically accounting personnel, there is a problem with segregation of duties necessary for proper controls. One person is currently performing the function of preparing disbursements, and reconciling the bank statements. We do note that this situation is inherent to most entities of this type and is difficult to solve due to the funding limitations of the District. We recommend that the board of commissioners take an active interest in the review of all of the financial information. This was also a prior year finding.

99-1 C

Budgetary authority and control:

Condition: Actual expenditures exceeded total budgeted expenditures by more than 5% in the Debt Service Fund for the year ended December 31, 1999.

Criteria: LA. Rev. Stat. §39:1310-whenver total actual expenditures and other uses exceed the total budgeted expenditures by 5% or more, the budget should be amended.

Effect: Violation of LA. Rev. Stat. §39:1310-Budgetary authority and control.

Cause: Administrative oversight.

Recommendation: The District should compare actual to budget expenditures at the fund level each month and amend the budget if necessary.

See accompanying notes.

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
SUPPLEMENTAL INFORMATION SCHEDULE
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS (UNAUDITED)
For the Year Ended December 31, 1999

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

99-1 I/C Segregation of duties:

This is an ongoing finding that cannot be corrected due to lack of financial resources.

Contact person - Wayne Fontenot, Manager

99-1 C Budgetary Authority and Control:

Recommendation: The District should compare actual to budget expenditures at the fund level each month and amend the budget if necessary.

Planned action: Closer attention to the budget process will be taken in the future.

Contact person: Wayne Fontenot, Manager

See accompanying notes.

SOUTHWEST ALLEN PARISH WATER DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
SUPPLEMENTAL INFORMATION SCHEDULE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 1999

Section 1 - Internal Control and Compliance Material to the Financial Statements

98-1 I/C (Ongoing finding) Segregation of duties:

Corrective action taken - Due to lack of sufficient financial resources, this finding cannot be resolved. See 99-1 I/C.

See accompanying notes.

INDEPENDENT AUDITORS' REPORT SECTION



Mires & Company
A Professional Corporation

Certified Public Accountants

Members:
American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants
Private Company Practice Section AICPA

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

Board of Commissioners
Southwest Allen Parish Water District No. 2
A Component Unit of the
Allen Parish Police Jury
P. O. Box 247
Kinder, Louisiana 70648-0247

We have audited the general purpose financial statements of the Southwest Allen Parish Water District No. 2, a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 1999, and have issued our report thereon dated April 28, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Southwest Allen Parish Water District No. 2's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as item 99-1 C.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Southwest Allen Parish Water 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 general purpose 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 the Southwest Allen Parish Water District No. 2's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings as item 99-1 I/C.

Board of Commissioners
Southwest Allen Parish Water District No. 2
A Component Unit of the
Allen Parish Police Jury
Page 2

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 99-1 I/C to be a material weakness.

This report is intended solely for the information and use of management, the Board of Commissioners, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Mires & Company, CPAs, APC

Mires and Company, CPAs, APC
April 28, 2000

M & Co.