

Funds will also be set aside into a "Sewer Depreciation and Contingency Fund" in the amount of \$ 25 per month. Money in this fund may also be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense.

Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

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

Columbia Heights Sewer District # 1 failed to comply with the restriction that the enterprise fund produce a profit in its July 15, 1979 bond indenture at December 31, 1995. The District suffered a loss in its enterprise fund for the year ended December 31, 1995 (primarily due to depreciation expense recorded).

(8) Litigation -

The District was not involved in any litigation at December 31, 1995.

(9) Contributed Capital -

Contributed capital in the enterprise fund consisted of the following components at December 31, 1995.

Federal grants	\$1,429,349
State grants	8,838
Total	<u>\$1,438,187</u>

(10) Unexpended Grant Funds

At December 31, 1995, Columbia Heights Sewer District # 1 had no unexpended grant funds. The total grant from a United States Department of Agriculture, Farmers Home Administration obtained for the purpose of acquiring and constructing improvements and additions to the existing Sewerage System was \$ 374,980. A total of \$ 7,309 was received in 1985.

SUPPLEMENTARY INFORMATION

COLUMBIA HEIGHTS SEWER DISTRICT #1
SCHEDULE OF NUMBER OF SEWER CUSTOMERS
December 31, 1985

Sewer

525

COLUMBIA HEIGHTS SENIOR DISTRICT #1
SCHEDULE OF COMMISSIONERS AND COMPENSATION
December 31, 1992

<u>Commissioners</u>	<u>Per Diem</u>
Horcy Adams	\$ 520.00
E. W. Rogers	600.00
Eddie Hearne	600.00
Tommy Busco	600.00
Jackie Barrett	<u>600.00</u>
Total	<u>\$2,920.00</u>

COLUMBIA HEIGHTS SENIOR DISTRICT # 1
 Schedule of Federal Financial Assistance
 For the Year Ended December 31, 1995

Federal Grants/Pass- Through Grants/ Program Title	Federal CFDA Number	Program or Award Amount	Receipts or Revenues Recognized	Disbursements/ Expenditures
<u>United States Dept. of Agriculture - Passed Through Farmers Home Administration</u>				
Water and Waste Loan and Grant Program	10.423	\$ 274,000	274,000	274,000

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copies from 1961
1962 and 1963
BAGD - 1871

Annual Financial Report
COLUMBIA HEIGHTS SEWER DISTRICT #1
December 31, 1965

AS CITY 1-27-66
Source: Broughton
Columbus

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

Release Date 6-21-86

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Independent Auditor's Report

Members of the Board of Commissioners
Columbia Heights Sewer District #1

I have audited the component unit financial statements of Columbia Heights Sewer District #1, as of December 31, 1993 and 1994, and for the years then ended as listed in the table of contents. These component unit financial statements are the responsibility of Columbia Heights Sewer District #1. My responsibility is to express an opinion on these component unit financial statements based on my audit.

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

In my opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of Columbia Heights Sewer District #1, as of December 31, 1993, and 1994, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with generally accepted accounting principles.


Gary L. Martin, CPA

June 13, 1995

Independent Auditor's Report on Compliance Based on an
Audit of General Purpose or Basic Financial Statements
Performed in Accordance with Government Auditing Standards

Members of the Board of Commissioners
Columbia Heights Sewer District #1

I have audited the component unit financial statements of Columbia Heights Sewer District #1, as of and for the years ended December 31, 1995 and 1994, and have issued my report thereon dated June 13, 1996.

I conducted my audit in accordance with generally accepted auditing standards and the Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Columbia Heights Sewer District #1, is the responsibility of Columbia Heights Sewer District #1 management. As part of obtaining reasonable assurance about whether the component unit financial statements are free of material misstatement, I performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, my objective was not to provide an opinion on overall compliance with such provisions.

The results of my tests indicate that, with respect to the items tested, Columbia Heights Sewer District #1 complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that the District had not complied, in all material respects, with those provisions.

This report is intended for the information of management and other regulatory bodies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


GARY L. MARTIN, CPA

June 13, 1996

Independent Auditor's Report on Internal
Control Structure Based on an Audit of General
Purpose or Basic Financial Statements Performed in
Accordance with Government Auditing Standards

Members of the Board of Commissioners
Columbia Heights Sewer District #1

I have audited the component unit financial statements of Columbia Heights Sewer District #1 as of and for the years ended December 31, 1993 and 1994, and have issued my report thereon dated June 13, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

In planning and performing my audit of the component unit financial statements of Columbia Heights Sewer District #1, for the years ended December 31, 1993, and 1994 I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the component unit financial statements and not to provide assurance on the internal control structure.

The management of Columbia Heights Sewer District #1 is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of component unit financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, I have classified the significant internal control structure policies and procedures in the following categories:

Billing	Purchasing
Receivables	Payables
Cash Receipts	Cash Disbursements
Payroll	Property, plant and equipment

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the component unit financial statements.

Due to the small nature of the entity, one person performs all accounting duties. Therefore, the District does not have any segregation of functions within the accounting system.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of management and other regulatory bodies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


GARY L. MARTIN, CPA

June 13, 1998

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Members of the Board of Commissioners
Columbia Heights Sewer District # 1

I have audited the component unit financial statements of Columbia Heights Sewer District # 1, as of and for the years ended December 31, 1995 and 1994.

I have applied procedures to test Columbia Heights District # 1's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the schedule of Federal Financial Assistance, for the year ended December 31, 1995 (political activity, civil rights, cash management, Federal financial reports, Drug-Free Workplace Act).

My procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments". My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Columbia Heights Sewer District # 1's compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to my attention that caused me to believe that Columbia Heights Sewer District # 1 had not complied, in all material respects, with those requirements.

This report is intended for the information of management and other regulatory bodies. However, this report is a matter of public record and its distribution is not limited.


GARY L. MARTIN, CPA

June 13, 1996

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

Member of the Board of Commissioners
Columbia Heights Sewer District # 1

I have audited the component unit financial statements of Columbia Heights Sewer District # 1, as of and for the years ended December 31, 1993 and 1994, and have issued my report thereon dated June 13, 1995.

In connection with my audit of the component unit financial statements of Columbia Heights Sewer District # 1, and with my consideration of Columbia Heights Sewer District # 1's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments," I selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended December 31, 1993 and 1994. As required by OMB Circular A-128, I have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed, and eligibility that are applicable to those transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Columbia Heights Sewer District # 1's compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that Columbia Heights Sewer District # 1, had not complied, in all material respects, with these requirements.

This report is intended for the information of management, and other regulatory bodies. However, this report is a matter of public record and its distribution is not limited.



GARY L. MARTIN, CPA

June 13, 1995

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF
FEDERAL FINANCIAL ASSISTANCE

Members of the Board of Commissioners
Columbia Heights Sewer District # 1

I have audited the component unit financial statements of Columbia Heights Sewer District # 1, as of and for the years ended December 31, 1993 and 1994. These component financial statements are the responsibility of Columbia Heights Sewer District # 1's management. My responsibility is to express an opinion on these component unit financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of State and Local Governments." These standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

My audit was conducted for the purpose of forming an opinion on the component unit financial statements of Columbia Heights Sewer District # 1, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the component unit financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in my opinion, is fairly presented in all material respects in relation to the component unit financial statements taken as a whole.


GARY L. MARTIN, CPA

June 13, 1996

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL
CONTROL STRUCTURE NEED IN ADMINISTERING
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Members of the Board of Commissioners
Columbia Heights Sewer District # 1

I have audited the component financial statements of Columbia Heights Sewer District # 1, as of and for the years ended December 31, 1995, and 1994, and have issued my report thereon dated June 15, 1996.

I conducted my audit in accordance with generally accepted auditing standards: Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) circular A-128, Audits of State and Local Governments. Those standards and OMB circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

In planning and performing my audit for the year ended December 31, 1995, I considered the internal control structure of Columbia Heights Sewer District # 1, in order to determine my auditing procedures for the purpose of expressing my opinion on Columbia Heights Sewer District # 1's component unit financial statements and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. I have addressed internal control structure policies and procedures relevant to my audit of the component unit financial statements in a separate report dated June 15, 1996.

The management of Columbia Heights Sewer District # 1 is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of component unit financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, I have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs into the following categories:

Bills Payable	Purchases
Receivables	Payables
Cash Receipts	Cash Disbursements
Payroll	Property & Equipment

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and assessed control risk.

During the year ended December 31, 1990, Columbia Heights Sewer District # 1 had no major federal financial assistance programs and expended 100 percent of its total federal financial assistance under the following nonmajor Federal financial assistance program "United States Department of Agriculture Water and Waste Loan and Grant Program".

I performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor program. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect Columbia Heights Sewer District # 1's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

Due to the small nature of the entity, one person performs all accounting duties. Therefore, the district does not have any segregation of functions within the accounting system.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of management, and other regulatory bodies. However, this report is a matter of public record, and its distribution is not limited.


GARY L. MARTIN, CPA

June 13, 1994

COMPONENT UNIT FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)



Totals
(Memorandum Only)

<u>1973</u>	<u>1974</u>
-------------	-------------

\$ 44,320	\$ 53,578
50,245	48,191
8,808	8,823
810	882
"	"
103	103
52,854	68,357
2,144,888	2,102,358
(848,188)	(588,788)
"	"
650	658
70,788	65,756
<u>17,388</u>	<u>68,388</u>
<u>\$1,764,411</u>	<u>\$1,808,688</u>

The accompanying notes are an integral part of this statement.

(continued)



Totals	
(Nonrecording Copy)	
<u>1993</u>	<u>1994</u>

434	368
8,930	6,900
6,157	6,275
100,000	110,000
<u>889,427</u>	<u>888,824</u>
<u>\$ 893,278</u>	<u>\$ 812,179</u>
<u>\$1,812,896</u>	<u>\$1,825,887</u>
41,887	\$ 57,882
<u>\$ 1,384,220</u>	<u>(388,214)</u>
<u>\$ 1,342,333</u>	<u>\$1,437,673</u>
<u>\$ 20,788</u>	<u>\$ 80,288</u>
<u>\$1,181,133</u>	<u>\$1,357,385</u>
<u>\$3,264,433</u>	<u>\$1,854,866</u>

The accompanying notes are an integral part of this statement.

COLUMBIA HEIGHTS SENIOR DISTRICT #1

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUND TYPE
Years Ended December 31, 1993 and 1994

	<u>Debt Service Fund</u>	
	1993	1994
Revenues:		
Taxes - ad Valorem	\$ 10,366	\$ 11,466
Miscellaneous - Interest	<u>2,860</u>	<u>1,923</u>
Total revenues	\$ 13,226	\$ 13,389
Expenditures:		
Debt service -		
Principal	\$ 2,000	\$ 2,000
Interest and fiscal charges	<u>5,081</u>	<u>6,441</u>
Total expenditures	\$ 7,081	\$ 8,441
Excess of revenue over expenditures	\$ 6,145	\$ 4,948
Other financing sources:		
Operating transfer in	<u> -</u>	<u> -</u>
Excess of revenues and other sources over expenditures	\$ 6,145	\$ 4,948
Fund balance, beginning	<u>51,754</u>	<u>48,828</u>
Fund balance, ending	\$ 57,899	\$ 53,776

The accompanying notes are an integral part of this statement.

COLUMBIA SEWER DISTRICT #1

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED
EARNINGS - PROPRIETARY FUND TYPE
Years Ended December 31, 1995 and 1994

	Enterprise	
	1995	1994
Operating revenues:		
Charges for services -		
Sewer user charges	\$ 182,865	\$ 181,923
Connection fees	1,325	925
Miscellaneous	-	6,253
Total operating revenues	<u>\$ 184,190</u>	<u>\$ 188,101</u>
Operating expenses:		
Salaries	\$ 21,421	\$ 18,440
Payroll taxes	3,151	3,869
Commissioners' fees	2,820	3,600
Insurance	2,134	3,948
Employee insurance	512	480
Advertising	-	104
Utilities and telephone	12,130	12,306
Accounting	2,564	276
Collection expense	1,800	1,800
Office expense	2,061	2,481
Repairs and maintenance	12,392	14,145
Laboratory tests	1,678	1,738
Engineering	2,888	2,188
Truck expense	1,408	4,208
Depreciation	54,637	47,321
Penalties/Fines	182	222
Miscellaneous	<u>3,047</u>	<u>328</u>
Total operating expenses	<u>\$ 132,428</u>	<u>\$ 148,278</u>
Operating income (loss)	<u>\$ 51,762</u>	<u>\$ 39,823</u>
Nonoperating revenues (expenses):		
Ad valorem tax	\$ 18,426	\$ 18,238
State revenue sharing	2,383	2,423
Interest income	2,328	2,182
Interest expense	<u>(25,449)</u>	<u>(33,828)</u>
Total nonoperating revenues (expenses)	<u>\$ 12,687</u>	<u>\$ 1,015</u>
Net income (loss)	<u>\$ 64,449</u>	<u>\$ 40,838</u>
Retained earnings (deficit), beginning	<u>(289,152)</u>	<u>(314,523)</u>
Retained earnings, ending	<u>\$ 354,703</u>	<u>\$ 273,685</u>

The accompanying notes are an integral part of this statement.

COLUMBIA HEIGHTS SEWER DISTRICT #1
 COMPARATIVE STATEMENT OF CASH FLOWS
 FISCAL YEAR ENDED DECEMBER 31, 1995 AND 1994

	FISCAL YEAR	
	1995	1994
Cash flows from operating activities:		
Net Income (Loss)	\$(43,406)	\$(24,611)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	56,637	47,221
Change in assets and liabilities:		
Increase in accounts receivable	28	(1,449)
Increase in accrued interest receivable	(19)	11
Decrease in payroll taxes payable	64	(387)
Increase in interest receivable	-	1,778
Decrease in interest payable	-	(1,162)
Total adjustments	\$ 56,710	\$ 46,912
Net cash provided by operating activities	\$ 13,304	\$ 22,300
Cash flows from investing activities:		
Increase in restricted assets (Notes 3 and 4)	15,503	215
Purchase of land and system addition	(48,647)	(80,820)
Net cash used in investing activities	\$(33,144)	\$(80,605)
Cash flows from financing activities:		
Principal paid on revenue bond maturities	\$(7,045)	(6,870)
Interest paid on revenue bonds	(118)	(254)
Proceeds from bond issuance	-	-
Proceeds from grant issuance	7,319	73,311
Net cash use for financing activities	\$ (7,844)	\$ 6,187
Net increase in cash and cash activities	\$ (17,684)	\$ 9,882
Cash and cash equivalents at beginning of year	\$ 38,502	27,502
Cash and cash equivalents at end year	\$ 20,818	\$ 37,384

The accompanying notes are an integral part of this statement.

COLUMBIA HEIGHTS SEWER DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies -

The accounting and reporting policies of Columbia Heights Sewer District #1 conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 14:1513 and to the guides set forth in the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

Columbia Heights Sewer District #1 is a component unit of Caldwell Parish, State of Louisiana. This report includes all funds and the account group which are controlled by or dependent on the district's board of commissioners.

B. Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two generic fund types and two broad fund categories as follows:

Governmental Fund -

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 principal, interest, and related costs.

COLUMBIA HEIGHTS SEWER DISTRICT #1

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Proprietary fund -

Enterprise fund

The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus, and only current assets and current liabilities are generally included on their balance sheets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account group.

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet.

All fixed assets are stated at historical cost. Depreciation of all depreciable fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Sewer system, building addition	40 years
Buildings	20 years
Furniture, fixtures and equipment	5 years
Gas lift station panel and white rock	10 years

COLUMBIA HEIGHTS SEWER DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The governmental fund is accounted for using the modified accrual basis of accounting. Its revenues are recognized when they become measurable and available as net current assets. Ad valorem taxes are recognized when received from the parish. Interest on investments is accrued at year end.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that principal and interest on general long-term debt are recognized when due.

The proprietary fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Purchases of various operating supplies are reported as expenditures at the time purchased.

E. Budget and Budgetary Accounting

Columbia Heights Sewer District #1 does not adopt an operating budget or employ budgetary accounting.

F. Certificates of Deposit

Certificates of deposit are stated at cost, which approximates market.

G. Bad Debts

Uncollectible accounts due for customers' utility receivables are recognized as bad debts by direct write-off at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible accounts receivable was made due to immateriality at December 31, 1990.

COLUMBIA HEIGHTS SEWER DISTRICT #1

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

H. Compensated Absences and Retirement

The District has two employees. No compensated absences are given and the employees participate in no retirement systems.

I. Capitalization of Interest Expense

It is the policy of the District to capitalize material amounts of interest resulting from borrowings in the course of construction of fixed assets. There was no construction in progress as of December 31, 1998.

J. 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 (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

K. Total Columns on Combined Statements - Overview

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

L. Definition of Cash Equivalents

For purposes of the statement of cash flows, Columbia Heights Sewer District # 1 considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

COLUMBIA HEIGHTS SEWER DISTRICT #1

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(2) Collateralization of Bank Balances -

All deposits of the District held in financial institutions at December 31, 1995 and 1994 were fully insured by FDIC coverage.

(3) Ad Valorem Taxes -

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the parish in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The parish bills and collects property taxes using the assessed values determined by the tax assessor of Caldwell Parish and remit Columbia Heights Sewer District #1's share based on percentage of millage.

For the year ended December 31, 1995, taxes of 8.88 mills were levied on property with assessed valuations totaling approximately \$ 2,328,821 and were dedicated as follows:

General obligation bonds debt service	4.80
Maintenance and operation	4.08

Total taxes collected were \$ 20,761. There were no taxes receivable at December 31, 1995.

(4) Restricted Assets - Proprietary Fund Type -

Restricted assets were applicable to the following at December 31:

	<u>1995</u>	<u>1994</u>
Sewer revenue bond and interest sinking fund	\$ 21,754	\$ 21,013
Sewer construction account	-	3,173
Sewer revenue bond reserve fund	21,343	19,353
Sewer depreciation and contingency fund	<u>7,184</u>	<u>24,961</u>
Total restricted assets	<u>\$ 52,281</u>	<u>\$ 68,500</u>

COLUMBIA HEIGHTS SEWER DISTRICT #2

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(5) Fixed Assets -

A summary of proprietary fund type property, plant and equipment at December 31, 1995 follows:

	<u>1995</u>	<u>1994</u>
Land	\$ 35,517	\$ 35,517
Sewer system	2,030,464	2,030,756
Buildings	33,338	33,338
Furniture, fixtures and equipment	<u>34,882</u>	<u>34,788</u>
Total property, plant and equipment at cost	2,144,201	\$2,194,399
Less: accumulated depreciation	<u>(645,385)</u>	<u>(588,748)</u>
Net property, plant and equipment	<u>\$1,498,816</u>	<u>\$1,605,651</u>

(6) Changes in Long-Term Debt -

The following is a summary of bond transactions of Columbia Heights Sewer District #2 for the year ended December 31, 1995:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
Bonds payable, December 31, 1994	\$110,000	\$287,000	\$397,000
Bonds retired	<u>(3,000)</u>	<u>(3,000)</u>	<u>(6,000)</u>
Bonds payable, December 31, 1995		328,733	328,733
Bonds retired		<u>(2,045)</u>	<u>(2,045)</u>
Bonds payable December 31, 1995	<u>\$107,000</u>	<u>\$326,688</u>	<u>\$433,688</u>

Bonds payable at December 31, 1995 are comprised of the following individual issues:

General Obligation Bonds:

\$110,000 1979 General Obligation Bonds due in annual installments of \$1,000 to \$7,000 through July 11, 2010; interest at 5% payable from ad valorem taxes.

\$110,000

COLUMBIA HEIGHTS SEWER DISTRICT # 1

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Revenue Bonds:

\$110,000 1979 Revenue Bonds due in annual installments of \$4,000 to \$10,000 through July 11, 2019; interest at 9%. \$661,000

\$220,000 1993 Revenue Bonds due in monthly installments of \$ 151 to \$ 1,124 through May 11, 2033; interest at \$ 1/4%. \$220,000

The annual requirements to amortize all bonds outstanding at December 31, 1990, including interest payments of \$661,000, are as follows:

Year Ending December 31,	General Obligation	Revenues	<u>Total</u>
1990	3,400	21,150	24,550
1991-2001	19,300	109,444	128,744
2002-2006	19,380	110,926	130,306
2007-2011	19,350	114,368	133,718
2012-2016	19,950	120,378	140,328
2017-2020	23,100	70,433	193,733
2020-2030	-	132,790	132,790
	<u>\$100,530</u>	<u>\$663,824</u>	<u>\$672,174</u>

(7) Flow of Funds: Restrictions on Use - Sewer Revenues -

Under the terms of the bond indenture on outstanding Revenue Bonds dated July 11, 1979, all income and revenues (hereinafter referred to as revenues) of every nature, earned or derived from operation of the sewer system, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Each month, there will be set aside into a fund called the "Sewer Revenue Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

COLUMBIA HEIGHTS SEWER DISTRICT #1

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

There shall also be set aside into a "Sewer Reserve Fund" an amount equal to 5% of the amount to be paid into the Sinking Fund until a total of \$19,350 has been accumulated in the Reserve Fund. 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 Sinking Fund and as to which there would otherwise be default.

Funds will also be set aside into a "Sewer Depreciation and Contingency Fund" in the amount of \$100 per month. Money in this fund may also be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

Under the terms of the bond indenture on outstanding Revenue Bonds dated May 11, 1953, all income and revenues (hereinafter referred to as revenues) of every nature, earned or derived from operation of the sewer system, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Each month, there will be set aside into a fund called the "Sewer Revenue Bond and Interest Sinking Fund" an amount constituting 1/12 of the interest falling due on the first two payment dates for the bonds and, thereafter, monthly deposits in an amount equal to the principal and interest falling due on the next payment date. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

There shall also be set aside into a "Sewer Reserve Fund" an amount equal to 5% of the amount to be paid into the Sinking Fund until a total of \$ 13,879.68 has been accumulated in the Reserve Fund. 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 Sinking Fund and as to which there would otherwise be default.