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COLUMBIA HEIGHTS SEWER DISTRICT #1  
COLUMBIA, LOUISIANA

FINANCIAL STATEMENTS  
DECEMBER 31, 1996  
AND

INDEPENDENT AUDITORS' REPORT

Under provisions of state law, this report is a public document. A copy of the report has been admitted to the audit, as required, entry 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 8-1-97

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COLUMBIA HEIGHTS SEWER DISTRICT #1

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**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying general purpose financial statements of Columbia Heights Sewer District #1, component unit of Calhoun Parish Police Jury, as of December 31, 1998, and for the year then ended as listed in the table of contents. These financial statements are the responsibility of Columbia Heights Sewer District #1. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Columbia Heights Sewer District #1, as of December 31, 1993, and for the year then ended were audited by other auditors whose report dated June 13, 1998, expressed an unqualified opinion on those statements.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Columbia Heights Sewer District #1, component unit of Calhoun Parish Police Jury, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and component group financial statements for the year ended December 31, 1998, and the individual fund financial statements for the year ended December 31, 1993, 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 Columbia Heights Sewer District #1. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements for the year ended December 31, 1998, and, in our opinion, is fairly presented in all material respects in relation to the respective general purpose financial statements taken as a whole.

*Raymond Minchew Robinson, Gardner and Langston CPAs*

3/26/99

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**INDEPENDENT AUDITORS' 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

We have audited the accompanying general purpose financial statements of Columbia Heights Sewer District #1, component unit of Caldwell Parish Police Jury, as of and for the year ended December 31, 1996, and have issued our report thereon dated June 30, 1997.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the 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's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests of compliance disclosed the following instances of noncompliance that are required to be reported herein under Governmental Auditing Standards and that are material to the financial statements, the effects of which have not been determined.

Louisiana Revised Statute 24:513 and Section 329.B1 of the Louisiana Governmental Audit Guide require all engagements to be completed and transmitted to the legislative auditor within six months of the close of the entity's fiscal year. Columbia Heights Sewer District #1 engaged for an audit in March, 1997; however, the audit report was not timely submitted to the Office of Legislative Auditor, State of Louisiana.

We considered these instances of non-compliance in forming our opinion on whether Columbus Heights Sewer District #1's general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated June 30, 1997, on these general purpose financial statements.

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.

*Deegan, Winter, Robinson, Jordan and Soyars, C.P.A.s*

June 30, 1997

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**INDEPENDENT AUDITORS' 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

We have audited the accompanying general purpose financial statements of Columbia Heights Sewer District #1, component unit of Caldwell Parish Police Jury, as of and for the year ended December 31, 1996, and have issued our report thereon dated June 10, 1997.

We conducted our audit in accordance with generally accepted auditing standards and the 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 financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of Columbia Heights Sewer District #1, for the year ended December 31, 1996, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide a opinion 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 preparation of general purpose financial statements in accordance with generally accepted accounting principles 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.

We 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 our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose 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.

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 error or irregularities 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe 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.

*Ray, Minick, Robinson, Gordon and Ferguson, LLP*

June 16, 1993

**GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS - OVERVIEW)**



**COLUMBIA HEIGHTS SEWER DISTRICT #1**

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP  
DECEMBER 31, 1996**

**ASSETS AND OTHER DEBITS**

	Fund Type		Account Group: General Long Term Debt	Totals (Memorandum Only)	
	Wastewater Service	Enterprise		1996	1995
Cash and interest-bearing deposits (Note 2)	\$ 35,163	\$ 11,400	\$	\$ 36,811	\$ 44,520
Certificate of deposit, at end (Notes 13 and 2)	37,883	14,819		32,112	36,243
Receivables:					
Accounts (Note 10)		8,551		8,551	8,600
Accrued interest	727	67		794	883
From Reserve Fund		100		100	100
Restricted assets (Notes 3 and 4):					
Cash and interest-bearing deposits		57,248		57,248	57,814
Utility property, plant and equipment (Note 5)		2,144,000		2,144,000	2,144,000
Accumulated depreciation (Note 5)		(781,868)		(781,868)	(845,185)
Other assets		400		400	440
Amount available in debt service fund			71,294	71,294	76,140
Amount to be provided for retirement of general long term debt			24,764	24,764	37,193
<b>Total assets and other debits</b>	<b>\$ 73,846</b>	<b>\$ 1,531,171</b>	<b>\$ 356,858</b>	<b>\$ 1,738,899</b>	<b>\$ 1,791,410</b>

The accompanying notes are integral part of this statement.

## COLUMBIA HEIGHTS SEWER DISTRICT #1

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP  
DECEMBER 31, 1994

## LIABILITIES AND FUND EQUITY

	Fund Type		Account Group		Totals		
	Debt Service	Enterprise	General Long Term Debt	1994	1993		
<b>Liabilities:</b>							
Payroll taxes payable	\$	\$	415	\$	415	\$	414
Payable from restricted assets:							
Revenue bonds payable (Main #)			8,149		8,149		8,090
Accrued interest payable			8,087		8,087		8,187
Long-term obligation bonds payable (Main #)			100,000		100,000		100,000
Revenue bonds payable (Main #)			472,427		472,427		491,817
Total liabilities	\$	\$	581,178	\$	581,178	\$	705,118
<b>Fund Equity:</b>							
Contributed capital (Main #)	\$	\$	1,831,896	\$	1,831,896	\$	1,115,396
Retained earnings (NTR) -							
Reserved for revenue bond retirement			46,191		46,191		41,480
Unreserved			(281,832)		(281,832)		(195,120)
Total retained earnings (deficit)	\$	\$	(235,641)	\$	(235,641)	\$	(153,640)
Total fund equity	\$	\$	1,596,255	\$	1,596,255	\$	961,756
<b>Fund Balance:</b>							
Reserved for debt service	\$	\$	77,983	\$	77,983	\$	79,180
Total fund equity	\$	\$	1,847,844	\$	1,116,218	\$	79,790
Total liabilities and fund equity	\$	\$	1,766,333	\$	1,718,026	\$	1,704,908

The accompanying notes are an integral part of this statement.

COLUMBIA HEIGHTS SEWER DISTRICT #1

BALANCE SHEET - PROPRIETARY FUND TYPE  
December 31, 1996 and 1995

ASSETS AND OTHER DEBITS

	Enterprise Fund	
	1996	1995
Cash and interest-bearing deposits (Note 2)	\$ 11,488	\$ 10,536
Certificate of deposit - at cost (Notes 1F and 2)	14,809	14,173
Receivables:		
Accounts (Note 1G)	8,541	8,688
Accrued interest	87	78
From Reserve Fund	895	168
Restricted assets (Notes 2 and 4):		
Cash and interest-bearing deposits	57,268	57,855
Utility property, plant and equipment (Note 3)	2,144,000	2,144,665
Accumulated depreciation (Note 3)	(701,888)	(845,385)
Construction in Progress		
Other assets	620	658
<b>Total assets and other debits</b>	<b>\$ 2,525,135</b>	<b>\$ 2,587,612</b>

The accompanying notes are an integral part of this statement.

## COLUMBIA HEIGHTS SEWER DISTRICT #1

BALANCE SHEET - PROPRIETARY FUND-TYPE  
December 31, 1998 and 1999

## LIABILITIES AND FUND EQUITY

	Enterprise Fund	
	1998	1999
<b>Liabilities:</b>		
Payroll taxes payable	\$ 435	\$ 434
Payable from restricted assets:		
Revenue bonds payable (Note 8)	8,248	8,018
Accrued interest payable	4,060	6,157
Revenue bonds payable (Note 6)	<u>472,437</u>	<u>488,613</u>
Total liabilities	<u>\$ 485,138</u>	<u>\$ 499,218</u>
<b>Fund Equity:</b>		
Contributed capital (Note 9)	\$ 1,432,898	\$ 1,432,898
Retained earnings (deficit) -		
Reserved for revenue bond retirement	48,182	48,683
Unreserved	<u>(481,850)</u>	<u>(388,330)</u>
Total retained earnings (deficit)	<u>\$ (388,941)</u>	<u>\$ (342,959)</u>
Fund balance -		
Reserved for debt service	<u>\$ 1,042,855</u>	<u>\$ 1,090,338</u>
Total liabilities and fund equity	<u>\$ 1,525,138</u>	<u>\$ 1,585,618</u>

The accompanying notes are an integral part of this statement.

## COLUMBIA HEIGHTS SEWER DISTRICT #1

**COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS - PROPRIETARY FUND TYPE  
Years Ended December 31, 1994 and 1993**

	Proprietary Fund	
	1994	1993
<b>OPERATING REVENUES</b>		
Charges for services -		
Sewer user charges	\$ 103,778	\$ 102,805
Connection fees and miscellaneous	200	1,525
Total operating revenues	\$ 104,547	\$ 104,330
<b>OPERATING EXPENSES</b>		
Salaries	\$ 21,852	\$ 21,021
Payroll taxes	2,190	2,151
Commissioners' fees	2,880	2,920
Insurance	3,764	3,254
Employee insurance	224	312
Utilities and telephone	12,690	13,150
Accounting	2,743	3,264
Collection expense	1,820	1,800
Office expense	2,146	3,061
Repairs and maintenance	24,589	15,292
Laboratory tests	1,974	1,678
Engineering/consulting	900	2,890
Truck expense	358	1,400
Depreciation	26,482	26,637
Penalties/Fines		100
Miscellaneous	2,733	3,047
Total operating expenses	\$ 128,132	\$ 127,632
<b>OPERATING INCOME (LOSS)</b>	\$ (23,585)	\$ (23,302)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Ad valorem tax	\$ 11,775	\$ 11,428
State revenue sharing	3,237	2,191
Interest income	2,876	2,335
Interest expense	(20,886)	(25,445)
Total nonoperating revenues (expenses)	\$ (3,000)	\$ (9,491)
<b>NET INCOME (LOSS)</b>	\$ (26,585)	\$ (32,793)
<b>RETAINED EARNINGS (DEFICIT) - BEGINNING</b>	242,558	225,152
<b>RETAINED EARNINGS (DEFICIT) - ENDING</b>	\$ 215,973	\$ 192,359

The accompanying notes are an integral part of this statement.

## COLUMBIA HEIGHTS SEWER DISTRICT #1

COMPARATIVE STATEMENT OF CASH FLOWS -  
PROPRIETARY FUND TYPE  
Years Ended December 31, 1998 and 1997

	Enterprise Fund	
	1998	1997
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ (42,388)	\$ (41,200)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	56,482	56,657
Change in assets and liabilities:		
Increase in accounts receivable	(48)	24
Increase in accrued interest receivable	(13)	(13)
Decrease in payroll taxes payable		66
Total adjustments	<u>\$ 56,421</u>	<u>\$ 56,724</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 14,032</u>	<u>\$ 15,524</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Increase in restricted assets (Notes 2 and 4)	\$ (4,900)	\$ 13,500
Purchase of land and system addition		<u>(40,643)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>\$ (4,900)</u>	<u>\$ (27,143)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal paid on revenue bond maturities	\$ (8,010)	\$ (1,043)
Interest paid on revenue bonds	(90)	(118)
Proceeds from grant issuance		<u>3,248</u>
<b>NET CASH USED FOR FINANCING ACTIVITIES</b>	<u>\$ (8,100)</u>	<u>\$ (11)</u>
<b>NET INCREASE IN CASH AND CASH ACTIVITIES</b>	<u>\$ 1,832</u>	<u>\$ (12,793)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>24,708</u>	<u>37,502</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 26,540</u>	<u>\$ 24,709</u>

The accompanying notes are an integral part of this statement.

## COLUMBIA HEIGHTS SEWER DISTRICT #1

BALANCE SHEET - GOVERNMENTAL FUND TYPE  
December 31, 1996 and 1995

## ASSETS AND OTHER DEBITS

	Debt Service Fund	
	1996	1995
Cash and interest-bearing deposits (Note 2)	\$ 39,343	\$ 31,594
Certificate of deposit - at cost (Notes 1F and 2)	37,883	36,072
Receivables:		
Accrued interest	127	738
Restricted assets (Notes 3 and 4):		
Total assets and other debits	<u>\$ 77,363</u>	<u>\$ 70,795</u>

## LIABILITIES AND FUND EQUITY

## Liabilities:

## Fund equity:

## Fund balance -

Reversed for debt service

Total fund equity

Total liabilities and fund equity

\$ 77,363 \$ 70,795\$ 77,363 \$ 70,795\$ 77,363 \$ 70,795

The accompanying notes are an integral part of this statement.

## COLUMBIA HEIGHTS SEWER DISTRICT #1

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

## GOVERNMENTAL FUND TYPE

For The Years Ended December 31, 1996 and 1995

	Debt Service Fund	
	1996	1995
Revenues:		
Taxes - ad valorem	\$ 11,189	\$ 10,359
Miscellaneous - interest	2,819	1,596
Total revenues	\$ 14,008	\$ 11,955
Expenditures:		
Debt service -		
Principal	\$ 2,000	\$ 2,000
Interest and fiscal charges	2,400	5,852
Total expenditures	\$ 4,400	\$ 7,852
Excess of revenue over expenditures	\$ 9,608	\$ 4,103
Other financing source:		
Operating transfers in	\$ 0	\$ 0
Excess of revenues and other over expenditures	\$ 9,608	\$ 4,103
Fund balance - beginning	70,793	65,156
Fund balance - ending	\$ 80,401	\$ 69,259

The accompanying notes are an integral part of this statement.



## COLUMBIA HEIGHTS SEWER DISTRICT #1

NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 1996 and 1995**NOTE 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 requirement of Louisiana Revised Statutes 24:313 and to the practices set forth in the industry audit guide, *Audit 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.

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.

## COLUMBIA HEIGHTS SEWER DISTRICT #1

NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 1996 and 1995**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****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 basis, 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	25 years
Furniture, fixtures and equipment	5 years
San. lift station panel and white rock	10 years

**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. All salaries taxes are recognized when received from the payees. 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.

## COLUMBIA HEIGHTS SEWER DISTRICT #1

NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 1996 and 1995NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)D. Basis of Accounting (Cont'd)

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 regarded 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 amounts 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), an allowance for uncollectible accounts receivable was made due to immateriality at December 31, 1996.

H. Compensated Absence 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, 1996.

J. Comparative Data

Comparative total data for the prior year has 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 has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

## COLUMBIA HEIGHTS SEWER DISTRICT #1

NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 1996 and 1995NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**K. Total Columns on Combined Statements - Overview**

Total columns on the Combined Statements - Overview are captioned 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 conforming with generally accepted accounting principles. Neither is 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.

NOTE 2 - COLLATERALIZATION OF BANK BALANCES

All deposits of the District held in financial institutions at December 31, 1996 and 1995 were fully insured by FDIC coverage.

NOTE 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 Calhoun Parish and assigns Columbia Heights Sewer District #1's share based on percentage of millage.

For the year ended December 31, 1996, taxes of 8.88 mills were levied on property with assessed valuations totaling approximately \$2,329,648 and were dedicated as follows:

General obligation bonds debt service	4.00
Maintenance and operation	4.88

Total taxes collected were \$21,322. There were no taxes receivable at December 31, 1996.

## COLUMBIA HEIGHTS SEWER DISTRICT #1

NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 1996 and 1995NOTE 4 - RESTRICTED ASSETS -

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

	<u>1996</u>	<u>1995</u>
Sewer revenue bond and interest sinking fund	\$ 23,866	\$ 23,758
Sewer revenue bond reserve fund	23,501	23,347
Sewer depreciation and contingency fund	<u>9,871</u>	<u>7,794</u>
Total restricted assets	<u>\$ 57,238</u>	<u>\$ 54,900</u>

NOTE 5 - FIXED ASSETS

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

	<u>1996</u>	<u>1995</u>
Land	\$ 95,511	\$ 95,511
Sewer system	2,090,464	2,070,464
Buildings	25,353	25,353
Furniture, fixtures and equipment	<u>34,889</u>	<u>34,889</u>
Total property plant and equipment at cost	2,144,807	2,144,807
Less: Accumulated depreciation	<u>(708,888)</u>	<u>(683,787)</u>
Net property, plant and equipment	<u>\$ 1,435,919</u>	<u>\$ 1,461,020</u>

NOTE 6 - CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions of Columbia Heights Sewer District #1 for the year ended December 31, 1996.

	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
Bonds payable December 31, 1995	\$ 108,000	\$ 262,080	\$ 370,080
Bonds retired	<u>(2,000)</u>	<u>(6,080)</u>	<u>(8,080)</u>
Subtotal 1979 bonds	<u>\$ 106,000</u>	<u>\$ 256,000</u>	<u>\$ 362,000</u>
Bonds payable December 31, 1996	\$	\$ 226,617	\$ 226,617
Bonds retired	<u></u>	<u>(7,000)</u>	<u>(7,000)</u>
Subtotal 1995 bonds	<u>\$</u>	<u>\$ 219,617</u>	<u>\$ 219,617</u>
Bonds payable December 31, 1996	<u>\$ 106,000</u>	<u>\$ 480,617</u>	<u>\$ 586,617</u>

## COLUMBIA HEIGHTS SEWER DISTRICT #1

NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 1996 and 1995**NOTE 6 - CHANGES IN LONG-TERM DEBT (Cont'd)**

Bonds payable at December 31, 1996 are comprised of the following individual issues:

**General Obligation Bonds:**

\$138,000 1979 General Obligation Bonds due in annual installments of \$1,000 to \$7,000 through July 10, 2019; interest at 5%; payable from ad valorem taxes. \$ 138,000

**Revenue Bonds:**

\$330,000 1979 Revenue Bonds due in annual installments of \$6,000 to \$18,000 through July 11, 2019; interest at 5%. \$ 330,000

\$219,800 1985 Revenue Bonds due in monthly installments of \$151 to \$1,124 through May 11, 2035; interest at 9-1/4%. \$ 219,800

The annual requirements to amortize all bonds outstanding at December 31, 1996, including interest payments of \$258,987, are as follows:

Year Ending December 31,	General Obligation	Revenue	Total
1997-2001	\$ 38,200	\$ 109,644	\$ 147,844
2002-2006	38,250	110,928	149,178
2007-2011	38,300	114,360	152,660
2012-2016	38,350	120,378	158,728
2017-2019	33,100	79,611	112,711
2020-2035		132,788	132,788
	<u>\$ 188,200</u>	<u>\$ 667,711</u>	<u>\$ 855,911</u>

**NOTE 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 operations 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:

## COLUMBIA HEIGHTS SEWER DISTRICT #1

NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 1994 and 1995NOTE 1 - FLOW OF FUNDS, RESTRICTIONS ON USE - SEWER REVENUES (Cont'd)

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.

There shall also be set aside into a "Sewer Reserve Fund" an amount equal to 2% of the amount to be paid into the Sinking Fund until a total of \$19,950 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, 1993, all income and revenue hereinafter referred to as revenue 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 a 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 2% of the amount to be paid into the Sinking Fund until a total of \$23,878.68 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.

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.

## COLUMBIA HEIGHTS SEWER DISTRICT #1

NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 1996 and 1995**NOTE 7 - FLOW OF FUNDS: RESTRICTIONS ON USE - SEWER REVENUES** (Continued)

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 as its July 11, 1979 bond indenture at December 31, 1996. The district incurred a loss in its enterprise fund for the year ended December 31, 1996 (primarily due to depreciation expense recorded).

**NOTE 8 - LITIGATION**

The District was not involved in any litigation at December 31, 1996.

**NOTE 9 - CONTRIBUTED CAPITAL**

Contributed capital in the enterprise fund consisted of the following components at December 31, 1995 and 1996, respectively.

	<u>1996</u>	<u>1995</u>
Federal grants	\$ 1,425,382	\$ 1,423,342
Parish grants	9,524	9,524
Totals	<u>\$ 1,432,886</u>	<u>\$ 1,432,866</u>

**NOTE 10 - UNEXPENDED GRANT FUNDS**

At December 31, 1996, 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 installation to the existing Sewerage System was \$274,000. A total of \$7,208 was received in 1995.



## SUPPLEMENTARY INFORMATION

## COLUMBIA HEIGHTS SEWER DISTRICT #1

SCHEDULE OF NUMBER OF SEWER CUSTOMERS  
December 31, 1998

Sewer	528
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## COLUMBIA HEIGHTS SEWER DISTRICT #1

SCHEDULE OF COMMISSIONERS AND COMPENSATION  
December 31, 1995

Commissioners	<u>Per Diem</u>
Monty Adams	\$ 320.00
E. B. Rogers	340.00
Dale Harris	340.00
Tommy Banco	340.00
Jackie Barrett	<u>500.00</u>
Total	\$ <u>1,800.00</u>