

TRANSMITTAL LETTER

ANNUAL FINANCIAL STATEMENTS

Office of the Legislative Auditor
Attention: Ms. Dorothy Milner
Post Office Box 94357
Baton Rouge, LA 70804-9357

Dear Ms. Milner:

In accordance with Louisiana Revised Statute 24:514, enclosed are the annual financial statements for the East Columbia Sewerage District, a component unit of Calcasieu Parish Police Jury, as of and for the year ended December 31, 1999. The financial statements include all funds and accounts under the control and oversight responsibility of the East Columbia Sewerage District. The accompanying financial statements have been prepared in accordance with generally accepted accounting principles.

Sincerely,

East Columbia Sewerage District

Enclosure

FILED
1997
DEC 17

EAST COLUMBIA SEWERAGE DISTRICT
Columbia, Louisiana
ANNUAL SWORN FINANCIAL STATEMENTS
AND CERTIFICATION OF REVENUES \$25,000 OR LESS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1997

A F F I D A V I T

Personally came and appeared before the undersigned authority, Francis Lee Semper, who, duly sworn, deposes and says, that the financial statements herewith given present truly the financial position of the East Columbia Sewerage District as of December 31, 1997, and the results of operations for the year then ended, in accordance with basis of accounting described within the accompanying financial statements.

In addition, Francis Lee Semper, who, duly sworn, deposes and says that the East Columbia Sewerage District received \$25,000 or less in revenues and other sources for the fiscal year ending December 31, 1997, and, accordingly, is not required to have an audit for the previously mentioned fiscal year-end.

Francis Lee Semper
East Columbia Sewerage District

Sworn to and subscribed before me, this 17th day of December, 1997.

Randy Braddock
NOTARY PUBLIC

RANDY BRADDOCK
Notary Public
Caldwell Parish, Louisiana
Commissioned For Life

Agency: East Columbia Sewerage District
Address: Post Office Box 305
Columbia, Louisiana 71405
Telephone: (504) 648-2788

EAST COLUMBIA SEWERAGE DISTRICT
Columbia, Louisiana

General Purpose Financial Statements
With Accountant's Compilation Report
As of and for the Year Ended
December 31, 1997
With Supplemental Information Schedule

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M. Carlton Dumas
CERTIFIED PUBLIC ACCOUNTANT

305 DONALDSON ROAD • CALBOURN, LOUISIANA 71225 • TELEPHONE 518/644-5124

Accountant's Compilation Report

**BOARD OF COMMISSIONERS
EAST COLUMBIA SEWERAGE DISTRICT
Columbia, Louisiana**

I have compiled the general purpose financial statements and supplemental information schedule, as listed in the foregoing table of contents, of the East Columbia Sewerage District, a component unit of the Caldwell Parish Police Jury, as of December 31, 1997, and for the year then ended, in accordance with standards established by *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and schedules information that is the representation of management. I have not audited or reviewed the accompanying financial statements and schedule and, accordingly, do not express an opinion or any other form of assurance on them.



Calbourn, Louisiana
March 24, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS

EAST COLUMBIA SEWERAGE DISTRICT
Columbia, Louisiana
PROPRIETARY FUND TYPE - ENTERPRISE FUND

Statement A

Balance Sheet, December 31, 1997

ASSETS

Cash	\$17,237
Accounts receivable	1,059
Property, plant, and equipment (net of accumulated depreciation) - collection and treatment facilities	<u>392,177</u>
TOTAL ASSETS	<u>\$410,464</u>

LIABILITIES AND FUND EQUITY

Liabilities:

Accounts and withholdings payable	\$663
Customer deposits	<u>3,711</u>
Total Liabilities	<u>4,374</u>

Fund Equity:

Contributed capital (net of accumulated depreciation on fixed assets contributed by police jury)	382,177
Retained earnings - unreserved	<u>13,913</u>
Total Fund Equity	<u>406,090</u>

TOTAL LIABILITIES AND FUND EQUITY **\$410,464**

See accompanying notes and accountant's compilation report.

EAST COLUMBIA SEWERAGE DISTRICT
Columbia, Louisiana
PROPRIETARY FUND TYPE - ENTERPRISE FUND

Statement of Revenues, Expenses, and
 Changes in Retained Earnings
 For the Year Ended December 31, 1997

OPERATING REVENUES	
Service fees	<u>\$10,480</u>
OPERATING EXPENSES	
Salaries and related benefits	5,425
Commissioners per diem	2,445
Utilities	1,809
Office expense	788
Depreciation	12,858
Labor	685
Materials and supplies	633
Travel	600
Insurance	390
Total operating expenses	<u>25,343</u>
NET INCOME (Loss)	(10,863)
Add depreciation on fixed assets contributed by police jury	12,858
RETAINED EARNINGS AT BEGINNING OF YEAR, Restated	<u>11,918</u>
RETAINED EARNINGS AT END OF YEAR	<u>11,918</u>

See accompanying notes and accountant's compilation report.

EAST COLUMBIA SEWERAGE DISTRICT
Columbia, Louisiana
PROPRIETARY FUND TYPE - ENTERPRISE FUND

Statement C

Statement of Cash Flows
For the Year Ended December 31, 1997

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Income (Loss)	
Adjustments to Reconcile Operating Income to Net Cash	<u>(\$19,865)</u>
Provided by Operating Activities:	
Depreciation	12,858
Increase in accounts receivable	(90)
Increase in customer deposits	573
Total adjustments	<u>13,341</u>
Net cash provided by operating activities	<u>2,476</u>
CASH AT BEGINNING OF YEAR	<u>14,759</u>
CASH AT END OF YEAR	<u>\$17,235</u>

See accompanying notes and accountant's compilation report.

EAST COLUMBIA SEWERAGE DISTRICT
Columbia, Louisiana

Notes to the Financial Statements
As of and for the Year Ended
December 31, 1997

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The East Columbia Sewerage District was created by the Caldwell Parish Police Jury, as authorized by Louisiana Revised Statute 53:3681. The district is governed by a five member board appointed by the police jury. As provided by Louisiana Revised Statute 53:3683, East Columbia Sewerage District commissioners receive \$50 per meeting attended. The district is responsible for maintaining and operating a sewerage collection and disposal system within the boundaries of the district. The district has two part-time employees.

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the East Columbia Sewerage District 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 established governmental accounting and financial reporting principles.

B. REPORTING ENTITY

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

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

See accountant's compilation report.

EAST COLUMBIA SEWERAGE DISTRICT

Columbia, Louisiana

Notes to the Financial Statements (Continued)

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

Because the police jury appoints the board of commissioners, the East Columbia Sewerage District was determined to be a component unit of the Caldwell Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the East Columbia Sewerage 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 East Columbia Sewerage District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined

See accountant's compilation report.

EAST COLUMBIA SEWERAGE DISTRICT
Columbia, Louisiana
Notes to the Financial Statements (Continued)

by its measurement focus. 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 liabilities associated with the operation of this fund are included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as the time liabilities are incurred. Service fees are recognized in the period they are in the hands of the district's collection agency, the East Columbia Water District. Salaries and other expenses are recognized when incurred.

E. CASH

Cash includes amounts in demand deposits. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with banks organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States.

F. FIXED ASSETS

Fixed assets of the district are included on the balance sheet of the fund and are recorded at actual cost. Fixed assets reported on the balance sheet are net of accumulated depreciation. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful life of 40 years for the collection and treatment facilities.

G. VACATION AND SICK LEAVE

The district has no regular employees requiring the adoption of vacation and sick leave policies.

H. CONTRIBUTED CAPITAL

Grants, entitlements, or shared revenues that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is reduced each year by the amount of annual depreciation recognized on that portion of the assets acquired from such contributions.

EAST COLUMBIA SEWERAGE DISTRICT
Columbia, Louisiana
Notes to the Financial Statements (Continued)

2. CASH

At December 31, 1997, the district has cash (bank balance) totaling \$17,237. These deposits are stated at cost, which approximates market. Under state law, these deposits, on the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. Cash (bank balance) at December 31, 1997, is fully secured by federal deposit insurance.

3. FIXED ASSETS

A summary of fixed assets at December 31, 1997, follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Collection and treatment facilities	<u>\$514,331</u>	<u>(\$322,134)</u>	<u>\$192,197</u>

4. CONTRIBUTED CAPITAL

On July 12, 1988, the East Columbia Sewerage District took over operation of the sewerage system for the district from the Caldwell Parish Police Jury. The police jury transferred all assets of the system in the amount of \$514,331 to the district on this date. The cost of the transferred assets, shown as contributed capital on the balance sheet, is reduced each year by the amount of depreciation expense recognized on the transferred assets. At December 31, 1997, accumulated depreciation on these assets is \$322,134.

5. RESTATED RETAINED EARNINGS

Retained earnings at January 1, 1997, as previously reported, was overstated due to an error in the amount reported as accounts receivable at December 31, 1996. This overstatement had no material effect on net income for the year ended December 31, 1996. Retained earnings at January 1, 1997, as reported in the accompanying financial statements is restated as follows:

Retained earnings at January 1, 1997, as previously reported	\$13,078
Adjustment for overstatement of accounts receivable (net)	<u>(1,161)</u>
Retained earnings at January 1, 1997, restated	<u>\$11,918</u>

See accountant's compilation report.

EAST COLUMBIA SEWERAGE DISTRICT
Columbia, Louisiana
Notes to the Financial Statements (Continued)

6. LITIGATION AND CLAIMS

The district is not involved in any litigation as December 31, 1997, nor is it aware of any unasserted claims. The district maintains insurance coverage to reduce the risk of loss resulting from liability claims.

SUPPLEMENTAL INFORMATION SCHEDULE

See accountant's compilation report.

EAST COLUMBIA SEWERAGE DISTRICT
Columbia, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
For the Year Ended December 31, 1997

COMPENSATION PAID COMMISSIONERS

The schedule of compensation paid to commissioners is presented in compliance with House Concurrent Resolution No. 34 of the 1979 Session of the Louisiana Legislature. As provided by Louisiana Revised Statute 33:2887 East Columbia Sewerage District commissioners receive \$50 per meeting attended.

PRIOR AUDIT FINDINGS

The follow-up and corrective action taken on all prior audit findings is presented in the summary schedule of prior audit findings (Schedule 2).

CURRENT AUDIT FINDINGS

The corrective action plan for current year findings is presented in Schedule 3.

EAST COLUMBIA SEWERAGE DISTRICT
Columbia, Louisiana

Schedule I

Schedule of Compensation Paid Commissioners
For the Year Ended December 31, 1997

Shelby Cruise	\$150
Nan Gagnere	150
Wayne Henderson	150
M.L. Nelson (Deceased)	150
Clayton Stapleton	50
Mary Yall	<u>150</u>
Total	<u>\$650</u>

See accountant's compilation report.

EAST COLUMBIA SEWERAGE DISTRICT
Columbia, Louisiana

Schedule 2

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 1997

<u>Reference Number</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>
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There were no prior audit findings.

See accountant's compilation report.

EAST COLUMBIA SEWERAGE DISTRICT
Columbia, LouisianaCorrective Action Plan
For Current Year Findings
For the Year Ended December 31, 1997

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
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There were no findings for the year ended December 31, 1997.

See accountant's compilation report.