

**COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Columbia, Louisiana**

Annual Financial Statements

**As of and for the Year Ended
December 31, 2003**

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

Release Date 6.2.04

COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Columbia, Louisiana

Annual Financial Statements

As of and for the Year Ended December 31, 2003

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M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5726


Accountant's Compilation Report

BOARD OF COMMISSIONERS
COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO. 1
Columbia, Louisiana

I have compiled the accompanying basic financial statements and supplemental information schedules, as listed in the foregoing table of contents, of the Columbia Heights Sewerage District No. 1 as of December 31, 2003, 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, accordingly, do not express an opinion or any form of assurance on them.

I am not independent with respect to the Columbia Heights Sewerage District No. 1 for the year ended December 31, 2003.


Calhoun, Louisiana
May 5, 2004

COLUMBIA HEIGHTS SEWERAGE DISTRICT NO. 1
Columbia, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2003

Our discussion and analysis of Columbia Heights Sewerage District No. 1's (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2003. Please read it in conjunction with the District's financial statements that begin on page 7.

BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, provides that special-purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds. For these governments, basic financial statements and required supplemental information (RSI) consist of :

- a. Management's discussion and analysis (MD&A)
- b. Statement of net assets
- c. Statement of revenues, expenses, and changes in net assets
- d. Statement of cash flows
- e. Notes to the financial statements
- f. RSI other than MD&A, if applicable

The Columbia Heights Sewerage District No. 1 is a special-purpose government engaged only in business-type activities.

Enterprise Fund Financial Statements

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets provide information in a way that shows the change in the District's financial condition resulting from the current year's activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and the changes in them. Net assets - the difference between assets (what the District owns) and liabilities (what the District owes) is a way to measure the financial position of the District. Over time, increases or decreases in the District's net assets are an indicator of whether the District's financial position is improving or deteriorating.

COLUMBIA HEIGHTS SEWERAGE DISTRICT NO. 1
Columbia, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2003

The Statement of Cash Flows provides information on the changes in cash during the year. This statement reports the net cash provided or used by operating activities, capital and related financing activities, and investing activities.

**COMPARATIVE ANALYSIS OF
FINANCIAL DATA**

The District's total net assets decreased by \$66,207 during 2003. The decrease in net assets is due primarily to the District's revenue being inadequate to the cost of operating the sewerage system, including depreciation expense. Operating revenues increased \$8,785 during 2003. Operating expenses increased \$11,879 primarily due to \$19,330 in legal fees incurred by the district in negotiating with the Department of Environmental Quality. The following presents an analysis of net assets and changes in net assets of the District's business-type activities:

	BUSINESS-TYPE ACTIVITIES	
	2003	2002
Assets		
Current assets	\$49,459	\$46,099
Restricted assets	70,737	62,914
Other assets	753	753
Capital assets	<u>490,290</u>	<u>575,708</u>
Total assets	<u>611,239</u>	<u>685,474</u>
Liabilities		
Current liabilities	27,201	23,098
Long-term liabilities	<u>399,154</u>	<u>411,285</u>
Total liabilities	<u>426,355</u>	<u>434,383</u>
Net Assets		
Invested in capital assets, net of related debt	79,079	153,422
Restricted for debt service	70,737	62,914
Unrestricted	<u>35,068</u>	<u>51,449</u>
Total net assets	<u>184,884</u>	<u>251,091</u>
Operating revenues	149,824	141,039
Operating expenses	220,435	208,556
Non-operating revenues (expenses)	4,404	2,491
Cumulative effect of change in accounting estimate		(512,711)
Change in net assets	(66,207)	(577,737)
Net assets - beginning	<u>251,097</u>	<u>828,828</u>
Net assets - ending	<u>\$184,884</u>	<u>\$251,091</u>

COLUMBIA HEIGHTS SEWERAGE DISTRICT NO. 1
Columbia, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2003

OVERALL FINANCIAL POSITION

The District's change in net assets was a \$66,207 decrease. Unrestricted net assets (those assets available to finance the daily operations of the district) were \$35,068 at year end. The amount of net assets restricted for debt service was \$70,737. The amount invested in capital assets, net of related debt was \$79,079 at year end.

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of the year, the District had capital assets (net of accumulated depreciation) totaling \$490,290. Capital assets include land, the sewerage system, buildings, and equipment costing \$1,000 or more. There were no fixed asset additions or deletions during 2003. Additional information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

At year end the District had \$411,211 in revenue bonds payable. Interest expense on these bonds was \$21,360 for 2003. Additional information about the District's debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS

The District anticipates that operating revenues will increase during 2004 due to an increase in sewer fees effective January 1, 2004. The District anticipates an increase in expenses due to an increase in repairs and maintenance expenses during 2004.

BASIC FINANCIAL STATEMENTS

**COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Columbia, Louisiana**

**STATEMENT OF NET ASSETS
December 31, 2003**

ASSETS

Current assets:

Cash	\$22,905
Investments	13,574
Accounts receivable - water sales (net)	12,980
Total current assets	49,459

Noncurrent assets:

Restricted cash	70,737
Other assets	753
Property, plant and equipment (net of accumulated depreciation)	490,290
Total noncurrent assets	561,780
Total assets	611,239

LIABILITIES

Current liabilities:

Accounts payable	3,171
Accrued interest payable	5,493
Current portion of long-term debt	12,057
Customer deposits	6,480
Total current liabilities	27,201

Noncurrent liabilities:

Long-term debt - revenue bonds payable	399,154
Total liabilities	426,355

NET ASSETS

Invested in capital assets, net of related debt	79,079
Restricted for debt service	70,737
Unrestricted	35,068
Total net assets	\$184,884

See accompanying notes and accountant's compilation report.

COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Columbia, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
For the Year Ended December 31, 2003

OPERATING REVENUES	
Sewer service fees	\$148,824
Tap fees	1,000
Total revenues	<u>149,824</u>
OPERATING EXPENSES	
Commissioners fees	5,820
Accounting and audit	1,342
Legal fees	19,330
Repairs and maintenance	10,857
Materials and supplies	12,349
Office expense	2,608
Utilities and telephone	26,401
Insurance	6,711
Salaries and related benefits	33,198
Collections expense	1,800
Contract labor	3,840
Lab tests	912
Truck expense	3,239
Gasoline	1,295
Depreciation	85,417
Other operating expenses	5,316
Total operating expenses	<u>220,435</u>
OPERATING INCOME (Loss)	<u>(70,611)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	902
Property taxes	23,623
State revenue sharing	1,239
Interest expense	<u>(21,360)</u>
Total non-operating revenues (expenses)	<u>4,404</u>
CHANGE IN NET ASSETS	(66,207)
NET ASSETS - BEGINNING	<u>251,091</u>
NET ASSETS - ENDING	<u><u>\$184,884</u></u>

See accompanying notes and accountant's compilation report.

COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Columbia, Louisiana

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$149,024
Customer deposit receipts, net	1,710
Payments to suppliers	(102,741)
Payments to employees	(30,741)
Net cash provided by operating activities	<u>17,252</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Property tax receipts	23,623
State revenue sharing receipts	1,239
Net cash provided by non-capital financing activities	<u>24,862</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on capital debt	(11,075)
Interest paid on capital debt	(21,559)
Increase in restricted cash	(7,823)
Net cash used by capital and related financing activities	<u>(40,457)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	902
Increase in investments	(250)
Net cash provided by investing activities	<u>652</u>
NET INCREASE IN CASH	2,309
CASH AT BEGINNING OF YEAR	<u>20,596</u>
CASH AT END OF YEAR	<u><u>\$22,905</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities	
Operating Loss	<u>(\$70,611)</u>
Adjustments:	
Depreciation	85,417
Increase in accounts receivable	(801)
Increase in accounts payable	1,537
Increase in customer deposits	1,710
Total adjustments	<u>87,863</u>
Net cash provided by operating activities	<u><u>\$17,252</u></u>

See accountant's compilation report and accompanying notes.

**COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Columbia, Louisiana**

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

INTRODUCTION

Columbia Heights Sewerage District No. 1 was created by the Caldwell Parish Police Jury as authorized by Louisiana Revised Statute 33:3881. The district is governed by a five member board appointed by the police jury. Columbia Heights Sewerage District No. 1 commissioners receive \$60 per meeting attended. The district is responsible for maintaining and operating a sewerage collection and disposal system with the boundaries of the district and has three part-time employees.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Columbia Heights Sewerage District No. 1 is considered a component unit of the Caldwell Parish Police Jury. As a component unit, the accompanying financial statements maybe included within the reporting of the primary government, either blended into those financial statements or separately reported as a discrete component unit.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Statements

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, provides that special-purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds. For these governments, basic financial statements and required supplemental information (RSI) consist of :

1. Management's discussion and analysis (MD&A)
2. Statement of net assets
3. Statement of revenues, expenses, and changes in net assets
4. Statement of cash flows
5. Notes to the financial statements
6. RSI other than MD&A, if applicable

The Columbia Heights Sewerage District No. 1 is a special-purpose government engaged only in business-type activities.

See accountant's compilation report.

COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Notes to the Financial Statements

**B. Measurement Focus, Basis of Accounting, and
Financial Statement Presentation**

Enterprise fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Columbia Heights Sewerage District No. 1 has elected not to follow subsequent private-sector guidance.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenues of the Columbia Heights Sewerage District No. 1 are sewer service fees and tap fees. Operating expenses for enterprise funds include the costs of the services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Deposits and Investments

Cash includes amounts in interest-bearing and non-interest bearing demand deposits. State law allows the district to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At December 31, 2003, the district's investment consists of a nonnegotiable certificate of deposit with an original maturity that exceeds 90 days that is reported in the accompanying financial statements at cost.

D. Receivables

All receivables are generally shown net of an allowance for uncollectible amounts. These statements contain no provision for uncollectible accounts. The district is of the

See accountant's compilation report.

**COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Notes to the Financial Statements**

opinion that such an allowance would be immaterial in relation to the financial statements taken as a whole.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. For the year ended December 31, 2003, taxes of 5.15 mills were levied on property with assessed valuations totaling approximately \$6,226,032, for maintenance and operation of the sewerage district.

E. Restricted Assets

Certain resources set aside for the repayment of revenue bonds are classified as restricted assets on the balance sheet because their use is limited by the debt agreement.

F. Capital Assets

Capital assets, which include land, the sewerage system, buildings, and equipment are reported in the enterprise fund financial statements. All of the district's capital assets are capitalized at historical cost. The Columbia Heights Sewerage District No. 1 maintains a threshold level of \$1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
Infrastructure - Sewerage system	25 years
Buildings	25 years
Equipment	5- 10 years

G. Long-term Obligations

Long-term debt such as revenue bonds payable are reported as liabilities in the statement of net assets.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates

See accountant's compilation report.

**COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Notes to the Financial Statements**

and assumptions that affect certain reported amounts of assets and liabilities, disclosures, and revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2003, the district has cash and investments (book balances) as follows:

Non-interest bearing checking accounts	\$22,905
Interest bearing savings accounts	70,737
Investments - certificates of deposit	<u>13,574</u>
Total	<u>\$107,216</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2003, the Columbia Heights Sewerage District No. 1 has \$110,288 in deposits (collected bank balances). These deposits are secured from risk by \$110,288 of federal deposit insurance and \$316,494 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent bank has failed to pay deposited funds upon demand.

3. ACCOUNTS RECEIVABLE

At December 31, 2003, the district has net receivables of \$12,980 as follows:

Sewer service fees	\$12,980
Allowance for uncollectible accounts	<u>NONE</u>
Net receivables	<u>\$12,980</u>

See accountant's compilation report.

COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Notes to the Financial Statements

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2003, is as follows:

	Balance at January 1, 2003	Increases	Decreases	Balance at December 31, 2003
Capital assets not being depreciated:				
Land	\$35,517	NONE	NONE	\$35,517
Capital assets being depreciated:				
Sewerage system	\$2,029,704			\$2,029,704
Buildings	21,410			21,410
Equipment	25,785			25,785
Total capital assets being depreciated	2,076,899	NONE	NONE	2,076,899
Less accumulated depreciation for:				
Sewerage system	1,498,880	\$81,188		1,580,068
Buildings	16,250	856		17,106
Equipment	21,579	3,373		24,952
Total accumulated depreciation	1,536,709	85,417	NONE	1,622,126
Total assets being depreciated, net	\$540,190	(\$85,417)	NONE	\$454,773

Depreciation expense of \$85,417 for the year ended December 31, 2003 was reported in the statement of revenues, expenses, and changes in net assets.

5. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt (revenue bonds payable) transactions for the year ended December 31, 2003:

Revenue bonds payable at January 1, 2003	\$422,286
Additions	NONE
Reductions	<u>(11,075)</u>

See accountant's compilation report.

COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Notes to the Financial Statements

Revenue bonds payable at December 31, 2003 \$411,211

The following is a summary of the current (due in one year or less) and long-term (due in more than one year) portions of long-term obligations as of December 31, 2003:

Current portion	\$12,057
Long-term portion	<u>399,154</u>
Total	<u>\$411,211</u>

All outstanding debt at December 31, 2003, in the amount of \$411,211 are revenue bonds payable with maturities from 2003 until 2033 and 5% to 5.25% interest rates. Loan principal and interest payable in the next fiscal year are \$12,057 and \$21,164, respectively. The individual bonds are as follows:

	\$320,000 Bonds	\$229,800 Bonds
Original issue date	7/11/79	5/11/93
Interest rate	5.00%	5.25%
Final payment due	7/11/19	5/11/33
Interest to maturity	\$99,150	\$199,479
Principal outstanding	\$207,000	\$204,211
Funding source	Sewer fees	Sewer fees

The loans are due as follows:

Year Ending December 31,	Principal Payments	Interest Payments	Total
2004	\$12,057	\$21,164	\$33,221
2005	12,221	20,550	32,771
,006	13,395	19,926	33,321
2007	13,577	19,244	32,821
2008	14,769	18,551	33,320
2009 - 2013	81,115	81,088	162,203
2014 - 2018	108,737	57,867	166,604
2019 - 2023	56,341	32,962	89,303
2024 - 2028	48,522	20,831	69,353
2029 - 2033	<u>50,477</u>	<u>6,446</u>	<u>56,923</u>

See accountant's compilation report.

COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Notes to the Financial Statements

<u>Year Ending December 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
Total	<u>\$411,211</u>	<u>\$298,629</u>	<u>\$709,840</u>

6. RESTRICTED NET ASSETS

The bond covenant for the 1979 sewer revenue bonds discussed in note 5 above, requires the district to establish the following reserve accounts:

- A. A "Sewer Reserve Fund". The district must transfer into this fund each month an amount equal to 5 percent of the monthly sinking fund payment until a total of \$19,950 is accumulated. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient monthly sinking fund payments have not been made.
- B. A "Sewer and Depreciation Contingency Fund". The district must transfer \$103 into this fund each month. Money in this fund may be used for the purpose of paying the cost of extraordinary repairs or replacements which are necessary to keep the system in operating condition and for which money is not available in the maintenance and operation fund. Money in this fund may also be used to pay principal and interest on the bonds at any time there is not sufficient funds in the other bond funds.

The bond covenant for the 1993 sewer revenue bonds discussed in note 5 above, requires the district to establish the following reserve accounts:

- A. A "Sinking Fund". The district must transfer into this fund each month, one-twelfth of the principal and interest falling due on the next payment date. Such transfers will 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.
- B. A " Reserve Fund". The district must transfer into this fund \$58 each month until a total of \$13,871 has been accumulated. 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.

See accountant's compilation report.

**COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Notes to the Financial Statements**

- C. A "Contingency Fund". The district must transfer into this fund \$55 each month. Money in this fund may be used for the purpose of paying the cost of extraordinary repairs or replacements which are necessary to keep the system in operating condition and for which money is not available in the maintenance and operation fund. Money in this fund may also be used to pay principal and interest on the bonds at any time there is not sufficient funds in the other bond funds.

At December 31, 2003, the district has set aside \$70,737 to meet the reserve requirements. These deposits are reported as restricted cash on the district's statement of net assets.

7. RISK MANAGEMENT

The district purchases commercial insurance to reduce the risk of loss resulting from property damage or liability claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

See accountant's compilation report.

SUPPLEMENTAL INFORMATION SCHEDULES

See accountant's compilation report.

**COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Columbia, Louisiana**

**SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended December 31, 2003**

COMPENSATION PAID COMMISSIONERS

The schedule of compensation paid to commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Columbia Heights Sewerage District No. 1 commissioners receive \$60 per meeting attended.

STATUS OF PRIOR YEAR FINDINGS

The follow-up and corrective action taken on all prior year findings is presented in Schedule 2.

**CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN**

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

See accountant's compilation report.

COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Columbia, Louisiana

SCHEDULE OF COMPENSATION PAID COMMISSIONERS
For the Year Ended December 31, 2003

Monty Adams	\$1,260
Jackie Barrett	1,080
Tommy Basco	1,140
Marshall Davis, Jr.	1,320
Eddie Hearn	<u>1,020</u>
Total	<u>\$5,820</u>

See accountant's compilation report.

COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Columbia, Louisiana

STATUS OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2003

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

See accountant's compilation report.

COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO. 1
Columbia, Louisiana

CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2003

<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>
Procedure 9	Agendas were not prepared for meetings.	The district does not prepare agendas for meetings because the board and the public may introduce any business from the floor.	Janine Adams, Secretary	N/A

See accountant's compilation report.

HILL, INZINA & COMPANY

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Columbia Heights Sewerage District No. 1
Columbia, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Columbia Heights Sewerage District No. 1 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the District's compliance with certain laws and regulations during the year ended December 31, 2003, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our applied procedures, together with any findings, follow:

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).
 - Our review of the year-to-date check detail revealed no individual expenditure for materials and supplies exceeding \$15,000 and no individual expenditure for public works exceeding \$100,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.
3. Obtain from management a listing of all employees paid during the period under examination.

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4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.
 - Management provided the required information. The employees included on the employees listing provided by management in agreed-upon procedure (3) did not appear on the listings provided by management in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.
6. Trace the budget adoption and amendments to the minute book.
7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceeded budgeted amounts by 5% or more.
 - Not applicable as all of the District's activities are accounted for in an Enterprise Fund.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and: (a) trace payments to supporting documentation as to proper amount and payee; (b) determine if payments were properly coded to the correct fund and general ledger account; and (c) determine whether payments received approval from proper authorities.
 - We examined supporting documentation for each of the six selected disbursements and found that the payments were for the proper amounts and made to the correct payees; were properly coded to the correct fund and general ledger accounts; and received approval from the full Board of Commissioners.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1-12 (the open meetings law).
 - The District is only required to post a notice of each meeting and the accompanying agenda on the door of the District's meeting location. Management has asserted that notices of each meeting were properly posted but the District did not prepare or post agendas for any of the meetings.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks loans, bonds, or like indebtedness.
- We scanned the year-to-date deposit detail for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.
- A reading of the minutes of the District for the period under examination indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Columbia Heights Sewerage District No. 1 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Hill, Arpin & Co.

May 10, 2004

Cindy I. Haynes, CPA
Hill, Inzina, & Co. CPAs
P. O. Box 631
Bastrop, La 71221

Mrs. Haynes,

In accordance with the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on information available to us as of 4/27/04.

PUBLIC BID LAW

1. The provisions of the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office have been complied with.

Yes [] No [] N/A []

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone which would constitute a violation of LSA-RS 42:1101-1124.

Yes [] No [] N/A []

3. It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980 under circumstances which would constitute a violation of LSA-RS 42:1119.

Yes [] No [] N/A []

BUDGETING

4. We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:43.

Yes No [] N/A []

ACCOUNTING AND REPORTING

5. All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes No [] N/A []

6. We have filed our annual financial statements in accordance with LSA-RS 24:514, LSA-RS 33:463, and/or LSA-RS 39:92, as applicable.

Yes No [] N/A []

7. We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes No [] N/A []

MEETINGS

8. We have complied with the provisions of the Opening Meetings Law, LSA-RS 42:1-12.

Yes No [] N/A []

DEBT

9. We have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 47:1410.60.

Yes No [] N/A []

ADVANCES AND BONUSES

10. We have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes No [] N/A []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Marshall Davis
Name *MD*

4/27/04
Date