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EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 1999
With Supplemental Information Schedules

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 ~~MAY 03 2000~~

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 1999
With Supplemental Information Schedules

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M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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

Independent Auditor's Report

BOARD OF COMMISSIONERS
EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

I have audited the accompanying general purpose financial statements of East Columbia Waterworks District, a component unit of the Caldwell Parish Police Jury, as of December 31, 1999, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the district's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose 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 general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of East Columbia Waterworks District, as of December 31, 1999, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

BOARD OF COMMISSIONERS
EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana
Independent Auditor's Report
December 31, 1999

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of East Columbia Waterworks District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, I have also issued a report dated April 11, 2000, on my consideration of East Columbia Waterworks District's internal control over financial reporting and my tests of the district's compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.



Calhoun, Louisiana
April 11, 2000

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

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

Combined Balance Sheet, December 31, 1999

ASSETS

Current assets:

Cash	\$46,972
Investments	45,126
Accounts receivable - water sales (net of allowance for bad debts)	<u>31,029</u>
Total current assets	<u>123,127</u>

Restricted assets:

Cash	164,662
Investments	<u>28,352</u>
Total restricted assets	<u>193,014</u>

Property, plant and equipment (net of accumulated depreciation)

848,087

TOTAL ASSETS

\$1,164,228

LIABILITIES AND FUND EQUITY

Current liabilities (payable from current assets):

Accounts payable	\$4,844
Payroll taxes payable	684
Sales taxes payable	535
Judgement payable	<u>30,662</u>
Total current liabilities (payable from current assets)	<u>36,725</u>

Current liabilities (payable from restricted assets):

Revenue bonds payable	25,000
Customer deposits	<u>35,808</u>
Total current liabilities (payable from restricted assets)	<u>60,808</u>

Long-term liabilities - revenue bonds payable

627,000

Total liabilities

724,533

Fund Equity:

Contributed capital (net of accumulated depreciation on assets acquired with federal grants)

255,026

(Continued)

The accompanying notes are an integral part of this statement.

Statement A

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana
PROPRIETARY FUND TYPE - ENTERPRISE FUND
Combined Balance Sheet, December 31, 1999

LIABILITIES AND FUND EQUITY (Contd.):

Fund Equity (Contd.):

Retained earnings:

Reserved for revenue bonds	\$132,206
Unreserved - undesignated	<u>52,463</u>
Total retained earnings	<u>184,669</u>
Total Fund Equity	<u>439,695</u>

TOTAL LIABILITIES AND FUND EQUITY \$1,164,228

(Concluded)

The accompanying notes are an integral part of this statement.

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

Statement of Revenues, Expenses, and
Changes in Retained Earnings
For the Year Ended December 31, 1999

OPERATING REVENUES	
Water sales	\$186,005
Installation and membership fees	4,215
Total operating revenues	<u>190,220</u>
OPERATING EXPENSES	
Office expense	6,467
Materials and supplies	32,132
Utilities	7,084
Salaries	24,600
Payroll and sales taxes	8,306
Per diem and travel	11,780
Insurance	13,744
Contract labor	11,637
Collection fees	1,200
Depreciation	36,115
Other operating expenses	16,614
Total operating expenses	<u>169,679</u>
OPERATING INCOME	<u>20,541</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest earned on deposits	8,011
State grant funds	17,657
Other non-operating income	231
Interest expense	<u>(33,850)</u>
Total non-operating revenues (expenses)	<u>(7,951)</u>
NET INCOME	12,590
Add depreciation on fixed assets acquired with federal grant	<u>9,418</u>
NET INCREASE IN RETAINED EARNINGS	22,008
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>162,661</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$184,669</u>

The accompanying notes are an integral part of this statement.

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

Statement of Cash Flows
For the Year Ended December 31, 1999

CASH FLOWS FROM OPERATING ACTIVITIES

Operating Income	<u>\$20,541</u>
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation	36,115
Decrease in accounts receivable	1,140
Increase in customer deposits	1,660
Decrease in accounts and taxes payable	<u>(471)</u>
Total adjustments	38,444
Net cash provided by operating activities	<u>58,985</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Principal on revenue bonds	(25,000)
Interest on revenue bonds	(33,850)
Acquisition of fixed assets	(2,311)
State grant funds	17,657
Non-operating income	<u>231</u>
Net cash used by capital financing activities	<u>(43,273)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earnings on bank deposits	8,011
Increase in investments	<u>(3,562)</u>
Net cash provided by investing activities	<u>4,449</u>

NET INCREASE IN CASH 20,161

CASH AT BEGINNING OF YEAR 191,473

CASH AT END OF YEAR \$211,634

The accompanying notes are an integral part of this statement.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

East Columbia Waterworks District was created by the Caldwell Parish Police Jury on September 6, 1949, as authorized by Louisiana Revised Statute 33:3811 for the purpose of supplying safe drinking water to the population of the district. The district is governed by a six member board appointed by the police jury to serve five-year terms. The board members receive \$50 for each monthly board meeting attended. The district serves approximately 1027 customers and has two part-time employees.

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of East Columbia Waterworks 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 established 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:

1. Appointing a voting majority of an organization's governing body,
and;

EAST COLUMBIA WATERWORKS DISTRICT

Columbia, Louisiana

Notes to the financial statements (Continued)

- 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 governing body of the district and has the ability to impose its will on the district, the 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 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

East Columbia Waterworks 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 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 all liabilities associated with the operation of*

EAST COLUMBIA WATERWORKS DISTRICT

Columbia, Louisiana

Notes to the financial statements (Continued)

this fund are included on the balance sheet. The Enterprise Fund is reported in the accompanying financial statements on the accrual basis of accounting. Revenues, such as water sales and other operating and non-operating income are recognized when they are earned. Interest on bank deposits is recorded when the interest is credited to the account. All expenses of the district are recognized when they are incurred.

E. CASH

Cash includes amounts in demand deposits and interest-bearing demand deposits. Time deposits with original maturities that exceed 90 days are classified as investments. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits or time deposits with state banks organized under the laws of the State of Louisiana, or any other state of the United States, or under the laws of the United States.

F. INVESTMENTS

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the district's investment policy. 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, 1999, the district's investments consist of nonnegotiable certificates of deposits with original maturities of one year that are reported in the accompanying financial statements at cost.

G. RESTRICTED ASSETS

Certain resources of the Enterprise Fund set aside for the repayment of revenue bonds and the refunding of customer deposits are classified as restricted assets on the balance sheet because their use is limited.

II. FIXED ASSETS AND LONG-TERM DEBT

Fixed assets of the district are included on the balance sheet of the enterprise fund and are recorded at actual cost. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Fixed assets reported on the accompanying balance sheet are net of accumulated depreciation. Depreciation is computed using the straight-line method over estimated useful lives of 40 years for the water distribution system and 5

EAST COLUMBIA WATERWORKS DISTRICT
 Columbia, Louisiana
 Notes to the financial statements (Continued)

years for other equipment. Long-term debt is recognized within the enterprise fund.

I. VACATION AND SICK LEAVE

The district has two part-time employees. There is no vacation or sick leave granted; therefore, there is no liability for compensated absences.

J. ESTIMATES

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

2. CASH AND INVESTMENTS

At December 31, 1999, the district has cash and investments (book balances) totaling \$285,112 as follows:

Demand deposits	\$54,428
Interest-bearing demand deposits	157,206
Investments	<u>73,478</u>
Total	<u>\$285,112</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. Cash and cash equivalents (bank balances) at December 31, 1999, are secured as follows:

Bank Balances	<u>\$279,391</u>
Federal deposit insurance	200,000
Pledged securities (uncollateralized)	<u>143,225</u>
Total	<u>\$343,225</u>

EAST COLUMBIA WATERWORKS DISTRICT
 Columbia, Louisiana
 Notes to the financial statements (Continued)

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the district, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106; however, 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, 1999, the district has net receivables of \$31,029, as follows:

Water sales	\$34,603
Allowance for uncollectible accounts	<u>(3,574)</u>
Net receivables	<u>\$31,029</u>

The allowance for uncollectible accounts at December 31, 1999 is an estimate based on the amount of past due accounts at December 31, 1999.

4. FIXED ASSETS

A summary of fixed assets at December 31, 1999, follows:

Land	\$3,950
Water system	1,432,280
Equipment	<u>48,730</u>
	1,484,960
Less accumulated depreciation	<u>(636,873)</u>
Property, plant, and equipment, net	<u>\$848,087</u>

5. PENSION PLAN

The two employees of East Columbia Waterworks District are members of the Social Security System. In addition to the employee contributions withheld at 7.65 per cent of gross salary, the district contributes an equal amount to the Social Security System. The district does not guarantee the benefits granted by the Social Security System.

EAST COLUMBIA WATERWORKS DISTRICT
 Columbia, Louisiana
 Notes to the financial statements (Continued)

6. LONG-TERM DEBT

The long-term liability for revenue bonds represents bonds sold by the district to the United States Department of Agriculture, Farmers Home Administration under the Water and Waste Disposal Systems for Rural Communities Loan Program (CFDA 10.418). The district issued revenue bonds in the amount of \$337,000 in 1973 and \$646,300 in 1981. The bonds are due in combined annual installments of \$25,000 to \$45,000 through January 1, 2021, with an annual interest rate of 5 per cent.

The following is a summary of revenue bonds payable transactions for the year ended December 31, 1999:

Revenue bonds payable at January 1, 1999	\$677,000
Reductions	<u>(25,000)</u>
Revenue bonds payable at December 31, 1999	<u>\$652,000</u>

The annual requirements to amortize all bonds outstanding at December 31, 1999, including interest of \$363,900, are as follows:

<u>Year</u>	
2000	\$57,600
2001	57,350
2002	56,050
2003	55,750
2004	54,400
2005-2009	287,950
2010-2014	239,550
2015-2019	170,500
2020	<u>36,750</u>
Total	<u>\$1,015,900</u>

7. CONTRIBUTED CAPITAL

The district received a federal grant totaling \$431,700, for the construction and acquisition of the water system. The amount of fixed assets constructed or acquired with grant funds is shown as contributed capital on the balance sheet. The contributed capital amount is reduced each year by the amount of depreciation expense recognized on fixed assets constructed or acquired with grant funds. At December 31, 1999, accumulated depreciation on these assets was \$176,674.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana
Notes to the financial statements (Continued)

8. RESERVED RETAINED EARNINGS

The bond covenants with the United States Department of Agriculture, Farmers Home Administration for the long-term revenue bonds discussed in note 5 above, requires the district to establish the following reserve accounts:

- A. A "Waterworks Revenue Bond and Interest Sinking Fund". The district must transfer into this fund each month, one-twelfth of the principal and one-sixth of the interest due on the next principal and interest payment dates. 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 "Waterworks Reserve Note Fund". The district must transfer into this fund each month an amount equal to 5 percent of the amount to be paid into the Waterworks Revenue Bond and Interest Sinking Fund each month until there will have been accumulated in the Reserve Fund an amount equal to the maximum principal and interest requirements in any one maturity year. The maximum is \$60,250. 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 Waterworks Revenue Bond and Interest Sinking Fund and as to which there would otherwise be default.
- C. A "Waterworks Depreciation Fund". The district must transfer \$242 into this fund each month. Money in this fund may be used for the making of extraordinary repairs or replacements to the system that are necessary to keep the system in operating condition and for which the money is not otherwise available. Money in this fund may 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, 1999, the district has set aside \$157,206 to meet the reserve requirements. Of that amount, \$25,000, is offset by the current portion of long-term debt, with the remaining \$132,206, reported as a reserve of retained earnings on Statement A.

9. LITIGATION AND CLAIMS

At December 31, 1999, the district is not involved in any litigation or aware of any claims, except for a 1985 lawsuit with North Central Utilities in which the district received an unfavorable judgment in

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana
Notes to the financial statements (Continued)

the amount of \$25,061 plus all administrative fees and expenses incurred by the plaintiff plus all court costs. The district has recorded a liability of \$30,662 on the balance sheet for the judgment; however, it is the opinion of the district's legal counsel that the district does not have to pay the full amount of the judgment because the district's funds are public funds. During 1992, the district offered North Central Utilities \$5,000 as payment in full. As of December 31, 1999, North Central Utilities had not responded to the offer. The district maintains commercial insurance coverage to reduce the risk of loss resulting from property damage or liability claims. There were no significant reductions in insurance coverage during the year ended December 31, 1999. There were no costs resulting from claims or judgments during the year ended December 31, 1999.

SUPPLEMENTAL INFORMATION SCHEDULES

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
For the Year Ended December 31, 1999

PER DIEM PAID COMMISSIONERS

The schedule of per diem paid to commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 33:3819, the commissioners receive \$50 for each board meeting they attend.

PRIOR YEAR FINDINGS

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

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

Schedule of Per Diem Paid Commissioners
For the Year Ended December 31, 1999

Jerry Duff	\$250
Neil Long	590
E. L. McClary	150
V. H. Osteen	590
A. B. Ryan	<u>500</u>
Total	<u>\$2,080</u>

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

Summary Schedule of Prior Year Findings
For the Year Ended December 31, 1999

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken
Procedure 9	1998	The district did not publish notice of meetings in a weekly newspaper.	Yes

Independent Auditor's Report
Required by *Government Auditing Standards*

The following independent auditor's report on compliance and internal control over financial reporting are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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

**Independent Auditor's Report on Compliance and on
Internal Control Over Financial Reporting
Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

BOARD OF COMMISSIONERS
EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

I have audited the general purpose financial statements of East Columbia Waterworks District, a component unit of the Caldwell Parish Police Jury, as of December 31, 1999, and for the year then ended, and have issued my report thereon dated April 11, 2000. I conducted my audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

Compliance

As part of obtaining reasonable assurance about whether East Columbia Waterworks District's general purpose financial statements are free of material misstatement, I performed tests of the district's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect of the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered East Columbia Waterworks District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect East Columbia Waterworks District's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings as items 1999-1 and 1999-2.

BOARD OF COMMISSIONERS
EAST COLUMBIA WATERWORKS DISTRICT

Columbia, Louisiana
Independent Auditor's Report
on Compliance and on
Internal Control, etc.,
December 31, 1999

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information of the board of commissioners and management of East Columbia Waterworks District, and other interested state and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.



Calhoun, Louisiana
April 11, 2000

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

Schedule of Findings
For the Year Ended December 31, 1999

I have audited the financial statements of East Columbia Waterworks District, as of and for the year ended December 31, 1999, and have issued my report thereon dated April 11, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 1999 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness Yes No

Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statement Yes No

Section II - Financial Statement Findings

1999-1. Need to Improve Controls Over Delinquent Accounts

Criteria: Management is responsible for establishing internal control policies and procedures that provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition.

Condition: The district did not follow established cut-off procedures for delinquent accounts during 1999. It is the district's policy to shut off water from a customer's property if that customer's account is in arrears for two months usage. At December 31 1999, there were 120 accounts that had charges in arrears of more than \$50 (an estimate of an average two months usage).

EAST COLUMBIA WATERWORKS DISTRICT

Columbia, Louisiana

Schedule of Findings

For the Year Ended December 31, 1999

Effect: The failure to follow established cut-off procedures for delinquent accounts could result in lost revenue.

Recommendation: I recommend that the district more strictly enforce its cut-off procedures for delinquent accounts. I recommend that the board of commissioners periodically review the monthly past due list to ensure that delinquent accounts are handled in accordance with established policies and procedures.

Management's Response: In 2000, a past due list is prepared monthly and any customer whose account has two months or more usage in arrears is cut-off from water service until payment is made.

1999-2. Need to Improve Controls Over Cash Disbursements

Criteria: Management is responsible for establishing internal control policies and procedures that provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations and recorded properly.

Condition: The following deficiencies in internal controls over cash disbursements were noted:

1. Three out of thirty-two disbursements (9%) that I examined were not adequately supported by an invoice or other documentation.
2. As a political subdivision of the State of Louisiana, the district is exempt from paying sales tax on purchases of materials and supplies. I noted that a total of \$463 in sales taxes were paid on four separate purchases of materials, supplies and equipment.
3. Four out of thirteen invoices (30%) that I examined were not canceled to prevent duplicate payment.

Effect: Inadequate controls over cash disbursements could result in unauthorized expenses being paid from the district's funds.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana
Schedule of Findings
For the Year Ended December 31, 1999

Recommendation: All disbursements should be supported by original invoices or other supporting documentation. Sales taxes should not be paid on the purchase of equipment, materials, or supplies. Invoices should be marked paid with the check number and the date paid and filed by month or by vendor.

Management's Response: In the future, all disbursements will be adequately supported and marked paid with the check number and the date. State and local sales tax will not be paid on all future purchases of equipment, materials, or supplies.