

C O N T E N T S

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EAST COLUMBIA WATERWORKS DISTRICT

Columbia, Louisiana

Notes to the financial statements (Continued)

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

E. 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 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 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.

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, 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. At December 31, 1996, the district has cash (book balances) totaling \$234,362, as follows:

Demand deposits	\$44,022
Interest-bearing demand deposits	127,038
Time deposits	<u>63,302</u>
Total	<u>\$234,362</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, 1996, are secured as follows:

BOARD OF COMMISSIONERS
EAST COLUMBIA WATERWORKS DISTRICT

Columbia, Louisiana
Independent Auditor's Report
December 31, 1996

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 presented 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 May 5, 1997, on my consideration of East Columbia Waterworks District's internal control structure and a report dated May 5, 1997, on the district's compliance with laws and regulations.



Calhoun, Louisiana
May 5, 1997

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

Notes to the Financial Statements
As of and for the Two Years Ended December 31, 1996

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 five member board appointed by the police jury to serve five-year terms. The board members receive \$50 for each monthly board meeting attended.

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
PROPRIETARY FUND TYPE - ENTERPRISE FUND

Combined Balance Sheet, December 31, 1996

ASSETS

Current assets:

Cash and cash equivalents	\$77,147
Accounts receivable - water sales (net of allowance for uncollectible accounts)	24,135
Total current assets	101,282

Restricted assets - cash and cash equivalents

157,215

Property, plant and equipment (net of accumulated depreciation)

950,003

TOTAL ASSETS\$1,208,500**LIABILITIES AND FUND EQUITY**

Current liabilities (payable from current assets):

Accounts payable	\$4,460
Payroll taxes payable	685
Sales taxes payable	463
Judgement payable	30,662
Total current liabilities (payable from current assets)	36,270

Current liabilities (payable from restricted assets):

Revenue bonds payable	24,000
Customer deposits	30,177
Total current liabilities (payable from restricted assets)	54,177

Long-term liabilities - revenue bonds payable

701,000

Total liabilities791,447

Fund Equity:

Contributed capital - federal grants	283,281
Retained earnings:	
Reserved for revenue bonds	103,038
Unreserved - undesignated	30,734
Total retained earnings	133,772
Total Fund Equity	417,053

TOTAL LIABILITIES AND FUND EQUITY\$1,208,500

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 - By Years
For the Two Years Ended December 31, 1996

	YEAR ENDED DECEMBER 31,	
	1996	1995
OPERATING REVENUES		
Water sales	\$153,355	\$182,641
Installation and connection fees	3,190	3,160
Total operating revenues	<u>156,545</u>	<u>185,801</u>
OPERATING EXPENSES		
Office expense	7,004	6,607
Materials and supplies	22,056	21,663
Utilities	8,454	8,575
Salaries	24,600	24,600
Payroll and sales taxes	8,982	13,094
Per diem and travel	11,885	12,290
Insurance	14,156	6,889
Contract labor	6,791	6,279
Collection fees	1,200	1,200
Bad debt expense	1,270	
Depreciation	35,997	34,870
Total operating expenses	<u>142,395</u>	<u>136,067</u>
OPERATING INCOME	<u>14,150</u>	<u>49,734</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest earned on deposits	7,222	4,625
Other non-operating income	1,609	4,413
Interest expense	<u>(37,150)</u>	<u>(38,050)</u>
Total non-operating revenues (expenses)	<u>(28,319)</u>	<u>(29,012)</u>
NET INCOME (Loss)	(14,169)	20,722
Add depreciation on fixed assets acquired with federal grant	9,418	8,809
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>138,523</u>	<u>108,992</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$133,772</u>	<u>\$138,523</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 - By Years
For the Two Years Ended December 31, 1996

	YEAR ENDED DECEMBER 31,	
	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$156,788	\$186,754
Cash paid to suppliers and employees	(53,285)	(55,093)
Cash paid to others for services, taxes, etc.	(51,582)	(48,753)
Customer deposits (net)	1,323	1,312
Net cash provided by operating activities	53,244	84,220
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Other non-operating income	1,609	4,413
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition of plant and equipment	(3,200)	(7,136)
Principal and interest on revenue bonds	(55,150)	(56,050)
Net cash provided by capital financing activities	(58,350)	(63,186)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned on bank deposits	7,222	4,625
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,725	30,072
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	230,637	200,565
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$234,362	\$230,637
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net operating income	\$14,150	\$49,734

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**EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana**

**General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Two Years Ended
December 31, 1996
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 auditee, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.
Release Date MAY 14 1997

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 general purpose financial statements of East Columbia Waterworks District, a component unit of the Caldwell Parish Police Jury, as of December 31, 1996, and for each of the years in the two year period 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; *Government Auditing Standards*, issued by the Comptroller General of the United States; Office of Management and Budget Circular A-128, *Audits of State and Local Governments*; and the United States Department of Agriculture Farmers Home Administration (FmHA) Audit Program, (1989 edition). Those standards, OMB A-128, and the FmHA audit program 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 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, 1996, and the results of its operations and its cash flows for each of the years in the two year period then ended, in conformity with generally accepted accounting principles.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Two Years Ended
December 31, 1996
With Supplemental Information Schedules

C O N T E N T S

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EAST COLUMBIA WATERWORKS DISTRICT

Columbia, Louisiana

Notes to the financial statements (Continued)

2. ACCOUNTS RECEIVABLE

At December 31, 1996, the district has net receivables of \$24,135, as follows:

Water sales	\$25,405
Allowance for uncollectible accounts	<u>(1,270)</u>
Net receivables	<u>\$24,135</u>

The allowance for uncollectible accounts at December 31, 1996 is an estimate based on the average percentage of accounts that are not collected in the month following the month the customer is billed.

3. FIXED ASSETS

A summary of fixed assets at December 31, 1996, follows:

Land	\$3,950
Water system	1,432,280
Equipment	<u>40,686</u>
	1,476,916
Less accumulated depreciation	<u>(526,913)</u>
Property, plant, and equipment, net	<u>\$950,003</u>

4. 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.

5. 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 \$24,000 to \$45,000 through January 1, 2021, with an annual interest rate of 5 per cent.

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

Bank Balances	<u>\$292,610</u>
Federal deposit insurance	200,000
Pledged securities (uncollateralized)	<u>299,882</u>
Total	<u>\$499,882</u>

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.

For purposes of the Statement of Cash Flows, cash equivalents includes all highly liquid investments (certificates of deposit) with a maturity date of 90 days or less when purchased.

G. 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.

H. 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.

I. 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 amortized based on the depreciation recognized on that portion of the assets acquired from such contributions. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net income.

Statement C

EAST COLUMBIA WATERWORKS DISTRICT
 Columbia, Louisiana
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 Statement of Cash Flows - By Years, etc.

	YEAR ENDED DECEMBER 31,	
	1996	1995
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	\$35,997	\$34,870
Bad debt expense	1,270	
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	243	(1,832)
Increase in accounts and taxes payable	261	136
Increase in customer deposits	1,323	1,312
Total adjustments	39,094	34,486
Net cash provided by operating activities	\$53,244	\$84,220

(Concluded)

The accompanying notes are an integral part of this statement.

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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**Independent Auditor's Report on the Internal Control
Structure Based on an Audit of General Purpose
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, as of December 31, 1996, and for each of the years in the two year period then ended, and have issued my report thereon dated May 5, 1997.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget Circular A-128, *Audits of State and Local Governments*; and the United States Department of Agriculture *Farmers Home Administration (FmHA) Audit Program, (1989 edition)*. Those standards, OMB Circular A-128, and the FmHA audit program require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

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

BOARD OF COMMISSIONERS
EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana
Independent Auditor's Report
on Internal Control Structure
Used in Administering Federal Financial
Assistance Programs, etc.

I performed tests of controls, as required by OMB Circular A-128 and the FmHA audit program, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material noncompliance with general and specific requirements that are applicable to the district's major program, which is identified in the accompanying Schedule of Federal Financial Assistance. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

My consideration of the internal control structure policies and procedures used in administering federal financial assistance programs would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of the board of commissioners of East Columbia Waterworks District, management of the district, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



Calhoun, Louisiana
May 5, 1997

BOARD OF COMMISSIONERS
EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana
Independent Auditor's Report
on Internal Control Structure
Used in Administering Federal Financial
Assistance Programs, etc.

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

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

- Accounting applications:
 - Debt and debt service expenditures
- General Requirements:
 - Civil rights
 - Federal financial reports
- Specific Requirements:
 - Reporting
 - Special requirements - loan repayment and loan reserve requirements

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


During the two years ended December 31, 1996, 100 per cent of the district's total federal financial assistance was under its major federal financial assistance program.

BOARD OF COMMISSIONERS
EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana
Independent Auditor's Report
on the Internal Control Structure, etc.

In planning and performing my audit of the general purpose financial statements of East Columbia Waterworks District, for the two years ended December 31, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

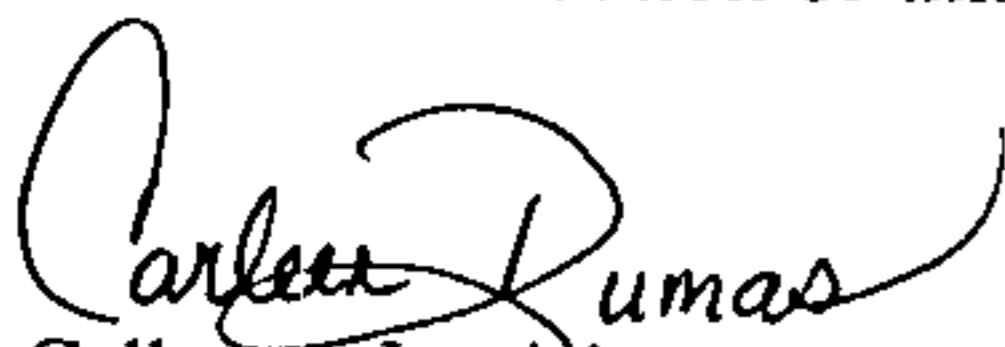
My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors 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. I noted no matters involving the internal control structure and its operation that I considered to be material weaknesses as defined above.

This report is intended for the information of the members of the board of commissioners of East Columbia Waterworks District, management of the district, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.


Carter Pumas
Calhoun, Louisiana
May 5, 1997

BOARD OF COMMISSIONERS
EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana
Independent Auditor's Report on
Compliance with Specific Requirements
Applicable to Major Federal Financial
Assistance Programs, etc.

This report is intended for the information of the board of commissioners of East Columbia Waterworks District, management of the district, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



Calhoun, Louisiana

May 5, 1997

M. Carleen Dumas

CERTIFIED PUBLIC ACCOUNTANT

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**Independent Auditor's Report on Compliance With Specific
Requirements Applicable to Major Federal
Financial Assistance Programs**

BOARD OF COMMISSIONERS
EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

I have audited the general purpose financial statements of East Columbia Waterworks District as of December 31, 1996, and for each of the years in the two year period then ended, and have issued my report thereon dated May 5, 1997.

I have also audited East Columbia Waterworks District's compliance with the requirements governing reporting and special requirements - loan repayment and loan reserve requirements that are applicable to its major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance, for the two years ended December 31, 1996. The management of East Columbia Waterworks District is responsible for the district's compliance with those requirements. My responsibility is to express an opinion on compliance with those requirements based on my audit.

I conducted my audit of compliance with those requirements in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about East Columbia Waterworks District's compliance with those requirements. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, East Columbia Waterworks District complied, in all material respects, with the requirements governing reporting and special requirements - loan repayment and loan reserve requirements that are applicable to its major federal financial assistance program for the two years ended December 31, 1996.

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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**Independent Auditor's Report on Compliance
With General Requirements Applicable to
Federal Financial Assistance Programs**

BOARD OF COMMISSIONERS
EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

I have audited the general purpose financial statements of East Columbia Waterworks District as of December 31, 1996 and for each of the years in the two year period then ended, and have issued my report thereon dated May 5, 1997.

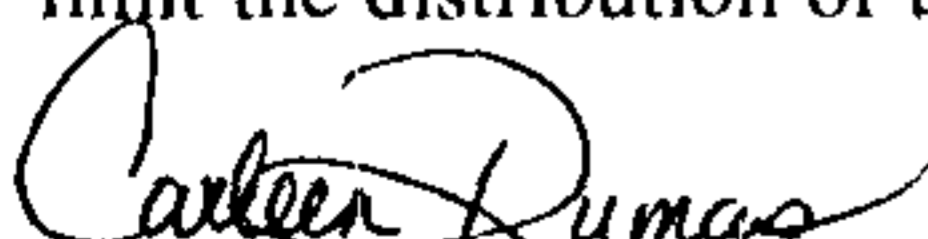
I have applied procedures to test East Columbia Waterworks District's compliance with the following requirements applicable to its federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance, for the two years ended December 31, 1996:

Civil rights
Federal financial reports

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

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

This report is intended for the information of the board of commissioners of East Columbia Waterworks District, management of the district, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.


Calhoun, Louisiana
May 5, 1997

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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**Independent Auditor's Report on Compliance
Based on an Audit of General Purpose
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, as of December 31, 1996 and for each of the years in the two year period then ended, and have issued my report thereon dated May 5, 1997.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget Circular A-128, *Audits of State and Local Governments*; the United States Department of Agriculture *Farmers Home Administration (FmHA) Audit Program (1989 edition)* and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards, OMB Circular A-128, the FmHA audit program, and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws and regulations applicable to East Columbia Waterworks District, is the responsibility of the district's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, I performed tests of East Columbia Waterworks District's compliance with certain provisions of laws and regulations. However, the objective of my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. 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*.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

Schedule 2

Schedule of Federal Financial Assistance
For the Two Years Ended December 31, 1996

FEDERAL GRANTOR - PROGRAM NAME:	CFDA NUMBER	LOAN BALANCE DECEMBER 31,	
		1996	1995
United States Department of Agriculture - Farmer's Home Administration Direct Program - Water and Waste Disposal Systems For Rural Communities	* 10.418	<u>\$725,000</u>	<u>\$743,000</u>

* Major federal financial assistance program

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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**Independent Auditor's Report on Supplementary
Schedule of Federal Financial Assistance**

BOARD OF COMMISSIONERS
EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

I have audited the general purpose financial statements of East Columbia Waterworks District as of December 31, 1996, and for each of the years in the two year period then ended, and have issued my report thereon dated May 5, 1997. 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; *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget Circular A-128, *Audits of State and Local Governments*; and the United States Department of Agriculture *Farmers Home Administration (FmHA) Audit Program (1989 edition)*. Those standards, OMB Circular A-128 and the FmHA audit program 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 financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

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



Calhoun, Louisiana
May 5, 1997

**Independent Auditor's Reports Required by
Government Auditing Standards, OMB
Circular A-128, Audits of State and Local
Governments, and United States Department of
Agriculture Farmers Home Administration
(FmHA) Audit Program (1989 edition)**

The following independent auditor's reports on the schedule of federal financial assistance, compliance with laws and regulations and internal control structure are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States; Office of Management and Budget Circular A-128, *Audits of State and Local Governments*; the United States Department of Agriculture *Farmers Home Administration (FmHA) Audit Program, (1989 edition)* and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

Schedule 1

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

Schedule of Per Diem Paid Commissioners
For the Two Years Ended December 31, 1996

	YEAR ENDED DECEMBER 31,	
	<u>1996</u>	<u>1995</u>
L. J. Kenney		\$450
Neil Long	\$595	595
E. L. McClary	550	595
V. H. Osteen	595	150
W. J. Perkins		350
A. B. Ryan	545	550
Total	<u>\$2,285</u>	<u>\$2,690</u>

EAST COLUMBIA WATERWORKS DISTRICT

Columbia, Louisiana

Notes to the financial statements (Continued)

- 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, 1996, the district has set aside \$127,038 to meet the reserve requirements. Of that amount, \$24,000, is offset by the current portion of long-term debt, with the remaining \$103,038, reported as a reserve of retained earnings on Statement A.

8. LITIGATION AND CLAIMS

At December 31, 1996, 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 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, 1996, North Central Utilities had not responded

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. 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 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 years for other

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

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 two years ended December 31, 1996. There were no costs resulting from claims or judgments during the two years ended December 31, 1996.

9. WATER RATE INCREASE

In February 1997, a water rate increase went into effect that raised the minimum water bill from \$9 to \$12 for the first 2,000 gallons used. The rate for the next 2,000 gallons decreased from \$3.65 to \$2.75; the rate for the next 6,000 gallons increased from \$1.50 to \$2; and the rate for all gallons over 10,000 increased from \$1 to \$1.50.

SUPPLEMENTAL INFORMATION SCHEDULE

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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**Independent Auditor's Report on Internal
Control Structure Used in Administering
Federal Financial Assistance Programs**

BOARD OF COMMISSIONERS
EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

I have audited the general purpose financial statements of East Columbia Waterworks District as of December 31, 1996, and for each of the years in the two year period then ended, and have issued my report thereon dated May 5, 1997. I have also audited the compliance of East Columbia Waterworks District with requirements applicable to its major federal financial assistance program and have issued my report thereon dated May 5, 1997.

I conducted my audits in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget Circular A-128, *Audits of State and Local Governments*; and the United States Department of Agriculture *Farmers Home Administration (FmHA) Audit Program, (1989 edition)*. Those standards, OMB Circular A-128, and the FmHA audit program require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether East Columbia Waterworks District complied with laws and regulations, noncompliance with which would be material to its major federal financial assistance program.

In planning and performing my audits for the two years ended December 31, 1996, I considered the internal control structure of East Columbia Waterworks District in order to determine my auditing procedures for the purpose of expressing my opinions on the general purpose financial statements of East Columbia Waterworks District and on the compliance of East Columbia Waterworks District with requirements applicable to its major program and to report on the internal control structure in accordance with OMB Circular A-128 and the FmHA audit program. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. I have addressed internal control structure policies and procedures relevant to my audit of the general purpose financial statements in a separate report dated May 5, 1997.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
For the Two Years Ended December 31, 1996

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.