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**EAST COLUMBIA WATERWORKS DISTRICT**  
Columbia, Louisiana

**General Purpose Financial Statements  
With Accountant's Compilation Report  
and Agreed-Upon Procedures Report  
As of and for the Year Ended  
December 31, 1997  
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 audited, 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 0 5 1998

**EAST COLUMBIA WATERWORKS DISTRICT**  
Columbia, Louisiana

**General Purpose Financial Statements**  
**With Accountant's Compilation Report**  
**and Agreed-Upon Procedures Report**  
**As of and for the Year Ended**  
**December 31, 1997**  
**With Supplemental Information Schedules**

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*M. Carlton Dumas*  
CERTIFIED PUBLIC ACCOUNTANT

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**Accountant's Compilation Report**

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

I have compiled the accompanying general purpose financial statements and supplemental information schedules, as listed in the foregoing table of contents, of the East Columbia Waterworks District, as of December 31, 1987, 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 other form of assurance on them.



Colleton, Louisiana  
March 31, 1988

**GENERAL PURPOSE FINANCIAL STATEMENTS  
(OVERVIEW)**

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

Combined Balance Sheet, December 31, 1997

**ASSETS**

## Current assets:

Cash and cash equivalents	568,782
Accounts receivable - water sales (net of allowance for bad debts)	31,885
<b>Total current assets</b>	<u>600,667</u>

## Restricted assets - cash and cash equivalents

168,975

Property, plant and equipment (net of  
accumulated depreciation)917,482**TOTAL ASSETS****\$1,687,134****LIABILITIES AND FUND EQUITY**

## Current liabilities (payable from current assets):

Accounts payable	85,009
Payroll taxes payable	685
Sales taxes payable	474
Judgment payable	30,682
<b>Total current liabilities (payable from current assets)</b>	<u>116,850</u>

## Current liabilities (payable from restricted assets):

Revenue bonds payable	34,000
Customer deposits	32,877
<b>Total current liabilities (payable from restricted assets)</b>	<u>66,877</u>

## Long-term liabilities - revenue bonds payable

671,000

## Total liabilities

774,727

## Fund Equity

Contributed capital - federal grants	273,863
Retained earnings:	
Reserved for revenue bonds	112,883
Unreserved - undesignated	30,441
<b>Total retained earnings</b>	<u>143,324</u>
<b>Total Fund Equity</b>	<u>417,187</u>

**TOTAL LIABILITIES AND FUND EQUITY****\$1,687,134**

See accompanying notes and accountant's compilation report.

**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, 1997

<b>OPERATING REVENUES</b>	
Water sales	\$190,156
Installation and membership fees	3,298
Total operating revenues	<u>193,454</u>
<b>OPERATING EXPENSES</b>	
Office expense	7,331
Materials and supplies	42,977
Utilities	7,068
Salaries	24,600
Payroll and sales taxes	9,823
Per diem and travel	11,885
Insurance	14,879
Contract labor	9,338
Collection fees	1,200
Bad debt expense	1,903
Depreciation	36,903
Other operating expenses	2,308
Total operating expenses	<u>168,742</u>
<b>OPERATING INCOME</b>	<u>24,711</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest earned on deposits	7,164
State grant	55,783
Other non-operating income	4,430
Other non-operating expense	(55,783)
Interest expense	(26,238)
Total non-operating revenues (expenses)	<u>(24,638)</u>
<b>NET INCOME</b>	145
Add depreciation on fixed assets acquired with federal grant	9,418
<b>RETAINED EARNINGS AT BEGINNING OF YEAR</b>	<u>133,771</u>
<b>RETAINED EARNINGS AT END OF YEAR</b>	<u>\$143,334</u>

See accompanying notes and accountant's compilation report.

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

Statement C

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

**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating Income	<u>\$34,801</u>
Adjustments to Reconcile Operating Income to Net Cash and Cash Equivalents Provided by Operating Activities:	
Depreciation	36,303
Increase in accounts receivable	(7,150)
Increase in customer deposits	1,899
Increase in accounts and taxes payable	390
Total adjustments	<u>31,242</u>
Net cash and cash equivalents provided by operating activities	<u>\$6,543</u>

**CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES**

Principal and interest on revenue bonds	(60,298)
Acquisition of fixed assets	(2,992)
State grant	53,780
Non-operating expenses	(55,783)
Non-operating income	4,430
Net cash and cash equivalents used by capital financing activities	<u>(20,863)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest earnings on bank deposits	<u>7,164</u>
------------------------------------	--------------

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

3,399

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR**

254,362

**CASH AND CASH EQUIVALENTS AT END OF YEAR**

\$257,761

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, 1997

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

East Columbia Waterworks District was created by the Caldwell Parish Police Jury on September 8, 1948, as authorized by Louisiana Revised Statute 33:2811 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. The district serves approximately 960 customers and 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.

See accountant's compilation report.



## **EAST COLUMBIA WATERWORKS DISTRICT**

*Columbia, Louisiana*

Notes to the financial statements (Continued)

and:

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

Because the police jury appoints the 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

See accountant's compilation report.

## **EAST COLUMBIA WATERWORKS DISTRICT**

*Columbia, Louisiana*

### **Notes to the financial statements (Continued)**

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 is 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 AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in 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 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. 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.

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

#### **H. VACATION AND SICK LEAVE**

The district has two part-time employees. There is no vacation or sick leave

See accountant's compilation report.

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

guarant); therefore, there is no liability for compensated absences.

### 2. CASH AND CASH EQUIVALENTS

At December 31, 1997, the district has cash and cash equivalents (bank balances) totaling \$237,757 as follows:

Demand deposits	\$34,537
Interest-bearing demand deposits	136,889
Time deposits	<u>66,331</u>
Total	<u>\$237,757</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the remaining 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 local 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, 1997, are secured as follows:

Bank balances	<u>\$248,083</u>
Federal deposit insurance	300,000
Pledged securities (uncollateralized)	<u>303,752</u>
Total	<u>\$851,752</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.

### 3. FIXED ASSETS

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

See accountant's compilation report.

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

Land	\$1,950
Water system	1,431,250
Equipment	44,578
	<u>1,480,908</u>
Less accumulated depreciation	(563,416)
Property, plant, and equipment, net	<u>\$917,492</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 System for Rural Communities Loan Program (CFDA 10-418). The district issued revenue bonds in the amount of \$237,000 in 1973 and \$646,500 in 1981. The bonds are due in combined annual installments of \$34,000 to \$45,000 through January 1, 2021, with an annual interest rate of 9 per cent.

The following is a summary of revenue bonds payable transactions for the year ended December 31, 1997:

Revenue bonds payable at January 1, 1997	\$725,000
Reductions	<u>(124,000)</u>
Revenue bonds payable at December 31, 1997	<u>\$601,000</u>

The annual requirements to amortize all bonds outstanding at December 31, 1997, including interest of \$432,800, are as follows:

Year	
<u>1998</u>	\$59,050
1999	58,850
2000	57,600
2001	57,350

See accountant's compilation report.

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

2002	\$44,080
2003-2007	182,790
2008-2012	283,680
2013-2017	173,790
2018-2026	164,760
Total	<u>\$1,133,800</u>

**6. 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, 1997, accumulated depreciation on these assets was \$157,837.

**7. RESERVED RETAINED EARNINGS**

The bond covenant 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.

See accountant's compilation report.

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

- 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 systems that are necessary to keep the systems 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, 1997, the district has set aside \$136,893, to meet the reserve requirements. Of that amount, \$24,000, is offset by the current portion of long-term debt, with the remaining \$112,893, reported as a reserve of retained earnings on Statement A.

**8. LITIGATION AND CLAIMS**

At December 31, 1997, 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 \$25,661 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 \$2,000 as payment in full. As of December 31, 1997, North Central Utilities had not responded to the offer.

See accountant's compilation report.

**SUPPLEMENTAL INFORMATION SCHEDULES**

See accountant's compilation report.

EAST COLUMBIA WATERWORKS DISTRICT  
Columbia, Louisiana  
SUPPLEMENTAL INFORMATION SCHEDULE  
For the Year Ended December 31, 1997

**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 AUDIT FINDINGS**

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

**CURRENT YEAR FINDINGS**

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

See accountant's compilation report.



EAST COLUMBIA WATERWORKS DISTRICT  
Columbia, Louisiana

Schedule I

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

Nell Long	1000
E. L. McClary	500
V. H. Genson	500
W. J. Perkins	NONE
A. B. Ryan	<u>500</u>
Total	<u>\$2,500</u>

See accountant's compilation report.

EAST COLUMBIA WATERWORKS DISTRICT  
Columbia, LouisianaSummary Schedule of Prior Audit Findings  
For the Year Ended December 31, 1997

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

EAST COLUMBIA WATERWORKS DISTRICT  
Columbia, Louisiana

Schedule 3

Corrective Action Plan  
For Calendar Year Findings  
For the Year Ended December 31, 1997

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

See accountant's compilation report.

**Independent Accountant's Report on Applying  
Agreed-Upon Procedures**

The following independent accountant's report on applying agreed upon procedures is presented in compliance with the requirements of the *Louisiana Governmental Audit Guide* and the *Louisiana Attention Guarantee*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

*M. Carleen Dumas*  
CERTIFIED PUBLIC ACCOUNTANT

508 DEWALDIERE BOULE • CALIBOU, LOUISIANA 71225 • TELEPHONE 338-844-5726

**Independent Accountant's Report  
On Applying Agreed-Upon Procedures**

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

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed upon by the management of East Columbia Waterworks District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about East Columbia Waterworks District's compliance with certain laws and regulations during the year ended December 31, 1997 included in the accompanying *Louisiana Assertion Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I 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.

**Public Bid Law**

1. Select all expenditures made during the year for materials and supplies exceeding \$5,000, or public works exceeding \$50,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

A review was made of all disbursements for the year. There were no disbursements for materials and supplies exceeding \$5,000 nor disbursements for public works exceeding \$50,000, made during the year.

East Columbia Waterworks District  
Independent Accountant's Report on  
Applying Agreed-Upon Procedures  
December 31, 1997

**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 42:1103-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

4. Determine whether any of the employees included in the listing obtained from management in procedure number 3 above were also included in the listing obtained from management in procedure number 2 above as immediate family members.

There were no names on the employee listing that were also included on the listing of immediate family members.

**Budgeting**

5. Obtain a copy of the legally adopted budget and all amendments.

The district was not required to adopt a budget for the year ended December 31, 1997.

6. Trace the budget adoption and amendments to the minute book.

See results of procedures listed under question number 5.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by 5% or more.

See results of procedures listed under question number 5.

**Accounting and Reporting**

8. Randomly select 6 disbursements made during the period under examination and:

East Columbia Waterworks District  
Independent Accountant's Report on  
Applying Agreed-Upon Procedures  
December 31, 1997

- (a) trace payments to supporting documentation as to correct amount and payee;
- (b) determine if payments were properly coded to the correct fund and general ledger account;
- (c) determine whether payments received approval from proper authorities.

An examination of six randomly selected disbursements disclosed the following:

- (a) The six selected disbursements were supported by adequate documentation.
- (b) The six selected payments were properly coded to the correct fund and general ledger account.
- (c) The six selected payments received approval from the proper authorities.

**Meetings**

9. Examine evidence indicating that agendas for meetings recorded in the minutes book were posted or advertised as required by LSA-RS 43:1-12 (the opening meetings law).

The district published written notice of meetings when specific issues were on the agenda.

**Debit**

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I inspected copies of all deposit slips 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 board meetings and an examination of payroll records indicated no payments which may constitute bonuses, advances, or gifts.

East Columbia Waterworks District  
Independent Accountant's Report on  
Applying Agreed-Upon Procedures  
December 31, 1997

I was 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, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of East Columbia Waterworks District 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. However, this report is a matter of public record and its distribution is not limited.



Carter Dumas  
Caldwell, Louisiana  
March 31, 1998



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.

 1-26-98

Name

Date