

**COLUMBIA HEIGHTS WATER DISTRICT**  
**Columbia, Louisiana**

**Annual Financial Statements**

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

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

Release Date 6.2.04

**COLUMBIA HEIGHTS WATER DISTRICT**  
**Columbia, Louisiana**

**Annual Financial Statements**

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

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*M. Carleen Dumas*  
CERTIFIED PUBLIC ACCOUNTANT

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


**Accountant's Compilation Report**

BOARD OF COMMISSIONERS  
COLUMBIA HEIGHTS WATER DISTRICT  
Columbia, Louisiana

I have compiled the accompanying basic financial statements and supplemental information schedules, as listed in the foregoing table of contents, of the Columbia Heights Water District as of December 31, 2003, and for the year then ended, in accordance with standards established by *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

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

I am not independent with respect to the Columbia Heights Water District for the year ended December 31, 2003.

  
Calhoun, Louisiana  
April 30, 2004

**COLUMBIA HEIGHTS WATER DISTRICT**  
Columbia, Louisiana

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

Our discussion and analysis of Columbia Heights Water District's (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2003. Please read it in conjunction with the District's financial statements that begin on page 7.

**BASIC FINANCIAL STATEMENTS**

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

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

The Columbia Heights Water District is a special-purpose government engaged only in business-type activities.

**Enterprise Fund Financial Statements**

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

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

**COLUMBIA HEIGHTS WATER DISTRICT**  
**Columbia, Louisiana**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2003**

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

**COMPARATIVE ANALYSIS OF  
 FINANCIAL DATA**

The District's total net assets decreased by \$28,678 during 2003. The decrease in net assets is due primarily to the District incurring \$30,827 in expenses relating to rebuilding one of its water pumps. Operating revenues decreased \$19,696 due to a decrease in water sales during 2003. Operating expenses increased \$19,696 due to an increase in maintenance and repairs expense as discussed above. The following presents an analysis of net assets and changes in net assets of the District's business-type activities:

	BUSINESS-TYPE ACTIVITIES	
	<u>2003</u>	<u>2002</u>
<b>Assets</b>		
Current assets	\$451,191	\$439,200
Restricted assets	57,861	85,199
Capital assets	<u>172,528</u>	<u>204,926</u>
Total assets	<u>681,580</u>	<u>729,325</u>
<b>Liabilities</b>		
Current liabilities	100,840	95,918
Long-term liabilities	<u>241,304</u>	<u>265,293</u>
Total liabilities	<u>342,144</u>	<u>361,211</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	(92,441)	(83,367)
Restricted for debt service	57,861	85,199
Unrestricted	<u>374,016</u>	<u>366,282</u>
Total net assets	<u>339,436</u>	<u>368,114</u>
Operating revenues	184,163	203,859
Operating expenses	209,191	189,563
Non-operating revenues (expenses)	(3,650)	411
Cumulative effect of change in accounting estimate		(274,820)
Change in net assets	(28,678)	(260,113)
Net assets - beginning	<u>368,114</u>	<u>628,227</u>
Net assets - ending	<u>\$339,436</u>	<u>\$368,114</u>

**COLUMBIA HEIGHTS WATER DISTRICT**  
Columbia, Louisiana  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended December 31, 2003

**OVERALL FINANCIAL POSITION**

The District's change in net assets was a \$28,678 decrease. Unrestricted net assets ( those assets available to finance the daily operations of the district) were \$374,016 at year end. The amount of net assets restricted for debt service was \$57,861. The amount invested in capital assets, net of related debt was (\$92,441) at year end.

**CAPITAL ASSETS AND DEBT**

**Capital Assets**

At the end of the year, the District had capital assets (net of accumulated depreciation) totaling \$172,528. Capital assets include land, the water system and equipment costing \$1,000 or more. There were no fixed asset additions or deletions during 2003. Additional information about the District's capital assets is presented in Note 4 to the financial statements.

**Debt**

At year end the District had \$264,969 in revenue bonds payable. Interest expense on these bonds was \$13,638 for 2003. Additional information about the District's debt is presented in Note 5 to the financial statements.

**ECONOMIC FACTORS**

The District anticipates that operating revenues and expenses will remain fairly constant during 2004. The District does anticipate an increase in nonoperating revenues and expenses due to receiving and expending state grant funds related to line relocation. The District expects its net assets to increase approximately \$14,900 for the year ending December 31, 2004.

**BASIC FINANCIAL STATEMENTS**



**COLUMBIA HEIGHTS WATER DISTRICT**  
Columbia, Louisiana

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

**ASSETS**

## Current assets:

Cash	\$88,867
Investments	332,905
Accounts receivable - water sales (net)	29,419
Total current assets	451,191

## Noncurrent assets:

Restricted cash	57,861
Property, plant and equipment (net of accumulated depreciation)	172,528
Total noncurrent assets	230,389
Total assets	681,580

**LIABILITIES**

## Current liabilities:

Accounts payable	19,163
Accrued interest payable	6,174
Current portion of long-term debt	23,665
Customer deposits	51,838
Total current liabilities	100,840

## Noncurrent liabilities:

Long-term debt - revenue bonds payable	241,304
Total liabilities	342,144

**NET ASSETS**

Invested in capital assets, net of related debt	(92,441)
Restricted for debt service	57,861
Unrestricted	374,016
Total net assets	\$339,436

See accompanying notes and accountant's compilation report.



**COLUMBIA HEIGHTS WATER DISTRICT**  
Columbia, Louisiana

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

<b>OPERATING REVENUES</b>	
Water sales	\$179,113
Installation fees	2,850
Other revenue	2,200
Total revenues	<u>184,163</u>
<b>OPERATING EXPENSES</b>	
Commissioners fees	3,600
Sales tax	5,135
Accounting and audit	1,477
Maintenance and repairs	35,198
Materials and supplies	27,243
Office expense	5,235
Utilities	25,683
Insurance	18,013
Salaries and related benefits	47,780
Collections expense	2,835
Truck and gas expense	2,345
Depreciation	32,398
Other operating expenses	2,249
Total operating expenses	<u>209,191</u>
<b>OPERATING INCOME</b>	<u>(25,028)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest income	9,988
Interest expense	(13,638)
Total non-operating revenues (expenses)	<u>(3,650)</u>
<b>CHANGE IN NET ASSETS</b>	(28,678)
<b>NET ASSETS - BEGINNING</b>	<u>368,114</u>
<b>NET ASSETS - ENDING</b>	<u><u>\$339,436</u></u>

See accompanying notes and accountant's compilation report.

**COLUMBIA HEIGHTS WATER DISTRICT**  
Columbia, Louisiana

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

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$187,401
Customer deposit receipts, net	2,452
Payments to suppliers	(130,937)
Payments to employees	<u>(44,596)</u>
Net cash provided by operating activities	<u>14,320</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Principal paid on capital debt	(23,324)
Interest paid on capital debt	(13,944)
Decrease in restricted cash	<u>27,338</u>
Net cash used by capital and related financing activities	<u>(9,930)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income	9,988
Increase in investments	<u>(9,343)</u>
Net cash provided by investing activities	<u>645</u>

**NET INCREASE IN CASH**

5,035

**CASH AT BEGINNING OF YEAR**83,832**CASH AT END OF YEAR**\$88,867**Reconciliation of Operating Income to Net Cash****Provided by Operating Activities**

Operating Income (Loss)	<u>(\$25,028)</u>
Adjustments:	
Depreciation	32,398
Decrease in accounts receivable	2,388
Increase in accounts payable	2,110
Increase in customer deposits	<u>2,452</u>
Total adjustments	<u>39,348</u>
Net cash provided by operating activities	<u><u>\$14,320</u></u>

See accountant's compilation report and accompanying notes.

**COLUMBIA HEIGHTS WATER DISTRICT**  
Columbia, Louisiana

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

**INTRODUCTION**

The Columbia Heights Water District was created by the Caldwell Parish Police Jury 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. Columbia Heights Water District commissioners receive \$60 per meeting attended. The district serves approximately 676 customers and has three employees.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Statements**

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

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See accountant's compilation report.

**COLUMBIA HEIGHTS WATER DISTRICT**  
Notes to the Financial Statements

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Columbia Heights Water District has elected not to follow subsequent private-sector guidance.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenues of the Columbia Heights Water District are water sales, installation fees and other miscellaneous operating revenues. Operating expenses for enterprise funds include the costs of the services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**C. Deposits and Investments**

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

**D. Receivables**

Receivables for water sales are shown net of an allowance for uncollectible amounts. The allowance is an estimate based on the amount of receivables that are past due and the amount collected in the month following the month billed.

See accountant's compilation report.



**COLUMBIA HEIGHTS WATER DISTRICT**  
**Notes to the Financial Statements**

**E. Restricted Assets**

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

**F. Capital Assets**

Capital assets, which include land, the water system, and equipment are reported in the enterprise fund financial statements. All of the district's capital assets are capitalized at historical cost. The Columbia Heights Water District maintains a threshold level of \$1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

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

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

**G. Long-term Obligations**

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

**H. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures, and revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. DEPOSITS IN FINANCIAL INSTITUTIONS**

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

See accountant's compilation report.

**COLUMBIA HEIGHTS WATER DISTRICT**  
**Notes to the Financial Statements**

Non-interest bearing checking accounts	\$88,867
Interest bearing savings accounts	57,861
Investments - certificates of deposit	<u>332,905</u>
<b>Total</b>	<b><u>\$479,633</u></b>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2003, the Columbia Heights Water District has \$482,970 in deposits (collected bank balances). These deposits are secured from risk by \$192,204 of federal deposit insurance and \$348,067 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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

**3. ACCOUNTS RECEIVABLE**

At December 31, 2003, the district has net receivables of \$29,419 as follows:

Water sales	\$35,032
Allowance for uncollectible accounts	<u>(5,613)</u>
Net receivables	<u>\$29,419</u>

**4. CAPITAL ASSETS**

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

	Balance at January 1, <u>2003</u>	<u>Increases</u>	<u>Decreases</u>	Balance at December 31, <u>2003</u>
Capital assets not being depreciated:				
Land	<u>\$57,489</u>	<u>NONE</u>	<u>NONE</u>	<u>\$57,489</u>

See accountant's compilation report.

COLUMBIA HEIGHTS WATER DISTRICT  
Notes to the Financial Statements

	Balance at January 1, 2003	Increases	Decreases	Balance at December 31, 2003
Capital assets being depreciated:				
Water system	\$992,133			\$992,133
Equipment	49,366			49,366
Total capital assets being depreciated	<u>1,041,499</u>	NONE	NONE	<u>1,041,499</u>
Less accumulated depreciation for:				
Water system	871,789	\$28,580		900,369
Equipment	22,273	3,818		26,091
Total accumulated depreciation	<u>894,062</u>	<u>32,398</u>	NONE	<u>926,460</u>
Total assets being depreciated, net	<u>\$147,437</u>	<u>(\$32,398)</u>	NONE	<u>\$115,039</u>

Depreciation expense of \$32,398 for the year ended December 31, 2003 was reported in the statement of revenues, expenses, and changes in net assets.

**5. LONG-TERM OBLIGATIONS**

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

Revenue bonds payable at January 1, 2003	\$288,293
Additions	NONE
Reductions	<u>(23,324)</u>
Revenue bonds payable at December 31, 2003	<u>\$264,969</u>

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

Current portion	\$23,665
Long-term portion	<u>241,304</u>
Total	<u>\$264,969</u>

See accountant's compilation report.



**COLUMBIA HEIGHTS WATER DISTRICT**  
**Notes to the Financial Statements**

All outstanding debt at December 31, 2003, in the amount of \$264,969 are revenue bonds payable with maturities from 2004 until 2020 and 4.75% to 5% interest rates. Loan principal and interest payable in the next fiscal year are \$23,665 and \$13,153, respectively. The individual bonds are as follows:

	<u>\$288,500</u>	<u>\$333,100</u>
	<u>Bonds</u>	<u>Bonds</u>
Original issue date	3/20/69	6/11/80
Interest rate	4.75%	5.00%
Final payment due	1/1/07	6/11/20
Interest to maturity	\$5,298	\$109,650
Principal outstanding	\$49,969	\$215,000
Funding source	Water revenue	Water revenue

The loans are due as follows:

<u>Year Ending December 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2004	\$23,665	\$13,153	\$36,818
2005	24,362	12,006	36,368
2006	25,091	10,827	35,918
2007	13,851	9,612	23,463
2008	10,000	8,900	18,900
2009 - 2013	56,000	36,650	92,650
2014 - 2018	75,000	21,000	96,000
2019 - 2020	37,000	2,800	39,800
Total	<u>\$264,969</u>	<u>\$114,948</u>	<u>\$379,917</u>

**6. RESTRICTED NET ASSETS**

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 "Sinking Fund". The district transfers 1,646 into this fund each month. 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.

See accountant's compilation report.

**COLUMBIA HEIGHTS WATER DISTRICT**  
**Notes to the Financial Statements**

- B. A " Reserve Fund". This fund may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Sinking Fund and as to which there would otherwise be default.
- C. A "Depreciation Fund". The district transfers into this fund \$274 each month. Money in this fund may be used for the purpose of paying the cost of extraordinary repairs or replacements which are necessary to keep the system in operating condition and for which money is not available in the maintenance and operation fund. Money in this fund may also be used to pay principal and interest on the bonds at any time there is not sufficient funds in the other bond funds.

At December 31, 2003, the district has set aside \$57,861 to meet the reserve requirements. These deposits are reported as restricted cash on the district's statement of net assets.

**7. RISK MANAGEMENT**

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

See accountant's compilation report.

**SUPPLEMENTAL INFORMATION SCHEDULES**

See accountant's compilation report.

**COLUMBIA HEIGHTS WATER DISTRICT**  
Columbia, Louisiana

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

**COMPENSATION PAID COMMISSIONERS**

The schedule of compensation paid to commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As provided by Louisiana Revised Statute 33:3819, Columbia Heights Water District commissioners receive \$60 per meeting attended.

**STATUS OF PRIOR YEAR FINDINGS**

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

**CURRENT YEAR FINDINGS AND  
CORRECTIVE ACTION PLAN**

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

See accountant's compilation report.

COLUMBIA HEIGHTS WATER DISTRICT  
Columbia, Louisiana

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

Leon Basco	\$720
G.H. Childress	720
Ronnie Darden	720
Marshall Davis, Jr.	720
Jon McClanahan	<u>720</u>
Total	<u>\$3,600</u>

See accountant's compilation report.

COLUMBIA HEIGHTS WATER DISTRICT  
Columbia, Louisiana

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

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action
---------------------	--	------------------------	-------------------------------	---------------------------------

There were no prior year findings.

See accountant's compilation report.

**COLUMBIA HEIGHTS WATER DISTRICT**  
Columbia, Louisiana

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

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
Procedure 9	Agendas were not prepared for meetings.	The district does not prepare agendas for meetings because the board and the public may introduce any business from the floor.	Janine Adams, Secretary	N/A

See accountant's compilation report.



# HILL, INZINA & COMPANY

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners  
Columbia Heights Water District  
Columbia, Louisiana

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

Our applied procedures, together with any findings, follow:

### *Public Bid Law*

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

### *Code of Ethics for Public Officials and Public Employees*

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

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Telephone 318-281-4492 • Fax 318-281-4087

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

#### *Budgeting*

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

#### *Accounting and Reporting*

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

#### *Meetings*

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

*Debt*

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

*Advances and Bonuses*

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

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

This report is intended solely for the use of management of Columbia Heights Water 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Hill, Dwyer & Co.*

May 10, 2004

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

Mrs. Haynes,

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

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

**PUBLIC BID LAW**

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

Yes  No [ ] N/A [ ]

**CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES**

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

Yes  No [ ] N/A [ ]

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

Yes  No [ ] N/A [ ]

## BUDGETING

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

Yes  No  N/A

## ACCOUNTING AND REPORTING

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

Yes  No  N/A

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

Yes  No  N/A

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

Yes  No  N/A

## MEETINGS

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

Yes  No  N/A

## DEBT

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

Yes  No  N/A

## ADVANCES AND BONUSES

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

Yes  No  N/A



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

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

Gerald Children      4/27/04  
Name                      Date