

EAST COLUMBIA WATERWORKS 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 5-12-04

EAST COLUMBIA WATERWORKS 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
EAST COLUMBIA WATERWORKS 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 East Columbia Waterworks 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 East Columbia Waterworks District for the year ended December 31, 2003.



Calhoun, Louisiana
March 9, 2004

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

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

Our discussion and analysis of East Columbia Waterworks 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 East Columbia Waterworks 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.

EAST COLUMBIA WATERWORKS 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 increased by \$211,417 during 2003. The increase in net assets is due to a capital contribution from the Caldwell Parish Police Jury in the amount of \$222,366. The police jury donated water system improvements to the district. Operating revenues increased \$44,348 due to an increase in the water rates during 2003 and operating expenses decreased \$874 resulting in an increase in operating income of \$45,222 over the prior year's operating income (loss). The following presents an analysis of net assets and changes in net assets of the District's business-type activities:

	BUSINESS-TYPE ACTIVITIES	
	2003	2002
Assets		
Current assets	\$142,657	\$148,572
Restricted assets	190,877	184,376
Capital assets	<u>366,682</u>	<u>185,566</u>
Total assets	<u>700,216</u>	<u>518,514</u>
Liabilities		
Current liabilities	77,892	80,607
Long-term liabilities	<u>521,000</u>	<u>548,000</u>
Total liabilities	<u>598,892</u>	<u>628,607</u>
Net Assets		
Invested in capital assets, net of related debt	(181,318)	(389,434)
Restricted for debt service	190,877	184,376
Unrestricted	<u>91,765</u>	<u>94,965</u>
Total net assets (deficit)	<u>101,324</u>	<u>(110,093)</u>
Operating revenues	220,437	176,089
Operating expenses	190,825	191,699
Non-operating revenues (expenses)	(40,561)	(23,858)
Cumulative effect of change in accounting estimate		(514,893)
Capital contribution	222,366	
Change in net assets	211,417	(554,361)
Net assets - beginning	<u>(110,093)</u>	<u>444,628</u>
Net assets - ending	<u>\$101,324</u>	<u>(\$110,093)</u>

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2003

OVERALL FINANCIAL POSITION

The District's net loss before capital contributions was \$10,949. Unrestricted net assets (those assets available to finance the daily operations of the district) were \$91,765 at year end. The amount of net assets restricted for debt service was \$190,877. The amount invested in capital assets, net of related debt was (\$181,318) 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 \$366,682. Capital assets include land, the water system and equipment costing \$1,000 or more. During 2003, the Caldwell Parish Police Jury donated water system improvements costing \$252,367 to the District. The District paid \$30,000 of the cost of the improvements. Additional information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

At year end the District had \$548,000 in revenue bonds payable. Interest expense on these bonds was \$28,750 for 2003. Additional information about the District's debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS

The District anticipates an increase in operating revenue for the year ending December 31, 2004 due to a water rate increase that went into effect in August 2003. The District expects its net assets to increase approximately \$118,000 for the year ending December 31, 2004.

BASIC FINANCIAL STATEMENTS

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

STATEMENT OF NET ASSETS
December 31, 2003

ASSETS

Current assets:

Cash	\$60,976
Investments	40,677
Accounts receivable - water sales (net)	41,004
Total current assets	142,657

Noncurrent assets:

Restricted cash	113,714
Restricted investments	77,163
Property, plant and equipment (net of accumulated depreciation)	366,682
Total noncurrent assets	557,559
Total assets	700,216

LIABILITIES

Current liabilities:

Accounts payable	6,641
Payroll taxes payable	768
Sales taxes payable	12
Current portion of long-term debt	27,000
Customer deposits	43,471
Total current liabilities	77,892

Noncurrent liabilities:

Long-term debt - revenue bonds payable	521,000
Total liabilities	598,892

NET ASSETS

Invested in capital assets, net of related debt	(181,318)
Restricted for debt service	190,877
Unrestricted	91,765
Total net assets	\$101,324

See accompanying notes and accountant's compilation report.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

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

OPERATING REVENUES

Water sales	\$214,836
Installation and membership fees	5,572
Other revenue	29
Total revenues	<u>220,437</u>

OPERATING EXPENSES

Per diem and travel	13,125
Labor	14,191
Materials and supplies	22,905
Office expense	8,106
Utilities	13,124
Insurance	19,333
Salaries	27,600
Collections expense	600
Payroll taxes	2,113
Depreciation	68,722
Other operating expenses	1,006
Total operating expenses	<u>190,825</u>

OPERATING INCOME

29,612

NON-OPERATING REVENUES (EXPENSES)

Interest income	5,189
State grant	22,520
Line relocation expense	(39,520)
Interest expense	(28,750)
Total non-operating revenues (expenses)	<u>(40,561)</u>

Income (loss) before capital contributions

(10,949)

CAPITAL CONTRIBUTIONS

222,366

Change in net assets

211,417

NET ASSETS - BEGINNING

(110,093)

NET ASSETS - ENDING

\$101,324

See accompanying notes and accountant's compilation report.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

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

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$215,988
Customer deposit receipts, net	2,010
Payments to suppliers	(98,370)
Payments to employees	(27,600)
Net cash provided by operating activities	92,028

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on capital debt	(27,000)
Interest paid on capital debt	(28,750)
Purchases of capital assets	(27,472)
Increase in restricted cash and investments	(6,501)
Net cash used by capital and related financing activities	(89,723)

CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES

DOTD grant	22,520
Line relocation expense	(39,520)
Net cash used by non-capital and related financing activities	(17,000)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	5,189
Decrease in investments	43,408
Net cash provided by investing activities	48,597

NET INCREASE IN CASH

33,902

CASH AT BEGINNING OF YEAR

27,074

CASH AT END OF YEAR\$60,976**Reconciliation of Operating Income to Net Cash**

Provided by Operating Activities	
Operating Income	\$29,612
Adjustments:	
Depreciation	68,722
Increase in accounts receivable	(3,591)
Decrease in accounts payable	(4,159)
Decrease in taxes payable	(566)
Increase in customer deposits	2,010
Total adjustments	62,416
Net cash provided by operating activities	\$92,028

See accountant's compilation report and accompanying notes.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

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

INTRODUCTION

East Columbia Waterworks District was created by the Caldwell Parish Police Jury on September 6, 1949, as authorized by Louisiana Revised Statute 33:3811 for the purpose of supplying safe drinking water to the population of the district. The district is governed by a six member board appointed by the police jury to serve five-year terms. East Columbia Waterworks District commissioners receive \$50 per meeting attended. The district serves approximately 999 customers and has two part-time employees.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Statements

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

1. Management's discussion and analysis (MD&A)
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4. Statement of cash flows
5. Notes to the financial statements
6. RSI other than MD&A, if applicable

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See accountant's compilation report.

EAST COLUMBIA WATERWORKS 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 East Columbia Waterworks 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 East Columbia Waterworks District are water sales, installation and membership 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.

See accountant's compilation report.

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

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 collected in the month following the month billed.

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 East Columbia Waterworks 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. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets, if any, is included as part of the capitalized value of the assets constructed.

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 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,

See accountant's compilation report.

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

and revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS IN FINANCIAL INSTITUTIONS

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

Non-interest bearing checking accounts	\$60,976
Interest bearing savings accounts	113,714
Investments - certificates of deposit	<u>117,840</u>
Total	<u>\$292,530</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2003, the East Columbia Waterworks District has \$296,560 in deposits (collected bank balances). These deposits are secured from risk by \$165,007 of federal deposit insurance and \$244,825 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 \$41,004 as follows:

Water sales	\$44,578
Allowance for uncollectible accounts	<u>(3,574)</u>
Net receivables	<u>\$41,004</u>

4. CAPITAL ASSETS

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

See accountant's compilation report.

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

	Balance at January 1, 2003	Increases	Decreases	Balance at December 31, 2003
Capital assets not being depreciated:				
Land	\$3,950			\$3,950
Construction in progress	\$2,528	\$27,472	(\$30,000)	NONE
Total capital assets not being depreciated	<u>\$6,478</u>	<u>\$27,472</u>	<u>(\$30,000)</u>	<u>\$3,950</u>
Capital assets being depreciated:				
Water system	\$1,401,618	\$252,366		\$1,653,984
Equipment	17,667			17,667
Total capital assets being depreciated	<u>1,419,285</u>	<u>252,366</u>	<u>NONE</u>	<u>1,671,651</u>
Less accumulated depreciation for:				
Water system	1,228,753	66,160		1,294,913
Equipment	11,444	2,562		14,006
Total accumulated depreciation	<u>1,240,197</u>	<u>68,722</u>	<u>NONE</u>	<u>1,308,919</u>
Total assets being depreciated, net	<u>\$179,088</u>	<u>\$183,644</u>	<u>NONE</u>	<u>\$362,732</u>

Depreciation expense of \$68,722 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	\$575,000
Additions	NONE
Reductions	<u>(27,000)</u>
Revenue bonds payable at December 31, 2003	<u>\$548,000</u>

See accountant's compilation report.

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

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	\$27,000
Long-term portion	<u>521,000</u>
Total	<u>\$548,000</u>

All outstanding debt at December 31, 2003, in the amount of \$548,000 are revenue bonds payable with maturities from 2004 until 2020 and 5% interest rates. Loan principal and interest payable in the next fiscal year are \$27,000 and \$27,400, respectively. The individual bonds are as follows:

	<u>\$337,000</u> Bonds	<u>\$646,300</u> Bonds
Original issue date	5/23/73	7/29/81
Interest rate	5.00%	5.00%
Final payment due	1/1/20	1/1/20
Interest to maturity	\$65,110	\$176,040
Principal outstanding	\$148,000	\$400,000
Funding source	Water revenue	Water revenue

The loans are due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total</u>
2004	\$27,000	\$27,400	\$54,400
2005	28,000	26,050	54,050
2006	35,000	24,650	59,650
2007	36,000	22,900	58,900
2008	37,000	21,100	58,100
2009 - 2013	185,000	76,800	261,800
2014 - 2018	135,000	37,250	172,250
2019 - 2020	65,000	5,000	70,000
Total	<u>\$548,000</u>	<u>\$241,150</u>	<u>\$789,150</u>

See accountant's compilation report.

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

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 "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, 2003, the district has set aside \$190,877 to meet the reserve requirements. These deposits are reported as restricted cash and investments on the district's statement of net assets.

7. CAPITAL CONTRIBUTION

During 2003, the Caldwell Parish Police Jury completed a \$252,366 project that made improvements to the East Columbia Waterworks District's water system. The East Columbia Waterworks District contributed \$30,000 toward the cost of these improvements. In March 2003, the Caldwell Parish Police Jury donated the water system improvements to the East Columbia Waterworks District. The cost of these improvements less the amount paid by the East Columbia Waterworks District is reported as a See accountant's compilation report.

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

capital contribution in the amount of \$222,366 in the accompanying statement of revenues, expenses and changes in net assets.

8. 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.

EAST COLUMBIA WATERWORKS 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, East Columbia Waterworks District commissioners receive \$50 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.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, LouisianaSCHEDULE OF COMPENSATION PAID COMMISSIONERS
For the Year Ended December 31, 2003

Shelby Cruse	\$550
Jerry Duff	595
V. H. Osteen	595
Dale Powell	595
John Rider	595
John Slack	595
Total	<u>\$3,525</u>

See accountant's compilation report.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

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

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

See accountant's compilation report.

EAST COLUMBIA WATERWORKS 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 8	Three of the selected disbursements were not properly supported.	All future disbursements will be properly supported by invoices or other supporting documentation.	Marva L. Gregory, Secretary	12/31/04
Procedure 9	The published notice of meeting place and times differed from the actual meeting place and times.	The published notice will include the correct meeting place and times.	Marva L. Gregory, Secretary	5/04
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.	Marva L. Gregory, Secretary	N/A

See accountant's compilation report.

HILL, INZINA & COMPANY

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
East Columbia Waterworks 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 East Columbia Waterworks 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).
 - o Our review of monthly handwritten cash disbursement journals 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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701 East Madison Avenue • P. O. Box 631 • Bastrop, Louisiana 71221-0631
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.
 - Supporting documentation was not made available for three of the six disbursements randomly selected; therefore, none of the other attributes could be tested other than approval denoted by the signature of a commissioner of the District on the checks.

We examined supporting documentation for the remaining three randomly 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 by signature on the checks of a commissioner of the District.

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 on the door of the District's meeting location or publish a notice of each meeting and the accompanying agenda. We ascertained that publication was made of the date, time, and location of the District's meetings but

our review of the minutes of the meetings held during the period under examination disclosed that all meetings were not held on the specified dates or at the specified location. Also, 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 monthly handwritten cash receipt journals and bank statements 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 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Hill, Arzoo & Co.

April 20, 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 2-4-04.

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 []

