

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

Annual Financial Statements

As of and for the Year Ended
December 31, 2017

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

Annual Financial Statements

As of and for the Year Ended December 31, 2017

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COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana
Annual Financial Statements
As of and for the Year Ended December 31, 2017

C O N T E N T S (Contd.)

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M. CARLEEN DUMAS
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Independent Auditor's Report

BOARD OF COMMISSIONERS
COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of Columbia Heights Water District, a component unit of Caldwell Parish, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Member of the American Institute of Certified Public Accountants
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BOARD OF COMMISSIONERS
COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana
Independent Auditor's Report
December 31, 2017

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Columbia Heights Water District, as of December 31, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Columbia Heights Water District's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head and Board of Commissioners is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by Title 2 U. S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

BOARD OF COMMISSIONERS
COLUMBIA HEIGHTS WATER DISTRICT
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Independent Auditor's Report
December 31, 2017

The Schedule of Compensation, Benefits, and Other Payments to Agency Head and Board of Commissioners and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head and Board of Commissioners and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 16, 2018, on my consideration of Columbia Heights Water District's internal control over financial reporting and on my tests of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Columbia Heights Water District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

/s Carleen Dumas
Calhoun, Louisiana
June 16, 2018

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

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, 2017. Please read it in conjunction with the District's financial statements that begin on page 10.

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 position
- c. Statement of revenues, expenses, and changes in net position
- 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 Position and the Statement of Revenues, Expenses and Changes in Net Position 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 position* and the changes in net position. Net position - 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 position is 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, 2017

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, non-capital and related financing activities, and investing activities.

**COMPARATIVE ANALYSIS OF
FINANCIAL DATA**

The District's total net position increased by \$352,963 during 2017. Operating revenues decreased \$30,499. Operating expenses increased \$10,725 with the largest increases in utilities and sales taxes. There was a \$1,971,934 decrease in current liabilities due to the repayment of bond anticipation notes that provided interim financing for the water system improvement project. Long-term water revenue bonds totaling \$2,788,000 were issued during 2017. The following presents an analysis of net position and changes in net position for the years ended December 31, 2017 and 2016, respectively.

	<u>2017</u>	<u>2016</u>
Assets		
Current assets	\$825,786	\$659,112
Restricted assets	591,488	554,560
Capital assets, net	<u>3,535,623</u>	<u>2,597,291</u>
Total assets	<u>4,952,897</u>	<u>3,810,963</u>
Liabilities		
Current liabilities	177,204	2,149,138
Long-term liabilities	<u>2,750,816</u>	NONE
Total liabilities	<u>2,928,020</u>	<u>2,149,138</u>
Net Position		
Net investment in capital assets	747,623	734,613
Restricted	513,621	338,939
Unrestricted	<u>763,633</u>	<u>588,273</u>
Total net position	<u>2,024,877</u>	<u>1,661,825</u>
	<u>2017</u>	<u>2016</u>
Operating revenues	396,292	426,791
Operating expenses	247,960	237,235
Non-operating revenues	204,631	4,612
Change in net position	352,963	194,168
Net position - beginning (restated)	<u>1,671,914</u>	<u>1,467,657</u>
Net position - ending	<u>\$2,024,877</u>	<u>\$1,661,825</u>

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

OVERALL FINANCIAL POSITION

The District's change in net position was a \$352,963 increase. Unrestricted net position (net position available to finance the daily operations of the district) was \$763,633 at year end. Net position restricted for construction was \$324,195 and net position restricted by the 2017 Water Revenue Bonds issue was \$189,426. The net amount invested in capital assets was \$747,623 at year end.

CAPITAL ASSETS AND DEBT

At the end of the year, the District had capital assets (net of accumulated depreciation) totaling \$3,535,623. Capital assets include land, construction in progress, the water system, and equipment costing \$1,000 or more. The District incurred \$946,404 in engineering fees, construction costs, legal fees, interest, and other fees during 2017 in connection with a major water system improvement project. These project costs were recorded as construction in progress. Additional information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

During 2017 the District issued \$2,788,000 in 2017 Water Revenue Bonds. The bond proceeds were used to repay the principal and interest due on two different series of Bond Anticipation Notes that were due and payable on January 20, 2017, and to provide financing for a portion of the costs of constructing and acquiring improvements to the water system. Additional information about the District's debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS

The District anticipates that 2018 operating revenues and expenses will be approximately the same as 2017 amounts except for an increase in interest expense and depreciation expense as the water system improvement project will be completed during 2018.

BASIC FINANCIAL STATEMENTS

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

STATEMENT OF NET POSITION
December 31, 2017

ASSETS

Current assets:

Cash	\$517,003
Investments	248,657
Accounts receivable (net)	60,126
Total current assets	825,786

Noncurrent assets:

Restricted:

Cash	331,730
Investments	259,758
Property, plant and equipment (net of accumulated depreciation)	3,535,623
Total noncurrent assets	4,127,111
Total assets	4,952,897

LIABILITIES

Current liabilities:

Accounts payable	37,894
Payroll taxes payable	1,858
Current portion of revenue bonds payable	37,184
Customer meter deposits	22,401

Current liabilities payable from restricted assets:

Accounts payable	7,535
Accrued interest	70,332
Total current liabilities	177,204

Long-term liabilities - revenue bonds payable

Total liabilities	2,750,816
	2,928,020

NET POSITION

Net investment in capital assets	747,623
Restricted for construction	324,195
Restricted for revenue bonds	189,426
Unrestricted	763,633
Total net position	\$2,024,877

See accompanying notes.

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION

For the Year Ended December 31, 2017

OPERATING REVENUE	
Water sales	\$392,547
Installation fees	2,400
Connection fees	900
Other operating revenue	445
Total operating revenue	<u>396,292</u>
OPERATING EXPENSES	
Commissioners fees	4,600
Accounting	5,924
Repairs and maintenance	13,698
Materials and supplies	32,014
Office expense	3,713
Utilities	33,387
Insurance	14,704
Salaries	94,495
Payroll taxes	7,501
Sales tax	10,057
Safe drinking water fee	5,586
Collection expense	2,316
Truck and gasoline expense	6,201
Depreciation	8,072
Other operating expenses	5,692
Total operating expenses	<u>247,960</u>
OPERATING INCOME	<u>148,332</u>
NON-OPERATING REVENUES	
Interest income	4,631
USDA grant	200,000
Total non-operating revenues	<u>204,631</u>
CHANGE IN NET POSITION	352,963
NET POSITION - BEGINNING (Restated)	<u>1,671,914</u>
NET POSITION - ENDING	<u><u>\$2,024,877</u></u>

See accompanying notes.

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$390,561
Customer deposit receipts, net	3,850
Payments to suppliers	(137,066)
Payments to employees and board members	(99,095)
Net cash provided by operating activities	<u>158,250</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Construction of capital assets	(1,084,158)
Interest payment on bond anticipation notes	(6,174)
Principal payment on bond anticipation notes	(1,862,678)
Proceeds from water revenue bonds	2,788,000
Proceeds from USDA grant	200,000
Increase in restricted cash	(101,771)
Decrease in amount due from Columbia Heights Sewerage District No. 1	66,781
Net cash provided by capital financing activities	<u>NONE</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	4,631
Increase in investments	(2,673)
Increase in restricted investments	(1,939)
Net cash provided by investing activities	<u>19</u>

NET INCREASE IN CASH

	158,269
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CASH AT BEGINNING OF YEAR

	<u>358,734</u>
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CASH AT END OF YEAR

	<u>\$517,003</u>
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Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income	<u>\$148,332</u>
Adjustments:	
Depreciation	8,072
Increase in accounts receivable	(5,731)
Increase in accounts payable	3,759
Decrease in payroll taxes payable	(32)
Increase in customer deposits	3,850
Total adjustments	<u>9,918</u>
Net cash provided by operating activities	<u>\$158,250</u>

See accompanying notes.

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

INTRODUCTION

Columbia Heights Water District was created by the Caldwell Parish Police Jury on June 2, 1947, 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 \$100 per meeting attended. The District serves approximately 664 customers and has three part-time employees.

GASB Statement No. 14, *The Reporting Entity*, and No. 39, *Determining Whether Certain Organizations Are Component Units - an amendment of GASB Statement No. 14* established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of these statements, the Columbia Heights Water District is considered a component unit of Caldwell Parish. 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 :

1. Management's discussion and analysis (MD&A)
2. Statement of net position
3. Statement of revenues, expenses, and changes in net position
4. Statement of cash flows
5. Notes to the financial statements
6. RSI other than MD&A, if applicable

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

**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.

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 limits the District's credit risk by restricting the District's investments to 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, 2017, the district's investments consist of nonnegotiable certificates of deposit with original maturities that exceed 90 days that are reported in the accompanying financial statements at cost. The district's interest rate risk is limited by the investment of funds for periods not to exceed 30 months.

D. Receivables

Accounts receivable consist of amounts due from customers for water service provided prior to year end. 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. Past due amounts are written off as bad debts when considered uncollectible by management.

E. Restricted Assets

Certain resources set aside to meet the reserve requirements of the 2017 Water Revenue Bonds and for construction of major system improvements are classified as restricted assets on the balance sheet because their use is limited. It is the policy of the District to first use the restricted assets for construction but otherwise to use nonrestricted assets when both restricted and nonrestricted assets are available.

COLUMBIA HEIGHTS WATER DISTRICT
Notes to the Financial Statements

F. Capital Assets

Capital assets, which include land, construction in progress, 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. 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 and construction in progress, 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. 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.

H. Interest Costs

The following provides disclosure on interest costs for the year ended December 31, 2017:

Total interest cost expensed	NONE
Total interest cost capitalized	<u>\$70,332</u>
Total interest costs incurred	<u><u>\$70,332</u></u>

2. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2017, the District has cash, investments, restricted cash, and restricted investments, (book balances) as follows:

COLUMBIA HEIGHTS WATER DISTRICT
Notes to the Financial Statements

Non-interest bearing checking accounts	\$848,677
Interest bearing checking account	56
Investments - certificates of deposit	<u>508,415</u>
Total	<u>\$1,357,148</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. At December 31, 2017, the Columbia Heights Water District has \$1,366,111 in deposits (collected bank balances). These deposits are secured from risk by \$500,056 of federal deposit insurance and \$918,542 of pledged securities held by an unaffiliated bank in the name of the fiscal agent bank.

3. ACCOUNTS RECEIVABLE

At December 31, 2017, the District has net receivables of \$60,126 as follows:

Water sales	\$67,890
Allowance for uncollectible accounts	<u>(7,764)</u>
Net receivables	<u>\$60,126</u>

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2017, is as follows:

	Balance at January 1, 2017	Increases	Decreases	Balance at December 31, 2017
Capital assets not being depreciated:				
Land	\$57,489			\$57,489
Construction in progress	2,506,811	\$946,404		3,453,215
Total capital assets not being depreciated	<u>2,564,300</u>	<u>946,404</u>	NONE	<u>3,510,704</u>
Capital assets being depreciated:				
Water system	\$984,936		(\$928,272)	\$56,664
Equipment	123,775		(25,433)	98,342
Total capital assets being depreciated	<u>1,108,711</u>	NONE	<u>(953,705)</u>	<u>155,006</u>

COLUMBIA HEIGHTS WATER DISTRICT
Notes to the Financial Statements

	Balance at January 1, 2017	Increases	Decreases	Balance at December 31, 2017
Less accumulated depreciation for:				
Water system	\$976,464	\$2,267	(\$928,272)	\$50,459
Equipment	99,256	5,805	(25,433)	79,628
Total accumulated depreciation	<u>1,075,720</u>	<u>8,072</u>	<u>(953,705)</u>	<u>130,087</u>
Total assets being depreciated, net	<u>32,991</u>	<u>(8,072)</u>	NONE	<u>24,919</u>
 Total assets, net	 <u>\$2,597,291</u>	 <u>\$938,332</u>	 <u>NONE</u>	 <u>\$3,535,623</u>

The amount recorded as construction in progress was engineering fees, construction costs, legal fees, interest incurred during construction period, and other fees that were incurred during 2017 in connection with a major water system improvement project. The decrease in capital assets being depreciated and accumulated depreciation were fully depreciated assets that were replaced with the new water system improvements and an old vehicle that is no longer in service. Depreciation expense of \$8,072 for the year ended December 31, 2017 was reported in the statement of revenues, expenses, and changes in net position.

5. REVENUE BONDS PAYABLE

On January 20, 2017, the District issued \$2,788,000 in Water Revenue Bonds, Series 2017. The bonds were issued in series R-1 in the amount of \$2,052,000 and R-2 in the amount of \$736,000. The bonds were purchased by the United States Department of Agriculture and principal was advanced to the District in amounts needed to repay the principal and interest due on two different series of Bond Anticipation Notes that were due and payable on January 20, 2017, and to provide financing for a portion of the costs of constructing and acquiring improvements to the water system. Both series of the water revenue bonds bear interest at 2.75% and are payable over a 40 year period consisting of interest only on January 20, 2018, and commencing on February 20, 2018, a \$9,731 monthly installment of principal and interest through December 20, 2056. The bonds are secured by a pledge of the income and revenues of the District after the payment of all reasonable and necessary expenses of operating and maintaining the water system.

The following is a summary of long-term debt transactions for the year ended December 31, 2017:

	Bond Anticipation Notes	2017 Water Revenue Bonds	Total
Balance at January 1, 2017	\$1,862,678	NONE	\$1,862,678

COLUMBIA HEIGHTS WATER DISTRICT
Notes to the Financial Statements

Additions		\$2,788,000	\$2,788,000
Reductions	<u>(\$1,862,678)</u>		<u>(1,862,678)</u>
Balance at December 31, 2017	<u>NONE</u>	<u>\$2,788,000</u>	<u>\$2,788,000</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 water revenue bonds as of December 31, 2017:

Current portion	\$37,184
Long-term portion	<u>2,750,816</u>
Total	<u>\$2,788,000</u>

The principal and interest payments on all debt outstanding are due as follows:

<u>Year Ending December 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2018	\$37,184	\$69,857	\$107,041
2019	41,647	75,125	116,772
2020	42,807	73,965	116,772
2021	43,999	72,773	116,772
2022	45,224	71,548	116,772
2023-2027	245,729	338,131	583,860
2028-2032	281,906	301,954	583,860
2033-2037	323,408	260,452	583,860
2038-2042	371,021	212,839	583,860
2043-2047	425,643	158,217	583,860
2048-2052	488,307	95,553	583,860
2053-2056	441,125	25,169	466,294
Total	<u>\$2,788,000</u>	<u>\$1,755,583</u>	<u>\$4,543,583</u>

6. RESTRICTED ASSETS

The letter of conditions issued by the United States Department of Agriculture in connection with the 2017 Water Revenue Bond issue required the District to set aside a total of \$245,400 in reserve accounts. In addition, the letter of conditions required that the District deposit all bond advances into a separate Construction Account to be used solely for the payment of costs incurred for the water improvement project. At December 31, 2017, the District has a total of 591,448 set aside to meet the requirements of the letter of conditions. As of December 31, 2017, there is a total of \$77,867 in liabilities that are payable from the restricted assets.

COLUMBIA HEIGHTS WATER DISTRICT
Notes to the Financial Statements

7. RESTATEMENT OF BEGINNING NET POSITION

The amount reported for the customer meter deposit liability in the prior year financial statements was overstated by \$10,089. Beginning net position reported in the accompanying financial statements has been restated as follows :

Beginning net position as previously reported	\$1,661,825
Customer meter deposit liability overstated	<u>10,089</u>
Beginning net position, restated	<u>\$1,671,914</u>

8. COMMITMENTS UNDER CONTRACTS

The total budgeted cost for the water system improvement project is \$3,707,000. In addition to the \$2,788,000 from loan proceeds described in Note 5, the District contributed of \$719,000 of its own funds toward the cost of the project and received a grant from the United States Department of Agriculture, Rural Development in the amount of \$200,000. The District's contributions are considered the first funds expended. During 2015, the district entered into three separate construction contracts totaling \$3,005,940 in connection with the project. During 2017, one of the construction contracts was amended and increased by \$198,500. At December 31, 2017, all of the commitments under the construction contracts had been paid except for \$229,983 in construction costs and \$4,110 in engineering fees. As of December 31, 2017, the district has incurred a total of \$3,453,215 in costs associated with the project that are reported as construction in progress in the accompanying financial statements.

9. CONTINGENCIES

During the year ended December 31, 2017, the District expended \$946,404 in federal loan funds from the United States Department of Agriculture. These expenses are subject to audit and adjustment by the United States Department of Agriculture; therefore, to the extent that the District has not complied with the rules and regulations governing the loan funds, refunds of any money received may be required. In the opinion of the District's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the loan funds; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

10. 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.

COLUMBIA HEIGHTS WATER DISTRICT
Notes to the Financial Statements

11. SUBSEQUENT EVENTS

Management of the District has evaluated subsequent events through June 16, 2018, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION SCHEDULES

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULE
As of and For the Year Ended December 31, 2017

**SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
AND BOARD OF COMMISSIONERS**

The Schedule of Compensation, Benefits, and Other payments to Agency Head and Board of Commissioners is presented in compliance with Act 706 of the 2017 Session and 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 \$100 per meeting attended.

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards is presented as required by Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD AND BOARD OF COMMISSIONERS
For the Year Ended December 31, 2017

BOARD COMPENSATION

Agency Head - Louis Champagne - President	\$1,200
Stuart Baum	1,100
Ronnie Darden	1,200
Mike McDonald	<u>1,100</u>
Total	<u>\$4,600</u>

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2017

Federal Agency/Program Title	Federal CFDA Number	Federal Expenditures - Direct Awards
United States Department of Agriculture: Water and Waste Disposal Systems for Rural Communities	10.760	<u>\$946,404</u>

Note to the Schedule of Expenditures of Federal Awards

Note 1 - Basis of Accounting

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the District's financial statements. The District uses the accrual basis of accounting. Expenditures represent only the federally funded portions of the program. The District's records should be consulted to determine the amounts expended from non-federal sources.

Note 2 - Loan Programs

The District did not have any outstanding federal loan balances at the beginning of the year with continuing compliance requirements.

Independent Auditor's Reports
Required by *Government Auditing Standards* and the Uniform Guidance

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

The following independent auditor's report on compliance for each major federal program and report on internal control over compliance is presented in compliance with the requirements of Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, referred to as the Uniform Guidance.

M. CARLEEN DUMAS
Certified Public Accountant
369 Donaldson Road. Calhoun, Louisiana. Telephone 318/644-5726

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

BOARD OF COMMISSIONERS
COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

I have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor, the financial statements of the Columbia Heights Water District, a component unit of Caldwell Parish, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Columbia Heights Water District's basic financial statements and have issued my report thereon dated June 16, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Columbia Heights Water District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion of the effectiveness of the District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the

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BOARD OF COMMISSIONERS
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Independent Auditor's Report
on Compliance and on
Internal Control, etc.,
December 31, 2017

deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2017-003 to be a significant deficiency.

Compliance and Other Matters

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

District's Responses to Findings

Columbia Heights Water District's responses to the findings identified in my audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/ Carleen Dumas
Calhoun, Louisiana
June 16, 2018

M. CARLEEN DUMAS
Certified Public Accountant
369 Donaldson Road. Calhoun, Louisiana. Telephone 318/644-5726

**Independent Auditor's Report on Compliance for
Each Major Federal Program and Report on Internal Control over Compliance
Required by the Uniform Guidance**

BOARD OF COMMISSIONERS
COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

Report on Compliance for Each Major Federal Program

I have audited Columbia Heights Water District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on the District's major federal program for the year ended December 31, 2017. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for Columbia Heights Water District's major federal program based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for the District's major federal program. However, my audit does not provide a legal determination of the Board's compliance.

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BOARD OF COMMISSIONERS
COLUMBIA HEIGHTS WATER DISTRICT
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Independent Auditor's Report
on Compliance for Each Major
Federal Program and Report on
Internal Control Over Compliance, etc.,
December 31, 2017

Opinion on Major Federal Program

In my opinion, Columbia Heights Water District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of Columbia Heights Water District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

BOARD OF COMMISSIONERS
COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana
Independent Auditor's Report
on Compliance for Each Major
Federal Program and Report on
Internal Control Over Compliance, etc.,
December 31, 2017

Purpose of Report

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

/s Carleen Dumas
Calhoun, Louisiana
June 16, 2018

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2017

Section I - Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued - Unmodified opinion.
2. Internal control over financial reporting:

Material weakness(es) identified? - Yes
Significant deficiency(ies) identified? - Yes
3. Noncompliance material to financial statements noted? - No

Federal Awards

4. Internal control over major programs:

Material weakness(es) identified? - No
Significant deficiency(ies) identified? - None reported
5. Type of auditor's report issued on compliance for major programs - Unmodified opinion.
6. Any audit findings disclosed that are required to be reported in under Section 200.516 paragraph (a) of the Uniform Guidance - No
7. Identification of major program:

United States Department of Agriculture
CFDA Number: 10.760 Water and Waste Disposal Systems for Rural Communities
8. Dollar threshold used to distinguish between type A and type B programs - \$750,000.
9. Auditee qualified as low-risk auditee? - No

Section II - Financial Statement Findings

2017-001. Inadequate Segregation of Accounting Duties

Criteria: Proper internal controls require that accounting duties be performed by separate individuals so that one individual could not perpetrate and conceal errors or irregularities without them being detected by another individual who was performing his or her assigned duties.

Condition: The accounting duties of billing, collecting, depositing, and posting customer payments to customers accounts' is performed by one employee.

Cause: Limited number of employees due to the small size of the District.

Effect: Errors or irregularities may not be detected within a timely period.

Recommendation: None.

Management's Response: It is not economically feasible to correct this deficiency based on the size of the District and its limited revenues.

2017-002. Inadequate Controls Over Preparation of Annual Financial Statements

Criteria: The District is required to prepare annual financial statements in accordance with generally accepted accounting principles and should have internal controls in place to prevent, detect or correct a misstatement of those financial statements.

Condition: The District does not have an individual with the expertise to perform these internal control functions effectively.

Cause: Limited number of employees due to the small size of the District.

Effect: Misstatements in the financial statements may not be detected within a timely period.

Recommendation: None.

Management's Response: It is not economically feasible to correct this deficiency based on the size of the District and its limited revenues.

BOARD OF COMMISSIONERS
COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana
Schedule of Findings and Questioned Costs

**2017-003. Failure to Reconcile Customer Meter Deposit Liability to
Customer Records**

Criteria: Proper internal controls should include reconciling, on a monthly basis, the customer meter deposit liability recorded in the general ledger with the listing of customers' meter deposits maintained in the billing software.

Condition: The listing of customers' meter deposits maintained in the billing software is not reconciled to the customer meter deposit liability recorded in the general ledger on a monthly basis.

Cause: Oversight.

Effect: Errors in customer meter deposit records may not be detected within a timely period.

Recommendation: The listing of customers' meter deposits maintained in the billing software should be reconciled on a monthly basis to the customer meter deposit liability reported in the general ledger.

Management's Response: Beginning with the month of July 2018, the Secretary/Bookkeeper of the District will reconcile, on a monthly basis, the listing of customers' meter deposits maintained in the billing software to the customer meter deposit liability reported in the general ledger.

Section III - Federal Award Findings

None.

**COLUMBIA HEIGHTS WATER DISTRICT
P.O. BOX 631
COLUMBIA, LOUISIANA 71418**

**CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2017**

Finding No. 2017-001

Corrective Action Planned: None.

Person Responsible for Corrective Action: Not applicable.

Anticipated Completion Date: Not applicable.

Finding No. 2017-002

Corrective Action Planned: None.

Person Responsible for Corrective Action: Not applicable.

Anticipated Completion Date: Not applicable.

Finding No. 2017-003

Corrective Action Planned: Beginning with the month of July 2018, the Secretary/Bookkeeper of the District will reconcile, on a monthly basis, the listing of customers' meter deposits maintained in the billing software to the customer meter deposit liability reported in the general ledger.

Person Responsible for Corrective Action: Debra Poole, Secretary/Bookkeeper.

Anticipated Completion Date: July 31, 2018.

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COLUMBIA HEIGHTS WATER DISTRICT
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SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2017

Financial Statement Findings

Finding No. 2016-001. Noncompliance with Public Bid Law (Initially Occurred 2016)

Condition: The District did not advertise for bids as required by the Public Bid Law for purchase of a vehicle.

Current Status: The condition has been resolved.

Finding No. 2016-002. Incomplete Accounting Records (Initially Occurred 2016)

Condition: The transactions of the USDA Construction bank account were not posted to the general ledger maintained in Quickbooks.

Current Status: The condition has been resolved.

Finding No. 2016-003. Failure to Reconcile Customer Meter Deposit Liability to Customer Records (Initially Occurred 2016)

Condition: The listing of customers' meter deposits maintained in the billing software had not been purged for refunded or forfeited deposits and the listing did not include deposits for all active customers. Additionally, the listing had not been reconciled to the customer meter deposit liability recorded in the general ledger.

Current Status: The condition has been partially resolved. See finding 2017-003 in the Schedule of Findings and Questioned Costs.

Finding No. 2016-004. Inadequate Segregation of Accounting Duties (Initially Occurred 2000)

Condition: All accounting duties are performed by one employee.

Current Status: The condition has not been resolved because it is not economically feasible to correct this deficiency based on the size of the District.

BOARD OF COMMISSIONERS
COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana
Summary Schedule of Prior Year Findings

Finding No. 2016-005. Inadequate Controls Over Preparation of Annual Financial Statements and Schedule of Expenditure of Federal Awards (Initially Occurred 2016)

Condition: The District does not have an individual with the expertise to perform these internal control functions effectively.

Current Status: The condition has not been resolved because it is not economically feasible to correct this deficiency based on the size of the District.

Finding No. 2016-006. Inadequate Controls Over Accounting Records Used in Preparation of Annual Financial Statements and Schedule of Expenditure of Federal Awards (Initially Occurred 2016)

Condition: The transactions of the USDA Construction bank account were not posted to the general ledger maintained in Quickbooks.

Current Status: The condition has been resolved.

M. CARLEEN DUMAS
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Independent Accountant's Report
On Applying Agreed-Upon Procedures

BOARD OF COMMISSIONERS
COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

LOUISIANA LEGISLATIVE AUDITOR

I have performed the procedures enumerated below, which were agreed to by Columbia Heights Water District (the "District") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The District's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this 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.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

Does not apply to the District for the year ended December 31, 2017.

- b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

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BOARD OF COMMISSIONERS
COLUMBIA HEIGHTS WATER DISTRICT
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LOUISIANA LEGISLATIVE AUDITOR
Independent Accountants Report on
Applying Agreed-Upon Procedures
December 31, 2017

The District's written purchasing policy addresses all of the specified financial/business functions.

- c) **Disbursements**, including processing, reviewing, and approving

The District's written disbursements policies and procedures address all of the specified financial/business functions.

- d) **Receipts**, including receiving, recording, and preparing deposits

The District's written receipts policies and procedures address all of the specified financial/business functions except for recording.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The District's written payroll/personnel policies and procedures address all of the specified financial/business functions.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

The District does not have written contracting policies and procedures.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

The District's written credit cards policies and procedures address all of the specified financial/business functions.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

The District's written travel and expense reimbursement policies and procedures address all of the specified financial/business functions except for dollar thresholds by category of expense and documentation requirements.

BOARD OF COMMISSIONERS
COLUMBIA HEIGHTS WATER DISTRICT
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LOUISIANA LEGISLATIVE AUDITOR
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- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

The District does not have any written policies and procedures for ethics.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The District's written debt service policies and procedures address all of the specified financial/business functions.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The District's Board of Commissioners met on a monthly basis.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Does not apply to the District for the year ended December 31, 2017.

- 1) If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Does not apply to the District for the year ended December 31, 2017.

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LOUISIANA LEGISLATIVE AUDITOR
Independent Accountants Report on
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- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The minutes of the Board of Commissioners included the approval of bids and approval of financial statements.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Management provided the required listing and a representation that the listing is complete.

- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Bank reconciliations were prepared for all months in the fiscal period for all checking accounts selected except for the Construction Fund.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

There was no evidence that bank reconciliations were reviewed by someone with no involvement in the transactions associated with the bank account.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

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LOUISIANA LEGISLATIVE AUDITOR
Independent Accountants Report on
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One of the five bank reconciliations had reconciling items that had been outstanding for more than 6 months at December 31, 2017. There was no documentation that management had researched the outstanding items.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Management provided the required listing and a representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

The District employee responsible for collecting cash is bonded as well as the bank employees at the two bank collection sites. Due to the limited number of employees, the employee who collects cash through the mail is also responsible for depositing cash in the bank, recording the related transaction, and reconciling the related bank account. The District employee does not use a cash register or cash drawer. Bank employees who collect payments at the bank on behalf of the district, make the bank deposits as the cash is collected. The bank then sends the billstubs and a copy of the deposit slip to the District employee who records the transaction and reconciles the bank account. The bank employees do not share a cash register or cash drawer with another employee.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

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Due to the limited number of employees, the District does not have a formal process to reconcile cash collections received in the mail to the general ledger and/or subsidiary ledgers, by an employee who is not also responsible for cash collections. The District's Secretary/Bookkeeper reconciles cash deposited directly into the bank by bank employees to the billstubs that are used to post payments to the customers' accounts.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- 1) Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

The District's collection documentation does not include daily posting of cash receipts to the general ledger. Therefore, I selected my sample of cash collections based on the highest month of receipts which was September 2017. I then selected September 5 through September 10 as my test week. Mail receipts posted on September 7, 2017 were deposited on September 14, 2017, and mail receipts posted on September 10, 2017 were deposited on September 14, 2017. The receipts collected by the banks for this week, were deposited in the bank on the same day that they were collected by the bank employees.

- 2) Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Cash collections for September 5, 2017 through September 10, 2017 were completely supporting by documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

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Due to the limited number of employees, the District does not have a process to determine completeness of all collections by an employee who is not responsible for collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Management provided the required listing and a representation that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

The District does not use a requisition/purchase order system to initiate purchases.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

The District does not use a requisition/purchase order system to initiate purchases.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

The District does not use a requisition/purchase order system to initiate purchases nor does it maintain receiving reports as documentation for purchases. There were invoices to support all 25 disbursements that were tested and 23 of the 25 invoices were initialed by the Board President.

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10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Due to the limited number of employees, the Secretary/Bookkeeper is responsible for processing payments and adding vendors to the disbursement system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases in the general ledger.

The District's maintenance personnel initiate purchases and the Board President approves the invoice for payment and co-signs the check. The Secretary/Bookkeeper is responsible for co-signing checks and recording purchases/disbursements.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

The supply of unused checks is maintained in a locked safe. Due to the limited number of employees, the Secretary/Bookkeeper has access to the unused checks as well as being responsible for co-signing checks.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The District does not use a signature stamp to sign checks. Signed checks are under the control of the Secretary/Bookkeeper until mailed.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

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Management provided the required listing and a representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

The selected monthly statement and supporting documentation was reviewed, approved, and initialed by the Board President.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

There were no finance charges and/or late fees assessed on the selected statement.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- 1) An original itemized receipt (i.e., identifies precisely what was purchased)

There was an itemized receipt for the charges on the statement.

- 2) Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

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There was no documentation of the business/public purpose for the charges but it was evident from the nature of the charges.

- 3) Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

The District's written policies for credit cards do not require any additional documentation.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

There were no violations of the District's written purchasing/disbursement policies nor the Louisiana Public Bid Law for the transactions examined.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

There were no violations of Article 7, Section 14 of the Louisiana Constitution for the transactions examined.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

From a review of the general ledger, I determined that there were no travel and related expense reimbursements made to any person during the year. Management provided a representation that there were none.

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18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

There are no rates specified in the District's written travel policy.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Does not apply to the District for the year ended December 31, 2017.

- b) Report whether each expense is supported by:

- 1) An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Does not apply to the District for the year ended December 31, 2017.

- 2) Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Does not apply to the District for the year ended December 31, 2017.

- 3) Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

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- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Does not apply to the District for the year ended December 31, 2017.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Does not apply to the District for the year ended December 31, 2017.

Contracts

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

I identified contract payments from review of the general ledger. Management provided a representation that the listing of payments is complete.

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

There was a formal written contract for four of the five vendors selected.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

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- 1) If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Three of the four contracts were subject to the Louisiana Public Bid Law. The District complied with the legal requirements of the Louisiana Public Bid Law for all three contracts.

- 2) If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

One of the four contracts was a professional services contract for engineering services that was entered into during 2015.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Three of the four contracts were amended. The contract amendments were approved by the proper authorities.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

All four payments selected were supported by invoices that complied with the terms of the contracts.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

The District's purchasing policy requires board approval for all payments over \$15,000. All four payments selected were approved by the board or the Board President.

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Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Management provided the required listing and a representation that the listing is complete.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

For the employees selected, payments made to employees were made in strict accordance with the District's pay rate structure.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

For the employees selected, only one employee had a pay rate change during the year. This employee's hourly rate increase was approved by the Board of Commissioners.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Does not apply to the District for the year ended December 31, 2017. The District has only part-time employees.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

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Does not apply to the District for the year ended December 31, 2017. The District has only part-time employees.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Does not apply to the District for the year ended December 31, 2017. The District has only part-time employees.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

There were no employees terminated during the year. Management provided a representation that no employees were terminated during the year.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Payroll taxes as well as the required reports were submitted to the applicable agencies by the required deadlines. None of the District's employees are eligible to be in a retirement system.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

There was no documentation that the District's employees/officials completed the required ethics training during the year.

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27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

There were no alleged ethics violations reported to the District during the year ended December 31, 2017.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

State Bond Commission approval was obtained for the debt issued during the year ended December 31, 2017.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The District made the scheduled debt service payments and maintained debt reserves, as required by the debt covenants.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

The District did not have any tax millages relating to debt service during the year ended December 31, 2017.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

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The District did not have any misappropriations of public funds or assets during the year ended December 31, 2017.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The District did not post the notice required by R.S. 24:523.1 on its premises. The District does not have a website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions regarding management's representations in the above procedures were noted.

Management's Response to Exceptions:

1. The District's written receipts policy will be revised to include all the provisions regarded as best practices by the LLA.
2. The District will adopt a written contracting policy.
3. The District's written travel and expense reimbursement policy will be revised to include dollar thresholds by category of expense and documentation requirements.
4. The District will adopt the Louisiana Code of Governmental Ethics as its written ethics policy.
5. Monthly bank reconciliations will be reviewed and initialed by the Board President.
6. The Secretary/Bookkeeper will research and clear all reconciling items that are outstanding for 6 months or more and attach documentation to the bank reconciliation for the month the item is cleared.
7. Due to the size of the District, it is impractical to implement a one day deposit rule. Deposits of all funds on hand will be made at least two times per week.

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8. The business purpose will be documented on each credit card receipt.
9. The District's travel and expense reimbursement policy will include a statement that reimbursement rates for per diem and mileage will not exceed the GSA rates.
10. Employees and board members of the District will complete one hour of ethics training each year and then provide either a certificate of completion or signature verification to the Secretary/Bookkeeper.
11. The District will post the notice concerning the reporting of misappropriation, fraud, waste, or abuse at its premises.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

/s Carleen Dumas
Calhoun, Louisiana
June 16, 2018