

**COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO. 1
Columbia, Louisiana**

Annual Financial Statements

**As of and for the Year Ended
December 31, 2018**

COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Columbia, Louisiana

Annual Financial Statements
As of and for the Year Ended December 31, 2018

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M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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Independent Accountant's Review Report

BOARD OF COMMISSIONERS
COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO. 1
Columbia, Louisiana

I have reviewed the accompanying financial statements of the business-type activities of Columbia Heights Sewerage District No. 1 (the "District"), a component unit of Caldwell Parish, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquires of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

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.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants, and the standards applicable to review engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

BOARD OF COMMISSIONERS
COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Columbia, Louisiana

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

The accompanying schedule of compensation, benefits, and other payments to agency head and board of commissioners and the schedule of prior year findings are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The information is the representation of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the supplementary information and, accordingly, do not express an opinion on such information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis 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. The information is the responsibility of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the information, and, accordingly, do not express an opinion on such information.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, I have issued a report dated May 15, 2019, on the results of my agreed-upon procedures.



Calhoun, Louisiana
May 15, 2019

COLUMBIA HEIGHTS SEWERAGE DISTRICT NO. 1
Columbia, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

Our discussion and analysis of Columbia Heights Sewerage District No. 1'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, 2018. Please read it in conjunction with the District's financial statements that begin on page 8.

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 Sewerage District No. 1 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 SEWERAGE DISTRICT NO. 1
 Columbia, Louisiana
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended December 31, 2018

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 \$65,858 during 2018. Operating revenues were \$14,421 more than the prior year amounts. Operating expenses increased \$67,590 with the largest increases in depreciation expense and repairs and maintenance. The following presents an analysis of net position and changes in net position of the District:

	<u>2018</u>	<u>2017</u>
Assets		
Current assets	\$945,333	\$606,669
Restricted assets	417,060	600,951
Other assets	753	753
Capital assets, net	<u>2,109,331</u>	<u>2,130,544</u>
Total assets	<u>3,472,477</u>	<u>3,338,917</u>
Liabilities		
Current liabilities	149,838	51,803
Long-term liabilities	<u>1,617,004</u>	<u>1,647,337</u>
Total liabilities	<u>1,766,842</u>	<u>1,699,140</u>
Net Position		
Net investment in capital assets	461,995	453,438
Restricted	325,860	600,951
Unrestricted	<u>917,780</u>	<u>585,388</u>
Total net position	<u>1,705,635</u>	<u>1,639,777</u>
	<u>2018</u>	<u>2017</u>
Operating revenues	296,532	282,111
Operating expenses	310,367	242,777
Non-operating revenues (expenses), net	79,693	107,653
Change in net position	65,858	146,987
Net position - beginning	<u>1,639,777</u>	<u>1,492,790</u>
Net position - ending	<u>\$1,705,635</u>	<u>\$1,639,777</u>

COLUMBIA HEIGHTS SEWERAGE DISTRICT NO. 1
Columbia, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

OVERALL FINANCIAL POSITION

The District's change in net position was a \$65,858 increase. Unrestricted net position (net position available to finance the daily operations of the district) was \$826,580 at year end. Net position restricted for construction was \$296,566 and net position restricted by the 2016 Sewer Revenue Bond issue was \$120,494. The net amount invested in capital assets was \$461,995 at year end.

CAPITAL ASSETS AND DEBT

At the end of the year, the District had capital assets (net of accumulated depreciation) totaling \$2,109,331. Capital assets include land, the sewerage system, buildings, and equipment costing \$1,000 or more. During 2018, the District purchased equipment at a cost of \$91,200. Additional information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

At year end the District had \$1,647,337 in revenue bonds payable. Interest expense for the year was \$31,163. Accrued interest payable on these bonds was \$1,523 at December 31, 2018. Additional information about the District's debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS

The District anticipates that 2019 operating revenues and expenses will be approximately the same as 2018 amounts.

BASIC FINANCIAL STATEMENTS

COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Columbia, Louisiana

STATEMENT OF NET POSITION
December 31, 2018

ASSETS

Current assets:

Cash	\$875,521
Investments	47,234
Accounts receivable - sewer fees	<u>22,578</u>
Total current assets	<u>945,333</u>

Noncurrent assets:

Restricted cash	417,060
Other assets	753
Property, plant and equipment (net of accumulated depreciation)	<u>2,109,331</u>
Total noncurrent assets	<u>2,527,144</u>
Total assets	<u>3,472,477</u>

LIABILITIES

Current liabilities:

Accounts payable	13,751
Accounts payable from restricted cash	91,200
Payroll taxes payable	816
Accrued interest payable	1,523
Current portion of long-term debt	30,333
Customer meter deposits	<u>12,215</u>
Total current liabilities	149,838

Noncurrent liabilities - revenue bonds payable

	<u>1,617,004</u>
Total liabilities	<u>1,766,842</u>

NET POSITION

Net investment in capital assets	461,995
Restricted for construction	205,366
Restricted by revenue bonds	120,494
Unrestricted	<u>917,780</u>
Total net position	<u>\$1,705,635</u>

See accompanying notes and independent accountant's review report.

COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Columbia, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
For the Year Ended December 31, 2018

OPERATING REVENUE	
Sewer service fees	\$288,750
Sewer tap fees	550
Connection fees	1,925
Other operating revenue	5,307
Total operating revenue	<u>296,532</u>
OPERATING EXPENSES	
Commissioners fees	7,800
Accounting and audit	4,268
Repairs and maintenance	31,566
Materials and supplies	13,904
Office expense	3,548
Utilities and telephone	30,356
Insurance	13,060
Health insurance	7,491
Salaries	52,628
Payroll taxes	4,685
Consulting fees	6,000
Contract labor	9,000
Collection expense	1,737
Lab tests	4,830
Gasoline	3,943
Depreciation	112,412
Other operating expenses	3,139
Total operating expenses	<u>310,367</u>
OPERATING INCOME (Loss)	<u>(13,835)</u>
NON-OPERATING REVENUES (Expenses)	
Interest expense	(31,163)
Engineers fees - equipment acquisition	(12,500)
Interest income	339
Property taxes and state revenue sharing	108,017
Sale of fixed assets	15,000
Total non-operating revenues	<u>79,693</u>
CHANGE IN NET POSITION	65,858
NET POSITION - BEGINNING	<u>1,639,777</u>
NET POSITION - ENDING	<u>\$1,705,635</u>

See accompanying notes and independent accountant's review report.

COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Columbia, Louisiana

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$298,386
Customer deposit receipts, net	3,145
Payments to suppliers	(134,372)
Payments to employees and board members	(60,428)
Net cash provided by operating activities	<u>106,731</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Payment of principal of revenue bonds	(29,770)
Payment of interest on revenue bonds	(31,190)
Capital asset acquisition fees	(12,500)
Sale of capital assets	15,000
Decrease in restricted cash	136,996
Net cash provided by capital financing activities	<u>78,536</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Property tax receipts	107,196
State revenue sharing receipts	821
Net cash provided by non-capital financing activities	<u>108,017</u>

NET INCREASE IN CASH

CASH AT BEGINNING OF YEAR	<u>582,237</u>
CASH AT END OF YEAR	<u><u>\$875,521</u></u>

Reconciliation of Operating Income (Loss) to Net Cash**Provided by Operating Activities**

Operating Income (Loss)	<u>(\$13,835)</u>
Adjustments:	
Depreciation	112,412
Decrease in accounts receivable	1,854
Increase in accounts payable	3,427
Decrease in payroll taxes payable	(272)
Increase in customer deposits	3,145
Total adjustments	<u>120,566</u>
Net cash provided by operating activities	<u><u>\$106,731</u></u>

See accompanying notes and independent accountant's review report.

COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Columbia, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2018

INTRODUCTION

Columbia Heights Sewerage District No. 1 was created by the Caldwell Parish Police Jury on August 21, 1977, as authorized by Louisiana Revised Statute 33:3881. The district is governed by a five member board appointed by the police jury. Columbia Heights Sewerage District No. 1 commissioners receive \$100 per meeting attended. The district is responsible for maintaining and operating a sewerage collection and disposal system within the boundaries of the district and has two 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 Sewerage District No. 1 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 Sewerage District No. 1 is a special-purpose government engaged only in business-type activities.

See independent accountant's review report.

COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Notes to the Financial Statements

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

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

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 Sewerage District No. 1 are sewer service fees, tap fees, and connection fees. 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 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, 2018, 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 12 months.

D. Receivables

Accounts receivable consist of amounts due from customers for sewer service provided prior to year end. Receivables are generally shown net of an allowance for uncollectible amounts. These statements contain no provision for uncollectible accounts. The district is of the opinion that such an allowance would be immaterial in relation to the financial statements taken as a whole. Past due amounts are written off as bad debts when considered uncollectible by management.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. For the year ended December 31, 2018, taxes of 4.40 mills were levied on

See independent accountant's review report.

COLUMBIA HEIGHTS SEWERAGE
 DISTRICT NO.1
 Notes to the Financial Statements

property with assessed valuations totaling approximately \$26,931,498, for maintenance and operation of the sewerage district. On November 18, 2017, the voters of the District approved a renewal of the 4.40 mills tax for a period of twenty years, beginning with the year 2017 and ending with the year 2037, for the purpose of constructing, improving, maintaining, and operating the sewers and sewerage disposal works and system of the District.

E. Restricted Assets

Certain resources set aside to meet requirements in connection with the 2016 Sewer 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.

F. Capital Assets

Capital assets, which include land, the sewerage system, buildings, 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 Sewerage District No. 1 maintains a threshold level of \$1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets, if any, is included as part of the capitalized value of the assets constructed.

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

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

G. Long-term Obligations

Long-term debt such as revenue bonds payable are reported as noncurrent liabilities on the statement of net position.

See independent accountant's review report.

COLUMBIA HEIGHTS SEWERAGE
 DISTRICT NO.1
 Notes to the Financial Statements

H. Estimates

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

I. Interest Costs

The following provides disclosure on interest costs for the year ended December 31, 2018:

Total interest cost expensed	\$31,163
Total interest cost capitalized	<u>NONE</u>
Total interest costs incurred	<u><u>\$31,163</u></u>

2. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2018, the district has cash, restricted cash, and investments, (book balances) as follows:

Non-interest bearing checking accounts	\$1,292,581
Investments - certificates of deposit	<u>47,234</u>
Total	<u><u>\$1,339,815</u></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, 2018, the Columbia Heights Sewerage District No. 1 has \$1,341,745 in deposits (collected bank balances). These deposits are secured from risk by \$297,234 of federal deposit insurance and \$1,052,785 of pledged securities held by an unaffiliated bank in the name of the fiscal agent bank.

3. ACCOUNTS RECEIVABLE

At December 31, 2018, the district has net receivables of \$22,578 as follows:

See independent accountant's review report.

COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Notes to the Financial Statements

Sewer service fees	\$22,578
Allowance for uncollectible accounts	<u>NONE</u>
Net receivables	<u>\$22,578</u>

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2018, is as follows:

	Balance at January 1, 2018	Increases	Decreases	Balance at December 31, 2018
Capital assets not being depreciated:				
Land	\$35,517	NONE	NONE	\$35,517
Capital assets being depreciated:				
Sewerage system	2,604,489			2,604,489
Buildings	23,160			23,160
Equipment	41,582	\$91,200		132,782
Total capital assets being depreciated	<u>2,669,231</u>	<u>91,200</u>	<u>NONE</u>	<u>2,760,431</u>
Less accumulated depreciation for:				
Sewerage system	524,572	104,179		628,751
Buildings	22,046	70		22,116
Equipment	27,587	8,163		35,750
Total accumulated depreciation	<u>574,205</u>	<u>112,412</u>	<u>NONE</u>	<u>686,617</u>
Total assets being depreciated, net	<u>2,095,026</u>	<u>(21,212)</u>	<u>NONE</u>	<u>2,073,814</u>
Total assets, net	<u>\$2,130,543</u>	<u>(\$21,212)</u>	<u>NONE</u>	<u>\$2,109,331</u>

Depreciation expense of \$112,412 for the year ended December 31, 2018 was reported in the statement of revenues, expenses, and changes in net position.

See independent accountant's review report.

COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Notes to the Financial Statements

5. LONG-TERM OBLIGATIONS

On October 13, 2017, the District issued \$1,682,000 in Sewer Revenue Bonds, Series 2016. The bonds were issued in series R-1 in the amount of \$1,391,000 and R-2 in the amount of \$291,000. 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 and to provide financing for a portion of the costs of constructing and acquiring improvements to the sewage system. Both series of bonds bear interest at 1.875% and are payable over a 40 year period in monthly installments of principal and interest through October 13, 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 sewer system.

The following is a summary of long-term debt transactions for the year ended December 31, 2018:

	Sewer Revenue Bonds Series R-1	Sewer Revenue Bonds Series R-2	Total
Balance at January 1, 2018	\$1,386,953	\$290,153	\$1,677,106
Additions			NONE
Reductions	(24,618)	(5,151)	(29,769)
Balance at December 31, 2018	<u>\$1,362,335</u>	<u>\$285,002</u>	<u>\$1,647,337</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 sewer revenue bonds as of December 31, 2018:

Current portion	\$30,333
Long-term portion	<u>1,617,004</u>
Total	<u>\$1,647,337</u>

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

Year Ending December 31,	Principal Payments	Interest Payments	Total
2019	\$30,333	\$30,627	\$60,960
2020	30,906	30,054	60,960
2021	31,491	29,469	60,960
2022	32,086	28,874	60,960
2023	32,693	28,267	60,960

See independent accountant's review report.

COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Notes to the Financial Statements

Year Ending December 31,	Principal Payments	Interest Payments	Total
2024-2028	\$172,977	\$131,823	\$304,800
2029-2033	189,964	114,836	304,800
2034-2038	208,619	96,181	304,800
2039-2043	229,106	75,694	304,800
2044-2048	251,606	53,194	304,800
2049-2053	276,314	28,486	304,800
2054-2056	161,242	14,413	175,655
Total	\$1,647,337	\$661,918	\$2,309,255

6. RESTRICTED CASH

The letter of conditions issued by the United States Department of Agriculture in connection with the 2016 Sewer Revenue Bond requires the District to make monthly transfers of \$254 per month into a Reserve Fund until \$60,960 has been accumulated therein. The District is also required to deposit \$508 per month into a Contingency Fund. At December 31, 2018, the District had \$60,960 set aside in the Reserve Fund and \$59,534 set aside in the Contingency Fund. In addition, the letter of conditions also 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 sewer improvement project. At December 31, 2018, there was \$296,566 in unexpended bond funds in the Construction Account; however, the District has accounts payable from the Construction Account in the amount of \$91,200 for equipment purchased during 2018.

7. RISK MANAGEMENT

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

8. SUBSEQUENT EVENTS

Management of the District has evaluated subsequent events through May 15, 2019, the date which the financial statements were available to be issued.

See independent accountant's review report.

SUPPLEMENTAL INFORMATION SCHEDULES

See independent accountant's review report.

COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Columbia, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULE
As of and For the Year Ended December 31, 2018

**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 2018 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 Sewerage District No. 1 commissioners receive \$100 per meeting attended.

SCHEDULE OF PRIOR YEAR FINDINGS

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

See independent accountant's review report.

COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Columbia, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD AND BOARD OF COMMISSIONERS
For the Year Ended December 31, 2018

BOARD COMPENSATION

Agency Head - Louis Champagne - President	\$1,700
Tommy Basco	1,700
Stuart Baum	1,000
Monty Adams, Sr.	1,700
Ronnie Darden	100
Laura Roquemore	<u>1,600</u>
Total	<u>\$7,800</u>

See independent accountant's review report.

COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Columbia, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2018

Finding Number	Fiscal Year Finding Initially Occurred	Description of Finding	Status of Finding
2017-001	2000	Inadequate Segregation of Accounting Duties	Unresolved - see 2018-001 in current year findings.
2017-002	2016	Inadequate Controls Over Preparation of Annual Financial Statements	Resolved.
2017-003	2016	Failure to Reconcile Customer Meter Deposit Liability to Customer Records	Resolved.

See independent accountant's review report.

COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Columbia, Louisiana

CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2018

2018-001. 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 individual who the District contracts with to provide accounting services.

Cause: Limited number of accounting personnel 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.

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

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

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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

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

BOARD OF COMMISSIONERS
COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO. 1
Columbia, Louisiana

I have performed the procedures enumerated below, which were agreed to by Columbia Heights Sewerage District No. 1 and the Louisiana Legislative Auditor (the specified parties), on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended December 31, 2018, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The District's management is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, I make no representation regarding the sufficiency of the procedures enumerated 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:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for materials and supplies exceeding \$30,000, and public works exceeding \$154,450. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.), R.S. 39:1551-39:1775 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

A review was made of all expenditures for the year. There was one expenditure for equipment that exceeded \$30,000. That expenditure was made in accordance with the public bid law.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).

Management provided the requested information.

Columbia Heights Sewerage District No. 1
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 2018

3. Obtain a list of all employees paid during the fiscal year.

Management provided the requested information.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

One of the employees included on the list of employees provided by management for agreed-upon Procedure 3 appeared on the list provided by management in agreed-upon Procedure 2. This employee was hired prior to 1980.

5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

Management provided the requested information. None of the businesses of board members, employees, and board members' and employees' immediate families appeared as vendors on the list of disbursements.

Budgeting

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

The district is not legally required to adopt a budget.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

See agreed-upon Procedure 6.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceed budgeted amounts by 5% or more.

See agreed-upon Procedure 6.

Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation and:

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- (a) Report whether the six disbursements agree to the amount and the payee in the supporting documentation.

Each of the six selected disbursements agreed with the amount and payee in the supporting documentation.

- (b) Report whether the six disbursements were coded to the correct fund and general ledger account.

Each of the six selected disbursements were coded to the correct fund and general ledger account.

- (c) Report whether the six disbursements were approved in accordance with management's policies and procedures.

Each of the six selected disbursements were approved in accordance with management's policies and procedures.

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 - 42:28 (the opening meetings law); and report whether there are any exceptions.

Management provided evidence that a notice of each meeting is posted at the district's office building as required by the open meetings law.

Debt

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

I scanned all bank deposit slips for the fiscal year and noted no deposits which appeared to be proceeds from bank loans, bonds, or like indebtedness.

Columbia Heights Sewerage District No. 1
Independent Accountant's Report on
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December 31, 2018

Advances and Bonuses

12. Obtain a list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

I scanned payroll disbursements and read the meeting minutes of the District's board of commissioners for the fiscal year. I found no payments or approval for payments to employees that may constitute bonuses, advances, or gifts.

State Audit Law

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The district's report for the year ended December 31, 2017, was submitted prior to June 30, 2018.

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1.A (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

The district was in compliance with R.S. 24:513 for the year ended December 31, 2017.

Prior Year Comments

15. Obtain and report management's representation as to whether any prior year suggestions, exceptions, recommendations, and/or comments have been resolved.

My prior year report, dated June 22, 2018, included three findings. One of those findings has not been resolved by management.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. 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 the District's compliance with the foregoing matters. 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.

Columbia Heights Sewerage District No. 1
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December 31, 2018

The purpose of this report is solely to describe the scope of testing performed on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, 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 Louisiana Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Carleen Dumas". The signature is written in a cursive style with a large initial "C".

Calhoun, Louisiana
May 15, 2019

Louisiana Attestation Questionnaire

The accompanying *Louisiana Attestation Questionnaire* has been completed by management and is included in this report as required by the *Louisiana Governmental Audit Guide*.

M. Carleen Dumas, CPA
369 Donaldson Road
Calhoun, LA 71225

Mrs. Dumas,

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of December 31, 2018 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes No [] N/A []

Code of Ethics for Public Officials and Public Employees

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

Yes No [] N/A []

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

Yes No [] N/A []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes No [] N/A []

Accounting and Reporting

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

Yes No [] N/A []

We have filed our annual financial statements in accordance with R.S. 24:514, and R.S. 33:463 where applicable.

Yes No [] N/A []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes No [] N/A []

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1.A (2); and that were subject to the public bid law (R.S. 38:2211, et esq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes No [] N/A []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No [] N/A []

Meetings

We have complied with the provisions of the Opening Meetings Law, provided R.S. 42:11 through 42:28.

Yes No [] N/A []

Debt

It is true that we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60 - 1410.65.

Yes No [] N/A []

Advances and Bonuses

It is true that we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes No [] N/A []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No [] N/A []

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes [] No [] N/A []

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes [] No [] N/A []

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

Yes [] No [] N/A []

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes [] No [] N/A []

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes [] No [] N/A []

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes [] No [] N/A []

Jamie V. Changone
Name

President
Title

3/11/19
Date