

**EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana**

Annual Financial Statements

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

EAST COLUMBIA WATERWORKS DISTRICT
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
EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

I have reviewed the accompanying financial statements of the business-type activities of East Columbia Waterworks District (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 inquiries 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
EAST COLUMBIA WATERWORKS DISTRICT
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 March 8, 2019, on the results of my agreed-upon procedures.



Calhoun, Louisiana
March 8, 2019

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

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

Our discussion and analysis of East Columbia Waterworks District's (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 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 East Columbia Waterworks 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 it. 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.

EAST COLUMBIA WATERWORKS DISTRICT
 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 and related financing activities, and investing activities.

**COMPARATIVE ANALYSIS OF
 FINANCIAL DATA**

The District's net position increased by \$76,088 during 2018. Operating revenues increased \$100,277 while operating expenses increased \$34,113 from the prior year. The increase in operating revenues was a result of a change in the method of recording accounts receivable in the prior year. The following presents an analysis of net position and changes in net position of the District's business-type activities:

	BUSINESS-TYPE ACTIVITIES	
	2018	2017
Assets		
Current assets	\$187,454	\$162,647
Restricted assets	147,208	200,079
Capital assets	270,019	165,445
Total assets	<u>604,681</u>	<u>528,171</u>
Liabilities		
Current liabilities	133,495	120,173
Long-term liabilities	65,000	95,000
Total liabilities	<u>198,495</u>	<u>215,173</u>
Net Position		
Net investment in capital assets	175,019	40,445
Restricted for debt service	147,103	199,979
Restricted for construction	105	100
Unrestricted	83,959	72,474
Total net position	<u>406,186</u>	<u>312,998</u>
Operating revenues	412,732	312,455
Operating expenses	333,008	298,895
Non-operating revenues (expenses)	<u>(3,636)</u>	<u>(30,918)</u>
Change in net position	76,088	(17,358)
Net position - beginning (restated)	330,098	330,356
Net position - ending	<u>\$406,186</u>	<u>\$312,998</u>

OVERALL FINANCIAL POSITION

Unrestricted net position was \$83,959 at year end. Net position restricted for debt service was \$147,103 and restricted for construction was \$105. The net investment in capital assets was \$175,019 at year end.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of the year, the District had capital assets (net of accumulated depreciation) totaling \$270,019. Capital assets include land, construction in progress, the water system, and equipment costing \$1,000 or more. The district purchased new equipment totaling \$1,463, made improvements to the water system in the amount of \$48,523 and incurred \$55,400 in costs in connection with an ongoing water system improvement project during the year ended December 31, 2018. Additional information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

At year end the District had \$95,000 in revenue bonds payable. Interest expense for the year was \$4,754. Accrued interest payable on these bonds was \$4,737 at December 31, 2018. Additional information about the District's debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS

On September 25, 2018, the District signed a letter of intent to meet conditions in connection with a \$3,129,000 loan and \$501,000 grant from the United States Department of Agriculture to make improvements to the existing water system. The loan will be repaid over a period of 40 years and will bear interest at the lower of the rate in effect at the time of loan approval or the time of loan closing. The water system expects construction on the project to begin during 2019. The District also plans to purchase a new truck during 2019. Operating revenues and expenses are expected to remain fairly constant for 2019.

BASIC FINANCIAL STATEMENTS

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

STATEMENT OF NET POSITION
December 31, 2018

ASSETS

Current assets:

Cash	\$82,286
Investments	69,747
Receivables (net of allowance for bad debts)	35,421
Total current assets	187,454

Noncurrent assets:

Restricted cash	110,516
Restricted investments	36,692
Property, plant and equipment (net of accumulated depreciation)	270,019
Total noncurrent assets	417,227
Total assets	604,681

LIABILITIES

Current liabilities:

Accounts payable	19,978
Payroll taxes payable	2,691
Sales tax payable	154
Customer deposits	75,935
Amounts payable from restricted assets:	
Accrued interest payable	4,737
Current portion of long-term debt	30,000
Total current liabilities	133,495

Noncurrent liabilities:

Long-term debt - revenue bonds payable	65,000
Total liabilities	198,495

NET POSITION

Net investment in capital assets	175,019
Restricted for debt service	147,103
Restricted for construction	105
Unrestricted	83,959
Total net position	\$406,186

See accompanying notes and independent accountant's review report.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION

For the Year Ended December 31, 2018

OPERATING REVENUES

Water sales	\$390,131
Installation fees	4,275
Reconnect fees	1,350
Penalties	13,269
Other revenue	3,707
Total operating revenues	412,732

OPERATING EXPENSES

Commissioners per diem	3,450
Travel	654
Accounting	3,940
Materials and supplies	60,137
Maintenance and repairs	48,577
Office expense	12,540
Fees, dues, and permits	1,251
Utilities and telephone	26,611
Insurance	10,951
Employees health insurance	18,455
Salaries	104,491
Postage	6,025
Collections expense	1,010
Payroll taxes	7,994
Unemployment expense	3,900
Depreciation	17,913
Other operating expenses	5,109
Total operating expenses	333,008

OPERATING INCOME**NON-OPERATING REVENUES (EXPENSES)**

Interest income	1,118
Interest expense	(4,754)
Total non-operating revenues (expenses)	(3,636)

INCREASE IN NET POSITION**NET POSITION - BEGINNING (Restated)****NET POSITION - ENDING**

	330,098
Total	\$406,186

See accompanying notes and independent accountant's review report.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

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

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$400,599
Customer deposit receipts, net	5,210
Payments to suppliers	(197,546)
Payments to employees and board	(107,941)
Net cash provided by operating activities	<u>100,322</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Principal paid on long-term debt	(30,000)
Interest paid on long-term debt	(6,250)
Purchase and construction of capital assets	(105,386)
Decrease in restricted cash and investments	52,871
Net cash used by capital financing activities	<u>(88,765)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	1,118
Increase in investments	(552)
Net cash provided by investing activities	<u>566</u>

NET INCREASE IN CASH

12,123

CASH AT BEGINNING OF YEAR70,163**CASH AT END OF YEAR**\$82,286**Reconciliation of Operating Income to Net Cash****Provided by Operating Activities**

Operating Income	<u>\$79,724</u>
Adjustments:	
Depreciation	17,913
Increase in accounts receivable	(12,133)
Increase in accounts payable	9,948
Decrease in taxes payable	(340)
Increase in customer deposits	5,210
Total adjustments	<u>20,598</u>
Net cash provided by operating activities	<u><u>\$100,322</u></u>

See accompanying notes and independent accountant's review report.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

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

INTRODUCTION

East Columbia Waterworks District was created by the Caldwell Parish Police Jury on September 6, 1949, as authorized by Louisiana Revised Statute 33:3811 for the purpose of supplying safe drinking water to the population of the district. The district is governed by a six member board appointed by the police jury to serve five-year terms. East Columbia Waterworks District commissioners receive \$50 per regular and special meeting attended. The district serves approximately 922 customers and has three 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, East Columbia Waterworks District is considered a component unit of the Caldwell Parish Police Jury. As a component unit, the accompanying financial statements maybe included within the reporting of the primary government, either blended into those financial statements or separately reported as a discrete component unit.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Statements

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

1. Management's discussion and analysis (MD&A)
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 East Columbia Waterworks District is a special-purpose government engaged only in business-type activities.

See independent accountant's review report.

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

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

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

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 East Columbia Waterworks District are water sales, installation and reconnection fees and penalties. 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 limit's 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 deposits 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 24 months.

D. Receivables

Accounts receivable consist of amounts due from customers for water service provided prior to year end. Receivables are generally shown net of an allowance for uncollectible accounts. 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 when they are considered uncollectible by management.

See independent accountant's review report.

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

E. Restricted Assets

Certain resources set aside for the repayment of revenue bonds and future construction costs are classified as restricted assets on the balance sheet because their use is limited. It is the policy of the district to first use nonrestricted assets when both restricted and nonrestricted assets are available.

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 East Columbia Waterworks District maintains a threshold level of \$1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets, if any, is included as part of the capitalized value of the assets constructed.

All capital assets, other than land 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	5-15 years

G. Long-term Obligations

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

H. Interest Costs

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

Total interest cost expensed	\$4,754
Total interest cost capitalized	<u>NONE</u>
Total interest costs incurred	<u>\$4,754</u>

See independent accountant's review report.

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

I. Estimates

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

2. DEPOSITS IN FINANCIAL INSTITUTIONS

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

Non-interest bearing checking accounts	\$82,391
Interest bearing savings accounts	110,411
Investments - certificates of deposit	<u>106,439</u>
Total	<u>\$299,241</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. At December 31, 2018, East Columbia Waterworks District had \$304,876 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

3. RECEIVABLES

At December 31, 2018, the district has net receivables of \$35,421 as follows:

Water sales	\$28,671
Fees collected for others	6,750
Allowance for uncollectible accounts	<u>NONE</u>
Net receivables	<u>\$35,421</u>

4. CAPITAL ASSETS

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

See independent accountant's review report.

EAST COLUMBIA WATERWORKS DISTRICT

Notes to the Financial Statements

	Balance at January 1, 2018	Increases	Decreases	Balance at December 31, 2018
Capital assets not being depreciated:				
Land	\$32,950			\$32,950
Construction in progress	17,100	\$55,400		72,500
	<u>50,050</u>	<u>55,400</u>	NONE	<u>105,450</u>
Capital assets being depreciated:				
Water system	1,653,984	48,523		1,702,507
Equipment	108,931	1,463		110,394
Total capital assets being depreciated	<u>1,762,915</u>	<u>49,986</u>	NONE	<u>1,812,901</u>
Less accumulated depreciation for:				
Water system	1,540,141	10,479		1,550,620
Equipment	90,278	7,434		97,712
Total accumulated depreciation	<u>1,630,419</u>	<u>17,913</u>	NONE	<u>1,648,332</u>
Total assets being depreciated, net	<u>132,496</u>	<u>32,073</u>	NONE	<u>164,569</u>
Total assets	<u>\$182,546</u>	<u>\$87,473</u>	NONE	<u>\$270,019</u>

Depreciation expense of \$17,913 for the year ended December 31, 2018 was reported in the statement of revenues, expenses, and changes in net position.

5. LONG-TERM OBLIGATIONS

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

Revenue bonds payable at January 1, 2018	\$125,000
Additions	NONE
Reductions	<u>(30,000)</u>
Revenue bonds payable at December 31, 2018	<u>\$95,000</u>

See independent accountant's review report.

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

The following is a summary of the current (due in one year or less) and long-term (due in more than one year) portions of long-term obligations as of December 31, 2018:

Current portion	\$30,000
Long-term portion	<u>65,000</u>
Total	<u><u>\$95,000</u></u>

All outstanding debt at December 31, 2018, in the amount of \$95,000 are revenue bonds payable with maturities from 2019 until 2021 and 5% interest rates. Loan principal and interest payable in the next fiscal year are \$30,000 and \$4,750 respectively. The individual bonds are as follows:

	<u>\$646,300</u>
	Bonds
Original issue date	7/29/81
Interest rate	5.00%
Final payment due	1/1/21
Funding source	Water revenue

The loan is due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total</u>
2019	\$30,000	\$4,750	\$34,750
2020	30,000	3,250	33,250
2021	<u>35,000</u>	<u>1,750</u>	<u>36,750</u>
Total	<u><u>\$95,000</u></u>	<u><u>\$9,750</u></u>	<u><u>\$104,750</u></u>

6. RESTRICTED ASSETS

The bond covenants with the United States Department of Agriculture, Farmers Home Administration for the long-term revenue bonds discussed in note 5 above, requires the district to establish the following reserve accounts:

- A. A "Waterworks Revenue Bond and Interest Sinking Fund". The district must transfer into this fund each month, one-twelfth of the principal and one-sixth of the interest due on the next principal and interest payment

See independent accountant's review report.

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

dates. Such transfers will be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

- B. A "Waterworks Reserve Note Fund". The district must transfer into this fund each month an amount equal to 5 percent of the amount to be paid into the Waterworks Revenue Bond and Interest Sinking Fund each month until there will have been accumulated in the Reserve Fund an amount equal to the maximum principal and interest requirements in any one maturity year. The maximum is \$36,750. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Waterworks Revenue Bond and Interest Sinking Fund and as to which there would otherwise be default.
- C. A "Waterworks Depreciation Fund". The district must transfer \$242 into this fund each month. Money in this fund may be used for the making of extraordinary repairs or replacements to the system that are necessary to keep the system in operating condition and for which the money is not otherwise available. Money in this fund may be used to pay principal and interest on the bonds at any time there is not sufficient funds in the other bond funds.

At December 31, 2018, the district has set aside \$147,208 to meet the above reserve requirements and to meet the conditions of the pending loan with the United States Department of Agriculture, Farmers Home Administration. These deposits are reported as restricted cash and investments on the district's statement of net position.

7. RESTATEMENT OF BEGINNING NET POSITION

The following provides a summary of the changes in beginning net position:

Beginning net position as previously reported	\$312,998
Construction in progress understated in prior year	<u>17,100</u>
Beginning net position, restated	<u><u>\$330,098</u></u>

Costs incurred during 2017 for a water well test hole related to a water system improvement project were recorded as expenses in the prior year financial statements. The remainder due for the water well test hole that was paid during 2018 was recorded as construction in progress. Beginning net position is being restated to reflect the total cost of the water well test hole as construction in progress.

See independent accountant's review report.

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

8. RISK MANAGEMENT

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

9. UTILITIES RELOCATION ASSISTANCE FUNDING

During the year ended December 31, 2005, the district entered into four separate agreements with the Louisiana Department of Transportation and Development (DOTD) to relocate the district's water lines that were located within the limits of a road construction project. The agreements with DOTD provide that the water district is responsible for repaying funding received during 2005, 2006, and 2007. The agreements provide that the district may repay in partial amounts, in exchange for goods and/or services or any combination thereof. The board of commissioners agreed to pay \$100 per year. The district paid \$500 during the year ended December 31, 2018. At December 31, 2018, the district owes approximately \$1,047,218.

10. PENDING LOAN/GRANT

On September 25, 2018, the district signed a letter of intent to meet conditions in connection with a \$3,129,000 loan and \$501,000 grant from the United States Department of Agriculture to make improvements to the existing water system. The loan will be repaid over a period of 40 years and will bear interest at the lower of the rate in effect at the time of loan approval or the time of loan closing.

11. SUBSEQUENT EVENTS

Management of the district has evaluated subsequent events through March 8, 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.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULES
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, East Columbia Waterworks District commissioners receive \$50 per regular and special 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.

EAST COLUMBIA WATERWORKS DISTRICT
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 - Dale Powell - President	\$700
Shelby Cruse	750
Jerry Duff	700
Judith McKee	750
Terry McClanahan	<u>550</u>
Total	<u>\$3,450</u>

See independent accountant's review report.

EAST COLUMBIA WATERWORKS DISTRICT
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
2017-1	2004	Inadequate Segregation of Accounting Duties	Unresolved - see 2018-1 in current year findings.
2017-2	2016	Disbursement Not Properly Approved	Resolved.

See independent accountant's review report.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

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

2018-1. 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: All accounting duties are 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.

**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
EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

I have performed the procedures enumerated below, which were agreed to by East Columbia Waterworks District 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 were no expenditures for materials and supplies that exceeded \$30,000 nor any expenditures for public works exceeding \$154,450 made during the year.

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.

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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.

None 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.

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 and the accompanying agenda are posted on the door of 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.

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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 or gifts. However, there were two instances during the year where employees were paid in advance of the established pay date.

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 March 20, 2018, included two 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.

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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.



Calhoun, Louisiana
March 8, 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 seq.), 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 []

Hope Luech
Name

Manager
Title

20 Feb 19
Date