

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

Annual Financial Statements

As of and for the Year Ended
December 31, 2017

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

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

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M. CARLEEN DUMAS
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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, 2017, and the related notes to the financial statements. 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. 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.

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.

Member of the American Institute of Certified Public Accountants
Member of the Society of Louisiana of Certified Public Accountants

BOARD OF COMMISSIONERS
EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

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. I have not audited or reviewed such required supplementary information, and, accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on it.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, I have issued a report dated March 20, 2018, on the results of my agreed-upon procedures.

/s Carleen Dumas
Calhoun, Louisiana
March 20, 2018

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

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

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, 2017. 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, 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 and related financing activities, and investing activities.

**COMPARATIVE ANALYSIS OF
 FINANCIAL DATA**

The District's net position decreased by \$17,358 during 2017. Operating revenues increased \$40,619 due to a rate increase while operating expenses increased \$40,364 from the prior year. The District incurred \$25,825 in expenses related to a water well test hole that are reported in the accompanying financial statements as non-operating expenses. The following presents an analysis of net position and changes in net position of the District's business-type activities:

	BUSINESS-TYPE ACTIVITIES	
	<u>2017</u>	<u>2016</u>
Assets		
Current assets	\$162,647	\$174,001
Restricted assets	200,079	231,622
Capital assets	<u>165,445</u>	<u>283,905</u>
Total assets	<u>528,171</u>	<u>689,528</u>
Liabilities		
Current liabilities	120,173	124,691
Long-term liabilities	<u>95,000</u>	<u>125,000</u>
Total liabilities	<u>215,173</u>	<u>249,691</u>
Net Position		
Net investment in capital assets	40,445	133,905
Restricted for debt service	199,979	231,522
Restricted for construction	100	100
Unrestricted	<u>72,474</u>	<u>74,310</u>
Total net position	<u>312,998</u>	<u>439,837</u>
Operating revenues	312,455	271,836
Operating expenses	298,895	258,531
Non-operating revenues (expenses)	<u>(30,918)</u>	<u>(6,005)</u>
Change in net position	(17,358)	7,300
Net position - beginning (restated)	<u>330,356</u>	<u>432,537</u>
Net position - ending	<u><u>\$312,998</u></u>	<u><u>\$439,837</u></u>

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

OVERALL FINANCIAL POSITION

Unrestricted net position was \$72,474 at year end. Net position restricted for debt service was \$199,979 and restricted for construction was \$100. The net investment in capital assets was \$40,445 at year end.

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of the year, the District had capital assets (net of accumulated depreciation) totaling \$165,445. Capital assets include land, the water system, and equipment costing \$1,000 or more. The district purchased new equipment totaling \$13,431 during the year ended December 31, 2017. Additional information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

At year end the District had \$125,000 in revenue bonds payable. Interest expense for the year was \$6,253. Accrued interest payable on these bonds was \$6,233 at December 31, 2017. Additional information about the District's debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS

In December 2016, the District entered into an agreement for preliminary engineering services for a new water system improvement project. The sources of funding for the new project have not been determined. Operating revenues and expenses are expected to remain fairly constant for 2018. The District anticipates incurring additional expenses in connection with the water well test hole project and other improvement projects during 2018.

BASIC FINANCIAL STATEMENTS

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

STATEMENT OF NET POSITION
December 31, 2017

ASSETS

Current assets:

Cash	\$70,163
Investments	69,195
Receivables (net of allowance for bad debts)	<u>23,289</u>
Total current assets	<u>162,647</u>

Noncurrent assets:

Restricted cash	163,789
Restricted investments	36,290
Property, plant and equipment (net of accumulated depreciation)	<u>165,445</u>
Total noncurrent assets	<u>365,524</u>
Total assets	<u>528,171</u>

LIABILITIES

Current liabilities:

Accounts payable	10,184
Payroll taxes payable	2,562
Sales tax payable	469
Accrued interest payable	6,233
Current portion of long-term debt	30,000
Customer deposits	<u>70,725</u>
Total current liabilities	120,173

Noncurrent liabilities:

Long-term debt - revenue bonds payable	<u>95,000</u>
Total liabilities	<u>215,173</u>

NET POSITION

Net investment in capital assets	40,445
Restricted for debt service	199,979
Restricted for construction	100
Unrestricted	<u>72,474</u>
Total net position	<u>\$312,998</u>

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, 2017

OPERATING REVENUES	
Water sales	\$305,856
Installation fees	5,671
Reconnect fees	675
Other revenue	253
Total operating revenues	312,455
OPERATING EXPENSES	
Commissioners per diem	3,300
Travel	1,013
Accounting	1,741
Materials and supplies	40,833
Maintenance and repairs	37,286
Office expense	19,922
Fees, dues, and permits	11,800
Utilities	20,587
Insurance	35,781
Salaries	89,452
Contract labor	8,441
Collections expense	1,500
Payroll taxes	5,709
Sales tax	1,010
Depreciation	17,910
Other operating expenses	2,610
Total operating expenses	298,895
OPERATING INCOME	13,560
NON-OPERATING REVENUES (EXPENSES)	
Interest income	1,160
Water well test hole expense	(25,825)
Interest expense	(6,253)
Total non-operating revenues (expenses)	(30,918)
DECREASE IN NET POSITION	(17,358)
NET POSITION - BEGINNING (Restated)	330,356
NET POSITION - ENDING	\$312,998

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, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$319,081
Customer deposit receipts, net	777
Payments to suppliers	(185,946)
Payments to employees and board	<u>(99,588)</u>
Net cash provided by operating activities	<u>34,324</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Principal paid on long-term debt	(25,000)
Interest paid on long-term debt	(7,500)
Purchase of capital assets	(13,431)
Water well test hole	(25,825)
Decrease in restricted cash and investments	<u>31,543</u>
Net cash used by capital financing activities	<u>(40,213)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	1,160
Increase in investments	<u>(516)</u>
Net cash provided by investing activities	<u>644</u>
NET DECREASE IN CASH	<u>(5,245)</u>
CASH AT BEGINNING OF YEAR	<u>75,408</u>
CASH AT END OF YEAR	<u><u>\$70,163</u></u>

Reconciliation of Operating Income to Net Cash

Provided by Operating Activities	
Operating Income	<u>\$13,560</u>
Adjustments:	
Depreciation	17,910
Decrease in accounts receivable	6,625
Decrease in accounts payable	(5,969)
Increase in taxes payable	1,421
Increase in customer deposits	<u>777</u>
Total adjustments	<u>20,764</u>
Net cash provided by operating activities	<u><u>\$34,324</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, 2017

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 916 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.

**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 and installation 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 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, 2017, 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.

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

See independent accountant's review report.

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

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, 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, 2017:

Total interest cost expensed	\$6,253
Total interest cost capitalized	<u>NONE</u>
Total interest costs incurred	<u><u>\$6,253</u></u>

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

See independent accountant’s review report.

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

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

2. DEPOSITS IN FINANCIAL INSTITUTIONS

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

Non-interest bearing checking accounts	\$70,263
Interest bearing savings accounts	163,689
Investments - certificates of deposit	<u>105,485</u>
Total	<u>\$339,437</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, 2017, East Columbia Waterworks District had \$350,876 in deposits (collected bank balances). These deposits are secured from risk by \$350,876 of federal deposit insurance and \$10,725 of pledged securities held by an unaffiliated bank in the name of the fiscal agent bank.

3. RECEIVABLES

At December 31, 2017, the district has net receivables of \$23,289 as follows:

Water sales	\$19,641
Fees collected for others	3,648
Allowance for uncollectible accounts	<u>NONE</u>
Net receivables	<u>\$23,289</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	<u>Increases</u>	<u>Decreases</u>	Balance at December 31, 2017
Capital assets not being depreciated:				
Land	<u>\$32,950</u>			<u>\$32,950</u>

See independent accountant's review report.

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

	Balance at January 1, 2017	Increases	Decreases	Balance at December 31, 2017
Capital assets being depreciated:				
Water system	\$1,653,984			\$1,653,984
Equipment	95,500	\$13,431		108,931
Total capital assets being depreciated	<u>1,749,484</u>	<u>13,431</u>	<u>NONE</u>	<u>1,762,915</u>
Less accumulated depreciation for:				
Water system	1,530,046	10,095		1,540,141
Equipment	82,464	7,815		90,279
Total accumulated depreciation	<u>1,612,510</u>	<u>17,910</u>	<u>NONE</u>	<u>1,630,420</u>
Total assets being depreciated, net	<u>136,974</u>	<u>(4,479)</u>	<u>NONE</u>	<u>132,495</u>
Total assets	<u><u>\$1,790,958</u></u>	<u><u>(\$4,479)</u></u>	<u><u>NONE</u></u>	<u><u>\$165,445</u></u>

Depreciation expense of \$17,910 for the year ended December 31, 2017 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, 2017:

Revenue bonds payable at January 1, 2017	\$150,000
Additions	NONE
Reductions	<u>(25,000)</u>
Revenue bonds payable at December 31, 2017	<u><u>\$125,000</u></u>

The following is a summary of the current (due in one year or less) and long-term (due in more than one year) portions of long-term obligations as of December 31, 2017:

Current portion	\$30,000
Long-term portion	<u>95,000</u>
Total	<u><u>\$125,000</u></u>

See independent accountant's review report.

EAST COLUMBIA WATERWORKS DISTRICT
 Notes to the Financial Statements

All outstanding debt at December 31, 2017, in the amount of \$125,000 are revenue bonds payable with maturities from 2018 until 2021 and 5% interest rates. Loan principal and interest payable in the next fiscal year are \$30,000 and \$6,250 respectively. The individual bonds are as follows:

	<u>\$646,300</u>
	<u>Bonds</u>
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>
2018	\$30,000	\$6,250	\$36,250
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>\$125,000</u>	<u>\$16,000</u>	<u>\$141,000</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 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

See independent accountant's review report.

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

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, 2017, the district has set aside \$200,079 to meet the above reserve requirements and to meet the conditions of the previous pending loan with the United States Department of Agriculture, Farmers Home Administration that has now been deobligated. These deposits are reported as restricted cash and investments on the district's statement of net position.

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. UTILITIES RELOCATION ASSISTANCE FUNDING

During the year ended December 31, 2005, the district entered into three 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 \$914,477 of the funding received during 2005, 2006, and 2007. The agreement provides 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 \$100 during the year ended December 31, 2017. At December 31, 2017, the district owes approximately \$913,472.

9. RESTATEMENT OF BEGINNING NET POSITION

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

Beginning net position as previously reported	\$439,837
Abandoned project recorded as construction in progress in prior years	(113,981)

See independent accountant's review report.

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

Accounts payable overstated in prior year	<u>\$4,500</u>
Beginning net position, restated	<u><u>\$330,356</u></u>

Costs incurred in connection with a plan for a water system improvement project were recorded as construction in progress in prior years. In November 2016, the district voted to abandon the project. This resulted in the change in net position for the prior year being overstated by \$10,550. The error relating to accounts payable had no effect on the prior year change in net position because this error originally occurred during the year ended December 31, 2015.

10. SUBSEQUENT EVENTS

Management of the district has evaluated subsequent events through March 20, 2018, 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, 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, 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, 2017

BOARD COMPENSATION

Agency Head - Dale Powell - President	\$650
Shelby Cruse	700
Jerry Duff	650
Judith McKee	650
Terry McClanahan	<u>650</u>
Total	<u>\$3,300</u>

See independent accountant's review report.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2017

Finding Number	Fiscal Year Finding Initially Occurred	Description of Finding	Status of Finding
2016-1	2004	Inadequate Segregation of Accounting Duties	Unresolved - see 2017-1 in current year findings.
2016-2	2015	Disbursement Not Adequately Supported	Resolved.
2016-3	2016	Disbursement Not Properly Approved	Unresolved - see 2017-2 in current year findings.

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, 2017

2017-1. 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.

2017-2. Disbursement Not Properly Approved

Criteria: Management is responsible for establishing internal control policies and procedures that provide reasonable assurance that all disbursements are in accordance with the board's authorizations.

Condition: One of six disbursements examined was not properly approved.

Cause: Oversight.

Effect: A disbursement could be made for unauthorized purposes.

Recommendation: All invoices should be reviewed and approved by a board member and that approval should be documented by initialing the invoice.

Management's Response: In the future, all invoices will be initialed by the board member who reviews and approves the invoice.

See independent accountant's review report.

**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. 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 included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of East Columbia Waterworks District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the District's compliance with certain laws and regulations during the year ended December 31, 2017 included in the accompanying *Louisiana Attestation Questionnaire*. Management of the District is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed 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 the 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.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$152,550, and determine whether such purchases were made in accordance with R.S. 38:2211-2296 (the public bid law) or R.S. 39:1551-39:1775 (the state procurement code), whichever is applicable.

A review was made of all disbursements for the year. There were no disbursements for materials and supplies that exceeded \$30,000 nor any disbursements for public works exceeding \$152,550 made during the year.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list including the noted information.

Member of the American Institute of Certified Public Accountants
Member of the Society of Louisiana of Certified Public Accountants

East Columbia Waterworks District
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 2017

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon Procedure 3 were also included on the listing obtained from management in agreed-upon Procedure 2 as immediate family members.

None of the employees included on the list of employees provided by management in agreed-upon Procedure 3 were included on the listing obtained from management in agreed-upon Procedure 2 as an immediate family member.

Budgeting

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

The district is not legally required to adopt a budget.

6. Trace the budget adoption and amendments to the minute book.

See agreed-upon Procedure 5.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more, or if actual expenditures exceed budgeted amounts by 5% or more.

See agreed-upon Procedure 5.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and;
 - (a) trace payments to supporting documentation as to proper amount and payee;
 - (b) determine if payments were properly coded to the correct fund and general ledger account;
 - (c) determine whether payments received approval from proper authorities.

East Columbia Waterworks District
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 2017

An examination of six randomly selected disbursements disclosed the following:

- (a) The six selected disbursements were properly supported.
- (b) The six selected payments were properly coded to the correct general ledger account.
- (c) One of the six selected payments did not have evidence of approval from the proper authorities.

Meetings

9. Examine evidence indicating 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).

The agendas for meetings were posted as required.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I examined all deposits for the period under examination and noted no proceeds that appeared to be from bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the board meetings and an examination of payroll records indicated no payments to employees which may constitute bonuses, advances, or gifts.

Prior Comments and Recommendations

The prior year report, dated March 28, 2017, included three findings. Two of those findings have not been resolved by management. I was not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

East Columbia Waterworks District
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 2017

This report is intended solely for the use of management of East Columbia Waterworks District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

/s Carleen Dumas
Calhoun, Louisiana
March 20, 2018

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, 2017 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 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 [X] 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 [X] No [] N/A []

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

Yes [X] 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 [X] 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 [X] No [] N/A []

/s Dale Powell
Name

President
Title

23Feb18
Date