

EAST COLUMBIA SEWERAGE DISTRICT
Columbia, Louisiana

Annual Financial Statements

As of and for the Year Ended
December 31, 2018

EAST COLUMBIA SEWERAGE DISTRICT
Columbia, Louisiana

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

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Accountant's Compilation Report

BOARD OF COMMISSIONERS
EAST COLUMBIA SEWERAGE DISTRICT
Columbia, Louisiana

Management is responsible for the accompanying financial statements of the business-type activities of East Columbia Sewerage District 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, in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation 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. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Supplementary Information

The accompanying schedule of compensation, benefits, and other payments to agency head and board of commissioners is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. The information was subject to my compilation engagement, but I have not audited or reviewed the supplementary information, and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such information.

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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.

Carleen Dumas

Calhoun, Louisiana
February 13, 2019

BASIC FINANCIAL STATEMENTS

EAST COLUMBIA SEWERAGE DISTRICT
Columbia, LouisianaSTATEMENT OF NET POSITION
December 31, 2018**ASSETS**

Current assets:

| | |
|---|----------------|
| Cash | \$23,719 |
| Accounts receivable | <u>4,080</u> |
| Total current assets | 27,799 |
| Property, plant and equipment (net of accumulated depreciation) | <u>196,759</u> |
| Total assets | <u>224,558</u> |

LIABILITIES

Current liabilities:

| | |
|-----------------------|---------------|
| Accounts payable | 2,169 |
| Payroll taxes payable | 545 |
| Customer deposits | <u>14,277</u> |
| Total liabilities | <u>16,991</u> |

NET POSITION

| | |
|----------------------------------|------------------|
| Net investment in capital assets | \$196,759 |
| Unrestricted | <u>10,808</u> |
| Total net position | <u>\$207,567</u> |

See accompanying notes and accountant's compilation report.

EAST COLUMBIA SEWERAGE DISTRICT
Columbia, Louisiana

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

| | |
|--|-------------------------|
| OPERATING REVENUES | |
| Service fees | <u>\$40,967</u> |
| OPERATING EXPENSES | |
| Board members per diem | 2,735 |
| Accounting | 733 |
| Materials and supplies | 2,180 |
| Maintenance and repairs | 4,668 |
| Dues and fees | 754 |
| Office expense | 725 |
| Lab analysis | 1,166 |
| Utilities | 2,569 |
| Insurance | 1,282 |
| Salaries | 19,185 |
| Payroll taxes | 1,447 |
| Travel and training | 984 |
| Depreciation | <u>3,335</u> |
| Total operating expenses | <u>41,763</u> |
| OPERATING INCOME (Loss) | (796) |
| NON-OPERATING REVENUES - loan principal forgiveness | <u>22,920</u> |
| INCREASE IN NET POSITION | 22,124 |
| NET POSITION - BEGINNING | <u>185,443</u> |
| NET POSITION - ENDING | <u><u>\$207,567</u></u> |

See accompanying notes and accountant's compilation report.

EAST COLUMBIA SEWERAGE DISTRICT
Columbia, Louisiana

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

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|--------------|
| Receipts from customers | \$40,007 |
| Customer meter deposits (net) | 1,050 |
| Payments to suppliers | (16,419) |
| Payments to employees and board members | (21,645) |
| Net cash provided by operating activities | <u>2,993</u> |

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

| | |
|---|-------------|
| Construction of capital assets | (22,920) |
| Loan principal forgiveness | 22,920 |
| Net cash provided by capital financing activities | <u>NONE</u> |

NET INCREASE IN CASH2,993**CASH AT BEGINNING OF YEAR**20,726**CASH AT END OF YEAR**\$23,719**Reconciliation of Operating Income to Net Cash****Provided by Operating Activities**

| | |
|---|-----------------------|
| Operating income (loss) | <u>(\$796)</u> |
| Adjustments: | |
| Depreciation expense | 3,335 |
| Increase in accounts receivable | (960) |
| Increase in accounts payable | 314 |
| Increase in payroll taxes payable | 50 |
| Increase in customer meter deposits | 1,050 |
| Total adjustments | <u>3,789</u> |
| Net cash provided by operating activities | <u><u>\$2,993</u></u> |

See accountant's compilation report and accompanying notes.

EAST COLUMBIA SEWERAGE DISTRICT
Columbia, Louisiana

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

INTRODUCTION

East Columbia Sewerage District was created by the Caldwell Parish Police Jury, on May 3, 1976, as authorized by Louisiana Revised Statute 33:3881. The district is governed by a five member board appointed by the police jury. As provided by Louisiana Revised Statute 33:3887, East Columbia Sewerage District commissioners receive \$50 per meeting attended. The district is responsible for maintaining and operating a sewerage collection and disposal system within the boundaries of the district. The district has three part-time employees.

GASB Statement No. 14, *The Reporting Entity*, and No. 39, *Determining Whether Certain Organizations Are Component Units - an amendment of GASB Statement No. 14*, establish criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of these Statements, the East Columbia Sewerage 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 Sewerage District is a special-purpose government engaged only in business-type activities.

See accountant's compilation report.

EAST COLUMBIA SEWERAGE 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 the East Columbia Sewerage District are service 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

Cash includes amounts in a demand deposit. 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.

D. Receivables

Receivables for sewer fees 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 accounts are written off when they are considered uncollectible by management.

E. Capital Assets

Capital assets, which include the sewerage system and improvements 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 Sewerage District maintains a threshold level of \$900 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.

See accountant's compilation report.

EAST COLUMBIA SEWERAGE DISTRICT
Notes to the Financial Statements

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

| | <u>Estimated Lives</u> |
|---|----------------------------|
| Infrastructure - sewerage system and improvements | 25 years |
| Equipment | 10 years |

F. 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 (book balances) as follows:

| | |
|------------------|-----------------|
| Checking account | <u>\$23,719</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 district's deposits at December 31, 2018 are secured from risk by federal deposit insurance.

3. ACCOUNTS RECEIVABLE

At December 31, 2018, the district has net receivables of \$4,080 as follows:

| | |
|--------------------------------------|----------------|
| Service fees | \$4,080 |
| Allowance for uncollectible accounts | <u>NONE</u> |
| Net receivables | <u>\$4,080</u> |

4. CAPITAL ASSETS

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

See accountant's compilation report.

EAST COLUMBIA SEWERAGE DISTRICT
Notes to the Financial Statements

| | Balance at January 1, 2018 | Increases | Decreases | Balance at December 31, 2018 |
|--|----------------------------------|-----------|-------------|------------------------------------|
| Capital assets not being depreciated: | | | | |
| Construction in progress | \$177,174 | \$22,920 | (\$200,094) | NONE |
| Capital assets being depreciated: | | | | |
| Sewer system | \$514,331 | \$200,094 | | \$714,425 |
| Equipment | 933 | | | 933 |
| Total capital assets being depreciated | 515,264 | 200,094 | NONE | 715,358 |
| Less accumulated depreciation for: | | | | |
| Sewer system | 514,331 | 3,335 | | 517,666 |
| Equipment | 933 | | | 933 |
| Total accumulated depreciation | 515,264 | 3,335 | NONE | 518,599 |
| Total assets being depreciated, net | NONE | 196,759 | NONE | 196,759 |
| Total capital assets | \$177,174 | \$219,679 | (\$200,094) | \$196,759 |

Depreciation expense of \$3,335 for the year ended December 31, 2018 was reported on the statement of revenues, expenses, and changes in net position.

5. LOANS PAYABLE

On October 27, 2016, the District issued Sewer Revenue Bonds in an amount not to exceed \$225,000 to fund improvements to its water treatment plant. The bonds are to be purchased entirely by the Louisiana Department of Environmental Quality (the "Department") from its Clean Water State Revolving Fund. The terms of the purchase of the bonds by the Department provide that the bonds are non-interest bearing and the District's obligation to repay the principal of the bonds will be forgiven simultaneously with the payment by the Department of each installment of the purchase price of the bonds, accordingly, it is anticipated that no payments of principal, interest, or administrative fees of the Department will ever be due and payable on the bonds.

The following is a summary of loans payable transactions for the year ended December 31, 2018:

See accountant's compilation report.

EAST COLUMBIA SEWERAGE DISTRICT
Notes to the Financial Statements

| | |
|------------------------------|-----------------|
| Loans payable at January 1 | NONE |
| Additions | \$22,920 |
| Principal forgiveness | <u>(22,920)</u> |
| Loans payable at December 31 | <u>NONE</u> |

6. RISK MANAGEMENT

The district purchases commercial insurance to reduce the risk of loss resulting from theft 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.

7. SUBSEQUENT EVENTS

The district has evaluated subsequent events through February 13, 2019, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION SCHEDULE

See accountant's compilation report.

EAST COLUMBIA SEWERAGE DISTRICT
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 2014 Session and House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. East Columbia Sewerage District commissioners receive \$50 per meeting attended.

See accountant's compilation report.

EAST COLUMBIA SEWERAGE DISTRICT
Columbia, LouisianaSCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD AND
BOARD OF COMMISSIONERS

For the Year Ended December 31, 2018

BOARD COMPENSATION

| | |
|--|----------------|
| Agency Head - Shelby Cruse - President | \$595 |
| Kay Ellerbe | 550 |
| Lynette Lowery | 400 |
| Scott Gwin | 595 |
| John Wilkes | <u>595</u> |
| Total | <u>\$2,735</u> |

See accountant's compilation report.