COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Columbia, Louisiana

Annual Financial Statements

As of and for the Year Ended
December 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6-27-07
Independent Accountant’s Report

Required Supplemental Information:
Management’s Discussion and Analysis

Basic Financial Statements:
Enterprise Fund Financial Statements:
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Statement of Revenues, Expenses, and Changes in Fund Net Assets
Statement of Cash Flows

Notes to the Financial Statements

Supplemental Information Schedules:
Schedule of Compensation Paid Commissioners
Status of Prior Year Findings
Current Year Findings and Corrective Action Plan

Independent Accountant’s Report on Applying Agreed-Upon Procedures
Louisiana Attestation Questionnaire

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Independent Accountant’s Report

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

I have reviewed the accompanying financial statements of the business-type activities of the Columbia Heights Sewerage District No. 1, as of and for the year ended December 31, 2006. These financial statements are the responsibility of the management of the Columbia Heights Sewerage District No. 1.

My review was conducted in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards issued by the Comptroller General of the United States of America. A review consists principally of inquiries of Columbia Heights Sewerage District No. 1 personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

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 conformity with generally accepted accounting principles.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, I have issued a report dated June 4, 2007, on the results of my agreed-upon procedures.

The management’s discussion and analysis on pages 3 through 5 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board (GASB). Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.

/s Carleen Dumas
Calhoun, Louisiana
June 4, 2007
Our discussion and analysis of Columbia Heights Sewerage District No. 1’s (hereafter referred to as the District) financial performance provides an overview of the District’s financial activities for the fiscal year ended December 31, 2006. Please read it in conjunction with the District’s financial statements that begin on page 7.

**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 assets
c. Statement of revenues, expenses, and changes in net assets
d. Statement of cash flows
e. Notes to the financial statements
f. RSI other than MD&A, if applicable

The Columbia Heights Sewerage District No. 1 is a special-purpose government engaged only in business-type activities.

**Enterprise Fund Financial Statements**

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets 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 assets* and the changes in them. Net assets - 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 assets are an indicator of whether the District’s financial position is improving or deteriorating.
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 total net assets increased by $59,275 during 2006. The increase in net assets is due primarily to a decrease in depreciation expense. Depreciation expense decreased $57,576 due to the original sewerage system becoming fully depreciated in 2005. Operating revenues decreased $2,295. The following presents an analysis of net assets and changes in net assets of the District's business-type activities:

<table>
<thead>
<tr>
<th>BUSINESS-TYPE ACTIVITIES</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>$192,634</td>
<td>$145,170</td>
</tr>
<tr>
<td>Restricted assets</td>
<td>101,048</td>
<td>78,027</td>
</tr>
<tr>
<td>Other assets</td>
<td>753</td>
<td>753</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>314,266</td>
<td>338,966</td>
</tr>
<tr>
<td>Total assets</td>
<td>608,701</td>
<td>562,916</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>35,131</td>
<td>34,840</td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td>359,380</td>
<td>373,161</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>394,511</td>
<td>408,001</td>
</tr>
<tr>
<td>Net Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in capital assets, net of related debt</td>
<td>(58,591)</td>
<td>(47,590)</td>
</tr>
<tr>
<td>Restricted for debt service</td>
<td>101,048</td>
<td>78,027</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>171,733</td>
<td>124,478</td>
</tr>
<tr>
<td>Total net assets</td>
<td>214,190</td>
<td>154,915</td>
</tr>
<tr>
<td>Operating revenues</td>
<td>200,157</td>
<td>202,452</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>152,893</td>
<td>188,683</td>
</tr>
<tr>
<td>Non-operating revenues (expenses)</td>
<td>12,011</td>
<td>5,633</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>59,275</td>
<td>19,402</td>
</tr>
<tr>
<td>Net assets - beginning</td>
<td>154,915</td>
<td>135,513</td>
</tr>
<tr>
<td>Net assets - ending</td>
<td>$214,190</td>
<td>$154,915</td>
</tr>
</tbody>
</table>

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OVERALL FINANCIAL POSITION

The District's change in net assets was a $59,275 increase. Unrestricted net assets (those assets available to finance the daily operations of the district) were $171,733 at year end. The amount of net assets restricted for debt service was $101,048. The amount invested in capital assets, net of related debt was ($58,591) 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 $314,266. Capital assets include land, the sewerage system, buildings, and equipment costing $1,000 or more. There were no additions or deletions to capital assets during 2006. Additional information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

At year end the District had $372,957 in revenue bonds payable. Interest expense on these bonds was $19,272 for 2006. Additional information about the District's debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS

The District anticipates that operating revenues and operating expenses will remain fairly constant for 2007.
BASIC FINANCIAL STATEMENTS
COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO. 1
Columbia, Louisiana

STATEMENT OF NET ASSETS
December 31, 2006

ASSETS
Current assets:
Cash $162,370
Investments 14,406
Accounts receivable - sewer fees (net) 15,858
Total current assets 192,634
Noncurrent assets:
Restricted cash 101,048
Other assets 753
Property, plant and equipment (net of accumulated depreciation) 314,266
Total noncurrent assets 416,067
Total assets 608,701

LIABILITIES
Current liabilities:
Accounts payable 1,627
Accrued interest payable 4,584
Current portion of long-term debt 13,577
Customer deposits 15,343
Total current liabilities 35,131
Noncurrent liabilities:
Long-term debt - revenue bonds payable 359,380
Total liabilities 394,511

NET ASSETS
Invested in capital assets, net of related debt (58,591)
Restricted for debt service 101,048
Unrestricted 171,733
Total net assets $214,190

See accompanying notes and accountant's report.
COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Columbia, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
For the Year Ended December 31, 2006

OPERATING REVENUES
Sewer service fees $199,249
Tap fees 750
Other revenue 158
Total revenues 200,157

OPERATING EXPENSES
Commissioners fees 4,200
Accounting and audit 1,477
Repairs and maintenance 22,241
Materials and supplies 11,271
Office expense 1,537
Utilities and telephone 29,703
Insurance 8,902
Salaries and payroll taxes 36,722
Collections expense 2,101
Lab tests 988
Truck expense 4,564
Gasoline 2,104
Depreciation 24,699
Other operating expenses 2,384
Total operating expenses 152,893

OPERATING INCOME 47,264

NON-OPERATING REVENUES (EXPENSES)
Interest income 1,378
Property taxes 28,354
State revenue sharing 1,551
Interest expense (19,272)
Total non-operating revenues 12,011

CHANGE IN NET ASSETS
59,275

NET ASSETS - BEGINNING 154,915

NET ASSETS - ENDING $214,190

See accompanying notes and accountant's report.
COLUMBIA HEIGHTS SEWERAGE  
DISTRICT NO. 1  
Columbia, Louisiana  

STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2006

<table>
<thead>
<tr>
<th>CASH FLOWS FROM OPERATING ACTIVITIES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$200,352</td>
</tr>
<tr>
<td>Customer deposit receipts, net</td>
<td>2,665</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>(92,019)</td>
</tr>
<tr>
<td>Payments to employees and board members</td>
<td>(38,268)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td><strong>72,730</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property tax receipts</td>
<td>28,354</td>
</tr>
<tr>
<td>State revenue sharing receipts</td>
<td>1,551</td>
</tr>
<tr>
<td><strong>Net cash provided by non-capital financing activities</strong></td>
<td><strong>29,905</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal paid on capital debt</td>
<td>(13,599)</td>
</tr>
<tr>
<td>Interest paid on capital debt</td>
<td>(19,735)</td>
</tr>
<tr>
<td>Increase in restricted cash</td>
<td>(23,021)</td>
</tr>
<tr>
<td><strong>Net cash used by capital and related financing activities</strong></td>
<td><strong>(56,355)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM INVESTING ACTIVITIES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>1,378</td>
</tr>
<tr>
<td>Increase in investments</td>
<td>(387)</td>
</tr>
<tr>
<td><strong>Net cash provided by investing activities</strong></td>
<td><strong>991</strong></td>
</tr>
</tbody>
</table>

NET INCREASE IN CASH  
47,271
CASH AT BEGINNING OF YEAR  
115,099
CASH AT END OF YEAR  
$162,370

Reconciliation of Operating Income to Net Cash Provided by Operating Activities  

| Operating Income | $47,264 |
| Adjustments:     |        |
| Depreciation     | 24,699  |
| Decrease in accounts receivable | 195 |
| Decrease in accounts payable      | (2,093) |
| Increase in customer deposits      | 2,665  |
| Total adjustments                 | 25,466  |
| **Net cash provided by operating activities** | **$72,730** |

See accompanying notes and accountant’s report.
INTRODUCTION

Columbia Heights Sewerage District No. 1 was created by the Caldwell Parish Police Jury as authorized by Louisiana Revised Statute 33:3881. The district is governed by a five member board appointed by the police jury. Columbia Heights Sewerage District No. 1 commissioners receive $60 per meeting attended. The district is responsible for maintaining and operating a sewerage collection and disposal system with the boundaries of the district and has two part-time employees.

GASB Statement No. 14, The Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Columbia Heights Sewerage District No. 1 is considered a component unit of the Caldwell Parish Police Jury. As a component unit, the accompanying financial statements may be included within the reporting of the primary government, either blended into those financial statements or separately reported as a discrete component unit.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Statements

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

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

The Columbia Heights Sewerage District No. 1 is a special-purpose government engaged only in business-type activities.

See accountant’s 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Columbia Heights Sewerage District No. 1 has elected not to follow subsequent private-sector guidance.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund’s principal ongoing operation. The operating revenues of the Columbia Heights Sewerage District No. 1 are sewer service fees and tap 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 allows the district to invest in 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, 2006, the district’s investment consists of a nonnegotiable certificate of deposit with an original maturity that exceeds 90 days that is reported in the accompanying financial statements at cost.

D. Receivables

All receivables are generally shown net of an allowance for uncollectible amounts. These statements contain no provision for uncollectible accounts. The district is of the opinion that such an allowance would be immaterial in relation to the financial statements taken as a whole.

See accountant’s report.
Property taxes are levied on a calendar year basis and become due on January 1 of each year. For the year ended December 31, 2006, taxes of 4.34 mills were levied on property with assessed valuations totaling approximately $12,240,678, for maintenance and operation of the sewerage district.

E. Restricted Assets

Certain resources set aside for the repayment of revenue bonds are classified as restricted assets on the balance sheet because their use is limited by the debt agreement.

F. Capital Assets

Capital assets, which include land, the sewerage system, buildings, and equipment are reported in the enterprise fund financial statements. All of the district's capital assets are capitalized at historical cost. The Columbia Heights Sewerage District No. 1 maintains a threshold level of $1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

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

| Infrastructure - Sewerage system | 25 years |
| Buildings                       | 25 years |
| Equipment                       | 5-10 years |

G. Long-term Obligations

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

H. Estimates

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

See accountant's report.
2. **DEPOSITS IN FINANCIAL INSTITUTIONS**

At December 31, 2006, the district has cash and investments (book balances) as follows:

<table>
<thead>
<tr>
<th>Account Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-interest bearing checking accounts</td>
<td>$162,370</td>
</tr>
<tr>
<td>Interest bearing savings accounts</td>
<td>101,048</td>
</tr>
<tr>
<td>Investments - certificates of deposit</td>
<td>14,406</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$277,824</strong></td>
</tr>
</tbody>
</table>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2006, the Columbia Heights Sewerage District No. 1 has $280,967 in deposits (collected bank balances). These deposits are secured from risk by $200,000 of federal deposit insurance and $258,497 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent bank has failed to pay deposited funds upon demand.

3. **ACCOUNTS RECEIVABLE**

At December 31, 2006, the district has net receivables of $15,858 as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sewer service fees</td>
<td>$15,858</td>
</tr>
<tr>
<td>Allowance for uncollectible accounts</td>
<td>NONE</td>
</tr>
<tr>
<td><strong>Net receivables</strong></td>
<td><strong>$15,858</strong></td>
</tr>
</tbody>
</table>

4. **CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2006, is as follows:

See accountant’s report.
Balance at Balance at
January 1, Increases Decreases December 31, 
2006 2006

Capital assets not being depreciated:
Land $35,517 NONE NONE $35,517

Capital assets being depreciated:
Sewerage system $2,029,704 $2,029,704
Buildings 21,410 21,410
Equipment 39,613 39,613
Total capital assets being depreciated 2,090,727 NONE NONE 2,090,727

Less accumulated depreciation for:
Sewerage system 1,742,445 $21,077 1,763,522
Buildings 18,818 856 19,674
Equipment 26,016 2,766 28,782
Total accumulated depreciation 1,787,279 24,699 NONE 1,811,978

Total assets being depreciated, net $303,448 ($24,699) NONE $278,749

Depreciation expense of $24,699 for the year ended December 31, 2006 was reported in the statement of revenues, expenses, and changes in net assets.

5. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt (revenue bonds payable) transactions for the year ended December 31, 2006:

Revenue bonds payable at January 1, 2006 $386,556
Additions NONE
Repayments (13,599)
Revenue bonds payable at December 31, 2006 $372,957

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, 2006:

See accountant's report.
Current portion $13,577
Long-term portion $359,380
Total $372,957

All outstanding debt at December 31, 2006, in the amount of $372,957 are revenue bonds payable with maturities from 2007 until 2033 and 5% to 5.25% interest rates. Loan principal and interest payable in the next fiscal year are $13,577 and $19,244, respectively. The individual bonds are as follows:

<table>
<thead>
<tr>
<th>Original issue date</th>
<th>Interest rate</th>
<th>Final payment due</th>
<th>Interest to maturity</th>
<th>Principal outstanding</th>
<th>Funding source</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/11/79</td>
<td>5.00%</td>
<td>7/11/19</td>
<td>$69,450</td>
<td>$179,000</td>
<td>Sewer fees</td>
</tr>
<tr>
<td>5/11/93</td>
<td>5.25%</td>
<td>5/11/33</td>
<td>$167,539</td>
<td>$193,957</td>
<td>Sewer fees</td>
</tr>
</tbody>
</table>

The loans are due as follows:

<table>
<thead>
<tr>
<th>Year Ending December 31,</th>
<th>Principal Payments</th>
<th>Interest Payments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$13,577</td>
<td>$19,244</td>
<td>$32,821</td>
</tr>
<tr>
<td>2008</td>
<td>14,769</td>
<td>18,551</td>
<td>33,320</td>
</tr>
<tr>
<td>2009</td>
<td>14,972</td>
<td>17,799</td>
<td>32,771</td>
</tr>
<tr>
<td>2010</td>
<td>15,186</td>
<td>17,035</td>
<td>32,221</td>
</tr>
<tr>
<td>2011</td>
<td>16,411</td>
<td>16,260</td>
<td>32,671</td>
</tr>
<tr>
<td>2012 - 2016</td>
<td>95,878</td>
<td>67,975</td>
<td>163,853</td>
</tr>
<tr>
<td>2017 - 2021</td>
<td>87,627</td>
<td>41,226</td>
<td>128,853</td>
</tr>
<tr>
<td>2022 - 2026</td>
<td>43,696</td>
<td>25,657</td>
<td>69,353</td>
</tr>
<tr>
<td>2027 - 2031</td>
<td>56,780</td>
<td>12,574</td>
<td>69,354</td>
</tr>
<tr>
<td>2032 - 2033</td>
<td>14,061</td>
<td>668</td>
<td>14,729</td>
</tr>
<tr>
<td>Total</td>
<td>$372,957</td>
<td>$236,989</td>
<td>$609,946</td>
</tr>
</tbody>
</table>

6. **RESTRICTED NET ASSETS**

The bond covenant for the 1979 sewer revenue bonds discussed in note 5 above, requires the district to establish the following reserve accounts:

See accountant's report.
A. A "Sewer Reserve Fund". The district must transfer into this fund each month an amount equal to 5 percent of the monthly sinking fund payment until a total of $19,950 is accumulated. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient monthly sinking fund payments have not been made.

B. A "Sewer and Depreciation Contingency Fund". The district must transfer $103 into this fund each month. Money in this fund may be used for the purpose of paying the cost of extraordinary repairs or replacements which are necessary to keep the system in operating condition and for which money is not available in the maintenance and operation fund. Money in this fund may also be used to pay principal and interest on the bonds at any time there is not sufficient funds in the other bond funds.

The bond covenant for the 1993 sewer revenue bonds discussed in note 5 above, requires the district to establish the following reserve accounts:

A. A "Sinking Fund". The district must transfer into this fund each month, one-twelfth of the principal and interest falling due on the next payment date. 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 "Reserve Fund". The district must transfer into this fund $58 each month until a total of $13,871 has been accumulated. 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 Sinking Fund and as to which there would otherwise be default.

C. A "Contingency Fund". The district must transfer into this fund $55 each month. Money in this fund may be used for the purpose of paying the cost of extraordinary repairs or replacements which are necessary to keep the system in operating condition and for which money is not available in the maintenance and operation fund. Money in this fund may also 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, 2006, the district has set aside $101,048 to meet the reserve requirements. These deposits are reported as restricted cash on the district's statement of net assets.

See accountant's report.
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.

See accountant's report.
SUPPLEMENTAL INFORMATION SCHEDULES

See accountant's report.
COMPENSATION PAID COMMISSIONERS

The schedule of compensation paid to commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Columbia Heights Sewerage District No. 1 commissioners receive $60 per meeting attended.

STATUS OF PRIOR YEAR FINDINGS

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

CURRENT YEAR FINDINGS AND CORRECTIVE ACTION PLAN

The corrective action plan for current year findings is presented in Schedule 3.

See accountant's report.
COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Columbia, Louisiana

SCHEDULE OF COMPENSATION PAID COMMISSIONERS
For the Year Ended December 31, 2006

<table>
<thead>
<tr>
<th>Name</th>
<th>Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monty Adams</td>
<td>$840</td>
</tr>
<tr>
<td>Jackie Barrett</td>
<td>840</td>
</tr>
<tr>
<td>Tommy Basco</td>
<td>840</td>
</tr>
<tr>
<td>Marshall Davis, Jr.</td>
<td>840</td>
</tr>
<tr>
<td>Eddie Hearns</td>
<td>840</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,200</strong></td>
</tr>
</tbody>
</table>

See accountant’s report.
COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Columbia, Louisiana

STATUS OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2006

<table>
<thead>
<tr>
<th>Reference Number</th>
<th>Fiscal Year Finding Initially Occurred</th>
<th>Description of Finding</th>
<th>Corrective Action Taken</th>
<th>Planned Corrective Action</th>
</tr>
</thead>
</table>

There were no prior year findings.

See accountant's report.
COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO. 1
Columbia, Louisiana

CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2006

<table>
<thead>
<tr>
<th>Reference Number</th>
<th>Description of Finding</th>
<th>Corrective Action Planned</th>
<th>Name of Contact Person</th>
<th>Anticipated Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

There are no current year findings.

See accountant’s 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.
Independent Accountant’s Report
On Applying Agreed-Upon Procedures

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

I have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of the Columbia Heights Sewerage District No. 1 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, 2006 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of the 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 $20,000, or public works exceeding $100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

   A review was made of all disbursements for the year. There were no disbursements for materials and supplies exceeding $20,000 nor were there any disbursements for public works exceeding $100,000 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 LSA-RS 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.
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 the employees included in the listing obtained from management in procedure number 3 above were also included in the listing obtained from management in procedure number 2 above as immediate family members.

One of the employees included on the list of employees provided by management in agreed-upon procedure (3) was also included on the listing obtained from management in agreed-upon procedure (2) as an immediate family member. However, the employee was hired by the district prior to 1980.

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 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 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 correct 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.

An examination of six randomly selected disbursements disclosed the following:
Columbia Heights Sewerage District No. 1
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 2006

(a) The six selected disbursements were supported by adequate documentation.

(b) The six selected payments were properly coded to the correct fund and general ledger account.

(c) The six selected payments received 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 LSA-RS 42:1-12 (the opening meetings law).

The public notices for meetings were posted as required by LSA-RS 42:7.

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 which may constitute bonuses, advances, or gifts.

I was not engaged to, and did not, perform an examination, 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.
Columbia Heights Sewerage District No. 1
Independent Accountant's Report on
  Applying Agreed-Upon Procedures
December 31, 2006

This report is intended solely for the use of management of the Columbia Heights Sewerage District No. 1 and the Legislative Auditor, State of Louisiana, and is not intended to be 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
June 4, 2007
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*. 
Mrs. Dumas,

In connection with your review of our financial statements as of December 31, 2006 and for the year then ended, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on information available to us as of _________________.

PUBLIC BID LAW

1. It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.
   
   Yes [ X ] No [ ] N/A [ ]

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. 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 LSA-RS 42:1101-1124.
   
   Yes [ X ] No [ ] N/A [ ]

3. 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 LSA-RS 42:1119.
   
   Yes [ X ] No [ ] N/A [ ]
BUDGETING

4. We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

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

ACCOUNTING AND REPORTING

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

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

6. We have filed our annual financial statements in accordance with LSA-RS 24:514, LSA-RS 33:463, and/or LSA-RS 39:92, as applicable.

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

7. We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

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

MEETINGS

8. We have complied with the provisions of the Opening Meetings Law, LSA-RS 42:1-12.

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

DEBT

9. 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 LSA-RS 39:1410.60 - 1410.65.

Yes [X] No [ ] N/A [ ]
ADVANCES AND BONUSES

10. 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, LSA-RS 14:138, and AG opinion 79-729.

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. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies 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 this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

/s Marshall Davis, President C.H.S.D. #1

Name ...

Date