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TOWN OF COLFAX
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 1997
With Comparative Totals for June 30, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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.

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TOWN OF COLFAX, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1997
 With Comparative Totals for June 30, 1996

	Governmental Funds			Proprietary Funds		Enterprise Funds		Account Groups		Memorandum Totals	
	General	Capital Projects	Special Revenue	Enterprise	Agency	General Fixed Assets	General Long-term Debt	1997	1996		
Assets											
Cash and cash equivalents	\$ 95,183	\$ 556,208	\$ -	\$ 153,366	\$ -	\$ -	\$ -	\$ 804,757	\$ -	\$ 1,551,428	
Receivables (net of allowance for doubtful accounts)	-	10,245	-	67,523	-	-	-	77,768	-	68,455	
Accrued Interest	-	-	-	507	-	-	-	507	-	3,734	
Due from other funds	8,156	-	-	-	-	-	-	8,156	-	8,572	
Due from other governments	-	-	29,489	-	-	-	-	29,489	-	14,091	
Prepaid Expenses	6,243	-	-	4,982	-	-	-	11,225	-	11,224	
Restricted cash and cash equivalents	-	-	-	82,460	-	-	-	82,460	-	79,200	
Property and equipment (net of accumulated depreciation)	-	-	-	1,644,463	-	930,199	-	2,574,662	-	2,432,212	
Investments held by deferred compensation plan	-	-	-	-	117,912	-	-	117,912	-	88,499	
Amount to be provided for the retirement of long-term debt	-	-	-	-	-	-	1,168	1,168	-	2,078	
Total assets	\$ 109,582	\$ 566,453	\$ 29,489	\$ 1,953,301	\$ 117,912	\$ 930,199	\$ 1,168	\$ 3,708,104	\$ -	\$ 4,259,493	
Liabilities and fund equity											
Liabilities:											
Accounts and other payables	\$ 22,350	\$ 13,246	\$ -	\$ 54,199	\$ -	\$ -	\$ -	\$ 89,795	\$ -	\$ 43,366	
Gas purchases payable - settled claim	-	-	-	84,700	-	-	-	84,700	-	97,909	
Payable from restricted assets:											
Customer deposits	-	-	-	79,105	-	-	-	79,105	-	79,290	
Due to other funds	-	-	-	8,156	-	-	-	8,156	-	8,572	
Deferred compensation obligation	-	-	-	-	117,912	-	-	117,912	-	88,499	
Compensated absences payable	-	-	-	2,253	-	-	-	3,421	-	4,331	
Total liabilities	22,350	13,246	-	228,413	117,912	-	1,168	383,089	-	321,868	
Fund equity:											
Investment in general fixed assets	-	-	-	-	-	930,199	-	930,199	-	896,240	
Contributed capital	-	-	-	1,984,028	-	-	-	1,984,028	-	1,838,031	
Retained earnings (deficit)	-	-	-	(259,140)	-	-	-	(259,140)	-	(243,074)	
Fund balance - unreserved	87,232	553,207	29,489	-	-	-	-	669,928	-	1,446,428	
Total fund equity	87,232	553,207	29,489	1,724,888	-	930,199	-	3,325,015	-	3,937,625	
Total liabilities and fund equity	\$ 109,582	\$ 566,453	\$ 29,489	\$ 1,953,301	\$ 117,912	\$ 930,199	\$ 1,168	\$ 3,708,104	\$ -	\$ 4,259,493	

The accompanying notes are an integral part of these financial statements.

TOWN OF COLFAX, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
All Governmental Fund Types
For the year ended June 30, 1997
With Comparative Totals for the Year Ended June 30, 1996

	General	Capital Projects	Special Revenue	Memorandum Totals	
				1997	1996
Revenues:					
Taxes:					
Ad valorem	\$ 42,631	\$ -	\$ -	\$ 42,631	\$ 43,367
Sales tax	-	-	188,060	188,060	180,097
Licenses and permits:					
Occupational licenses	50,856	-	-	50,856	39,675
Franchise	34,544	-	-	34,544	33,011
Charges for services:					
Garbage	74,378	-	-	74,378	65,481
Animal control	8,270	-	-	8,270	5,609
Rent	3,750	-	-	3,750	4,300
Intergovernmental:					
Tobacco tax	8,823	-	-	8,823	8,823
Beer tax	6,598	-	-	6,598	6,305
Video poker	6,687	-	-	6,687	6,605
Payment in lieu of taxes	4,763	-	-	4,763	6,275
Grant revenues	-	42,942	-	42,942	1,330,246
Miscellaneous:					
Fines	2,586	-	-	2,586	7,796
Interest	1,666	41,569	-	43,235	46,433
DMV	12,927	-	-	12,927	11,654
Sale of asset	1,989	-	-	1,989	12,000
Other	35,902	300,000	-	335,902	40,011
Total revenues	296,370	384,511	188,060	868,941	1,847,699
Expenditures:					
General government	260,740	-	5,887	266,627	282,300
Public safety	76,078	-	-	76,078	73,089
Streets and drainage	86,909	-	-	86,909	70,495
Sanitation	39,100	-	-	39,100	35,497
Recreation	1,971	-	-	1,971	2,710
Capital outlays	45,757	53,585	-	99,342	13,101
Debt service	1,270	-	-	1,270	-
Public works	-	1,113,029	-	1,113,029	403,244
Total expenditures	511,825	1,166,614	5,887	1,684,326	880,436
Excess (deficiency) of revenues over expenditures	(215,455)	(782,103)	182,173	(815,385)	967,263
Other financing sources (uses):					
Operating transfers in	262,177	13,301	-	275,478	391,352
Operating transfers out	(69,818)	-	(166,775)	(236,593)	(337,459)
Total other financing sources (uses)	192,359	13,301	(166,775)	38,885	53,893
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(23,096)	(768,802)	15,398	(776,500)	1,021,156
Fund balance - beginning of year	110,328	1,322,009	14,091	1,446,428	425,272
Fund balance - end of year	\$ 87,232	\$ 553,207	\$ 29,489	\$ 669,928	\$ 1,446,428

The accompanying notes are an integral part of the financial statements.

TOWN OF COLFAX, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
General and Special Revenue Funds

For the year ended June 30, 1997

	General Fund			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 43,000	\$ 42,631	\$ (369)	\$ 175,000	\$ 188,060	\$ 13,060
License and permits	74,000	85,400	11,400	-	-	-
Charges for services	30,500	86,398	55,898	-	-	-
Intergovernmental	74,500	26,871	(47,629)	-	-	-
Miscellaneous	59,000	55,070	(3,930)	-	-	-
Total revenues	281,000	296,370	15,370	175,000	188,060	13,060
Expenditures:						
General and administrative	280,700	260,740	19,960	5,000	5,887	(887)
Public safety	80,000	76,078	3,922	-	-	-
Streets and drainage	84,500	86,909	(2,409)	-	-	-
Sanitation	41,000	39,100	1,900	-	-	-
Recreation	4,000	1,971	2,029	-	-	-
Debt service	-	1,270	(1,270)	-	-	-
Capital outlays	69,500	45,757	23,743	-	-	-
Total expenditures	559,700	511,825	47,875	5,000	5,887	(887)
Excess (deficiency) of revenues over expenditures	(278,700)	(215,455)	63,245	170,000	182,173	12,173
Other financing sources (uses):						
Operating transfers in	255,000	262,177	7,177	-	-	-
Operating transfers out	-	(69,818)	(69,818)	(170,000)	(166,775)	3,225
Total other financing sources (uses)	255,000	192,359	(62,641)	(170,000)	(166,775)	3,225
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(23,700)	(23,096)	604	-	15,398	15,398
Fund balance - beginning of year	110,328	110,328	-	14,091	14,091	-
Fund balance - end of year	\$ 86,628	\$ 87,232	\$ 604	\$ 14,091	\$ 29,489	\$ 15,398

TOWN OF COLFAX, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN RETAINED EARNINGS
Proprietary Fund
For the year ended June 30, 1997
With Comparative Totals for the Year Ended June 30, 1996

	Enterprise Funds	
	1997	1996
<u>Operating revenues:</u>		
Gas sales	\$ 453,161	\$ 408,828
Water sales	223,034	220,621
Sewer charges	103,454	94,831
Delinquent charges	23,168	19,667
Miscellaneous	715	4,240
Total operating revenues	803,532	748,187
<u>Operating expenses:</u>		
Natural gas purchases	243,563	216,601
Salaries and wages	225,284	228,652
Materials, supplies, and maintenance	71,570	97,763
Office and postage	8,000	13,937
Payroll taxes	17,628	17,358
Vehicle and travel	8,907	7,653
Insurance	35,541	35,526
Professional fees	20,460	6,213
Sewer expense	2,722	3,451
Miscellaneous	2,044	5,751
Lease	5,581	5,288
Utilities and telephone	40,159	40,109
Depreciation	98,654	88,819
Bad debts	4,672	1,323
Uniform and equipment rental	1,665	2,198
Total operating expenses	786,450	770,642
Operating income	17,082	(22,455)
<u>Non-operating revenues (expenses):</u>		
Disposal of assets	23	-
Interest income	5,714	9,318
Total Non-operating revenues (expenses)	5,737	9,318
Income (loss) before operating transfers	22,819	(13,137)
<u>Operating transfers in (out):</u>		
Transfers in	64,017	105,477
Transfers out	(102,902)	(159,371)
Total Operating transfers in (out)	(38,885)	(53,894)
Net income (loss)	(16,066)	(67,031)
Retained earnings (deficit) - beginning of year	(243,074)	(176,043)
Retained earnings (deficit) - end of year	\$ (259,140)	\$ (243,074)

The accompanying notes are an integral part of the financial statements.

TOWN OF COLFAX, LOUISIANA
STATEMENT OF CASH FLOWS
Proprietary Fund
For the year ended June 30, 1997
With Comparative Totals for the Year Ended June 30, 1996

	Enterprise Funds	
	1997	1996
<u>Cash flow from operating activities:</u>		
Operating income (loss)	\$ 17,082	\$ (22,455)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	98,654	88,819
(Increase) decrease in accounts receivable	932	(12,038)
(Increase) decrease in accrued interest	3,227	1,916
(Increase) decrease in prepaid expenses	-	-
(Decrease) increase in due to other funds	(416)	(54,872)
(Decrease) increase in accounts payable	31,130	4,450
(Decrease) increase in payable for gas purchases	(13,200)	(13,200)
(Decrease) increase in meter deposits	(95)	1,515
(Decrease) increase in compensated absences	-	2,253
Net cash provided (used) by operating activities	137,314	(3,612)
<u>Cash flows from non-capital financing activities:</u>		
Operating transfers, net	(38,885)	(53,894)
Net cash provided (used) by non-capital financing activities	(38,885)	(53,894)
<u>Cash flows from capital and related financing activities:</u>		
Acquisition and construction of capital assets	(153,963)	(56,687)
Proceeds from DOTD	92,413	-
Proceeds from the sale of assets	425	-
Net cash provided (used) by capital and related financing activities	(61,125)	(56,687)
<u>Cash flows from investing activities:</u>		
Interest and other income	5,714	9,318
Net cash provided (used) by investing activities	5,714	9,318
Net increase (decrease) in cash	43,018	(104,875)
Beginning cash balance	192,808	297,683
Ending cash balance	\$ 235,826	\$ 192,808

Supplemental disclosures of cash flow information:

For the years ended June 30, 1997 and 1996 there were no investing, capital, and financing activities that did not result in cash receipts or payments.

The accompanying notes are an integral part of the financial statements.

TOWN OF COLFAX, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation

The Town of Colfax, Louisiana (the Town) was incorporated under the provisions of the Lawrason Act and operates under a Mayor-Board of Aldermen form of government. The Town provides various services including public safety (police and fire), streets and drainage, sanitation, recreation, public improvements, utility (gas, water, and sewerage), and general administrative services.

The accompanying policies of the Town of Colfax, Louisiana, conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies.

Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the Town is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Town), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Colfax for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Town to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Fund Accounting

The accounts of the Town are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures. The various funds are summarized by type in the financial statements. The following fund types and account groups are used by the Town:

TOWN OF COLFAX, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1997

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Fund is used to account for the proceeds of specific revenue sources restricted to expenditures for specified purposes.

Debt Service Funds - Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt and related charges. There was no activity in the Debt Service Fund for the year ended June 30, 1997.

Capital Project Funds - Capital Project Funds account for the receipt and disbursement of resources for the purpose of building or buying major capital assets.

PROPRIETARY FUND

Enterprise Fund - The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The enterprise fund of the Town of Colfax operates a combined water, sewer and natural gas system viewed for reporting purposes as a single entity. Operating results by division are not determinable.

FIDUCIARY FUNDS

Agency Funds - The Agency Fund is used to account for assets held by the Deferred Compensation Plan which are for employees who defer a portion of their compensation under the provisions of the Internal Revenue Code Section 457.

ACCOUNT GROUPS

General Fixed Assets Account Group - This group of accounts is used to account for fixed assets of the Town other than those accounted for in the proprietary fund.

General Long-Term Debt Account Group - This group of accounts is used to account for long-term debt of the Town except revenue bonds, if any, accounted for in the proprietary fund. There was no activity in this account group for the years ended June 30, 1997 and 1996.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of collecting

TOWN OF COLFAX, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1997

governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt, which is recognized when due.

In both governmental and proprietary funds, inventories of supplies are considered immaterial and are not recorded.

The proprietary (enterprise) fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Utility revenues are billed on a cycle basis and are recognized in the month billed. Unbilled service receivables resulting from utility services rendered between cycle billing and the end of the month have been recognized in the accompanying financial statements.

The basis of accounting followed by proprietary funds is similar to accounting practices utilized by business enterprises. Due to these similarities, proprietary funds are allowed to follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the Town only applies those FASB pronouncements that were issued on or before November 30, 1989.

General Fixed Assets

Fixed assets acquired for general governmental purposes are recorded at cost in the general fixed assets group of accounts and they are recorded as expenditures in the governmental fund type when purchased. The Town has not elected to capitalize public domain ("infrastructure") fixed assets. No depreciation is provided on general fixed assets. Fixed assets are valued at historical cost, including interest incurred during construction unless they were donated in which case they are valued at fair market value at the date of donation. At June 30, 1997, there were no material amounts of donated assets.

Property and Equipment - Proprietary Fund

Property and equipment are recorded at cost including any interest incurred during construction in the proprietary (utility) fund. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as shown below:

Buildings and Improvements	20-33 years
Distribution and Collection System	20-40 years
Other Equipment	5-10 years

Budget Practices

The following procedures are used by the Town in establishing its budget data reflected in the financial statements:

1. The Mayor submits the proposed operating budget for the General and Special Revenue Funds for the upcoming fiscal year at least 60 days prior to the beginning of that year. These budgets include proposed expenditures and the means of financing them. Budgets for the

TOWN OF COLFAX, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1997

Debt Service and Utility Funds are not prepared because such budgets are not required by state law or generally accepted accounting principles.

2. A public hearing is conducted at the Town Hall prior to commencement of the new year.
3. Prior to the commencement of the new year, the budget is legally enacted through passage of an ordinance.
4. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles.

The budgeted amounts are as originally adopted or as amended by the Town Council on June 17, 1997.

Compensated Absences

Accumulated unpaid vacation and compensatory pay have been accrued when incurred in the Proprietary Funds (using accrual basis of accounting). These amounts relating to the Governmental Funds have been presented in the general long-term debt group of accounts. At June 30, 1997, compensated absences for all funds and account groups combined totaled \$3,421.

Total Columns on Combined Statements

Total columns on the combined statements are captioned "Memorandum" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Statement of Cash Flows

The Town has adopted Government Auditing Standards Board Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting." This statement requires entities to report a statement of cash flows as part of a full set of financial statements instead of reporting a statement of changes in financial position. For the purposes of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in bank and certificates of deposit.

Encumbrance Accounting

Purchase orders, contracts, and other commitments to engage in future expenditures are referred to as encumbrances. Since encumbrances do not represent liabilities or current expenditures, encumbrances are not reported in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWN OF COLFAX, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1997

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Cash and Cash Equivalents and Investments

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Town may invest in U.S. bonds, treasury notes or certificates. These are classified as investments if their original maturities exceed 90 days; however, if original maturities are 90 days or less, they are classified as cash equivalents. The Town had no investments at June 30, 1997.

NOTE 2 - RECEIVABLES

The receivables at June 30, 1997, are as follows:

	Special Revenue <u>Fund</u>	Utility Fund	Memorandum <u>Total</u>
Due from Utility Sales	\$	\$ 74,045	\$ 74,045
Miscellaneous Receivables	10,245	471	10,716
Allowance for Uncollectibles	-----	(6,993)	(6,993)
Totals	<u>\$ 10,245</u>	<u>\$ 67,523</u>	<u>\$ 77,768</u>

NOTE 3 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 1997, consist entirely of sales taxes collected by the Board as agent for the Town of Colfax.

NOTE 4 - GENERAL FIXED ASSETS

A summary of changes in General Fixed Assets is presented below.

TOWN OF COLFAX, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1997

	<u>Balance</u> <u>June 30, 1997</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 1997</u>
Land	\$ 77,636			\$ 77,636
Buildings and Improvements	141,748	8,368		150,116
Equipment	247,399	40,624	18,400	269,623
Park and Camping Area	28,329	3,367		31,696
Drainage Project	55,401			55,401
Farmers Market	2,509			2,509
Industrial Park	55,932			55,932
Flea Market	52,000			52,000
Ball Park Complex	84,963			84,963
Airport	10,328			10,328
Front Street Improvements	30,459			30,459
Fire Safety Improvements	<u>109,536</u>			<u>109,536</u>
	<u>\$ 896,240</u>	<u>\$ 52,359</u>	<u>\$ 18,400</u>	<u>\$ 930,199</u>

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

A summary of the property and equipment in the utility fund at June 30, 1997, consists of the following:

Land	\$ 6,232
Buildings and Improvements	5,280
Furniture and Equipment	257,041
Distribution and Collection Systems	3,185,013
Construction In Progress:	<u>53,585</u>
	3,507,151
Less Accumulated Depreciation	<u>(1,862,688)</u>
Net Property and Equipment	<u>\$ 1,644,463</u>

Depreciation expense totaled \$ 98,654 in 1997 and \$88,819 in 1996.

NOTE 6 - TAX REVENUE

Tax revenue for the year ending June 30, 1997, is detailed below.

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Memorandum</u> <u>Total</u>
Property Taxes	\$ 42,631	\$	\$ 42,631
Sales Tax	<u> </u>	<u>188,060</u>	<u>188,060</u>
Totals	<u>\$ 42,631</u>	<u>\$ 188,060</u>	<u>\$ 230,691</u>

The Town imposed a 1% Sales and Use Tax through January 16, 1983. Proceeds are used to defray general governmental expenditures as defined in the Sales Tax Ordinance.

TOWN OF COLFAX, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1997

Effective January 17, 1983, and renewed October 19, 1991, the rate of tax was increased to 2%. The additional 1% sales tax is dedicated to use by the General Fund for various governmental expenditures.

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Property taxes are recognized in compliance with NCGA Interpretation 3 - (Revenue Recognition - Property Taxes) which states that such revenue is recorded when it becomes measurable and available. Available means due or past due and collected no longer than 60 days after the close of the current period.

NOTE 7 - CASH AND CASH EQUIVALENTS

At June 30, 1997 the Town's cash and cash equivalents in restricted and unrestricted funds totaled \$887,117 (book balance) and \$903,434 (bank balance). The composition of these accounts is as follows:

	<u>Book</u> <u>Balance</u>	<u>Bank</u> <u>Balance</u>
Demand Deposit Accounts	\$ 659	\$ 659
Savings Accounts and Now Accounts	276,510	293,277
Time Deposits	609,598	609,498
Petty Cash	<u>450</u>	<u> </u>
 Totals	 <u>\$ 887,217</u>	 <u>\$ 903,434</u>

Under state law, these deposits must be secured by Federal Deposit Insurance or by the pledge of securities owned by the Bank. At June 30, 1997, deposits with financial institutions were as detailed below:

Total cash at June 30, 1997 (bank balance)	\$ 903,434
Less FDIC coverage	<u>(100,659)</u>
Subtotal	802,775
 Less amount secured by securities pledged to the Town, but held in the name of the financial institution (uncollateralized)- Market Value	 <u>1,195,437</u>
 Excess pledged securities	 <u>\$ 392,662</u>

NOTE 8 - BOARD MEMBER SALARIES

For year ended June 30, 1997, the Mayor and Board of Aldermen were paid the following:

<u>NAME</u>	<u>POSITION</u>	<u>SALARY</u>
Connie Youngblood	Mayor	\$ 6,000
Alan Futrell	Alderman	3,000
Suzanne Bowen	Alderman	3,000
Belvin Bruins	Alderman	3,000
Cynthia Aaron-Thomas	Alderman	3,000
Roderick Richardson	Alderman	<u>3,000</u>
 Totals		 <u>\$ 21,000</u>

TOWN OF COLFAX, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1997

NOTE 9 - CAPITAL PROJECTS

Capital project activity for the year ended June 30, 1997, is summarized as follows:

	Aloha Rigolette Flood Control Project	Water Systems Improvements Project	Total
Revenue	\$ 341,569	\$ 42,942	\$ 384,511
Expenditures	<u>1,113,029</u>	<u>53,585</u>	<u>1,166,614</u>
Excess Revenue Over Expenditures	(771,460)	(10,643)	(782,103)
Operating Transfers In	<u>5,000</u>	<u>8,301</u>	<u>13,301</u>
Excess Expenditures Over Revenue and Other Sources	(766,460)	(2,342)	(768,802)
Fund Balance, Beginning	<u>1,322,009</u>	_____	<u>1,322,009</u>
Fund Balance, Ending	<u>\$ 555,549</u>	<u>\$ (2,342)</u>	<u>\$ 553,207</u>

Aloha-Rigolette Flood Control Project - As local sponsor for this project, the Town has provided a portion of the necessary funding. In addition, the Town has collected contributions from various units of local and state government that have elected to participate in the project. Furthermore, a commitment of Federal funds has been received that will allow completion of the flood control project.

Water Systems Improvements Project - During the year, the Town was awarded a Louisiana Community Development Block Grant to improve the water distribution system. Expenditures on the project, for the year ended June 30, 1997 are summarized as follows:

	<u>June 30, 1997</u>
Administration	\$ 10,642
Engineering	<u>42,942</u>
Total Expenditures	53,584
Local Match	<u>10,642</u>
Federal Funds	<u>\$ 42,942</u>

NOTE 10 - RISK MANAGEMENT

The Town of Colfax is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and participation in a public entity risk pool that operates as a common insurance program. Claims resulting from these risks have historically not exceeded insurance coverage.

TOWN OF COLFAX, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1997

NOTE 11 - DEFERRED COMPENSATION PLAN

Employees may contribute to a deferred compensation plan adopted under the provisions of Internal Revenue Code (IRC) Section 457. Amounts contributed to the deferred compensation plan and investment income attributable to those contributions are subject to income tax upon withdrawal from the plan. Furthermore, the deferred compensation is not available for withdrawal until termination, death, retirement or unforeseeable emergency.

Under the terms of an Internal Revenue Code Section 457 plan, all assets held in the plan are considered property of the Town and are subject to claims by the Town's general creditors. Participants' rights under the plan are equivalent to the rights of general creditors.

NOTE 12 - INTERFUND RECEIVABLES / PAYABLES

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. Individual fund interfund receivable and payable balances at June 30, 1997, arising from these transactions were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Utility Fund	\$ 8,156

NOTE 13 - GAS PURCHASES PAYABLE

During 1993, the Town agreed to a settlement for gas volumes delivered to the Town of Colfax, which had not been invoiced or paid. The terms of the settlement require Colfax to pay the gas company \$162,000 in the following manner: \$30,000 paid upon signing the agreement in 1993, and the remaining \$132,000 would be paid in monthly installments of \$1,100 for ten (10) years. At June 30, 1997, the balance in gas purchases payable is \$84,700.

NOTE 14 - CONTRIBUTED CAPITAL

Contributed capital within the utility fund represents moneys granted from various governmental organizations to the Town in the past for construction of and improvements to utility distribution systems. Changes in contributed capital during the year ended June 30, 1997, are as follows:

	<u>Proprietary Fund</u>
Balance, June 30, 1996	\$ 1,838,031
Additions	<u>145,997</u>
Balance, June 30, 1997	<u>\$ 1,984,028</u>

NOTE 15 - DEFICIT RETAINED EARNINGS

The Enterprise Fund of the Town operates a combined water, sewer, and natural gas utility fund. The utility fund's deficit balance in retained earnings at June 30, 1997, was \$259,140. This was the result of inadequate revenues to cover expenses including depreciation.

TOWN OF COLFAX, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1997

NOTE 16 - GENERAL LONG-TERM DEBT

The following changes occurred in liabilities reported in the General Long-Term Debt Account Group during the year ended June 30, 1997:

	<u>Payable At</u> <u>June 30, 1996</u>	<u>Additions</u>	<u>Deletions</u>	<u>Payable At</u> <u>June 30, 1997</u>
Compensated Absences	\$2,078		\$910	\$ 1,168

OTHER REPORTS

ROZIER, HARRINGTON, & MCKAY

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September 22, 1997

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

The Honorable Constance Youngblood, Mayor
and the Board of Aldermen
Town of Colfax, Louisiana

We have audited the financial statements of the Town of Colfax, Louisiana as of and for the year ended June 30, 1997, and have issued our report thereon dated September 22, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Colfax, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Colfax, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period


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The Honorable Constance Youngblood, Mayor
and the Board of Aldermen
September 22, 1997
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by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.


ROZIER, HARRINGTON & McKAY
Certified Public Accountants