

TOWN OF COLFAX, LOUISIANA

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

June 30, 1996

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>
U.S. Department of Housing and Urban Development:		
Pass-through the State of Louisiana Division of Administration		
Community Development Block Grant	14.228	\$310,146

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August 2, 1996

**INDEPENDENT AUDITORS' REPORT**  
**ON THE TOWN'S INTERNAL CONTROL STRUCTURE**  
**USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

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

We have audited the general purpose financial statements of the Town of Colfax, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 2, 1996. We have also audited the compliance of the Town of Colfax, Louisiana, with requirements applicable to major federal financial assistance programs and have issued our report thereon dated August 2, 1996.

We conducted our audits in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether the Town of Colfax, Louisiana, complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended June 30, 1996, we considered the Town's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the Town's general purpose financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated August 2, 1996.

-Members-

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August 2, 1996

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS AND  
REGULATIONS BASED ON AN AUDIT OF  
GENERAL PURPOSE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

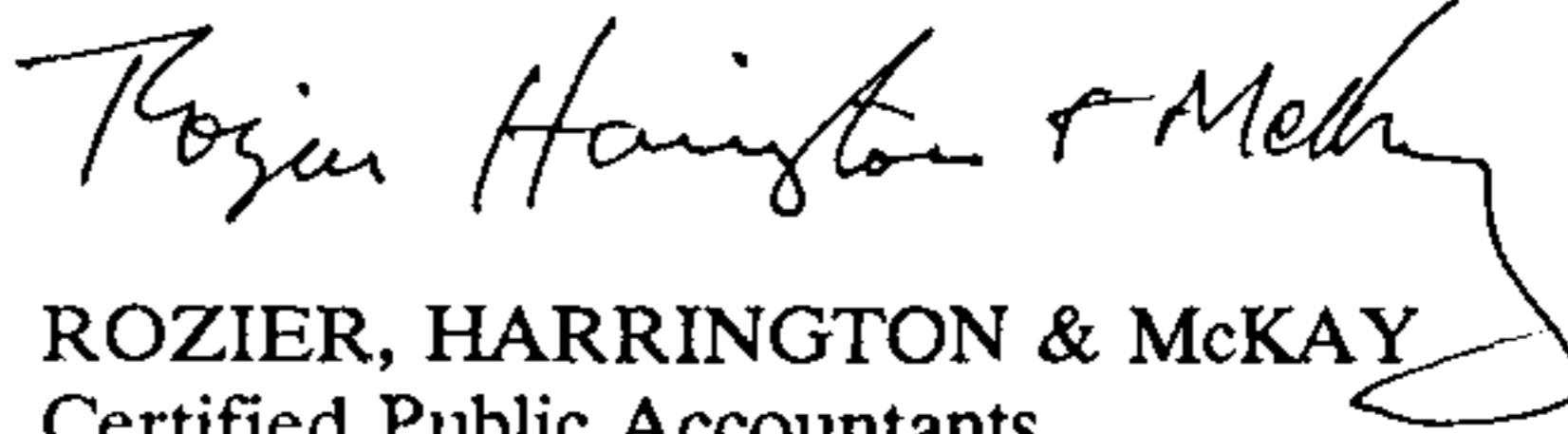
We have audited the general purpose financial statements of the Town of Colfax, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 2, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Town of Colfax, Louisiana, is the responsibility of the Town's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our test disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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

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August 2, 1996

INDEPENDENT AUDITORS' REPORT  
ON INTERNAL CONTROL STRUCTURE RELATED MATTERS  
NOTED IN A FINANCIAL STATEMENT AUDIT CONDUCTED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the general purpose financial statements of the Town of Colfax, Louisiana, as of and for the year ended June 30, 1996 and have issued our report thereon dated August 2, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Town of Colfax, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related cost of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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The Honorable Constance Youngblood, Mayor

and the Board of Aldermen

August 2, 1996



Page 2

In planning and performing our audit of the general purpose financial statements of Town of Colfax, Louisiana for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the management and the Board of Aldermen. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

  
ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants 

The Honorable Constance Youngblood, Mayor

and the Board of Aldermen

August 2, 1996

Page 2

The management of the the Town of Colfax, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Cash Disbursements  
General Requirements  
Types of Services  
Special Requirements



For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, The Town of Colfax, Louisiana, expended 100% of its total federal financial assistance under the Louisiana Community Development Block Grant Program.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material non-compliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned major program. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

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

  
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August 2, 1996

INDEPENDENT AUDITORS' REPORT  
ON TOWN OF COLFAX, LOUISIANA'S COMPLIANCE WITH  
GENERAL REQUIREMENTS APPLICABLE TO  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

We have audited the general purpose financial statements of the Town of Colfax, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 2, 1996.

We have applied procedures to test the Town's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996.

Political Activity	Allowable Cost/Cost Principals
Civil Rights	Administrative Requirements
Relocation Assistance and	Davis-Brown Act
Real Property Acquisition	

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of State and Local Governments*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town of Colfax, Louisiana's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Colfax, Louisiana, had not complied, in all material respects, with those requirements.

-Members-

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The Honorable Constance Youngblood, Mayor  
and the Board of Aldermen

August 2, 1996

Page 2

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



ROZIER, HARRINGTON & McKAY  
Certified Public Accountants

The Honorable Constance Youngblood, Mayor  
and the Board of Aldermen

August 2, 1996

Page 2

In our opinion, the Town of Colfax, Louisiana, complied, in all material respects, with the requirements governing the types of services allowed or unallowed; special tests and provisions; and amounts claimed or used for matching that are applicable to its major federal financial assistance programs for the year ended June 30, 1996.

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

  
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August 2, 1996


INDEPENDENT AUDITORS' REPORT ON  
SCHEDULE OF FEDERAL ASSISTANCE

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

We have audited the general purpose financial statements of the Town of Colfax, Louisiana, for the year ended June 30, 1996, and have issued our report thereon dated August 2, 1996. These general purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Town of Colfax, Louisiana, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that Schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

  
ROZIER, HARRINGTON & McKAY  
Certified Public Accountants

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August 2, 1996

INDEPENDENT AUDITORS' REPORT ON  
COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE  
TO MAJOR FEDERAL ASSISTANCE PROGRAM TRANSACTIONS

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

We have audited the general purpose financial statements of the Town of Colfax, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 2, 1996.

We have also audited Town of Colfax, Louisiana's compliance with the requirements governing types of services allowed or unallowed; special tests and provisions; and amounts claimed or used for matching that are applicable to its major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance, for the year ended June 30, 1996. The management of the Town of Colfax, Louisiana, is responsible for the Town of Colfax, Louisiana's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Town of Colfax, Louisiana's, compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

-Members-

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TOWN OF COLFAX, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1996

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.

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 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.

General Fixed Assets

Fixed assets acquired for general governmental purposes are recorded at cost in the general fixed assets group of accounts. No depreciation is provided on general fixed assets.

Property and Equipment - Proprietary Fund

Property and equipment are recorded at cost 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

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**TOWN OF COLFAX**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 1996**  
**With Comparative Totals for June 30, 1995**

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.

Release Date 4-2-97

**ROZIER, HARRINGTON & McKAY**  
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August 2, 1996

Independent Auditors' Report

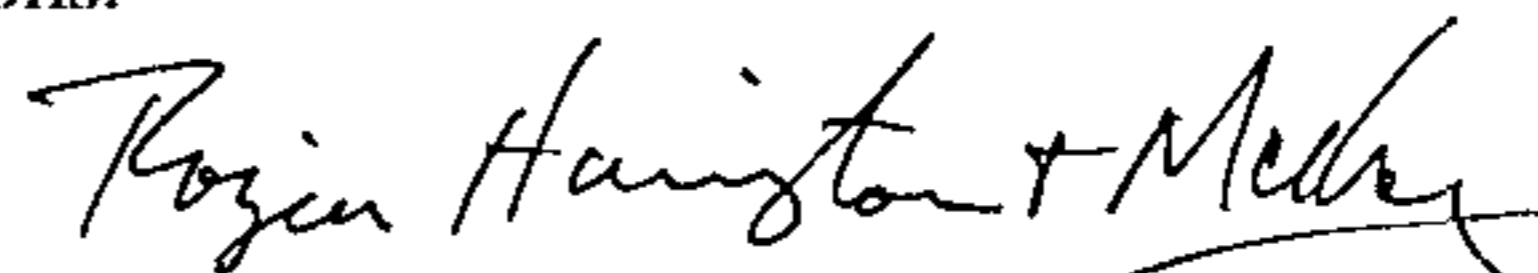
The Honorable Constance Youngblood, Mayor  
and the Board of Aldermen  
Town of Colfax, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Colfax, Louisiana as of June 30, 1996. These general purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Colfax, Louisiana, as of June 30, 1996, and the results of its operations and cash flows of its proprietary fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 2, 1996, on our consideration of the Town's internal control structure and a report dated August 2, 1996, on its compliance with laws and regulations.



ROZIER, HARRINGTON & McKAY  
Certified Public Accountants

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**TOWN OF COLFAX, LOUISIANA**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
 June 30, 1996  
 With Comparative Totals for June 30, 1995

	Governmental Funds		Proprietary Funds		Fiduciary Funds		Account Groups		Memorandum Totals	
	General	Capital Projects	Special Revenue	Enterprise	Agency	General Fixed Assets	Long-term Debt	1996	1995	
<b>Assets</b>										
Cash and cash equivalents	\$ 115,811	\$ 1,322,009	\$ -	\$ 113,608	\$ -	\$ -	\$ -	\$ 1,551,428	\$ 575,114	
Receivables (net of allowance for doubtful accounts)	-	-	-	68,455	-	-	-	68,455	57,728	
Accrued Interest	-	-	-	3,734	-	-	-	3,734	5,650	
Due from other funds	8,572	-	-	-	-	-	-	8,572	67,120	
Due from other governments	-	-	14,091	-	-	-	-	14,091	18,388	
Prepaid Expenses	6,242	-	-	4,982	-	-	-	11,224	11,224	
Restricted cash and cash equivalents	-	-	-	79,200	-	-	-	79,200	81,193	
Property and equipment (net of accumulated depreciation)	-	-	-	1,535,972	-	896,240	-	2,432,212	1,898,795	
Investments held by deferred compensation plan	-	-	-	-	88,499	-	-	88,499	-	
Amount to be provided for the retirement of long-term debt	-	-	-	-	-	-	2,078	2,078	-	
<b>Total assets</b>	<b>\$ 130,625</b>	<b>\$ 1,322,009</b>	<b>\$ 14,091</b>	<b>\$ 1,805,951</b>	<b>\$ 88,499</b>	<b>\$ 896,240</b>	<b>\$ 2,078</b>	<b>\$ 4,259,493</b>	<b>\$ 2,715,212</b>	
<b>Liabilities and fund equity</b>										
<b>Liabilities:</b>										
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12	
Accounts and other payables	20,297	-	-	23,069	-	-	-	43,366	41,344	
Gas purchases payable - settled claim	-	-	-	97,900	-	-	-	97,900	111,100	
Payable from restricted assets:										
Customer deposits	-	-	-	79,200	-	-	-	79,200	77,685	
Due to other funds	-	-	-	8,572	-	-	-	8,572	67,120	
Deferred compensation obligation	-	-	-	-	88,499	-	-	88,499	-	
Compensated absences payable	-	-	-	2,253	-	-	2,078	4,331	-	
<b>Total liabilities</b>	<b>20,297</b>	<b>-</b>	<b>-</b>	<b>210,994</b>	<b>88,499</b>	<b>-</b>	<b>2,078</b>	<b>321,868</b>	<b>297,261</b>	
<b>Fund equity:</b>										
Investment in general fixed assets	-	-	-	-	-	896,240	-	896,240	785,775	
Contributed capital	-	-	-	1,838,031	-	-	-	1,838,031	1,382,947	
Retained earnings (deficit)	-	-	-	(243,074)	-	-	-	(243,074)	(176,043)	
Fund balance - unreserved	110,328	1,322,009	14,091	-	-	-	-	1,446,428	425,272	
<b>Total fund equity</b>	<b>110,328</b>	<b>1,322,009</b>	<b>14,091</b>	<b>1,594,957</b>	<b>-</b>	<b>896,240</b>	<b>-</b>	<b>3,937,625</b>	<b>2,417,951</b>	
<b>Total liabilities and fund equity</b>	<b>\$ 130,625</b>	<b>\$ 1,322,009</b>	<b>\$ 14,091</b>	<b>\$ 1,805,951</b>	<b>\$ 88,499</b>	<b>\$ 896,240</b>	<b>\$ 2,078</b>	<b>\$ 4,259,493</b>	<b>\$ 2,715,212</b>	

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**  
**All Governmental Fund Types**  
**For the year ended June 30, 1996**  
**With Comparative Totals for the Year Ended June 30, 1995**

	General	Capital Projects	Special Revenue	Memorandum Totals	
				1996	1995
<b>Revenues:</b>					
<b>Taxes:</b>					
Ad valorem	\$ 43,367	\$ -	\$ -	\$ 43,367	\$ 43,460
Sales tax	-	-	180,097	180,097	184,936
<b>Licenses and permits:</b>					
Occupational licenses	39,679	-	-	39,679	46,224
Franchise	33,012	-	-	33,012	31,188
<b>Charges for services:</b>					
Garbage	65,481	-	-	65,481	54,405
Animal control	5,609	-	-	5,609	-
Rent	4,306	-	-	4,306	5,150
<b>Intergovernmental:</b>					
Tobacco tax	8,823	-	-	8,823	8,837
Beer tax	6,305	-	-	6,305	5,171
Video Poker	6,605	-	-	6,605	3,775
Payment in lieu of taxes	6,275	-	-	6,275	6,839
Grant revenues	-	1,330,246	-	1,330,246	404,356
<b>Miscellaneous:</b>					
Fines	7,796	-	-	7,796	4,171
Interest	1,480	44,953	-	46,433	12,272
DMV	11,654	-	-	11,654	10,997
Sale of asset	12,000	-	-	12,000	-
Other	40,011	-	-	40,011	28,957
<b>Total revenues</b>	<b>292,403</b>	<b>1,375,199</b>	<b>180,097</b>	<b>1,847,699</b>	<b>850,738</b>
<b>Expenditures:</b>					
General government	262,186	15,494	4,620	282,300	282,831
Public safety	73,089	-	-	73,089	94,262
Streets and Drainage	70,495	-	-	70,495	97,620
Sanitation	35,497	-	-	35,497	32,332
Recreation	2,710	-	-	2,710	10,726
Capital Outlays	13,101	-	-	13,101	23,197
Public works	-	403,244	-	403,244	150,857
<b>Total expenditures</b>	<b>457,078</b>	<b>418,738</b>	<b>4,620</b>	<b>880,436</b>	<b>691,825</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(164,675)</b>	<b>956,461</b>	<b>175,477</b>	<b>967,263</b>	<b>158,913</b>
<b>Other financing sources (uses):</b>					
Operating transfers in	335,457	55,895	-	391,352	423,032
Operating transfers out	(161,373)	-	(176,086)	(337,459)	(233,888)
<b>Total other financing sources (uses)</b>	<b>174,084</b>	<b>55,895</b>	<b>(176,086)</b>	<b>53,893</b>	<b>189,144</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other uses</b>	<b>9,409</b>	<b>1,012,356</b>	<b>(609)</b>	<b>1,021,156</b>	<b>348,057</b>
<b>Fund balance - beginning of year</b>	<b>100,919</b>	<b>309,653</b>	<b>14,700</b>	<b>425,272</b>	<b>77,215</b>
<b>Fund balance - end of year</b>	<b>\$ 110,328</b>	<b>\$ 1,322,009</b>	<b>\$ 14,091</b>	<b>\$ 1,446,428</b>	<b>\$ 425,272</b>

*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, 1996

	General Fund			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 43,000	\$ 43,367	\$ 367	\$ 181,000	\$ 180,097	\$ (903)
License and permits	72,000	72,691	691	-	-	-
Charges for services	58,500	75,396	16,896	-	-	-
Intergovernmental	27,000	28,008	1,008	-	-	-
Miscellaneous	68,500	72,941	4,441	-	-	-
<b>Total revenues</b>	<b>269,000</b>	<b>292,403</b>	<b>23,403</b>	<b>181,000</b>	<b>180,097</b>	<b>(903)</b>
<b>Expenditures:</b>						
General and administrative	245,200	262,186	(16,986)	5,000	4,620	380
Public safety	91,000	73,089	17,911	-	-	-
Streets and drainage	88,500	70,495	18,005	-	-	-
Sanitation	38,000	35,497	2,503	-	-	-
Recreation	4,000	2,710	1,290	-	-	-
Capital Outlays	45,000	13,101	31,899	-	-	-
<b>Total expenditures</b>	<b>511,700</b>	<b>457,078</b>	<b>54,622</b>	<b>5,000</b>	<b>4,620</b>	<b>380</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(242,700)</b>	<b>(164,675)</b>	<b>78,025</b>	<b>176,000</b>	<b>175,477</b>	<b>(523)</b>
<b>Other financing sources (uses):</b>						
Operating transfers in	311,000	335,457	24,457	-	-	-
Operating transfers out	-	(161,373)	(161,373)	(176,000)	(176,086)	(86)
<b>Total other financing sources (uses)</b>	<b>311,000</b>	<b>174,084</b>	<b>(136,916)</b>	<b>(176,000)</b>	<b>(176,086)</b>	<b>(86)</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other uses</b>	<b>68,300</b>	<b>9,409</b>	<b>(58,891)</b>	<b>-</b>	<b>(609)</b>	<b>(609)</b>
<b>Fund balance - beginning of year</b>	<b>100,919</b>	<b>100,919</b>	<b>-</b>	<b>14,700</b>	<b>14,700</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ 169,219</b>	<b>\$ 110,328</b>	<b>\$ (58,891)</b>	<b>\$ 14,700</b>	<b>\$ 14,091</b>	<b>\$ (609)</b>

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

**TOWN OF COLFAX, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN RETAINED EARNINGS**  
**Proprietary Fund**  
For the year ended June 30, 1996  
With Comparative Totals for the Year Ended June 30, 1995

	Enterprise Funds	
	1996	1995
<u>Operating revenues:</u>		
Gas sales	\$ 408,828	\$ 349,256
Water sales	220,621	208,849
Sewer charges	94,831	77,227
Delinquent charges	19,667	17,919
Miscellaneous	4,240	1,452
	748,187	654,703
 <u>Operating expenses:</u>		
Natural gas purchases	216,601	183,905
Salaries and wages	228,652	165,674
Materials, supplies, and maintenance	97,763	112,671
Office and postage	13,937	9,314
Payroll taxes	17,358	16,468
Vehicle and travel	7,653	7,383
Insurance	35,526	33,210
Professional fees	6,213	7,318
Sewer expense	3,451	2,046
Miscellaneous	5,751	1,115
Lease	5,288	5,397
Utilities and telephone	40,109	33,396
Depreciation	88,819	89,949
Bad debts	1,323	1,362
Uniform and equipment rental	2,198	849
	770,642	670,057
<b>Total operating expenses</b>		
	(22,455)	(15,354)
<b>Operating income</b>		
 <u>Non-operating revenues (expenses):</u>		
Rural development grant	-	20,000
Interest income	9,318	11,127
	9,318	31,127
<b>Total Non-operating revenues (expenses)</b>		
	(13,137)	15,773
<b>Income (loss) before operating transfers</b>		
 <u>Operating transfers in (out):</u>		
Transfers in	105,477	-
Transfers out	(159,371)	(189,144)
	(53,894)	(189,144)
<b>Total Operating transfers in (out)</b>		
	(67,031)	(173,371)
<b>Net income (loss)</b>		
	(176,043)	(2,672)
<b>Retained earnings (deficit) - beginning of year</b>		
	\$ (243,074)	\$ (176,043)
<b>Retained earnings (deficit) - end of year</b>		

*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, 1996  
With Comparative Totals for the Year Ended June 30, 1995

	Enterprise Funds	
	1996	1995
<b><u>Cash flow from operating activities:</u></b>		
Operating income (loss)	\$ (22,455)	\$ (15,354)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	88,819	89,949
(Increase) decrease in accounts receivable	(12,038)	2,188
(Increase) decrease in accrued interest	1,916	(528)
(Increase) decrease in prepaid expenses	-	(2,068)
(Decrease) increase in due to other funds	(54,872)	50,870
(Decrease) increase in accounts payable	4,450	408
(Decrease) increase in payable for gas purchases	(13,200)	(13,200)
(Decrease) increase in meter deposits	1,515	3,247
(Decrease) increase in compensated absences	2,253	-
<b>Net cash provided (used) by operating activities</b>	<b>(3,612)</b>	<b>115,512</b>
<b><u>Cash flows from non-capital financing activities:</u></b>		
Operating transfers, net	(53,894)	(189,144)
<b>Net cash provided (used) by non-capital financing activities</b>	<b>(53,894)</b>	<b>(189,144)</b>
<b><u>Cash flows from capital and related financing activities:</u></b>		
Acquisition and construction of capital assets	(56,687)	(44,041)
Rural development grant	-	20,000
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(56,687)</b>	<b>(24,041)</b>
<b><u>Cash flows from investing activities:</u></b>		
Interest and other income	9,318	11,127
<b>Net cash provided (used) by investing activities</b>	<b>9,318</b>	<b>11,127</b>
<b>Net increase (decrease) in cash</b>	<b>(104,875)</b>	<b>(86,546)</b>
<b>Beginning cash balance</b>	<b>297,683</b>	<b>384,229</b>
<b>Ending cash balance</b>	<b>\$ 192,808</b>	<b>\$ 297,683</b>

**Supplemental disclosures of cash flow information:**

For the years ended June 30, 1996 and 1995 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.*



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TOWN OF COLFAX, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1996

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:

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, 1996.

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.

OTHER REPORTS

TOWN OF COLFAX, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1996

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 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 25, 1996.

Compensated Absences

Prior to June 30, 1996, it was not practical to estimate the amount of compensation for future absences under the Town's accounting system. Accordingly, no liability was recorded for the year ended June 30, 1995. The Town's policy was to recognize the cost of compensated absences when actually paid to employees. As of June 30, 1996, 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, 1996, compensated absences for all funds and account groups combined totaled \$4,331.

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.



TOWN OF COLFAX, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 1996

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.

NOTE 2 - RECEIVABLES

The receivables at June 30, 1996, are as follows:

	<u>General Fund</u>	<u>Utility Fund</u>	<u>Memorandum Total</u>
Due from Utility Sales	\$	\$ 71,100	\$ 71,100
Miscellaneous Receivables		331	331
Allowance for Uncollectibles	_____	<u>(2,976)</u>	<u>(2,976)</u>
Totals	<u>\$</u>	<u>\$ 68,455</u>	<u>\$ 68,455</u>

NOTE 3 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 1996, are presented in the following schedule:

	<u>Special Revenue</u>
Grant Parish School Board	<u>\$ 14,091</u>
Total	<u>\$ 14,091</u>

The amount due from the Grant Parish School Board represents sales taxes collected by the Board as agent for the Town of Colfax.

TOWN OF COLFAX, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 1996

NOTE 4 - GENERAL FIXED ASSETS

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

	<u>Balance</u> <u>June 30, 1995</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 1996</u>
Land	\$ 89,136	\$	\$ 11,500	\$ 77,636
Buildings and Improvements	134,914	6,834		141,748
Equipment	241,804	5,595		247,399
Park and Camping Area	28,329			28,329
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>          </u>	<u>109,536</u>	<u>          </u>	<u>109,536</u>
	<u>\$ 785,775</u>	<u>\$ 121,965</u>	<u>\$ 11,500</u>	<u>\$ 896,240</u>

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

A summary of the property and equipment in the utility fund at June 30, 1996, consists of the following:

Land	\$ 6,232
Buildings and Improvements	5,280
Furniture and Equipment	240,325
Distribution and Collection Systems	<u>3,060,143</u>
	3,311,980
Less Accumulated Depreciation	<u>(1,776,008)</u>
Net Property and Equipment	<u>\$ 1,535,972</u>

Depreciation expense totaled \$88,819 in 1996 and \$89,949 in 1995.

TOWN OF COLFAX, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 1996

NOTE 6 - TAX REVENUE

Tax revenue for the year ending June 30, 1996, is detailed below.

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Memorandum Total</u>
Property Taxes	\$ 43,367	\$	\$ 43,367
Sales Tax	_____	<u>180,097</u>	<u>180,097</u>
Totals	<u>\$ 43,367</u>	<u>\$ 180,097</u>	<u>\$ 223,464</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.

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, 1996 the Town's cash and cash equivalents in restricted and unrestricted funds totaled \$1,630,628 (book balance) and \$1,633,926 (bank balance). The composition of these accounts is as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
Savings Accounts and Now Accounts	\$ 191,405	\$ 195,010
Time Deposits	1,438,773	1,438,916
Petty Cash	<u>450</u>	<u>          </u>
Totals	<u>\$1,630,628</u>	<u>\$1,633,926</u>

TOWN OF COLFAX, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 1996

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, 1996, deposits with financial institutions were as detailed below:

Total cash at June 30, 1996 (bank balance)	\$1,633,926
Less FDIC coverage	<u>(100,000)</u>
Subtotal	1,533,926
Less amount secured by securities pledged to the Town, but held in the name of the financial institution (uncollateralized)- Market Value	<u>1,383,000</u>
Deficiency of FDIC Insurance and pledged securities	<u>\$ (150,926)</u>

NOTE 8 - BOARD MEMBER SALARIES

For year ended June 30, 1996, the Mayor and Board of Aldermen were paid the following:

<u>NAME</u>	<u>POSITION</u>	<u>SALARY</u>	<u>ALLOWANCE</u>
Connie Youngblood	Mayor	\$ 6,000	\$ 694
Alan Futrell	Alderman	3,000	
Suzanne Lincecum	Alderman	3,000	
Belvin Bruins	Alderman	3,000	
Cynthia Aaron-Hamilton	Alderman	3,000	
Roderick Richardson	Alderman	<u>3,000</u>	<u>      </u>
Totals		<u>\$ 21,000</u>	<u>\$ 694</u>



TOWN OF COLFAX, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 1996

NOTE 9 - CAPITAL PROJECTS

Capital project activity for the year ended June 30, 1996, is summarized as follows:

	Aloha Rigolette Flood Control Project	LCDBG Water/Fire Protection Project	<u>Total</u>
Revenue	\$1,065,053	\$ 310,146	\$1,375,199
Expenditures	<u>62,169</u>	<u>356,569</u>	<u>418,738</u>
Excess Revenue Over Expenditures	1,002,884	(46,423)	956,461
Operating Transfers In	<u>9,472</u>	<u>46,423</u>	<u>55,895</u>
Excess Revenue and Other Sources Over Expenditures	1,012,356		1,012,356
Fund Balance, Beginning	<u>309,653</u>	_____	<u>309,653</u>
Fund Balance, Ending	<u>\$1,322,009</u>	<u>\$ _____</u>	<u>\$1,322,009</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, the Town has received a commitment of Federal funds that will allow completion of the flood control project.

LCDBG Water/Fire Protection Project - The Town has been awarded a Louisiana Community Development Block grant to improve fire protection and related components of the water distribution system. At June 30, 1996, the project was 100% complete. Expenditures since inception of the project are summarized as follows:

Public Works

	<u>Administration</u>	<u>Engineering</u>	<u>Construction</u>	<u>Acquisition</u>	<u>Total</u>
Current Year	\$ 7,751	\$ 17,496	\$ 331,322	\$ _____	\$ 356,569
Previous Years	<u>23,206</u>	<u>49,064</u>	<u>132,281</u>	<u>3,500</u>	<u>208,051</u>
Total Expenditures	30,957	66,560	463,603	3,500	564,620
Local Match	_____	_____	<u>46,360</u>	_____	<u>46,360</u>
Federal Funding	<u>\$ 30,957</u>	<u>\$ 66,560</u>	<u>\$ 417,243</u>	<u>\$ 3,500</u>	<u>\$ 518,260</u>

TOWN OF COLFAX, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1996

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.

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 May 31, 1996, arising from these transactions were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Utility Fund	\$8,572

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, 1996, the balance in gas purchases payable is \$97,900.

TOWN OF COLFAX, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1996

NOTE 14 - CONTRIBUTED CAPITAL

Contributed capital within the utility fund represents monies 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, 1996, are as follows:

	Proprietary <u>Fund</u>
Balance, June 30, 1995	\$ 1,382,947
Additions	<u>455,084</u>
Balance, June 30, 1996	<u>\$ 1,838,031</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, 1996, was \$243,074. This was the result of inadequate revenues to cover expenses including depreciation.

TOWN OF COLFAX, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1996

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.

Based upon application of the these criteria, there were no potential component units and all of the Town's activities were included in the primary government reporting entity.