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TOWN OF COLUMBIA, LOUISIANA

**Financial Statements
For the Year Ended 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.

Release Date _____

MAR 12 1997

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**TOWN OF COLUMBIA
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

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INDEPENDENT AUDITORS' REPORT

**Board of Aldermen
Town of Columbia
Columbia, Louisiana**

We have audited the general purpose financial statements of the **Town of Columbia, Louisiana** (the Town), as of and for the year ended June 30, 1996 as listed in the accompanying Table of Contents. 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 the standards for financial and compliance audits contained in *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 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 as of June 30, 1996, and the results of its operations and cash flows of its proprietary fund types 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 December 13, 1996 on our consideration of the Town's internal control structure and a report dated December 13, 1996 on its compliance with laws and regulations.

**Board of Aldermen
Town of Columbia
Page 2**

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the Town taken as a whole. The accompanying information presented as schedules in the Table of Contents is not a required part of the general purpose financial statements of the Town. Such information 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.

Ruffey, Huffman & Monroe

**Monroe, Louisiana
December 13, 1996**

TOWN OF COLUMBIA, LOUISIANA
COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1996

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Types Enterprise</u>	<u>Account Group</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Project</u>		<u>General Fixed Assets</u>	
ASSETS					
Cash and Cash Equivalents	\$ 159,796	\$ 14,209	\$ 72,930	\$ 0	\$ 246,935
Investments	182,702	0	0	0	182,702
Accounts Receivable	23,326	0	11,991	0	35,317
Due From Other Funds	14,623	0	0	0	14,623
Prepaid Expenses	4,640	0	0	0	4,640
Restricted Assets:					
Cash	0	0	67,835	0	67,835
Investments	0	0	18,192	0	18,192
Investment in General Fixed Assets	0	0	0	336,897	336,897
Property, Plant and Equipment (Net of Accumulated Depreciation)	0	0	1,015,905	0	1,015,905
TOTAL ASSETS	\$ 385,087	\$ 14,209	\$ 1,186,853	\$ 336,897	\$ 1,923,046
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts Payable	\$ 14,172	\$ 14,209	\$ 4,215	\$ 0	\$ 32,596
Due to Other Funds	0	0	14,623	0	14,623
Current Liabilities (Payable From Restricted Assets):					
Accrued Interest Payable	0	0	15,184	0	15,184
Current Maturities of Revenue Bonds	0	0	5,853	0	5,853
Customers' Deposits	0	0	21,095	0	21,095
Revenue Bonds Payable	0	0	565,766	0	565,766
Total Liabilities	14,172	14,209	626,736	0	655,117
Fund Equity					
Contributed Capital	0	0	473,079	0	473,079
Investment in General Fixed Assets	0	0	0	336,897	336,897
Retained Earnings:					
Reserved for Debt Service and Deposits	0	0	30,634	0	30,634
Reserved for Contingencies	0	0	13,261	0	13,261
Unreserved	0	0	43,143	0	43,143
Fund Balance:					
Unreserved and Undesignated	366,275	0	0	0	366,275
Reserved for Prepaid Expenses	4,640	0	0	0	4,640
Total Fund Equity	370,915	0	560,117	336,897	1,267,929
TOTAL LIABILITIES AND FUND EQUITY	\$ 385,087	\$ 14,209	\$ 1,186,853	\$ 336,897	\$ 1,923,046

The accompanying notes are an integral part of this financial statement.

TOWN OF COLUMBIA, LOUISIANA
STATEMENT OF REVENUES, EXPEDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND
BUDGET (GAAP-BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Ad Valorem Taxes	\$ 33,000	\$ 35,742	\$ 2,742
Sales and Other Taxes	185,000	174,022	(10,978)
License and Permits	47,100	61,414	14,314
Intergovernmental Revenue	43,975	43,286	(689)
State Salary Supplement - Police	0	6,240	6,240
Interest Income	4,400	19,514	15,114
Miscellaneous	7,725	15,149	7,424
Total Revenues	<u>321,200</u>	<u>355,367</u>	<u>34,167</u>
Expenditures			
Current:			
General Government	148,600	147,308	1,292
Public Safety:			
Police Department	72,300	84,351	(12,051)
Fire Department	12,586	11,358	1,228
Public Works:			
Sewer Department	11,000	22,914	(11,914)
Main Street Department	35,150	26,365	8,785
Street Department	36,863	29,570	7,293
Capital Outlay	127,900	127,909	(9)
Total Expenditures	<u>444,399</u>	<u>449,775</u>	<u>(5,376)</u>
Deficiency of Revenues Over Expenditures	(123,199)	(94,408)	28,791
Other Financing Sources (Uses)			
Operating Transfers In	0	0	0
Operating Transfers Out	0	(34,155)	(34,155)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(34,155)</u>	<u>(34,155)</u>
Deficiency of Revenues and Other Sources Over Expenditures and Other Uses	(123,199)	(128,563)	(5,364)
Fund Balance at Beginning of Year	<u>499,478</u>	<u>499,478</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$ 376,279</u>	<u>\$ 370,915</u>	<u>\$ (5,364)</u>

The accompanying notes are an integral part of this financial statement.

**TOWN OF COLUMBIA, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 1996**

	Total
Operating Revenues	
Charges for Services	\$ 184,095
Other Income	4,718
Total Operating Revenues	188,813
Operating Expenses	
Salaries and Related Benefits	46,610
Gas Purchases	61,520
Maintenance, Repairs & Supplies	11,289
Depreciation	49,304
Insurance Expense	9,597
Miscellaneous Expense	2,184
Professional Fees	2,530
Office Expenses	5,001
Utilities	5,575
Travel	522
Total Operating Expenses	194,132
Operating (Loss)	(5,319)
Nonoperating Revenue (Expense)	
Interest Earned	3,364
Interest Expense	(34,615)
Total Nonoperating Revenue (Expense)	(31,251)
Net Loss	(36,570)
Depreciation on Fixed Assets Acquired by Grants	13,280
Decrease in Retained Earnings	(23,290)
Retained Earnings at Beginning of Year	110,328
RETAINED EARNINGS AT END OF YEAR	\$ 87,038

The accompanying notes are an integral part of this financial statement.

**TOWN OF COLUMBIA, LOUISIANA
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 1995**

	Totals
Cash Flows From Operating Activities	
Operating (Loss)	\$ (5,319)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	49,304
Changes in Assets & Liabilities	18,102
Total Adjustments	67,406
Net Cash Provided by Operating Activities	62,087
Cash Flows From Noncapital Financing Activities	
Decrease in Customers' Deposits	2,050
Net Cash Provided by Noncapital Financing Activities	2,050
Cash Flows From Capital and Related Financing Activities	
Principal Paid on Bonds	(5,503)
Interest Paid on Bonds	(40,060)
Net Cash Used by Capital and Related Financing Activities	(45,563)
Cash Flows From Investing Activities	
Interest Earned	3,364
Net Cash Provided by Investing Activities	3,364
Net Increase in Cash and Cash Equivalents	21,938
Cash and Cash Equivalents at Beginning of Year	118,827
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 140,765
CASH AND CASH EQUIVALENTS SHOWN ON BALANCE SHEET AS:	
Current Assets:	
Cash and Cash Equivalents	\$ 72,930
Restricted Assets:	
Cash	67,835
TOTAL CASH AND CASH EQUIVALENTS	\$ 140,765

The accompanying notes are an integral part of this financial statement.

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 1 - Summary of Significant Accounting Policies

FINANCIAL REPORTING ENTITY

The accompanying financial statements include all funds and account groups of the Town of Columbia, Louisiana (the Town). The accompanying general purpose financial statements of the Town have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Town consists of an executive branch of government headed by a mayor and a legislative branch of government consisting of five aldermen. The Town's combined balance sheet includes the accounts of all Town operations. The Town's major operations include police and fire protection, street and drain maintenance, and administrative services. In addition, the Town operates a Gas Enterprise Fund to provide gas services and a Water Enterprise Fund to provide water services.

As the governing authority for the municipality, the Town is the reporting entity for the municipality. 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 the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Town for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. Financial accountability encompasses:

1. Appointing a voting majority of an organization's governing body and the ability of the Town to impose its will on that organization or 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 exclusion would render the reporting entity's financial statements incomplete or misleading.

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

A. Fund Accounting

The accounts of the Town are organized on the basis of funds and 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, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into fund types and account groups as follows:

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.

Capital Project Fund - The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

PROPRIETARY FUNDS

Enterprise Fund - Enterprise funds are used to account for operations (a) 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; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

ACCOUNT GROUP

General Fixed Assets Account Group

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public Domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, have not been capitalized and are not included in general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

B. Total column on Combined Statement - Overview

Total columns on the Combined Statements - Overview are captioned "Memorandum Only" 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.

C. Basis of Accounting

Basis of accounting refers to the point at which 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. The governmental funds are accounted for using the modified accrual basis of accounting. 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 the intermediary 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.

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

D. Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in these financial statements.

1. The Town Clerk prepares a proposed budget and submits it to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After holding the public hearing and completing all action necessary to finalize and implement the budget, the budget is adopted by passing an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All legally-adopted budgets of the Town are adopted on a basis consistent with generally accepted accounting principles (GAAP). A budget is adopted for the General Fund.

E. Investments

Investments consist of certificates of deposit and are stated at cost, which approximates market. For purposes of the Statement of Cash Flows, the Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

F. Fixed Assets

The accounting and reporting treatment applied to the fixed assets associated with a particular fund are determined by the fund's measurement focus.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group rather than in governmental funds. Assets are recorded at cost on date purchased or, if donated, at fair market value on date of donation. Assets in the General Fixed Asset Account Group are not depreciated.

Fixed assets of the proprietary fund types are recorded at cost, if purchased, and at fair market value at date of gift, if donated. Major additions are capitalized while maintenance and repairs which do not improve or extend the life of the respective assets are charged to expense.

Contributions received in aid of construction are credited to contributions accounts and do not reduce the cost of the assets acquired with such contributions.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Buildings	30-40 years
Improvements	40 years
Equipment	3-10 years

G. Long-Term Liabilities

Long-Term liabilities expected to be financed from governmental funds are accounted for in a separate, self-balancing set of accounts known as the General Long-Term Debt Account Group. The Town has no long-term liabilities financed by governmental funds. Long-term liabilities expected to be financed from enterprise fund operations are accounted for in those enterprise funds.

H. Compensated Absences

The Town has no provision for vesting of vacation and sick leave.

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

Consequently, the financial statements of the Town reflect no liability for compensated absences.

I. Bad Debts

Uncollectible amounts for ad valorem taxes and customers' utility receivables are generally not significant. As a result, the direct write-off method for recognizing bad debts is used. Under this method, the receivable is charged to expense when the account is deemed to be uncollectible and the result is substantially the same as that provided by use of the allowance method.

J. Reserves and Designations of Fund Equity

Some portion of fund balance and/or retained earnings are reserved to indicate that a portion of fund equity is legally restricted to a specific future use and is not available for appropriation or expenditure. Designated portions of fund balance indicate tentative future spending plans, which may be changed and are subject to subsequent authorization before expenditures can be made.

K. Electrical System Operating Agreement

On April 5, 1976, the Board of Alderman of the Town authorized an operating agreement between the Town and Louisiana Power and Light (LP&L) for LP&L to operate the electric system within the corporate limits of the Town for a period of twenty-five years. The agreement provides that LP&L will pay the Town two percent of total revenue collected from the sale of electric service to residential and commercial customers within the Town.

Note 2 - Cash and Investments

State statutes require the Town to make investments in obligations of the United States Treasury, time certificates of deposit, and any other Federally-insured investments. At June 30, 1996, the carrying amount and market value of investments, consisting of certificates of deposit, was \$200,894.

At June 30, 1996, the bank balances of the Town's deposits and cash investments were \$532,469. All of the deposits of the Town at June 30, 1996 were either insured by Federal depository insurance or collateralized by government securities held by the Town's agent in the Town's name (GASB Category 1).

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 3 - Ad Valorem Taxes

Property taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Caldwell Parish.

The ad valorem tax millage is as follows:

	<u>Mills</u>
General Ad Valorem Tax	7.37
Street Maintenance	3.00
TOTAL	10.37

Note 4 - Fixed Assets

The Town acquired a new fire truck during the current fiscal year. Changes in general fixed assets are categorized as follows:

	<u>Balance</u>		<u>Added</u>		<u>Retired</u>		<u>Balance</u>
	<u>June 30, 1995</u>	<u>Added</u>	<u>Retired</u>		<u>June 30, 1996</u>		
Land	\$ 22,419	0	0		\$ 22,419		
Buildings	51,376	0	0		51,376		
Equipment	135,193	127,909	0		263,102		
TOTALS	\$ 208,988	\$ 127,909	0		\$ 336,897		

A summary of proprietary fund type property, plant and equipment at June 30, 1996, follows:

Gas System	\$ 485,122
Water Plant	1,152,122
Total	1,637,243
Less: Accumulated Depreciation	(629,213)
Net Depreciable Assets	1,008,030
Land	7,875
TOTAL PROPERTY, PLANT AND EQUIPMENT	\$ 1,015,905

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 5 - Restricted Assets and Related Resources

Under terms of the bond indenture and by resolution of the Board of Aldermen, the Water Fund is required to establish and maintain three restricted accounts.

They are as follows:

1. **Sinking** - to accumulate monthly an amount equal to 1/12th of the principal and interest falling due on the next annual payment date for the bonds.
2. **Reserve** - to accumulate monthly a sum equal to 5% of the monthly payment being made into the sinking account until \$42,294 has been accumulated therein. The reserve will be used solely for the purpose of paying principal and interest on such bonds as to which there would otherwise be a default.
3. **Contingency** - to accumulate a sum of \$165 per month until all principal and interest have been paid. The contingency will be used for the purpose of caring for depreciation, extensions, additions, improvements and replacements necessary to properly operate the water system of the Town.

Schedule of Changes in Reserve Accounts:

	<u>Sinking</u>	<u>Reserve</u>	<u>Contingency</u>
Beginning Balance at July 1, 1995	\$ 26,677	\$ 16,764	\$ 8,699
Add: Monthly Deposits	45,444	2,291	4,290
Interest Earned	746	452	272
Less: Disbursements	(42,294)	-	-
 ENDING BALANCE AT JUNE 30, 1996	\$ 30,573	\$ 19,507	\$ 13,261

Customers' deposit policies were established by resolution of the Board of Aldermen. Customers' deposits are to be refunded to the customer on final billing providing there is no unpaid balance due the Town. Cash in the amount of \$22,686 is included in Restricted Assets - Cash in the accompanying balance sheet for customer's deposits.

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 6 - Pension Plans

Municipal Employees' Retirement System (MERS)

Substantially all Town employees, except policemen, are members of the MERS, a multiple-employer, cost-sharing public employee retirement system controlled and administered by a separate board of trustees. The MERS is composed of two distinct plans, Plan A and Plan B. Members Participate in Plan A.

All permanent employees working at least 35 hours per week and elected Town officials are eligible to participate in the MERS. Under the plan provisions, a member who retires at or after age 60 with at least 10 years of creditable service, at or after age 55 with 25 years of creditable service, or at any age with at least 30 years of creditable service is entitled to a retirement benefit, payable monthly for life, equal to 3% of the member's final compensation multiplied by his years of creditable service. However, for those members of the supplemental plan only prior to October 1, 1978, the benefit is equal to 1% of final compensation plus \$2 per month for each year of supplemental-plan-only service earned prior to that date, plus 3% of final compensation for each year of service credited after October 1, 1978.

Funding Policy: Contributions to the MERS include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of the parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of members on which contributions were made for the previous fiscal year. State statutes require covered employees to contribute a percentage of their salaries to the system. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation from the previous year. The Town's contributions to the MERS for the years ended June 30, 1995 and 1996 were \$499 and \$2,468, respectively, equal to the statutorily required contributions for each year. No employees were members of the system in fiscal 1994.

The MERS issues an annual, publically-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Municipal Employees' Retirement System, 6750 Van Gogh, Baton Rouge, Louisiana or by calling (504) 925-4810.

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

Municipal Police Employees' Retirement System (MPERS)

All full-time police officers engaged in law enforcement and earning at least \$375 per month excluding state supplemental pay, elected chiefs of police with salaries of at least \$100 per month and secretaries to the chief of police are eligible to participate in the MPERS. Members who retire at or after age 55 with 12 years of creditable service, at or after age 50 with 20 years of creditable service or at any age with 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of the member's average final compensation multiplied by his years of creditable service, not to exceed 100% of his average final compensation. The system also provides death and disability benefits. Benefits are established by state statute.

Funding Policy: State statutes require covered employees to contribute a percentage of their salaries to the system. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the MPERS for the years ended June 30, 1994, 1995 and 1996 were \$1,434; \$2,453; and \$4,380, respectively, equal to the statutorily required contributions for each year.

The MPERS issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Municipal Police Employee's Retirement System, 8401 United Plaza Boulevard, Room 305, Baton Rouge, Louisiana 70808 or by calling (504) 929-7411.

Note 7 - Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 1996:

	Water Revenue Bonds
Balance at Beginning of Year	\$ 577,122
Retirements	(5,503)
BALANCE AT END OF YEAR	
(Including Current Portion)	\$ 571,619

Long-term debt is comprised of water revenue bonds from Farmers' Home Administration in the original amount of \$600,000 and are due in forty annual installments, including interest at 6.375 percent.

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

The annual requirements to amortize all bonds outstanding as of June 30, 1996, including interest payments of \$781,789 are as follows:

<u>Year Ended June 30,</u>	<u>Annual Payments</u>
1996	\$ 42,294
1997	42,294
1998	42,294
1999	42,294
2000	42,294
2001-2028	<u>1,141,938</u>
TOTAL	<u>\$ 1,353,408</u>

Note 8 - Contributed Capital - Grants

The Water Fund received two grants from the State of Louisiana for improvements to the water system in the amounts of \$60,000 and \$150,000 in the years ended June 30, 1984 and 1988, respectively, and recorded these amounts as Contributed Capital. Also, the Water Fund received a grant from Farmers' Home Administration for the renovation of the water system in the years ended June 30, 1991 and 1990, for a total of \$314,000. The Water Fund elected to recognize the depreciation on assets constructed from these grants as a separate item after net income (loss) and the amortization of the grants is shown as a reduction of Contributed Capital.

Note 9 - Segment Information for Enterprise Funds

During the fiscal year ended June 30, 1996, the Town maintained two enterprise funds which provide gas and water services to the residents of the Town.

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

Segment information for the year ended June 30, 1996, is as follows:

	<u>Gas Fund</u>	<u>Water Fund</u>	<u>Totals</u>
Operating Revenues	\$ 90,845	\$ 93,250	\$ 184,095
Depreciation	19,258	30,046	49,304
Operating Income (Loss)	(22,587)	22,006	(581)
Current Contributed Capital:	(24,711)	19,392	(5,319)
Amortization of of Grants	-	13,280	13,280
Net Working Capital	50,186	59,792	109,978
Total Assets	189,875	996,978	1,186,853
Bonds and Other Long-Term Liabilities	-	565,766	565,766
Total Equity	170,539	389,578	560,117

Note 10 - Unfavorable Budget Variances - Expenditures

Actual expenditures and other uses exceeded budgeted expenditures and other uses by more than 5% for the year ended June 30, 1996 in the General Fund. The unfavorable variances were caused by unforeseen increases in general liability and workmen's compensation insurance and the omission in the budget of transfers from the General Fund to the LCDBG Street Improvement program.

Note 11 - Risk Financing Activities

The Town is a participating member in the Louisiana Risk Management Agency's Group Self-Insurance Fund for Municipal Liability Risk Sharing and Group Self-Insurance Fund for Workmen's Compensation and Employer Liability (the Agency). The Agency functions as a Public Entity Risk Pool (PERP) formed to pool the risk of public liability exposure to its members. The Town insures its premises operations, product and completed operations, general liability, vehicle, law enforcement officers comprehensive liability and errors and omissions through its participation in the Agency pools. The coverage provided by the pools is subject to \$1,000 deductibles for certain coverages and provides coverages up to \$500,000 for each type of insured risk. Premiums for coverage are retroactively rated based on experience and premiums are calculated based on the ultimate cost of the experience to date of the pool participants.

**SUPPLEMENTARY INFORMATION - COMBINING SCHEDULES FOR
CAPITAL PROJECT FUNDS**

LCDBG CAPITAL PROJECT FUND -

This fund is used to account for the administration and expenditure of a \$263,000 grant from the United States Department of Housing and Urban Development for street improvements.

OTHER CAPITAL PROJECTS FUND -

This fund is used to account for other Federal and state grants for construction of a scenic overlook on the Ouachita River and for the repair, restoration or renovation of historic commercial buildings in the downtown area.

**TOWN OF COLUMBIA, LOUISIANA
 COMBINING BALANCE SHEET -
 ALL CAPITAL PROJECT FUNDS
 JUNE 30, 1996**

	<u>LCDBG Street Imp.</u>	<u>Other Capital Projects</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ <u>0</u>	\$ <u>14,209</u>	\$ <u>14,209</u>
TOTAL ASSETS	\$ <u>0</u>	\$ <u>14,209</u>	\$ <u>14,209</u>
 LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts Payable	<u>0</u>	<u>14,209</u>	<u>14,209</u>
Total Liabilities	0	14,209	14,209
 Fund Equity			
Fund Balance:			
Unreserved and Undesignated	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Equity	0	0	0
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>0</u>	\$ <u>14,209</u>	\$ <u>14,209</u>

**TOWN OF COLUMBIA, LOUISIANA
 COMBINING STATEMENT OF REVENUES, EXPEDITURES
 AND CHANGES IN FUND BALANCES -
 ALL CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 1996**

	<u>LCDBG Street Imp.</u>	<u>Other Capital Projects</u>	<u>Total</u>
Revenues			
Grant Revenue - Federal	\$ 205,072	\$ 15,000	\$ 220,072
Grant Revenue - State	0	9,000	9,000
Miscellaneous	(160)	1,260	1,100
Total Revenues	204,912	25,260	230,172
Expenditures			
Capital Outlay			
Street Improvement	239,067	0	239,067
Historic Preservation	0	9,000	9,000
Economic Development	0	16,260	16,260
Total Expenditures	239,067	25,260	264,327
Deficiency of Revenues Over Expenditures	(34,155)	0	(34,155)
Other Financing Sources (Uses)			
Operating Transfers In	34,155	0	34,155
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	34,155	0	34,155
Excess/(Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	0	0	0
Fund Balance at Beginning of Year	0	0	0
FUND BALANCE AT END OF YEAR	\$ 0	\$ 0	\$ 0

SUPPLEMENTARY INFORMATION - GRANT ACTIVITY

TOWN OF COLUMBIA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 1996

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>AWARD AMOUNT</u>	<u>REVENUE RECOGNIZED</u>	<u>DISBURSEMENTS</u>
Pass-Through Program:				
Department of Housing and Urban Development - Community Development Block Grants	14.228	\$ 262,998	\$ 205,072	\$ 205,072
Community Development Block Grants	Not Available	7,432	<u>7,432</u>	<u>7,432</u>
Total Department of Housing and Urban Development -			<u>212,504</u>	<u>212,504</u>
Department of Agriculture Economic Recovery	10.670	15,000	<u>15,000</u>	<u>15,000</u>
Total Department of Agriculture			<u>15,000</u>	<u>15,000</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ <u>227,504</u>	\$ <u>227,504</u>

See Notes to Schedule of Federal Financial Assistance

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 1996**

1. General

The Schedule of Federal Financial Assistance presents the activity of all Federal financial assistance programs of the Town of Columbia, Louisiana (the Town).

The Town reporting entity is defined in Note 1 to the Town's general purpose financial statements. All Federal assistance received directly from Federal agencies, as well as Federal financial assistance passed through other government agencies, is included on the schedule.

2. Basis of Accounting

The Schedule of Federal Financial Assistance is presented using the modified accrual basis of accounting, which is described in Note 1 to the Town's general purpose financial statements.

3. Amounts Claimed or Used for Matching

The Economic Recovery grant has a total project cost of \$20,000. The Town's matching portion of the total project cost (\$5,000) is included in the General Fund in the Main Street Department and consists of personnel costs.

**TOWN OF COLUMBIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1996**

Program Title/ Subprogram Title/ C.F.D.A. Number	Finding / Noncompliance	Questioned Costs
Economic Recovery/10.670	<p>1. Finding:</p> <p>In our tests of amounts claimed or used for matching, we noted that the Town was required to provide a cash or in-kind matching contribution to its \$15,000 economic recovery grant from the United States Department of Agriculture. The Town's matching contribution was made with personnel-related expenditures. However, the Town does not maintain detail time and attendance records recording the amount of time spent by an individual on a specific assignment. Federal laws require that all expenditures to Federal programs be supported by adequate supporting documentation, including payroll-related expenditures.</p> <p>Recommendation:</p> <p>We recommend that in connection with the time and attendance system being developed for other employees of the Town that written documentation be developed for personnel involved in the administration of grant funds to provide adequate supporting documentation to substantiate payroll costs charged to grant programs.</p> <p>Response:</p> <p>Beginning the week ended December 16, 1996, weekly and monthly time records will be maintained with each time record being signed by the applicable employee indicating its accuracy, and the time records will be signed by the supervisor indicating their approval prior to the payroll check being processed. In addition, detailed time and attendance records will be maintained on employees working on grant projects.</p>	\$15,000

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Board of Aldermen
Town of Columbia, Louisiana**

We have audited the general purpose financial statements of the **Town of Columbia, Louisiana**, (the Town), as of and for the year ended June 30, 1996, and have issued our report thereon dated December 13, 1996.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in *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.

The management of the Town 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. 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.

In planning and performing our audit of the general purpose financial statements of the Town 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 had 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 general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

**Board of Aldermen
Town of Columbia, Louisiana**

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 are matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

1. Time and Attendance Records

Finding:

Formal time records are not maintained by the separate departments of the Town, nor are such records of sufficient detail to support the expenditures for payroll and related benefits charged to grant programs. Also, supervisors do not communicate to the Town Clerk any written information concerning attendance and absences.

Recommendation:

We recommend that a weekly time record be maintained by employees paid weekly and a monthly record maintained by employees paid monthly. This record should be signed by the employee indicating its accuracy and approved by supervisors prior to payroll being processed.

Response:

Beginning the week ended December 16, 1996, weekly and monthly time records will be maintained with each time record being signed by the applicable employee indicating its accuracy, and the time records will be signed by the supervisor indicating their approval prior to the payroll check being processed.

2. Utility Billing and Payment Processing

Finding:

The Assistant Town Clerk acts as the billing clerk for utilities. The billing clerk receives the consumption readings from the meter readers and inputs them into the utility billing computer system. She also prints the utility bills, accepts payments and prepares the bank deposits. This represents a lack of segregation of duties with respect to accounts receivable in the Water Fund and the Gas Fund.

**Board of Aldermen
Town of Columbia, Louisiana**

Recommendation:

We recommend that the Town Clerk review the daily posting register for both payments and adjustments and places her initials at the bottom of the report(s). If no payments or adjustments are made in any given day, no corresponding register will be generated. The Town Clerk should make a written acknowledgment as such in the file of daily registers.

Response:

Beginning December 30, 1996, the Town Clerk will review all utility posting registers for both payments and adjustments, and indicate approval by dating and initialing each utility register.

3. Back-up of Computer Data

Finding:

Currently, a backup of the utility system and data is made and carried home with the Assistant Town Clerk at the end of each day. She returns the next day with the back up disks and places them in the vault until the end of the day when the backup procedure is performed. No formal back up procedure is in place for the computer accounting system and data. This results in no off-site back up of the system and data being available in the event of destruction of the original files and the on-site backup.

Recommendation:

We recommend that a daily, on-site backup of data and a weekly, off-site backup of both computer systems and data be maintained. The off-site backup may be kept in any reasonably secure place and may be done more frequently than weekly.

Response:

Computer backups of the utility system and the accounting software have been regularly maintained by the Town Clerk. However, we will immediately implement procedures to keep the Town of Columbia's most recent computer backups offsite at all times.

**Board of Aldermen
Town of Columbia, Louisiana**

* * * * *

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to an acceptable low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose 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. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe reportable conditions number 1. and 2. described above to be material weaknesses. These conditions were considered in determining the nature, timing and extent of the procedures to be performed in our audit of the financial statements of the Town for the year ended June 30, 1996.

This report is intended for the use of management of the Town, its cognizant audit agency, other agencies granting funds to the Town and the Legislative Auditor for the state of Louisiana. However, this report is a matter of public record and its distribution is not limited.



**Monroe, Louisiana
December 13, 1996**

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

Board of Aldermen
Town of Columbia, Louisiana

We have audited the general purpose financial statements of the **Town of Columbia, Louisiana**, (the Town), as of and for the year ended June 30, 1996, and have issued our report thereon dated December 13, 1995.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in *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.

Compliance with laws, regulations, contracts and grants applicable to the Town is the responsibility of the Town's management. As part of obtaining reasonable assurance about whether the general purpose 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 financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Material instances of noncompliance are failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, contracts or grants, that cause us to conclude that the aggregation of misstatements resulting from those failures or violations is material to the general purpose financial statements. The results of our tests of compliance disclosed the following material instances of noncompliance.

1. Premature Payroll Distributions

Finding:

During the year ended June 30, 1996, we noted that while the pay period ended on Friday, payroll checks were distributed on Thursday. This prepayment of wages is considered a loan and places public assets at risk of loss.

**Board of Aldermen
Town of Columbia, Louisiana**

Recommendation:

We recommend that either the pay period ending date be adjusted to Wednesday or that the payroll checks not be distributed until the end of the work day on Friday.

Response:

Beginning the week ended December 20, 1996, all payroll checks will be distributed on Friday afternoons at 3:00 P.M. for pay periods ended therein.

2. Medicare Portion of Social Security

Finding:

Medicare Tax is not being withheld from compensation of some elected officials. Employees hired and officials elected by local governments after March 31, 1986 are required to participate in the Medicare portion of Social Security.

Recommendation:

We recommend that all employees hired and officials elected after March 31, 1986 have the Medicare portion of Social Security withheld from their compensation.

Response:

As of January 1, 1997, the Medicare portion of Social Security will be withheld from all elected officials taking office after March 31, 1986.

3. Unfavorable Budget-to-Actual Variances

Finding:

State statutes call for the amendment of originally-adopted budgets in the event that revenues and other sources fall below budgeted amounts by more than 5% or if expenditures and other uses exceed budget amounts by more than 5%. In our comparison of budget to actual expenditures in the General Fund, we noted that actual expenditures and other uses exceeded budgeted amounts by approximately 9%. This is due to not properly reflecting increases in workmen's compensation and general liability insurance costs in the final revised budget and the omission from the budget of transfers to the LCDBG Capital Project Fund.

**Board of Aldermen
Town of Columbia, Louisiana**

Recommendation:

We recommend the Town conduct a comprehensive review of year-to-date actual activity presented in the budget comparison report used by the Town in preparing its budget revisions to ensure that all known items are reflected in the final revised budget, and to review prior to adoption any budget to actual expenditure and revenue variances in excess of 5%.

Response:

The Town will conduct a comprehensive review each month of year to date budget comparisons to determine when and if a budget revision is required under the local budget act due to a variance of greater than 5%. When it is determined a variance of greater than 5% exists, a budget revision will be made.

4. Maintenance of Time and Attendance Records

Finding:

In our tests of amounts claimed or used for matching, we noted that the Town was required to provide a cash or in-kind matching contribution to its \$15,000 economic recovery grant from the United States Department of Agriculture. The Town's matching contribution was made with personnel-related expenditures. However, the Town does not maintain detail time and attendance records recording the amount of time spent by an individual on a specific assignment. Federal laws require that all expenditures to Federal programs be supported by adequate supporting documentation, including payroll-related expenditures.

Recommendation:

We recommend that in connection with the time and attendance system being developed for other employees of the Town that written documentation be developed for personnel involved in the administration of grant funds to provide adequate supporting documentation to substantiate payroll costs charged to grant programs.

Response:

Beginning the week ended December 16, 1996, weekly and monthly time records will be maintained with each time record being signed by the applicable employee indicating its accuracy, and the time records will be signed by the supervisor indicating their approval prior to the payroll check being processed. In addition, detailed time and attendance records will be maintained on employees working on grant projects.

**Board of Aldermen
Town of Columbia, Louisiana**

This report is intended for the use of management of the Town, its cognizant audit agency, other agencies granting funds to the Town and the Legislative Auditor for the state of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Ruffey, Huffman & Monroe

**Monroe, Louisiana
December 13, 1996**

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

Town of Columbia, Louisiana
Columbia, Louisiana

We have audited the general purpose financial statements of Town of Columbia, Louisiana (the Town), as of and for the year ended June 30, 1996, and have issued our report thereon dated December 13, 1996.

We conducted our audits in accordance with generally accepted auditing standards, the standards for financial and compliance audits contained in *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.

In planning and performing our audit 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 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 December 13, 1996.

The management of the Town is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements 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, that transactions are executed in accordance with management's authorization and recorded properly to permit the

**Board of Aldermen
Town of Columbia, Louisiana**

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:

- | General Requirements | Specific Requirements |
|-----------------------------------|--|
| * Political activity | * Types of services allowed or not allowed |
| * Civil rights | * Eligibility |
| * Cash management | * Matching, level of effort or earmarking |
| * Federal financial reports | * Special reports |
| * Allowable costs/cost principles | * Special tests and provisions |
| * Drug-free Workplace Act | * Claims for advances and reimbursement |
| * Administrative 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 had no major Federal financial assistance programs and expended 100% of its total Federal financial assistance under the Main Street Historical Project, the Community Development Block Grant Street Improvement Program and the Economic Development Program nonmajor Federal financial assistance programs.

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 noncompliance with specific requirements and general requirements that are applicable to each of the Town's aforementioned nonmajor programs, which are identified in the accompanying Schedule of Federal Financial Assistance. 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.

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

**Board of Aldermen
Town of Columbia, Louisiana**

attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the Town's ability to administer Federal financial assistance programs in accordance with applicable laws and regulations.

Maintenance of Time and Attendance Records

Finding:

In our tests of amounts claimed or used for matching, we noted that the Town was required to provide a cash or in-kind matching contribution to its \$15,000 economic recovery grant from the United States Department of Agriculture. The Town's matching contribution was made with personnel-related expenditures. However, the Town does not maintain detail time and attendance records recording the amount of time spent by an individual on a specific assignment. Federal laws require that all expenditures to Federal programs be supported by adequate supporting documentation, including payroll-related expenditures.

Recommendation:

We recommend that in connection with the time and attendance system being developed for other employees of the Town that written documentation be developed for personnel involved in the administration of grant funds to provide adequate supporting documentation to substantiate payroll costs charged to grant programs.

Response:

Beginning the week ended December 16, 1996, weekly and monthly time records will be maintained with each time record being signed by the applicable employee indicating its accuracy, and the time records will be signed by the supervisor indicating their approval prior to the payroll check being processed. In addition, detailed time and attendance records will be maintained on employees working on grant projects.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to an acceptable 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

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 be reportable conditions and, accordingly, would not

**Board of Aldermen
Town of Columbia, Louisiana**

necessarily disclose all reportable conditions that are also considered material weaknesses as defined above. However, we believe the reportable condition described above to be a material weakness.

This report is intended for the management of the Town, its cognizant audit agency, other agencies granting funds to the Town and the Legislative Auditor of the state of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Ruffly, Huffman & Monroe

**Monroe, Louisiana
December 13, 1996**

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

Town of Columbia, Louisiana
Columbia, Louisiana

We have audited the general purpose financial statements of Town of Columbia, Louisiana (the Town), as of and for the year ended June 30, 1996, and have issued our report thereon dated December 13, 1996.

In connection with our audit of the June 30, 1996 general purpose financial statements of the Town and with our consideration of the Town's internal control structure used to administer Federal financial assistance programs as required by Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*, we selected certain transactions applicable to certain nonmajor Federal financial assistance programs for the year ended June 30, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town's compliance with these requirements. 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 preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe the Town had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the management of the Town, its cognizant audit agency, other agencies granting funds to the Town and the Legislative Auditor of the state of Louisiana. However, this report is a matter of public record and its distribution is not limited.



Monroe, Louisiana
December 13, 1996

LUFFEY, HUFFMAN & MONROE
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

**Town of Columbia, Louisiana
Columbia, Louisiana**

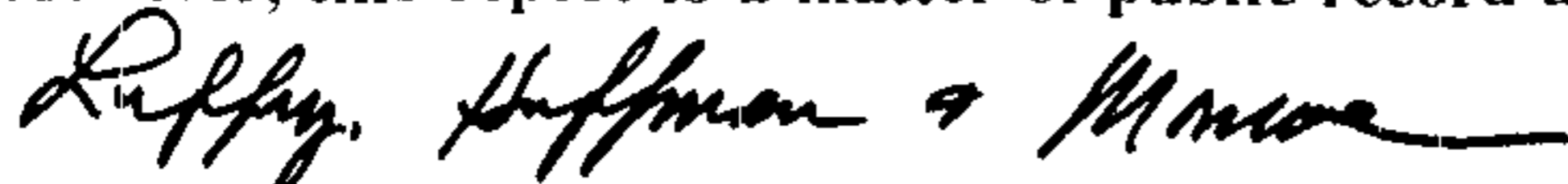
We have audited the general purpose financial statements of **Town of Columbia, Louisiana** (the Town), as of and for the year ended June 30, 1996, and have issued our report thereon dated December 13, 1996.

We have also 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, civil rights, cash management, Federal financial reports, allowable costs/cost principles, Drug-Free Workplace Act and administrative requirements.

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's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, 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 City had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed an immaterial instance of noncompliance with those requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the management of the City, its cognizant audit agency, other agencies granting funds to the City and the Legislative Auditor of the state of Louisiana. However, this report is a matter of public record and its distribution is not limited.


Monroe, Louisiana
December 13, 1996

OTHER SUPPLEMENTARY INFORMATION

TOWN OF COLUMBIA, LOUISIANA
SCHEDULE OF BOARD OF ALDERMEN COMPENSATION
For the Year Ended June 30, 1996

	<u>SALARY</u>
COATES, PAETON	\$ 888
SIMONS, CHARLES	688
RICHARDS, CHARLES	688
ROBINSON, MELVIN	713
BROCKNER, KEN	<u>788</u>
TOTAL	<u>\$ 3,765</u>