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## TOWN OF COLUMBIA, LOUISIANA

### Financial Statements

As of and For the Year Ended June 30, 1938

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the auditor, or tax collector, and other appropriate public officials. This report is available for public inspection at the Public Accounting Office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date—~~1938-2-23~~

**TOWN OF COLUMBIA  
GENERAL PURPOSE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 1998**

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**TOWN OF COLUMBIA  
GENERAL PURPOSE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 1998**

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\* - Denotes Schedule

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**Luffey  
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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
**CERTIFIED PUBLIC ACCOUNTANTS**

John L. Luffey CPA, CMA  
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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, 1998, 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, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Legislative Auditor and the Louisiana Society of Certified Public Accountants. Those standards and the audit guide 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, 1998, 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 our report dated December 30, 1998 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

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

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.

*Ruffin, Hoffman & Malone, LLP*

**December 30, 1998**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**TOWN OF COLUMBIA, LOUISIANA**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**COMBINED BALANCE SHEET**  
**AS OF JUNE 30, 1998**

	Governmental Fund Types		Proprietary Fund Types	Agency Fund Types	Totals (Miscellaneous Only)
	General	Capital Project			
<b>ASSETS</b>					
<b>Cash and Cash Equivalents</b>	\$ 101,790	\$ 19,500	\$ 119,800	\$ -	\$ 441,270
Investments	141,810	-	35,880	-	178,790
Accounts Receivable	34,279	34,889	79,619	-	179,588
Due From Other Funds	10,710	2,491	1,231	-	15,032
Prepaid Expenses	4,800	-	-	-	4,800
Receivable Assets:					
Cash	-	-	79,134	-	79,134
Investments	-	-	9,449	-	9,449
<b>Land, Buildings and Equipment</b>	-	-	-	101,790	101,790
<b>Property, Plant and Equipment</b> (less accumulated Depreciation)	-	-	2,790,498	-	2,790,498
<b>TOTAL ASSETS</b>	\$ 312,579	\$ 56,880	\$ 3,006,817	\$ 101,790	\$ 4,473,064
<b>LIABILITIES AND FUND EQUITY</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 1,800	\$ 10,790	\$ 1,094	\$ -	\$ 13,684
Accounts Payable and Accrued Payable	34,490	-	-	-	34,490
Warranty Payable	-	50,179	-	-	50,179
Due to Other Funds	2,000	-	70,882	-	72,882
Unfunded Warrants	-	4,618	-	-	4,618
<b>Current Liabilities (Payable)</b>					
From Borrowed Assets:					
Accrued Interest Payable	-	-	14,880	-	14,880
Current Maturity of Revenue Bonds	-	-	11,878	-	11,878
Contractors' Expenses	-	-	14,865	-	14,865
Revenue Bonds Payable	-	-	1,893,897	-	1,893,897
<b>Total Liabilities</b>	<u>39,290</u>	<u>65,577</u>	<u>1,991,544</u>	<u>-</u>	<u>2,150,711</u>
<b>Fund Equity</b>					
<b>Capitalized Capital</b>	-	-	1,895,828	-	1,895,828
Investments in General Fund Assets	-	-	-	101,790	101,790
Investments in Other Funds	-	-	136,911	-	136,911
<b>Residual Earnings:</b>					
Reverend for Debt Service and Expenses	-	-	35,039	-	35,039
Reverend for Contingencies	-	-	181,900	-	181,900
Reverend	-	-	26,971	-	26,971
<b>Fund Balance:</b>					
Unassigned and Undesignated	49,079	8,822	-	-	57,901
<b>Total Fund Equity</b>	<u>49,079</u>	<u>8,822</u>	<u>1,991,547</u>	<u>101,790</u>	<u>2,150,238</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	\$ 312,579	\$ 56,880	\$ 3,006,817	\$ 101,790	\$ 4,473,064

The accompanying notes are an integral part of this statement.

**TOWN OF COLUMBIA, LOUISIANA**  
**GOVERNMENTAL FUND TYPES**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 1998**

	<u>General</u>	<u>Capital</u>	<u>Total</u>
	<u>Fund</u>	<u>Projects</u>	<u>(Memorandum</u>
			<u>Only)</u>
<b>Revenues</b>			
Ad Valorem Taxes	\$ 40,601	\$ -	\$ 40,601
Sales and Other Taxes	173,224	-	173,224
Licenses and Permits	90,270	-	90,270
Intergovernmental Revenues	31,360	-	31,360
State Salary Supplement - Police	7,800	-	7,800
Fines and Penalties	5,947	-	5,947
Interest Income	18,977	-	18,977
Grant Revenue - Federal	3,898	553,276	557,174
Grant Revenue - State	23,725	35,440	48,165
Miscellaneous	3,892	-	3,892
<b>Total Revenues</b>	<u>298,695</u>	<u>578,716</u>	<u>877,411</u>
<b>Expenditures</b>			
Current:			
General Government	153,085	-	153,085
Public Safety:			
Police Department	88,064	-	88,064
Fire Department	15,585	-	15,585
Public Works:			
Sewer Department	3,074	-	3,074
Main Street Department	44,360	-	44,360
Street Department	21,349	-	21,349
Capital Outlay:			
General Government	2,856	-	2,856
Sewer System	-	553,276	553,276
Historic Preservation	-	14,518	14,518
Economic Development	-	3,180	3,180
Total Expenditures	<u>328,291</u>	<u>570,884</u>	<u>899,175</u>
<b>Excess of Revenues Over Expenditures</b>	<b>60,404</b>	<b>8,832</b>	<b>72,234</b>
<b>Fund Balance at Beginning of Year</b>	<u>436,576</u>	<u>-</u>	<u>436,576</u>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 496,972</b>	<b>\$ 8,832</b>	<b>\$ 505,794</b>

The accompanying notes are an integral part of this statement.



**TOWN OF COLUMBIA, LOUISIANA  
 GOVERNMENTAL FUND TYPE - GENERAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Ad Valorem Taxes	\$ 41,000	\$ 40,681	\$ (319)
Sales and Other Taxes	166,800	173,224	7,224
Licenses and Permits	81,700	90,270	8,570
Intragovernmental Revenues	44,875	56,983	12,108
State Salary Supplement - Police	7,900	7,800	(100)
Fines and Forfeitures	5,400	5,947	547
Interest Income	8,500	10,977	2,477
Miscellaneous	15,200	3,893	(11,307)
Total Revenues	<u>350,575</u>	<u>399,885</u>	<u>49,310</u>
<b>Expenditures</b>			
Current:			
General Government	134,400	153,085	21,345
Public Safety:			
Police Department	97,400	88,864	8,206
Fire Department	11,600	15,505	(3,875)
Public Works:			
Street Department	3,574	3,074	500
Main Street Department	51,700	44,360	7,240
Street Department	21,300	23,349	(199)
Capital Outlay -			
General Government	-	2,856	(2,856)
Total Expenditures	<u>380,034</u>	<u>328,293</u>	<u>51,741</u>
Excess of Revenues Over Expenditures	10,541	63,602	52,861
Fund Balance at Beginning of Year	<u>436,570</u>	<u>438,570</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ <u>447,111</u></b>	<b>\$ <u>499,972</u></b>	<b>\$ <u>52,861</u></b>

The accompanying notes are an integral part of this statement.

**TOWN OF COLUMBIA, LOUISIANA  
ALL PROPRIETARY FUND TYPES  
COMBINED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN RETAINED EARNINGS  
FOR THE YEAR ENDED JUNE 30, 1998**

<b>Operating Revenues</b>	
Charges for Services	\$ 260,317
Other Income	5,524
<b>Total Operating Revenues</b>	<u>265,841</u>
<b>Operating Expenses</b>	
Salaries and Related Benefits	65,260
Gas Purchases	50,775
Maintenance, Repair & Supplies	4,259
Depreciation	78,475
Insurance Expense	9,796
Miscellaneous Expense	4,686
Professional Fees	4,826
Office Expenses	8,760
Utilities	9,130
Travel	777
Drug Testing	285
<b>Total Operating Expenses</b>	<u>233,685</u>
<b>Operating Income</b>	32,156
<b>Nonoperating Revenue (Expense)</b>	
Interest Earned	4,606
Interest Expense	(42,887)
<b>Total Nonoperating Revenue (Expense)</b>	<u>(38,281)</u>
<b>Net Loss</b>	(6,125)
<b>Depreciation on Fixed Assets Acquired by Grants</b>	<u>34,901</u>
<b>Increase in Retained Earnings</b>	28,776
<b>Retained Earnings at Beginning of Year</b>	<u>42,318</u>
<b>RETAINED EARNINGS AT END OF YEAR</b>	<u>\$ 71,094</u>

The accompanying notes are an integral part of this statement.

**TOWN OF COLUMBIA, LOUISIANA  
ALL PROPRIETARY FUND TYPES  
COMBINED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 1998**

<b>Cash Flows From Operating Activities</b>	
Operating Income	\$ 12,846
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	78,475
Increase in Accounts Receivable	(7,838)
Increase in Due From Other Funds	(613)
Decrease in Accounts Payable	(2,710)
Increase in Due To Other Funds	22,815
Total Adjustments	<u>85,929</u>
Net Cash Provided by Operating Activities	126,788
<b>Cash Flows From Noncapital Financing Activities</b>	
Decrease in Customers' Deposits	(453)
Net Cash Used by Noncapital Financing Activities	<u>(453)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Principal Paid on Bonds	(5,899)
Interest Paid on Bonds	(22,282)
Net Cash Used by Capital and Related Financing Activities	<u>(28,181)</u>
<b>Cash Flows From Investing Activities</b>	
Redemption of Investments	6,878
Interest Earned	4,566
Net Cash Provided by Investing Activities	<u>11,444</u>
Net Increase in Cash and Cash Equivalents	74,599
Cash and Cash Equivalents at Beginning of Year	<u>122,536</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ <u>197,135</u></b>
<b>CASH AND CASH EQUIVALENTS SHOWN ON BALANCE SHEET AS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 118,002
Restricted Assets:	
Cash	<u>79,134</u>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ <u>197,136</u></b>

Additional sewer plant and related assets were purchased with grant proceeds of \$553,276 in a governmental fund type and contributed to the Sewer Enterprise Fund during the year ended June 30, 1998.

The accompanying notes are an integral part of this statement.

**TOWN OF COLUMBIA, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 1998**

**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, a Water Enterprise Fund to provide water services and has recently brought to substantial completion, a sewer system to provide sanitary sewer services which is reported in a Sewer Enterprise Fund.

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 financially 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  
AS OF AND FOR THE YEAR ENDED JUNE 30, 1998**

**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 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 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

**TOWN OF COLUMBIA, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 1998**

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, canals 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 columns on Combined Statements - 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. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available).

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town uses the following practices in recognizing and reporting revenues and expenditures in the governmental fund types:

Revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed ad valorem taxes are considered "measurable" when in the hands of the intermediary collecting governments while sales taxes are considered "measurable" when in the hands of merchants 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. Ad valorem

**TOWN OF COLLIERIA, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 1998**

taxes, grants, fees, and charges and commissions for services have been treated as susceptible to accrual.

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.

**B. 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 clarify 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.

**C. 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**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 1998**

**F. Fixed Assets**

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 contribution 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
Street Signs	20-40 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. 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



**TOWN OF COLUMBIA, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 1998**

debt 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.

***A. Reserve 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.

***B. Electrical System Operating Agreement***

On April 5, 1996, the Board of Aldermen of the Town authorized an operating agreement between the Town and Entergy (formerly Louisiana Power and Light) for Entergy to operate the electric system within the corporate limits of the Town for a period of twenty-five years. The agreement provides that Entergy will pay the Town two percent of total revenue collected from the sale of electric service to residential and commercial customers within the Town. This agreement was renewed on July 14, 1998 with similar terms.

***C. Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires the Town to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**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, 1998, the carrying amount and market value of investments, consisting of certificates of deposit, was \$188,592.

At June 30, 1998, the carrying amount of the Town's deposits was \$484,410 and the bank balances total \$678,463. All of the deposits of the Town at June 30, 1998 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  
AS OF AND FOR THE YEAR ENDED JUNE 30, 1998**

**Note 3 - Ad Valorem Taxes**

Property taxes are attached 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>Mill</u>
General Ad Valorem Tax	3.37
Street Maintenance	<u>1.80</u>
<b>TOTAL</b>	<u><b>5.17</b></u>

**Note 4 - Fixed Assets**

Changes in general fixed assets are categorized as follows:

	Balance June 30, 1997	Added	Retired	Balance June 30, 1998
Land	\$ 49,070			\$ 49,070
Buildings	54,044			54,044
Equipment	<u>269,312</u>	<u>2,855</u>		<u>269,888</u>
<b>TOTALS</b>	<u><b>\$ 362,447</b></u>	<u><b>\$ 2,855</b></u>	<u><b>300,000</b></u>	<u><b>\$ 363,300</b></u>

A summary of proprietary fixed type property, plant and equipment at June 30, 1998, follows:

Gas System	\$ 485,121
Sewer System	1,856,380
Water Plant	<u>1,152,132</u>
Total	3,493,633
Less: Accumulated Depreciation	<u>(758,879)</u>
Net Depreciable Assets	2,734,754
Land	<u>28,624</u>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<u><b>\$2,763,378</b></u>

**TOWN OF COLUMBIA, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 1998**

**Note 5 - Restricted Assets and Related Resources**

Under terms of the bond indenture and by resolution of the Board of Aldermen, the Water Fund and Sewer Fund are 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 in the Water fund and \$28,744 in the Sewer fund have 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 in the Water Fund and \$131 in the Sewer Fund 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 (Water Fund Contingency Account) and/or the sewer system (Sewer Fund Contingency Account)-of the Town.

**Schedule of Changes in Restricted Accounts:**

	<u>Sinking</u>	<u>Reserve</u>	<u>Contingency</u>
Beginning Balance at July 1, 1997	\$ 31,707	\$ 22,148	\$ 3,452
Add: Monthly Deposits	38,776	2,974	4,547
Interest Earned	783	416	191
Less: Disbursements	<u>68,236</u>	<u>        </u>	<u>        </u>
<b>ENDING BALANCE AT JUNE 30, 1998</b>	<b><u>\$ 3,030</u></b>	<b><u>\$ 25,538</u></b>	<b><u>\$ 8,180</u></b>

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 \$24,289 is included in Restricted Assets - Cash in the accompanying balance sheet for customer's deposits.

**TOWN OF COLUMBIA, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 1998**

**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 employer 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 2% 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 number 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 11:183, 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, 1996, 1997 and 1998 were \$2,468, \$2,782 and 3,977, respectively, equal to the statutorily required contributions for each year.

The MERS 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 Employees' Retirement System, 6750 Van Gogh, Baton Rouge, Louisiana or by calling (504) 927-6810.

*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 assistant to the chief of police are eligible to participate in the MPERS. Members who retire at or after age 35 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

**TOWN OF COLUMBIA, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 1998**

for 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 result of the valuation for the prior fiscal year. The Town's contributions to the MPERS for the years ended June 30, 1996, 1997 and 1998 were \$4,180, \$4,229 and \$4,451 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, 800 United Plaza Boulevard, Room 305, Baton Rouge, Louisiana, 70808 or by calling (504) 928-7411.

**Note 7 - Long-Term Debt**

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 1998:

	<b>Revenue Bonds</b>
Balance at Beginning of Year	\$ 1,188,798
Additions	202,600
Retirements	(1,000)
 <b>BALANCE AT END OF YEAR</b> (Including Current Portion)	 <b>\$ 1,391,398</b>

Long-term debt is comprised of the following individual issues:

**Revenue Bonds:**

\$600,000 Water Revenue bonds dated January 12, 1988; due in annual installments through January 12, 2028; interest at 6.375%	\$ 558,540
\$541,000 Sewer Revenue bonds dated October 22, 1996; due in monthly installments through October 22, 2034; interest at 4.5%	\$ 532,858
<b>Total Revenue Bonds</b>	<b>\$ 1,091,398</b>

**TOWN OF COLUMBIA, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 1998**

The annual requirements to amortize all bonds outstanding as of June 30, 1998, including interest payments of \$1,300,575, are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>Payments</u>
1999	\$ 71,788
2000	71,788
2001	71,788
2002	71,788
2003	71,788
2004-2008	358,839
2009-2013	358,839
2014-2018	358,839
2019-2023	358,839
2024-2028	358,839
2029-2033	147,368
2034-2037	<u>58,245</u>
<b>TOTAL</b>	<b><u>\$1,388,651</u></b>

**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, 1990 and 1996, for a total of \$514,000. In addition, the Sewer Fund received a grant from the Department of Agriculture - Rural Development for improvements to the sewerage system in the amount of \$1,385,000. The Town 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, 1998, the Town maintained three enterprise funds which provide gas, water, and sewer services to the residents of the Town. Segment information for the year ended June 30, 1998, is as follows:

**TOWN OF COLUMBIA, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 1998**

	Gas Fund	Water Fund	Sewer Fund	Totals
Operating Revenues	\$ 120,900	\$ 86,886	\$ 32,321	\$ 240,107
Depreciation	19,297	28,783	30,493	78,473
Operating Income	6,385	13,353	12,504	32,646
Interest Earned	2,390	2,363	14	4,666
Interest Expense		33,902	36,359	70,857
Net Income (Loss)	8,775	(20,087)	(2,541)	(14,653)
Change in Contributed Capital:				
Additions	-	-	331,654	331,654
Amortization of Grants	(21,621)	(15,289)		(36,910)
Net Working Capital	96,215	28,688	18,257	143,160
Total Assets	201,104	\$53,415	1,871,778	\$2,026,315
Bonds and Other Long-Term Liabilities	152,141	352,916		1,045,857
Total Equity	175,954	312,855	1,216,762	1,825,571

**Note 10 - 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 \$100,000 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.

**Note 11 - One-Buyall Payments**

Certain Town employees in the Police Department receive supplemental pay from the state of Louisiana. In accordance with GASB Statement No. 34 "Accounting and Financial Reporting for Certain Grants and Other Receipts", the Town has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$7,800 and the related expenditures were recorded to the Police Salaries Account.

**TOWN OF COLUMBIA, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 1998**

**Note 12 - Sewer Construction**

The Town of Columbia was awarded a Federal grant totaling \$1,385,000 and a Federal loan totaling \$541,000 from the United States Department of Agriculture for improvements to the sewerage system. To repay the loan, the Town issued revenue bonds in the amount of \$541,000 which will be paid in monthly installments from sewerage fees upon completion of the construction.

**Note 13 - Contingencies**

There is one lawsuit in which the Town is involved. The Town's administration and attorney are of the opinion that the potential claims against the Town, resulting from litigation, would not materially affect the financial position of the Town at June 30, 1998.

The worldwide challenge facing organizations, commonly referred to as the Year 2000 (Y2K) issue, is the result of problems that may be encountered with date-related transactions on systems that have historically recognized years using two digits vs. four digits, e.g. 98 versus 1998. These systems will potentially recognize the "00" as the year 1900 instead of 2000. On the surface, the Y2K problem sounds simple enough; however, the implications of this problem are far reaching and could impact a full range of business services and activities.

The Town has conducted a study of its own systems and operations. Based on this study, the Town has initiated a project to take all necessary and reasonable steps to get the mission critical systems and operations Y2K compliant in a timely manner. The project will include consulting the Y2K preparedness of significant third parties.

The total costs of the Y2K efforts are estimated to be between \$10,000 to \$12,000 and will be funded with cash flows from operations. As of June 30, 1998, the Town has expended approximately \$2,600 toward making the Town's system year 2000 compliant.

The assessment of the costs of the Y2K compliance effort, and the timetable for the planned completion of the internal Y2K modifications, are management's estimates. The estimates were based on numerous assumptions as to future events. There can be no guarantee that these estimates will prove accurate, and actual results could differ from those estimated if these assumptions prove inaccurate. Additionally, there can be no absolute guarantee that significant third parties will successfully and timely convert their systems.



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

**SEWER CONSTRUCTION CAPITAL PROJECTS FUND -**

This fund is used to account for the administration and expenditure of a \$1,385,000 grant and a \$541,000 loan from the United States Department of Agriculture for the acquisition and construction of improvements, extensions, and replacements to the Town's sewerage system.

**OTHER CAPITAL PROJECTS FUND -**

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

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**TOWN OF COLUMBIA, LOUISIANA**  
**ALL CAPITAL PROJECT FUNDS**  
**COMBINING BALANCE SHEET**  
**AS OF JUNE 30, 1998**

	<u>Sewer Construction</u>	<u>Other Capital Projects</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 17,714	\$ 3,820	\$ 21,534
Accounts Receivable	79,889	4,008	83,897
Due From Other Funds	<u>442</u>	<u>3,088</u>	<u>3,530</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>98,045</u></b>	<b>\$ <u>10,916</u></b>	<b>\$ <u>108,961</u></b>
 <b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 32,780	\$ -	\$ 32,780
Retainage Payable	30,219	-	30,219
Deferred Revenues	<u>6,838</u>	<u>-</u>	<u>6,838</u>
<b>Total Liabilities</b>	<b>69,837</b>	<b>-</b>	<b>69,837</b>
 <b>Fund Equity</b>			
Fund Balance:			
Unreserved and Undesignated	<u>-</u>	<u>8,822</u>	<u>8,822</u>
<b>Total Fund Equity</b>	<b><u>-</u></b>	<b><u>8,822</u></b>	<b><u>8,822</u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ <u>69,837</u></b>	<b>\$ <u>8,822</u></b>	<b>\$ <u>78,659</u></b>

**TOWN OF COLUMBIA, LOUISIANA  
ALL CAPITAL PROJECT FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 1998**

	<u>Sewer Construction</u>	<u>Other Capital Projects</u>	<u>Total</u>
<b>Revenues</b>			
Grant Revenue - Federal	\$ 553,276	\$ -	\$ 553,276
Grant Revenue - State	<u>-</u>	<u>26,440</u>	<u>26,440</u>
Total Revenues	553,276	26,440	579,716
<b>Expenditures</b>			
Capital Outlay:			
Sewer System	553,276	-	553,276
Historic Preservation	-	14,518	14,518
Economic Development	<u>-</u>	<u>3,308</u>	<u>3,308</u>
Total Expenditures	553,276	17,818	570,894
<b>Excess of Revenues Over Expenditures</b>	-	8,622	8,622
<b>Fund Balance at Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ -</u>	<u>\$ 8,622</u>	<u>\$ 8,622</u>

## OTHER SUPPLEMENTARY INFORMATION

**TOWN OF COLUMBIA, LOUISIANA**  
**SCHEDULE OF COMPENSATION PAID TO BOARD OF ALDERMEN**  
**For the Year Ended June 30, 1998**

	<u>SALARY</u>
BROCKNER, KEN	\$ 851
FRASER, BRUCE	603
MCGUFFEE, DARRON	788
ROBINSON, MELVIN	816
SIMONS, CHARLES	<u>752</u>
TOTAL	<u>\$ 3,810</u>

**TOWN OF COLUMBIA, LOUISIANA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 1998**

<u>FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>AWARD AMOUNT</u>	<u>REVENUES RECOGNIZED</u>	<u>EXPENDITURES</u>
<b>Department of Agriculture</b>				
Direct Program - Water and Waste Disposal Systems for Rural Communities	05.500	\$ 1,185,000	\$ 592,276	\$ 511,105
<b>Department of Interior</b>				
Federal through Louisiana Department of Culture, Recreation, and Tourism - Historic Preservation Program	15.994	1,000	1,000	1,000
Total Department of Interior		<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
<b>TOTAL FEDERAL AWARDS</b>		<b>\$ 1,186,000</b>	<b>\$ 593,276</b>	<b>\$ 512,105</b>

See Notes to Schedule of Expenditures of Federal Awards

**TOWN OF COLUMBIA, LOUISIANA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 1998**

**1. General**

The Schedule of Expenditures of Federal Awards presents the activity of all Federal awards 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 awards received directly from Federal agencies, as well as Federal awards passed through other government agencies, are included on the schedule.

**2. Basis of Accounting**

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

**3. Relationship to the Schedule of Federal Awards to the  
General Purpose Financial Statements of the Town**

Federal awards are reported on the Combined Statement Of Revenues, Expenditures, And Changes In Fund Balances, under Grant Revenue - Federal (General Fund - \$3,898) and (Capital Projects Fund - \$253,278).





Luffey  
Huffman  
& Monroe

INCORPORATED ACCOUNTING CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

James Luffey, CPA, CMA  
Ernest H. Huffman, CPA,  
J. Paul Monroe, CPA,  
James H. Monroe, CPA,  
Douglas R. Cross, CPA

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING 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, 1998, and have issued our report thereon dated December 30, 1998. We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Code*, issued by the Louisiana Legislative Auditor and the Louisiana Society of Certified Public Accountants.

**Compliance**

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

**Internal Control Over Financial Reporting**

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

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

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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the 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.

*Ruffin, Hoffman + Assoc. (A.A.C.)*

December 26, 1988



Luffey  
Huffman  
& Monroe

MEMBERSHIP SERVING GOVERNMENT  
CERTIFIED PUBLIC ACCOUNTANTS

Allen L. Luffey, MBA, CPA  
Francis A. Huffman, CPA  
J. Scott Monroe, CPA  
Cynthia Anderson, CPA  
COLUMBIA, MISSISSIPPI

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Aldermen  
Town of Columbia, Louisiana  
Columbia, Louisiana

**Compliance**

We have audited the compliance of the **Town of Columbia, Louisiana**, (the Town) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 1999. The Town's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

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

**Internal Control Over Compliance**

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might constitute material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program 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 the internal control over compliance and its operation that we consider to be material weaknesses.

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.

*Ruffin, Huffman & Keown (P.A.C.)*

December 30, 1998

**TOWN OF COLUMBIA, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 1998**

- (3) **The following are the applicable elements of the Summary of Auditors' Results:**
- i) The audit report on the Town of Columbia, Louisiana (the Town) covering the fiscal year ended June 30, 1998 was unqualified;
  - ii) The audit of the financial statements disclosed no reportable conditions involving internal control over financial reporting;
  - iii) The audit of the financial statements disclosed no instance of noncompliance which is considered to be material to the general purpose financial statements of the Town;
  - iv) There were no reported instances of reportable conditions in the internal control over major programs;
  - v) The auditors' report on the Town's compliance with requirements applicable to the major program was unqualified;
  - vi) The audit of the Town's compliance with requirements applicable to the major program did not disclose any findings required to be reported under the provisions of OMB Circular A-133 Section .510(a);
  - vii) The major Federal program for purposes of the report was the Water and Waste Disposal System for Rural Communities Program (CFDA No. 10.760);
  - viii) The dollar threshold used to distinguish between Type A and Type B programs was \$100,000; and,
  - ix) The town did not qualify as a low-risk auditee under the provisions of OMB Circular A-133 section .509.
- (4) **There are no findings related to the financial statements that are required to be reported under Government Auditing Standards.**
- (5) **There are no findings or questioned costs for Federal awards, including those specified by OMB Circular A-133.**

**TOWN OF COLUMBIA, LOUISIANA  
STATUS OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 1998**

In connection with our audit of the Town as of and for the year ended June 30, 1998, in accordance with Government Auditing Standards we have also reviewed the status of the prior year finding included in our management letter dated September 26, 1997. The following table presents the status of that finding:

<u>Prior Year Finding</u>	<u>Current Year Status</u>
Unfavorable Budget-to-Actual Variances	Cleared