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TOWN OF COLFAX
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 1999
With Comparative Totals for June 30, 1998

Under provisions of state law, this report is a public document. A copy of the report has been distributed to the Council, its members, and the state controller. This report is available for public inspection at the State House of Representatives, the State Auditor and, where appropriate, at the office of the clerk of court.

Prepared Date 11-09

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October 18, 1999

Independent Auditors' Report

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

We have audited the accompanying general purpose financial statements of the Town of Colfax, Louisiana, as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Colfax, Louisiana'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 applicable to financial audits contained in *Governments' Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Governmental accounting standards require disclosure of certain matters regarding the year 2000 issue. Due to the unprecedented nature of the year 2000 issue, management believes that its effects and the success of remediation efforts will not be fully determinable before the year 2000. Since the effects of the year 2000 issue and the success of remediation efforts cannot be readily determined at the present time, management has elected to omit the required disclosures from the accompanying financial statements.

In our opinion, except for the omission of disclosures regarding the year 2000 issue as discussed in the previous paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Colfax, Louisiana, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

The Honorable Constance Youngblood, Mayor
and the Board of Aldermen
October 18, 1999

In accordance with Government Auditing Standards, we have also issued our report dated October 18, 1999, on our consideration of the Town of Colfax, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Town of Colfax, Louisiana. 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.



ROGIER, HARRINGTON & MCKAY
Certified Public Accountants

TOWN OF COLFAX, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
all Governmental Fund Types
for the year ended June 30, 2009
With Comparative Totals for the Year Ended June 30, 2008

	General	Capital Expend.	Special Revenue	Miscellaneous Funds	
				2009	2008
Revenues					
Taxes					
Ad valorem	\$ 4,000	\$ -	\$ -	\$ 4,000	\$ 40,000
Other taxes	-	-	1,600	1,600	10,000
License and permits					
Occupational taxes	40,000	-	-	40,000	40,000
Transfer	60,000	-	-	60,000	60,000
Other permits	500	-	-	500	500
Charges for services					
Garbage	10,000	-	-	10,000	10,000
Interest earned	2,000	-	-	2,000	2,000
Rent	2,000	-	-	2,000	4,000
Grants and income					
Fiduciary	5,000	-	-	5,000	5,000
New tax	2,000	-	-	2,000	3,000
Other public	60,000	-	-	60,000	60,000
Payment in lieu of taxes	3,000	-	-	3,000	4,000
IMF	10,000	-	-	10,000	10,000
Grant income	10,000	-	-	10,000	40,000
Miscellaneous					
Rent	2,000	-	-	2,000	2,000
Interest	1,000	2,000	200	3,000	60,000
Change in investments	60,000	-	-	60,000	6,000
Interest earned	10,000	-	-	10,000	2,000
Other	10,000	10,000	-	20,000	10,000
Total revenues	190,000	12,000	1,800	400,000	300,000
Expenditures					
General government	100,000	-	1,000	100,000	200,000
Public safety	20,000	-	-	20,000	20,000
Health and welfare	60,000	-	-	60,000	60,000
Debt service	500	-	-	500	5,000
Capital outlay	60,000	10,000	-	70,000	100,000
Information	-	-	-	-	-
Public utility	-	-	-	-	40,000
Total expenditures	240,500	10,000	1,000	420,500	425,000
Change (Decrease) of Financial Resources					
Capital expenditures	(100,000)	2,000	(2,000)	(100,000)	(20,000)
Other financing resources used					
Operating transfers in	60,000	-	-	60,000	60,000
Operating transfers out	(60,000)	(600)	(10,000)	(60,600)	(60,000)
Total other financing resources used	(20,000)	(600)	(10,000)	(20,600)	(20,000)
Change (Decrease) of Financial Resources and other financing activities used expenditures and other uses	10,500	1,400	80	14,900	(45,000)
Fund balance - beginning of year	70,000	20,000	10,000	100,000	60,000
Fund balance - end of year	\$ 80,500	\$ 21,400	\$ 10,080	\$ 114,900	\$ 15,000

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

TOWNS OF COULAS, LOUISIANA
 ACCOUNTS STATEMENT OF REVENUE EXPENDITURES AND
 CHANGES IN FUND BALANCE - FUND 0001 BOUND AND WATER

General and Special Income Bonds
 For the year ended June 30, 1979

	General Fund		Special Revenue	
	Budget	Variance Favorable Disadvantage	Budget	Variance Favorable Disadvantage
REVENUES				
Taxes	\$ 54,000	\$ 70,170	\$ 210,000	\$ 6,020
License and permits	60,000	60,000	-	-
Charge for services	87,000	87,000	-	-
Intergovernmental	20,000	20,000	-	-
Miscellaneous	11,500	10,110	200	200
Total revenues	<u>232,500</u>	<u>247,270</u>	<u>210,000</u>	<u>6,220</u>
EXPENDITURES				
General and administrative	170,000	160,000	8,000	6,410
Public safety	90,000	4,900	-	-
Health and welfare	52,000	50,000	-	-
Education	6,000	3,000	-	-
Utilities	1,500	146	-	-
Capital outlays	6,000	6,000	-	-
Total expenditures	<u>285,500</u>	<u>270,046</u>	<u>8,000</u>	<u>6,410</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 47,000</u>	<u>\$ 77,224</u>	<u>\$ 202,000</u>	<u>\$ 1,810</u>
Other financing sources (uses)				
Operating transfers in	20,000	20,000	-	-
Operating transfers out	-	(20,000)	(20,000)	(20,000)
Total other financing sources (uses)	<u>20,000</u>	<u>0</u>	<u>(20,000)</u>	<u>(20,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$ 67,000</u>	<u>\$ 77,224</u>	<u>\$ 182,000</u>	<u>\$ 1,810</u>
Fund balance - beginning of year				
Fund balance - end of year				

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

TOWN OF COLFAC, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN RETAINED EARNINGS
Proprietary Fund
For the year ended June 30, 1999
With Comparative Totals for the Year Ended June 30, 1998

	Proprietary Funds	
	1999	1998
Operating revenues:		
Use sales	\$ 347,112	\$ 470,000
Water sales	179,940	199,540
Sewer charges	893,080	893,720
Delinquent charges	28,040	22,284
Miscellaneous	1,175	640
Total operating revenues	1,450,347	1,668,184
Operating expenses:		
Natural gas purchases	171,685	218,342
Electric and water	284,770	248,040
Materials, supplies, and maintenance	74,400	108,044
Oil and grease	7,885	11,243
Payroll taxes	30,400	30,000
Vehicle and travel	30,690	30,000
Interest	43,650	20,500
Professional fees	22,100	8,227
System expenses	7,125	6,480
Miscellaneous	1,884	1,720
Lease	6,200	5,400
Utilities and telephone	12,287	46,800
Depreciation	144,750	93,800
Bad debts	1,341	2,000
Buildings and equipment rental	1,408	1,400
Total operating expenses	768,211	805,226
Operating income	(307,864)	(137,042)
Non-operating revenues (expenses):		
Expenses of events	-	1,107
Interest income	2,870	1,200
Total Non-operating revenues (expenses)	2,870	2,307
Income (loss) before operating transfers	(304,994)	(134,735)
Operating transfers (to/from):		
Transfers to	49,544	(6,400)
Transfers from	(93,660)	(22,120)
Total operating transfers (to/from)	(44,116)	(28,520)
Net income (loss)	(349,110)	(163,255)
Normal earnings (deficit) - beginning of year	(274,467)	(378,140)
Normal earnings (deficit) - end of year	\$ (695,577)	\$ (541,395)

(The accompanying notes are an integral part of this Statement of statements.)

TOWN OF COLFAJ, LOUISIANA

STATEMENT OF CASH FLOWS

Proprietary Fund

For the year ended June 30, 2009

With Comparative Totals for the Year Ended June 30, 2008

	<u>Continuing Funds</u>	
	<u>2009</u>	<u>2008</u>
Cash flow from operating activities:		
Operating income (loss)	\$ (24,800)	\$ (20,000)
Adjustments to reconcile operating income (loss) with provided by operating activities		
Depreciation	14,400	10,400
Decreased income in accounts receivable	11,400	800
Decreased income in other assets	4,900	-
Decreased income in accounts payable	7,800	(14,000)
Decreased income in payable for gas purchase	(17,500)	(13,200)
Decreased income in other payables	1,600	500
Decreased income in compensated absences	(1,100)	1,000
Net cash provided (used) by operating activities	<u>36,800</u>	<u>21,700</u>
Cash flow from non-capital financing activities:		
Decreased income in due in order book	6,000	(30)
Issuance of bonds, net	(100,000)	(87,500)
Net cash provided (used) by non-capital financing activities	<u>(93,999)</u>	<u>(87,530)</u>
Cash flow from capital and related financing activities:		
Acquisition and construction of capital assets	(12,700)	(280,000)
Cash proceeds	-	140,000
Distributions to shareholders	-	1,000
Net cash provided (used) by capital and related financing activities	<u>(12,700)</u>	<u>(138,999)</u>
Cash flow from investing activities:		
Interest and other income	5,000	5,000
Net cash provided (used) by investing activities	<u>5,000</u>	<u>5,000</u>
Net increase (decrease) in cash	<u>(7,899)</u>	<u>(102,829)</u>
Reconciliation with balance	<u>118,084</u>	<u>118,084</u>
Cash and cash equivalents	<u>\$ 110,185</u>	<u>\$ 115,255</u>
Cash - investment	<u>\$ 89,500</u>	<u>\$ 89,500</u>
Cash - restricted	<u>\$ 40,685</u>	<u>\$ 40,685</u>

Supplemental disclosures about cash flow information:

For the years ended June 30, 2009 and 2008 there were no financing capital and financing activities that did not result in cash receipts or payments.

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TOWN OF COLFAX, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation

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

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

Financial Reporting Entity

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

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

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

Based upon the above criteria, the Town of Colfax has no component units for the year ended June 30, 1999.

TOWN OF COLFAX, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

PROPRIETARY FUND

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

FIDUCIARY FUNDS

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

ACCOUNT GROUPS

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the Town, other than those assets accounted for in the proprietary fund. Capital outlays in funds other than the proprietary fund are recorded as expenditures of those funds at the time of purchase and are subsequently recorded for control purposes in the General Fixed Assets Account Group.

TOWN OF COLFAX, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

General Long-Term Debt Account Group - This group of accounts is used to account for long-term debt of the Town other than debt accounted for in the proprietary fund.

Basis of Accounting

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

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

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

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

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

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

General Fixed Assets

Fixed assets acquired for general governmental purposes are recorded at cost in the general fixed asset group of accounts and they are recorded as expenditures in the governmental fund type when purchased. The Town has not elected to capitalize public domain ("infrastructure") fixed assets. No depreciation is provided on general fixed assets. Fixed assets are valued at historical cost, including interest incurred during construction unless they were donated in which case they are valued at fair market value at the date of donation. As June 30, 1999, there were no material amounts of donated assets.

TOWN OF COLFAX, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

June 30, 1995

Property and Equipment - Proprietary Fund

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

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

Budget Practices

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

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

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

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

The budgeted amounts are as originally adopted or as amended by the Town Council on June 15, 1995.

Compensated Absence

Accumulated unpaid vacation and compensatory pay have been accrued when incurred in the Proprietary Funds (using the accrual basis of accounting). These amounts relating to the Governmental Funds have been presented in the general long-term debt group of accounts. At June 30, 1995, compensated absences for all funds and account groups combined totaled \$30,000.

Total Columns as Combined Statements

Total columns on the combined statements are captioned "Memorandum" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting

TOWN OF COLFAX, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

principles. Neither is such data compatible to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Statement of Cash Flows

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

Contingency Accounting

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

Use of Estimates

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

Interfund Transactions

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

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

Cash and Cash Equivalents and Investments

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

TOWN OF COLFAX, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

Under state law, the Town may invest in U.S. bonds, treasury notes or certificates. These are classified as investments if their original maturities exceed 90 days; however, if original maturities are 90 days or less, they are classified as cash equivalents. The Town had no investments at June 30, 1999.

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 1999, cash and cash equivalents totaled \$397,657 (book balance) and \$482,125 (bank balance). The book balance included \$84,718 that is classified as restricted, and the remaining \$312,939 is considered unrestricted. The composition of these accounts is as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
Interest-bearing checking and certificates of deposit	\$ 396,687	\$ 482,125
Petty cash	450	—
<u>Total cash and cash equivalents</u>	397,137	\$ 482,125
Restricted cash	84,718	84,718
<u>Cash and cash equivalents</u>	\$ 312,399	\$ 317,407

Under state law, these deposits must be secured by federal deposit insurance or by the pledge of securities held by the bank. The securities pledged are held in the name of the pledging bank in a custodial bank that is mutually acceptable to both parties. At June 30, 1999, all deposits with financial institutions were not fully covered by federal deposit insurance and/or pledged securities. A detailed analysis of this coverage is as follows:

Total cash at June 30, 1999 (Bank Balance)	\$ 482,125
Less: FDIC insurance coverage	180,000
<u>Subtotal</u>	302,125
Pledged securities at custodial banks	252,169
<u>Deposits uninsured and unsecured at June 30, 1999</u>	\$ 50,000

Even though the pledged securities are considered uncollateralized (Category 3), State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified by the Town that the pledging bank has failed to pay deposited funds on demand.

NOTE 3 - RECEIVABLES

The receivables at June 30, 1999, are as follows:

TOWN OF COLFAX, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

	General Fund	Enterprise Fund	Miscellaneous Totals
Charges for services	\$ ----	\$ 16,878	\$ 16,878
Other charges	1,222	728	1,950
Total receivables	1,222	17,606	18,828
Less: allowance for uncollectibles	----	2,734	2,734
Receivables, net of allowance	\$ 1,222	14,872	\$ 16,094

NOTE 4 - INTERFUND RECEIVABLES / PAYABLES

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. Individual fund interfund receivable and payable balances at June 30, 1999, arising from these transactions were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Utility Fund	\$ 15,000

NOTE 5 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governmental units at June 30, 1999 consisted of the following:

	General Fund	Special Revenue	Miscellaneous Total
State of Louisiana			
Video poker tax	\$ 1,976	\$ ----	\$ 1,976
Grant Parish			
Sales taxes	---	15,251	15,251
Total	\$ 1,976	\$ 15,251	\$ 17,227

NOTE 6 - FIXED ASSETS

A summary of activity in the general fixed asset account group for the year ended June 30, 1999 follows:

TOWN OF COLFAX, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

	Balance June 30, 1998	Additions	Disposals	Balance June 30, 1999
Land	\$ 77,036	\$ ---	\$ 1,500	\$ 78,536
Buildings	153,703	3,610	---	157,313
Equipment	43,758	21,268	---	65,027
Improvements	733,444	41,297	---	774,741
Total	\$ 1,008,539	\$ 66,175	\$ 1,500	\$ 1,075,213

A summary of Proprietary Fund property, plant, and equipment at June 30, 1999 follows:

	Balance June 30, 1998	Additions	Disposals	Balance June 30, 1999
Land	\$ 6,292	\$ ---	\$ ---	\$ 6,292
Buildings	5,280	---	---	5,280
Equipment	128,028	5,401	---	133,429
Vehicles	71,513	---	---	71,513
Distribution systems	3,858,147	36,315	---	3,894,462
Subtotal	4,069,100	31,716	---	4,100,816
Less: Accumulated Depreciation	1,853,348	114,370	---	1,967,718
Total	\$ 2,215,752	\$ (82,654)	\$ ---	\$ 2,033,098

Depreciation expense totaled \$104,779 in 1998 and \$89,459 in 1999.

NOTE 7 - ACCOUNTS, SALARIES, AND OTHER PAYABLES

The following is a summary of payables at June 30, 1999:

	General Fund	Proprietary Fund	Total
Accounts payable	\$ 10,389	\$ 24,048	\$ 34,437
Salaries payable	2,341	2,171	4,512
Other payables	7,567	791	8,358
Total	\$ 20,307	\$ 27,010	\$ 47,317

TOWN OF COLFAX, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE 8 - GAS PURCHASES PAYABLE

During 1999, the Town agreed to a settlement for gas volumes delivered to the Town of Colfax, which had not been invoiced or paid. The terms of the settlement require Colfax to pay the gas company \$162,000 in the following manner: \$50,000 paid upon signing the agreement in 1999, and the remaining \$112,000 would be paid in monthly installments of \$3,300 for ten (10) years. At June 30, 1999, the balance in gas purchases payable is \$58,300.

NOTE 9 - DEFERRED COMPENSATION PLAN

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

NOTE 10 - GENERAL LONG-TERM DEBT

The following changes occurred in liabilities reported in the General Long-Term Debt Account Group during the year ended June 30, 1999:

	Payable At June 30, 1998	Additions	Deletions	Payable At June 30, 1999
Compensated Absences	\$2,053	\$384	\$,000	\$2,437

NOTE 11 - CONTRIBUTED CAPITAL

Contributed capital within the utility fund represents moneys granted from various governmental organizations to the Town in the past for construction of and improvements to utility distribution systems. There were no increases or decreases in contributed capital during the year ended June 30, 1999.

NOTE 12 - DEFICIT RETAINED EARNINGS

The Enterprise Fund of the Town operates a combined water, sewer, and natural gas utility fund. The utility fund's deficit balance in retained earnings at June 30, 1999, was \$496,200. This was the result of inadequate revenues to cover expenses including depreciation.

TOWN OF COLFAX, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1999

NOTE 13 - AD VALOREM TAXES

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

For the year ended June 30, 1999 the Town levied 8.61 mills of ad valorem taxes totaling \$27,144 which were dedicated to the general corporate purposes of the Town.

NOTE 14 - COMPENSATION OF ELECTED OFFICIALS

Per diem payments to the Board of Aldermen for the year ended June 30, 1999 were as follows:

	<u>Position</u>	<u>Amount</u>
Suzanne Bowen	Alderman	\$ 3,600
Alan Fuzell	Alderman	3,600
Cynthia Thomas	Alderman	1,500
Louisa Lacout	Alderman	2,100
Roderick Richardson	Alderman	3,600
Gayle "Becky" Tyler	Alderman	3,600
		<u>\$ 18,000</u>

Compensation paid to the Mayor for the year ended June 30, 1999 totaled \$7,200.

NOTE 15 - CAPITAL PROJECTS

Capital project activity for the year ended June 30, 1999, is summarized as follows:

Aloha-Bigotens Flood Control Project - As local sponsor for this project, the Town has provided a portion of the necessary funding. In addition, the Town has utilized contributions from various units of local and state government that have elected to participate in the project. Furthermore, a commitment of Federal funds has been received that will allow completion of the flood control project. During the current fiscal year, the Town received \$95,000 in funding from the State of Louisiana and expended \$81,383 on capital improvements related to this project.

Water Systems Improvements Project - During the year ended June 30, 1997, the Town was awarded a Louisiana Community Development Block Grant to improve the water distribution system. At June 30, 1999, the project was 100% complete and has been capitalized in the utility fund. The fund was closed out in 1999 by transfer of the remaining \$886 in residual equity to the General Fund.

TOWN OF COLFAX, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE 16 - RISK MANAGEMENT

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

OTHER REPORTS

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CERTIFIED PUBLIC ACCOUNTANTS

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ALEXANDRIA, LOUISIANA 71301

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October 18, 1999

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

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

We have audited the financial statements of the Town of Colfax, Louisiana as of and for the year ended June 30, 1999, and have issued our report thereon dated October 18, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

The Honorable Courtney Youngblood, Mayor

and the Board of Aldermen

October 18, 1999

Page 2

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

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



ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

TOWN OF COLFAX, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 1999

Part I - Summary of Auditor's Results:

- The Independent Auditor's Report on the general purpose financial statements for the Town of Colfax, Louisiana as of June 30, 1999 and for the year then ended expressed a qualified opinion.
- There were no reportable conditions noted in the audit.
- The results of the audit disclosed no instances of noncompliance that are considered to be material to the financial statements of the Town of Colfax, Louisiana.
- The Town was not required to have a Single Audit; therefore, none of the reporting required by OMB Circular A-133 was required.

Part II - Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

- N/A.

Part III - Findings and Questioned Costs for Federal Awards Which Shall Include Audit Findings as Defined by OMB Circular A-133:

- N/A.

TOWN OF COLFAX, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
June 30, 1999

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
No findings were reported in the schedule of findings and questioned costs.	Response - N/A
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
No findings were reported in the schedule of findings and questioned cost.	Response - N/A
SECTION III MANAGEMENT LETTER	
No findings were reported in the schedule of findings and questioned cost.	Response - N/A

TOWN OF COLFAX, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 1999

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
No findings were reported as a result of the previous audit.	Response - N/A
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
No findings were reported as a result of the previous audit.	Response - N/A
SECTION III MANAGEMENT LETTER	
No findings were reported as a result of the previous audit.	Response - N/A