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TOWN OF COLUMBIA, LOUISIANA

Financial Statements
As of and For the Year Ended June 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2-2-00

**TOWN OF COLUMBIA
GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

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GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

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* - Denotes Schedule



John L. Luffey, MBA, CPA
Francis I. Huffman, CPA
L. Fred Monroe, CPA
Esther Alleberry, CPA
Carolyn A. Clarke, CPA

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, 1999, 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 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, 1999, 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 15, 1999 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.



(A Professional Accounting Corporation)

December 15, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

**TOWN OF COLUMBIA, LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS
COMBINED BALANCE SHEET
AS OF JUNE 30, 1999**

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Types Enterprise</u>	<u>Account Group</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>		<u>General Fixed Assets</u>	
ASSETS					
Cash and Cash Equivalents	\$ 260,709	\$ 17,137	\$ 185,617	\$ -	\$ 463,463
Investments	52,284	-	87,791	-	140,075
Accounts Receivable	47,624	11,102	22,781	-	81,507
Due From Other Funds	98,836	442	1,522	-	100,800
Prepaid Expenses	2,747	-	-	-	2,747
Restricted Assets:					
Cash	-	-	82,608	-	82,608
Investments	-	-	17,328	-	17,328
General Fixed Assets	-	-	-	379,101	379,101
Property, Plant and Equipment (Net of Accumulated Depreciation)	-	-	2,658,982	-	2,658,982
TOTAL ASSETS	\$ 462,200	\$ 28,681	\$ 3,056,629	\$ 379,101	\$ 3,926,611
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts Payable	\$ 1,441	\$ 1,850	\$ 699	\$ -	\$ 3,990
Accrued Payroll and Benefits Payable	14,262	-	-	-	14,262
Due to Other Funds	442	7,000	93,358	-	100,800
Current Liabilities (Payable From Restricted Assets):					
Accrued Interest Payable	-	-	16,707	-	16,707
Current Maturities of Revenue Bonds	-	-	12,689	-	12,689
Customers' Deposits	-	-	22,905	-	22,905
Revenue Bonds Payable	-	-	1,072,364	-	1,072,364
Total Liabilities	16,145	8,850	1,218,722	-	1,243,717
Fund Equity					
Contributed Capital	-	-	1,969,543	-	1,969,543
Investments in General Fixed Assets	-	-	-	379,101	379,101
Amortization of Grant Assets	-	-	(183,524)	-	(183,524)
Retained Earnings:					
Reserved for Debt Service and Deposits	-	-	37,232	-	37,232
Reserved for Contingencies	-	-	16,046	-	16,046
Unreserved and Undesignated	-	-	(1,390)	-	(1,390)
Total Retained Earnings	-	-	51,888	-	51,888
Fund Balance:					
Unreserved and Undesignated	446,055	19,831	-	-	465,886
Total Fund Equity	446,055	19,831	1,837,907	379,101	2,682,894
TOTAL LIABILITIES AND FUND EQUITY	\$ 462,200	\$ 28,681	\$ 3,056,629	\$ 379,101	\$ 3,926,611

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, 1999**

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
Revenues			
Ad Valorem Taxes	\$ 40,172	\$ -	\$ 40,172
Sales and Other Taxes	166,990	-	166,990
License and Permits	91,271	-	91,271
Intergovernmental Revenue - Taxes and Other	57,190	-	57,190
Grant Revenue - Federal	10,586	13,083	23,669
Grant Revenue - State	6,217	25,898	32,115
State Salary Supplement - Police	7,200	-	7,200
Fines and Forfeitures	2,503	-	2,503
Interest Income	8,783	-	8,783
Miscellaneous	4,780	-	4,780
Total Revenues	395,692	38,981	434,673
Expenditures			
Current:			
General Government	145,248	-	145,248
Public Safety:			
Police Department	98,077	-	98,077
Fire Department	16,051	-	16,051
Public Works:			
Main Street Department	46,359	-	46,359
Street Department	29,070	-	29,070
Capital Outlay:			
General Government	31,099	-	31,099
Sewer System	-	7,045	7,045
Historic Preservation	-	12,450	12,450
Economic Development	-	8,477	8,477
Total Expenditures	365,904	27,972	393,876
Excess of Revenues Over Expenditures	29,788	11,009	40,797
Fund Balance at Beginning of Year	499,972	8,822	508,794
Residual Equity Transfer	(83,705)	-	(83,705)
FUND BALANCE AT END OF YEAR	\$ 446,055	\$ 19,831	\$ 465,886

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, 1999**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Ad Valorem Taxes	\$ 40,000	\$ 40,172	\$ 172
Sales and Other Taxes	171,000	166,990	(4,010)
License and Permits	77,700	91,271	13,571
Intergovernmental Revenue	55,515	73,993	18,478
State Salary Supplement - Police	7,200	7,200	-
Fines and Forfeitures	2,500	2,503	3
Interest Income	16,000	8,783	(7,217)
Miscellaneous	7,156	4,780	(2,376)
Total Revenues	377,071	395,692	18,621
Expenditures			
Current:			
General Government	157,566	145,248	12,318
Public Safety:			
Police Department	79,600	98,077	(18,477)
Fire Department	7,428	16,051	(8,623)
Public Works:			
Main Street Department	51,500	46,359	5,141
Street Department	29,437	29,070	367
Capital Outlay -			
General Government	28,100	31,099	(2,999)
Total Expenditures	353,631	365,904	(12,273)
Excess of Revenues Over Expenditures	23,440	29,788	6,348
Fund Balance at Beginning of Year	499,972	499,972	-
Residual Equity Transfer	-	(83,705)	(83,705)
FUND BALANCE AT END OF YEAR	\$ 523,412	\$ 446,055	\$ (77,357)

The accompanying notes are an integral part of this statement.

**TOWN OF COLUMBIA, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 1999**

Operating Revenues	
Charges for Services	\$ 267,063
Other Income	5,400
Total Operating Revenues	<u>272,463</u>
 Operating Expenses	
Salaries and Related Benefits	76,429
Gas Purchases	41,262
Maintenance, Repairs & Supplies	12,563
Depreciation	109,452
Insurance Expense	6,930
Miscellaneous Expense	6,930
Professional Fees	12,090
Office Expenses	5,471
Utilities	12,260
Travel	636
Drug Testing	347
Total Operating Expenses	<u>284,370</u>
 Operating Loss	 (11,907)
 Nonoperating Revenue (Expense)	
Interest Income	6,132
Interest Expense	(61,593)
Total Nonoperating Revenue (Expense)	<u>(55,461)</u>
 Net Loss	 (67,368)
 Depreciation on Fixed Assets Acquired by Grants	 <u>56,612</u>
 Decrease in Retained Earnings	 (10,756)
 Retained Earnings at Beginning of Year	 <u>62,644</u>
 RETAINED EARNINGS AT END OF YEAR	 <u>\$ 51,888</u>

The accompanying notes are an integral part of this statement.

**TOWN OF COLUMBIA, LOUISIANA
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 1999**

Operating Loss	\$ (11,907)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	109,452
Increase in Accounts Receivable	(2,363)
Decrease in Accounts Payable	(1,399)
Increase in Due To Other Funds	22,676
Total Adjustments	128,366
Net Cash Provided by Operating Activities	116,459
 Cash Flows From Noncapital Financing Activities	
Increase in Customers' Deposits	880
Net Cash Provided by Noncapital Financing Activities	880
 Cash Flows From Capital and Related Financing Activities	
Purchase of Equipment	(4,967)
Principal Paid on Bonds	(12,023)
Interest Paid on Bonds	(59,749)
Net Cash Used by Capital and Related Financing Activities	(76,739)
 Cash Flows From Investing Activities	
Purchase of Investments	(59,378)
Current Contributed Capital - Town	83,705
Interest Earned	6,132
Net Cash Provided by Investing Activities	30,459
 Net Increase in Cash and Cash Equivalents	71,059
 Cash and Cash Equivalents at Beginning of Year	197,166
 CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 268,225
 CASH AND CASH EQUIVALENTS SHOWN ON BALANCE SHEET AS:	
Current Assets:	
Cash and Cash Equivalents	\$ 185,617
Restricted Assets:	
Cash	82,608
 TOTAL CASH AND CASH EQUIVALENTS	\$ 268,225

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, 1999**

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). These general purpose financial statements 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 a Sewer Enterprise Fund to provide sanitary sewer services.

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

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

1. Appointing a voting majority of an organization's governing body and the ability of the Town to impose its will on that organization or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which exclusion would render the reporting entity's financial statements incomplete or misleading.

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

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 Funds - The Capital Project Funds are 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 Funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

ACCOUNT GROUP

General Fixed Assets Account Group

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

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

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

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

B. Total column on Combined Statement - Overview

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

C. Basis of Accounting

Basis of accounting refers to the point at which expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The governmental funds are accounted for using the modified accrual basis of accounting. 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

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

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 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. In accordance with GASB Statement No. 20, the Town has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989 to its proprietary activities unless they are adopted by the GASB.

D. Budgets and Budgetary Accounting

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

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

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

E. Investments

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

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
Sewer System	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.

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

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 debts is used. Under this method, the receivable is charged to expense when the account is deemed to be uncollectible and the result is substantially the same as that provided by use of the allowance method.

J. Reserves and Designations of Fund Equity

Some portion of fund balance and/or retained earnings are reserved to indicate that a portion of fund equity is legally restricted to a specific future use and is not available for appropriation or expenditure.

K. Electrical System Operating Agreement

On April 5, 1976, the Board of Alderman 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, 1999 with similar terms.

L. 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

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

June 30, 1999, the carrying amount and market value of investments, consisting of certificates of deposit, was \$157,403.

At June 30, 1999, the carrying amount of the Town's deposits was \$703,324 and the bank balances total \$709,091. All of the deposits of the Town at June 30, 1999 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).

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

Note 4 - Fixed Assets

Changes in general fixed assets are categorized as follows:

		Balance June 30, 1998	Added	Retired		Balance June 30, 1999
Land	\$	40,070			\$	40,070
Buildings		54,044				54,044
Equipment		269,088	31,100	(15,201)		284,987
TOTALS	\$	363,202	31,100	15,201	\$	379,101

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

A summary of proprietary fund type property, plant and equipment at June 30, 1999, follows:

Gas System	\$ 486,777
Sewer System	1,857,935
Water Plant	<u>1,153,777</u>
Total	3,498,489
Less: Accumulated Depreciation	<u>(866,131)</u>
Net Depreciable Assets	2,632,358
Land	<u>26,624</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	\$ <u>2,658,982</u>

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 \$29,744 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.

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

Schedule of Changes in Restricted Accounts:

	<u>Sinking</u>	<u>Reserve</u>	<u>Contingency</u>
Beginning Balance at July 1, 1998	\$ 28,965	\$ 25,539	\$ 10,190
Add: Monthly Deposits	42,294	3,591	5,532
Interest Earned	705	689	324
Less: Disbursements	(42,294)	-	-
 ENDING BALANCE AT JUNE 30, 1999	\$ 29,670	\$ 29,819	\$ 16,046

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 \$7,073 is included in Restricted Assets - Cash in the accompanying balance sheet; investments of \$17,328 are included in Restricted Assets - Investments in the accompanying balance sheet for customer's deposits.

Note 6 - Pension Plans

Municipal Employees' Retirement System (MERS)

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

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

Funding Policy: Contributions to the MERS include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of the parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of members on which

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

contributions were made for the previous fiscal year. State statutes require covered employees to contribute a percentage of their salaries to the system. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation from the previous year. The Town's contributions to the MERS for the years ended June 30, 1999, 1998 and 1997 were \$3,525, \$3,977 and \$2,785, respectively, equal to the statutorily required contributions for each year.

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

Municipal Police Employees' Retirement System (MPERS)

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

Funding Policy: State statutes require covered employees to contribute a percentage of their salaries to the system. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the MPERS for the years ended June 30, 1999, 1998 and 1997 were \$5,607, \$4,239 and \$4,380 respectively, equal to the statutorily required contributions for each year.

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

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

Note 7 - Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 1999:

	Revenue Bonds
Balance at Beginning of Year	\$ 1,097,076
Additions	NONE
Retirements	<u>(12,023)</u>
 BALANCE AT END OF YEAR (Including Current Portion)	 \$ <u>1,085,053</u>

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%	\$ 552,912
\$541,000 Sewer Revenue bonds dated October 22, 1996; due in monthly installments through October 22, 2036; interest at 4.5%	<u>\$ 532,141</u>
 Total Revenue Bonds	 <u>\$ 1,085,053</u>

The annual requirements to amortize all bonds outstanding as of June 30, 1999, including interest payments of \$1,241,826, are as follows:

Year Ended June 30,	Annual Payments
2000	\$ 71,768
2001	71,768
2002	71,768
2003	71,768
2004	71,768
2005-2009	358,839
2010-2014	358,839
2015-2019	358,839
2020-2024	358,839
2025-2029	358,839
2030-2034	105,074
2035-2037	68,770
TOTAL	\$ <u>2,326,879</u>

**TOWN OF COLUMBIA, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

Note 8 - Leases

The Town leases a postage meter. Rental expense in connection with the lease was \$2,052 for the year ended June 30, 1999.

Future minimum lease payments under the operating lease as of June 30, 1999 are as follows:

Year Ended June 30,	Lease Amounts
2000	\$ 2,052
2001	2,052
2002	2,052
2003	855
TOTAL	\$ <u>7,011</u>

Note 9 - Contributed Capital - Grants

The Water Fund received two grants from the State of Louisiana for improvements to the water system in the amounts of \$60,000 and \$150,000 in the years ended June 30, 1984 and 1988, respectively, and recorded these amounts as Contributed Capital. Also, the Water Fund received a grant from Farmers' Home Administration for the renovation of the water system in the years ended June 30, 1991 and 1990, for a total of \$314,000. 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 \$1,334,029. 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. In addition, the General Fund made equity contributions increasing contributed capital by \$83,705 during the year ended June 30, 1999 which is not being amortized. In previous years, the General Fund also made transfers of \$27,809 to the Gas fund.

Note 10 - Segment Information for Enterprise Funds

During the fiscal year ended June 30, 1999, 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, 1999, is as follows:

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

	Gas Fund	Water Fund	Sewer Fund	Totals
Operating Revenues	\$ 93,260	\$ 98,300	\$ 80,903	\$ 272,463
Depreciation	19,395	28,876	61,181	109,452
Operating Income (Loss)	(8,209)	27,584	(31,285)	(11,910)
Interest Earned	2,016	3,037	1,079	6,132
Interest Expense	-	37,514	24,079	61,593
Net Income (Loss)	(6,193)	(6,893)	(54,285)	(67,371)
Change in Contributed Capital:				
Amortization of Grants	-	(13,280)	(43,332)	(56,612)
Net Working Capital	107,662	42,001	101,626	251,289
Total Assets	193,918	940,071	1,922,640	3,056,629
Bonds and Other Long-Term Liabilities	-	545,870	526,494	1,072,364
Total Equity	171,763	305,962	1,360,182	1,837,907

Note 11 - Risk Financing Activities

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

Note 12 - On-Behalf Payments

Certain Town employees in the Police Department receive supplemental pay from the state of Louisiana. In accordance with GASB Statement No. 24 "Accounting and Financial Reporting for Certain Grants and Other Awards", the Town has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$7,200 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, 1999**

Note 13 - Contingencies

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-sensitive transactions or calculations on systems that have historically recognized years using two digits vs. four digits, e.g. 98 versus 1999. 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 have the potential to disrupt business services and other activities.

The Town has conducted a study of its own systems and operations and has initiated steps to take necessary and reasonable measures to provide for mission critical systems and operations to be Y2K compliant in a timely manner. This project includes confirming the Y2K preparedness of significant outside parties which do business with the Town.

The assessments 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 Ouachita River and for the repair, restoration or renovation of historic commercial buildings in the downtown area.

**TOWN OF COLUMBIA, LOUISIANA
 COMBINING BALANCE SHEET
 ALL CAPITAL PROJECT FUNDS
 AS OF JUNE 30, 1999**

ASSETS	<u>Sewer Construction</u>	<u>Other Capital Projects</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 5,596	\$ 11,541	\$ 17,137
Accounts Receivable	-	11,102	11,102
Due From Other Funds	<u>442</u>	<u>-</u>	<u>442</u>
TOTAL ASSETS	<u>\$ 6,038</u>	<u>\$ 22,643</u>	<u>\$ 28,681</u>
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts Payable	\$ -	\$ 1,850	\$ 1,850
Due to Other Funds	-	<u>7,000</u>	<u>7,000</u>
Total Liabilities	<u>-</u>	<u>8,850</u>	<u>8,850</u>
Fund Equity			
Fund Balance:			
Unreserved and Undesignated	<u>6,038</u>	<u>13,793</u>	<u>19,831</u>
Total Fund Equity	<u>6,038</u>	<u>13,793</u>	<u>19,831</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 6,038</u>	<u>\$ 22,643</u>	<u>\$ 28,681</u>

**TOWN OF COLUMBIA, LOUISIANA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 1999**

	<u>Sewer Construction</u>	<u>Other Capital Projects</u>	<u>Total</u>
Revenues			
Grant Revenue - Federal	\$ 13,083	\$ -	\$ 13,083
Grant Revenue - State	-	25,898	25,898
Total Revenues	<u>13,083</u>	<u>25,898</u>	<u>38,981</u>
Expenditures			
Capital Outlay:			
Sewer System	7,045	-	7,045
Historic Preservation	-	12,450	12,450
Economic Development	-	8,477	8,477
Total Expenditures	<u>7,045</u>	<u>20,927</u>	<u>27,972</u>
Excess of Revenues Over Expenditures	6,038	4,971	11,009
Fund Balance at Beginning of Year	<u>-</u>	<u>8,822</u>	<u>8,822</u>
FUND BALANCE AT END OF YEAR	<u>\$ 6,038</u>	<u>\$ 13,793</u>	<u>\$ 19,831</u>

**SUPPLEMENTARY INFORMATION - COMBINING SCHEDULES FOR
ENTERPRISE FUNDS**

SEWER FUND -

The Sewer Fund is used to account for the operations of the sewer collection and treatment services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, maintenance, financing and related debt service, and billing and collection.

WATER FUND -

The Water Fund is used to account for the operations of the water treatment and distribution services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, maintenance, financing and related debt service, and billing and collection.

GAS FUND -

The Gas Fund is used to account for gas services offered to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, maintenance, and billing and collection.

TOWN OF COLUMBIA, LOUISIANA
COMBINING BALANCE SHEET
PROPRIETARY FUND TYPE - ENTERPRISE FUNDS
AS OF JUNE 30, 1999

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Gas Fund</u>	<u>Total</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 73,707	\$ 38,008	\$ 73,902	\$ 185,617
Investments	49,864	-	37,927	87,791
Accounts Receivable	7,575	8,957	6,249	22,781
Due From Other Funds	1,522	-	-	1,522
Total Current Assets	<u>132,668</u>	<u>46,965</u>	<u>118,078</u>	<u>297,711</u>
Restricted Assets:				
Cash	4,922	74,505	3,181	82,608
Investments	-	8,770	8,558	17,328
Property, Plant and Equipment, Net of Accumulated Depreciation	<u>1,785,050</u>	<u>809,831</u>	<u>64,101</u>	<u>2,658,982</u>
TOTAL ASSETS	<u>\$ 1,922,640</u>	<u>\$ 940,071</u>	<u>\$ 193,918</u>	<u>\$ 3,056,629</u>

LIABILITIES AND FUND EQUITY

Liabilities

Current Liabilities:				
Accounts Payable	\$ 233	\$ 233	\$ 233	\$ 699
Due to Other Funds	30,088	51,973	11,297	93,358
Current Liabilities (payable from restricted assets)				
Accrued Interest Payable	-	16,707	-	16,707
Current Maturities of Revenue Bonds	5,643	7,046	-	12,689
Customers' Deposits	-	12,280	10,625	22,905
Revenue Bonds Payable	<u>526,494</u>	<u>545,870</u>	<u>-</u>	<u>1,072,364</u>
Total Liabilities	<u>562,458</u>	<u>634,109</u>	<u>22,155</u>	<u>1,218,722</u>

Fund Equity

Contributed Capital	1,417,734	524,000	27,809	1,969,543
Amortization of Grant Assets	(64,954)	(118,570)	-	(183,524)
Retained Earnings:				
Reserved for Debt Service and Customer Deposits	2,384	33,734	1,114	37,232
Reserved for Contingencies	2,538	13,508	-	16,046
Unreserved - Undesignated	2,480	(146,710)	142,840	(1,390)
Total Retained Earnings	<u>7,402</u>	<u>(99,468)</u>	<u>143,954</u>	<u>51,888</u>
Total Fund Equity	<u>1,360,182</u>	<u>305,962</u>	<u>171,763</u>	<u>1,837,907</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 1,922,640</u>	<u>940,071</u>	<u>\$ 193,918</u>	<u>\$ 3,056,629</u>

TOWN OF COLUMBIA
COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE - ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 1999

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Gas Fund</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 80,903	\$ 92,900	\$ 93,260	\$ 267,063
Other Income	-	5,400	-	5,400
Total charges for services	<u>80,903</u>	<u>98,300</u>	<u>93,260</u>	<u>272,463</u>
OPERATING EXPENSES				
Salaries and Related Benefits	25,400	25,629	25,400	76,429
Gas Purchases	-	-	41,262	41,262
Maintenance, Repairs and Supplies	7,879	4,076	608	12,563
Depreciation	61,181	28,876	19,395	109,452
Insurance Expense	607	2,428	3,895	6,930
Miscellaneous Expense	2,142	340	4,450	6,932
Professional Fees	4,030	4,030	4,030	12,090
Office Expenses	2,585	1,006	1,880	5,471
Utilities	8,130	4,131	-	12,261
Travel	234	200	202	636
Drug Testing	-	-	347	347
Total operating expenses	<u>112,188</u>	<u>70,716</u>	<u>101,469</u>	<u>284,373</u>
Operating Income (Loss)	(31,285)	27,584	(8,209)	(11,910)
Nonoperating Revenue (Expense)				
Interest Earned	1,079	3,037	2,016	6,132
Interest Expense	(24,079)	(37,514)	-	(61,593)
Total nonoperating revenue (expense)	<u>(23,000)</u>	<u>(34,477)</u>	<u>2,016</u>	<u>(55,461)</u>
Net Loss	(54,285)	(6,893)	(6,193)	(67,371)
Depreciation on Fixed Assets				
Acquired by Grants	43,332	13,280	-	56,612
Increase (Decrease) in Retained Earnings	(10,953)	6,387	(6,193)	(10,759)
Retained Earnings (Deficit) at Beginning of Year	<u>18,355</u>	<u>(105,855)</u>	<u>150,147</u>	<u>62,647</u>
Retained Earnings (Deficit) at End of Year	<u>\$ 7,402</u>	<u>\$ (99,468)</u>	<u>143,954</u>	<u>\$ 51,888</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF COLUMBIA, LOUISIANA
SCHEDULE OF COMPENSATION PAID ALDERMEN
For the Year Ended June 30, 1999

	<u>SALARY</u>
Ken Brockner	\$ 710
Bruce Frazier	710
Darron McGuffee	708
Melvin Robinson	686
Charles Simons	<u>720</u>
TOTAL	\$ <u>3,534</u>

**TOWN OF COLUMBIA, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1999**

<u>FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
Direct Programs:			
Department of Agriculture			
Direct Program - Water and Waste Disposal Systems for Rural Communities	10.760	\$ 1,385,000	\$ 7,045
U. S. Department of Justice			
COPS Grant	16.710	10,586	10,586
Total Direct Programs		<u>1,395,586</u>	<u>17,631</u>
Pass-Through Programs:			
Department of Interior			
Passed through Louisiana Department of Culture, Recreation, and Tourism - Historic Preservation Program	15.904	7,838	7,838
Total Department of Interior		<u>7,838</u>	<u>7,838</u>
Total Pass-Through Programs		<u>7,838</u>	<u>7,838</u>
TOTAL FEDERAL AWARDS		<u>\$ 1,403,424</u>	<u>\$ 25,469</u>

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, 1999**

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 - \$10,586 and Capital Projects Fund - \$14,883).



Luffey
Huffman
& Monroe

(A Professional Accounting Corporation)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA
Francis I. Huffman, CPA
L. Fred Monroe, CPA
Esther Alleberry, CPA
Carolyn A. Clarke, CPA

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

**Town of Columbia
Columbia, Louisiana**

We have audited the general purpose financial statements of the **Town of Columbia** (the Town) as of and for the year ended June 30, 1999, and have issued our report thereon dated December 15, 1999. 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 Guide*, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings as items 99-02, 99-03 and 99-04.

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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our

**Town of Columbia
Columbia, Louisiana**

attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Town's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 99-01 and 99-02.

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 performing their assigned functions. 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 reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 99-01 and 99-02 to be material weaknesses.

This report is intended for the information of management of the Town, its oversight agency, other entities granting funds to the Town and the Legislative Auditor for the state of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.



(A Professional Accounting Corporation)

December 15, 1999

**TOWN OF COLUMBIA, LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 1999**

This schedule presents findings related to the financial statements which are required to be reported under Government Auditing Standards:

99-01 State of Accounting and Reporting Function

Finding:

During our audit of the financial statements of the Town for fiscal 1999, we noted an inability of the Town's Accounting Department to produce financial statements and reports in an accurate and timely manner, both for purposes of external financial reporting and internal decision making. Examples of items we noted are as follows:

1. Recalculation of the budget indicated an overstatement of budgeted revenue by \$36,341.
2. Prior year adjusting journal entries were not correctly entered resulting in incorrect beginning balances. Furthermore, transactions for the current year were recorded in the previous fiscal year.
3. Bank reconciliations for all accounts were not prepared in a timely manner. Reconciliations as of June 30, 1999 for certain bank accounts were not performed.
4. An inordinate number of journal entries were made, many to correct previous erroneous entries and entries were often made backwards.
5. Transactions were at times not recorded at all or were recorded in one fund but the offsetting entry was never made to the other fund. Salaries and wage expenses which should have been in the Enterprise funds were never recorded for the months of May and June. Revenues and expenditures for the Sewer Construction fund that occurred in January 1999 were never recorded.
6. Accounts which should have had credit balances instead had debit balances. The payroll federal withholding liability account in the General Fund had a debit balance due to incorrect posting of expenditures.
7. Payroll tax and retirement liabilities were not correctly computed resulting in underpayments. Furthermore, payroll taxes were not paid timely resulting in penalties of \$5,091.
8. Monthly budget comparisons were never given to the Council for review.

**TOWN OF COLUMBIA, LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 1999**

9. Records of General Fixed Assets and fixed assets used in proprietary activities were not reconciled to the general ledger control totals on anything more than an annual basis in connection with the independent audit.

We recognize the fact that during the past year, the Town has changed to new computers and a new financial software program. However, the situation in the accounting function increases the risk that decision-making personnel may be provided with inaccurate or incomplete information used to carry out the day to day activities of the Town and for making long-term, strategic decisions. It is imperative that accurate, timely information be available to those persons with decision-making responsibilities. In addition, it increases the risk of misappropriation of assets and/or the risk that errors or irregularities in amounts material to the Town's financial position or results of operations could occur and go undetected by employees in the normal course of performing their assigned functions.

Recommendation:

While we recognize the Town is continually applying for and receiving new grant funds to improve their Town, we recommend an increase of effort in accomplishment of the goal of accurate and timely financial reporting. The accounting function appears to be understaffed by a qualified person. Bank statements should be reconciled each month to the appropriate accounts. Revenue and expenditure accounts should be reviewed for obvious errors or omissions. Monthly budget comparison financial statements should be provided to the Board of Aldermen to assist them in the decision-making process. We recommend the addition of an accountant to be under the direction of the town clerk. Increasing the staffing level and the overall commitment to competence will increase the timeliness and accuracy of information for both internal and external financial reporting and will further enhance the Town's ability to provide evidence of its financial stewardship over assets entrusted to it by the citizens of Columbia.

Management's Corrective Action Plan:

The Town and the Town Clerk recognizes that the Town Clerk is not an accountant. Therefore, they have taken action to engage an accountant within the town to review the work of the Town Clerk. This review will be ongoing and will be performed at least monthly. The books and records have been corrected through June 30, 1999. The Town Clerk is in the process of getting the books posted up to date and the accountant will be working with the Town Clerk in this effort. This should be accomplished by the end of January, 2000 and the Council should begin receiving budget comparison reports by their February, 2000 meeting.

**TOWN OF COLUMBIA, LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 1999**

99-02 Fixed Asset Documentation

Finding:

LRS 24:515 requires that records of all land, buildings, equipment and any other general fixed assets which were purchased or otherwise acquired be maintained as to date of purchase or acquisition, initial cost, and disposition. Failure to properly maintain fixed asset records increases the risk of misappropriation of assets.

Recommendation:

We recommend the Town review expenditures charged to capital outlay accounts on a monthly basis and evaluate the expenditures for appropriate inclusion in or exclusion from the general fixed assets records. After identification, the assets could be properly tagged for identification. The original cost and location should be noted for timely inclusion in the records. The records should also provide for keeping up with the asset when it is disposed of, the purpose of the disposition, and the recipient of the equipment.

Management's Corrective Action Plan:

The Town Clerk will update the list of fixed assets making sure the list includes the original cost and location and the fixed asset identification number. This should be accomplished by February 14, 2000 and all new additions will be added to the list each month. New additions will also be tagged immediately for identification. The fixed asset record will also provide information on disposal of assets such as: date of disposal; reason for disposal; amount received, if any; and the recipient of the asset.

99-03 Non-Compliance with Tax Laws

Finding:

During fiscal year 1999, we noted both Federal and state withholding tax forms which were filed late and/or not at all and instances where taxes were not remitted timely resulting in penalties of \$5,091. We further noted State Withholding Taxes for the quarter ending June 30, 1998 were remitted twice. Failure to properly remit taxes subjects the Town to penalties on both the Federal and state level using funds which could be used for other expenditures necessary to the business of the Town.

**TOWN OF COLUMBIA, LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 1999**

Recommendation:

We recommend the Town review the requirements established by both the Federal and State governments as to the exact filing requirements and remit payments timely to prevent further late filing penalties.

Management's Corrective Action Plan:

The Town Clerk has prepared a calendar marking the dates as to what, when and which reports are due. All reports and payroll tax payments will be filed timely and accurately in the future and the accountant will review all payroll reports before they are filed.

99-04 Non-Compliance with Louisiana Bid Law

Finding:

LRS 38:2212 requires any purchases by a local governmental unit of a used or new motor vehicle for conversion into a law enforcement vehicle in excess of fifteen thousand dollars shall be advertised and let for bid. During the fiscal year 1999, the Town of Columbia purchased a new vehicle for law enforcement use for \$21,649. Although the Town Council approved a motion for the Chief of Police to obtain bids for a new police car, bid procedures were not followed as required by LA Statutes. Although conversation with the appropriate officials indicate the purchase was of an emergency nature, there was no record in the minutes documenting the emergency status (imminent threat to life or property) or approval of the Council for the purchase of the vehicle.

Recommendation:

We recommend the Town review the Bid Procedures as required by LA Statutes for purchases over \$15,000. In the case of emergency purchases, we recommend the Town Council convene and document the nature of the emergency to demonstrate compliance with the bid law.

Management's Corrective Action Plan:

The Town will abide by the Louisiana Bid Law in the future.

**TOWN OF COLUMBIA, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 1999**

There were no findings included in our reports dated December 30, 1998 on the Town's financial statements as of and for the year ended June 30, 1998.