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VILLAGE OF COLLINSTON
Collinston, Louisiana

FINANCIAL REPORT

As of and for the Year Ended
December 31, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 7-21-04

VILLAGE OF COLLINSTON
Collinston, Louisiana

Financial Report

As of and for the Year Ended December 31, 2003

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VILLAGE OF COLLINSTON
Collinston, Louisiana
Financial Report
As of and for the Year Ended December 31, 2003

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M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

MAYOR AND BOARD OF ALDERMEN
VILLAGE OF COLLINSTON
Collinston, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Village of Collinston, as of and for the year ended December 31, 2003, which collectively comprise the village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the village's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of Village of Collinston, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

MAYOR AND BOARD OF ALDERMEN
VILLAGE OF COLLINSTON
Collinston, Louisiana
Independent Auditor's Report
December 31, 2003

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Village of Collinston's basic financial statements. The Schedule of Compensation Paid Mayor and Aldermen and The Status of Prior Audit Findings are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, I have also issued a report dated June 17, 2004, on my consideration of Village of Collinston's internal control over financial reporting and my tests of the village's compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.



Calhoun, Louisiana
June 17, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Village of Collinston, Louisiana's financial report presents discussion and analysis of the Village's financial performance during the year ended December 31, 2003. Please read it in conjunction with the transmittal letter at the front of this report and the Village's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The Village's total net assets remained virtually unchanged as a result of this year's operations. While net assets of the business-type activities decreased by \$32,869, net assets of the governmental activities increased by \$24,163.
- During the year, the Village's expenses were \$24,000 less than the \$107,000 generated in taxes and other revenues for governmental programs. This is an improvement over the last year, when expenses exceeded revenues by \$52,000. Included in expenses is depreciation of \$14,000 and \$15,000 for 2003 and 2002, respectively.
- The total cost of the Village providing water and sewer services increased from \$147,000 for the year ended December 31, 2002 to \$184,000 for the year ended December 31, 2003. The majority of the additional funds were expended for repairs and salaries with no new services added this year.
- In the Village's business-type activities, charges for services increased \$8,000.
- The cash resources available for appropriation were \$9,175 more than budgeted for the general fund and total charges to appropriations were \$6,817 less than budgeted for the general fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of three parts - *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements and notes that present different financial views of the Village:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the Village's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Village, reporting on the Village's operations in more detail than the government-wide financial statements. The governmental funds financial statements tell how general government services were financed in the short-term as well as what remains for future spending.
- The *notes* explain some of the information in the financial statements and provide more detailed data.
- The statements and notes are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

Figure A-1 shows how the required parts of this financial report are arranged and relate to one another.

Figure A-1 – Required Components of the Village’s Financial Report

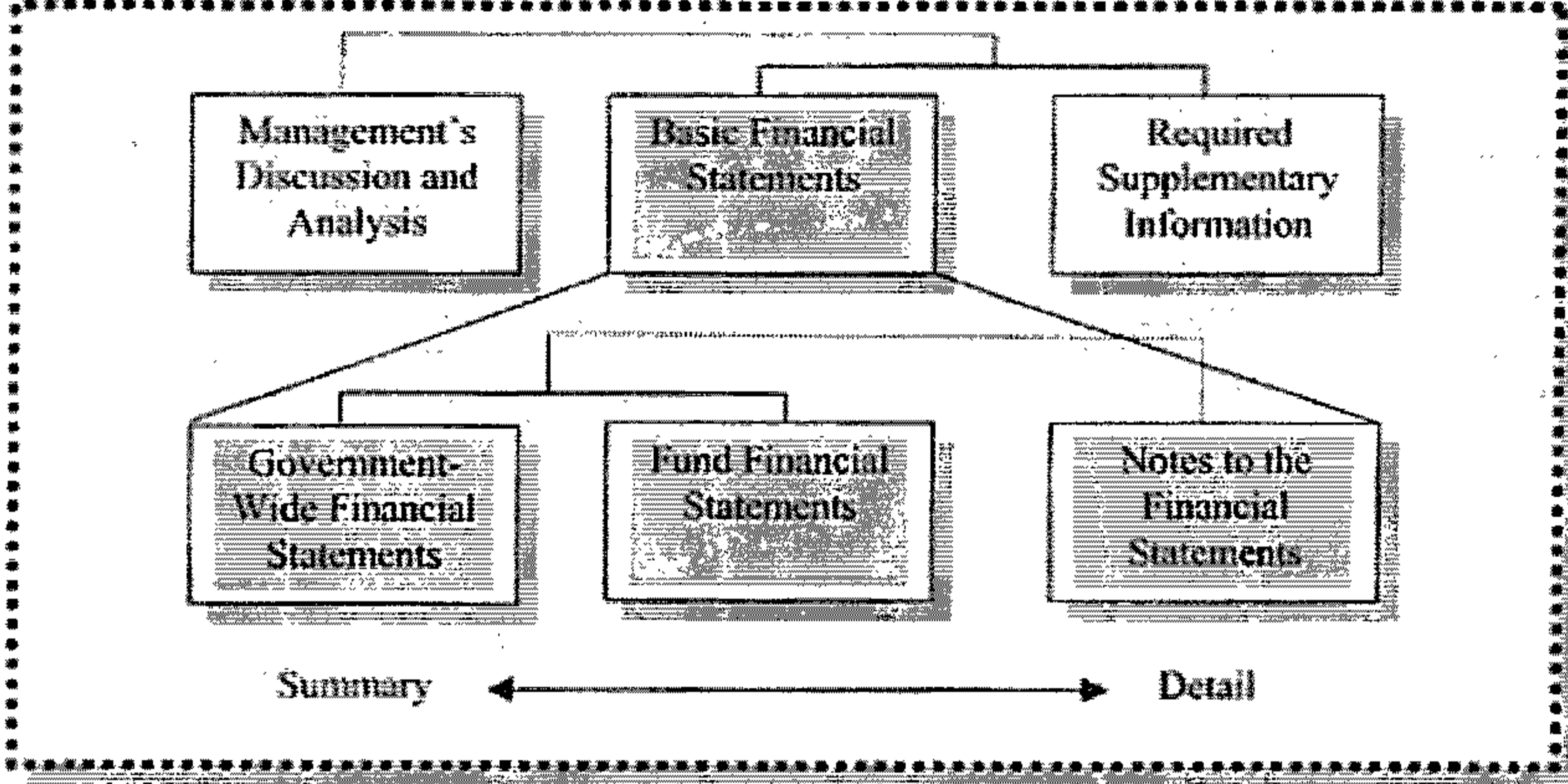


Figure A-2 summarizes the major features of the Village’s financial statements, including the portion of the Village’s government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-2 – Major Features of the Village’s Government-Wide and Fund Financial Statements

	Government-Wide Financial Statements	Fund Financial Statements
Scope	Entire Village government	Governmental fund activities of the Village that are not proprietary or fiduciary
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short- and long-term	Only assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services are received and payment is due during the year or soon thereafter

Government-Wide Financial Statements

The government-wide financial statements report information about the Village as a whole using accounting methods is similar to those used by private-sector companies. The statement of net assets includes all of the Village's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide financial statements report the Village's net assets and how they have changed. Net assets - the difference between the Village's assets and liabilities - is one way to measure the Village's financial health, or position. Over time, increases or decreases in the Village's net assets are an indicator of whether its financial health is improving or deteriorating, respectively. To access the overall health of the Village one needs to consider additional nonfinancial factors, such as changes in the Village's ad valorem tax base and the condition of the Village's water and sewer systems.

In the Statement of Net Assets and the Statement of Activities, two types of activities are reported. Most of the Village's basic services are reported as governmental activities, including general administration and police. Ad valorem taxes, sales taxes, and occupational licenses finance most of these activities. The Village charges fees to customers to help cover all or most of the cost of water and sewer services it provides. The Village's water and sewer systems are reported as business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Village as a whole. Some funds are required to be established by state law or by bond covenants. However, the Village may establish other funds to help control and manage money for particular purposes or to show that legal responsibilities are being met for using certain taxes, grants, or other funds. The Village's two kinds of funds - governmental and proprietary - use different accounting approaches.

Most of the Village's basic services are reported in governmental funds, which focus on (1) how cash, and other financial assets that can readily be converted to cash, flow in and out of those funds, and (2) the balances available at year-end for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or few financial resources that may be spent in the near future to finance the Village's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds are described in reconciliation statements.

The fees charged by the Village to customers for services provided are generally reported in the proprietary fund. The proprietary fund is reported the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities with additional cash flow information being reported.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net assets. The Village's net assets were virtually unchanged between the two years ended December 31, 2003 and 2002 (see Table A-1).

Table A-1 – Village's Net Assets (in thousands of dollars)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Totals</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Current and other assets	\$ 77	\$ 81	\$ 95	\$ 93	\$ 172	\$ 174
Capital assets	<u>79</u>	<u>59</u>	<u>1,125</u>	<u>1,155</u>	<u>1,204</u>	<u>1,214</u>
Total assets	\$ 156	\$ 140	\$ 1,220	\$ 1,248	\$ 1,376	\$ 1,388
Other liabilities	\$ 27	\$ 33	\$ 29	\$ 17	\$ 56	\$ 50
Long-term liabilities	<u>26</u>	<u>28</u>	<u>462</u>	<u>469</u>	<u>488</u>	<u>497</u>
Total liabilities	\$ 53	\$ 61	\$ 491	\$ 486	\$ 544	\$ 547
Net assets						
Invested in capital assets	\$ 79	\$ 59	\$ 662	\$ 684	\$ 741	\$ 743
Restricted for debt service	8	-	51	48	59	48
Unrestricted	<u>16</u>	<u>20</u>	<u>16</u>	<u>30</u>	<u>32</u>	<u>50</u>
Total net assets	\$ 103	\$ 79	\$ 729	\$ 762	\$ 832	\$ 841

Change in net assets. The Village's total revenues decreased by \$105,000 to \$261,000 (see Table A-2). Approximately 45% of the Village's current year's revenues came from charges for services, approximately 30% from capital grants and contributions, and approximately 20% from taxes (see Figure A-3), while the remaining revenues came from occupational licenses, intergovernmental, interest, and miscellaneous.

Table A-2 – Changes in Village's Net Assets (in thousands of dollars)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Totals</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenues:						
Program revenues:						
Charges for services	\$ 8	\$ 8	\$ 105	\$ 96	\$ 113	\$ 104
Capital grants and contributions	34	-	44	193	78	193
General revenues:						
Ad valorem taxes	16	15	-	-	16	15
Franchise taxes	5	5	-	-	5	5
Sales taxes	31	24	-	-	31	24
Occupational licenses	14	20	-	-	14	20
Intergovernmental	3	1	-	-	3	1
Interest and miscellaneous	1	1	1	3	2	4
Total revenues	\$ 112	\$ 74	\$ 150	\$ 292	\$ 262	\$ 366
Expenses						
General government	\$ 50	\$ 57	\$ -	\$ -	\$ 50	\$ 57
Public safety	26	23	-	-	26	23
Interest on long-term debt	1	1	-	-	1	1
Depreciation	14	15	-	-	14	15
Water and sewer	-	-	184	147	184	147
Total expenses	\$ 91	\$ 96	\$ 184	\$ 147	\$ 275	\$ 243
Excess (deficiency) before transfers	\$ 21	\$(22)	\$(34)	\$ 145	\$(13)	\$ 123
Transfers	4	(29)	(4)	29	-	-
Increase (decrease) in net assets	\$ 25	\$(51)	\$(38)	\$ 174	\$(13)	\$ 123

The Village's total revenues decreased \$104,000 while the total cost of all programs and services increased \$32,000. The majority of the revenue decrease was attributable to the receipt of fewer capital grant and contributions while the majority of the increased cost was attributable to water and sewer expenses. The Village's expenses cover general government, public safety, interest on long-term debt, and water and sewer costs, with 66.9% of the total current year's expenses related to the provision of water and sewer service (see Figure A-4).

Figure A-3
Village of Collinston, Louisiana
Revenues – year ended December 31, 2003

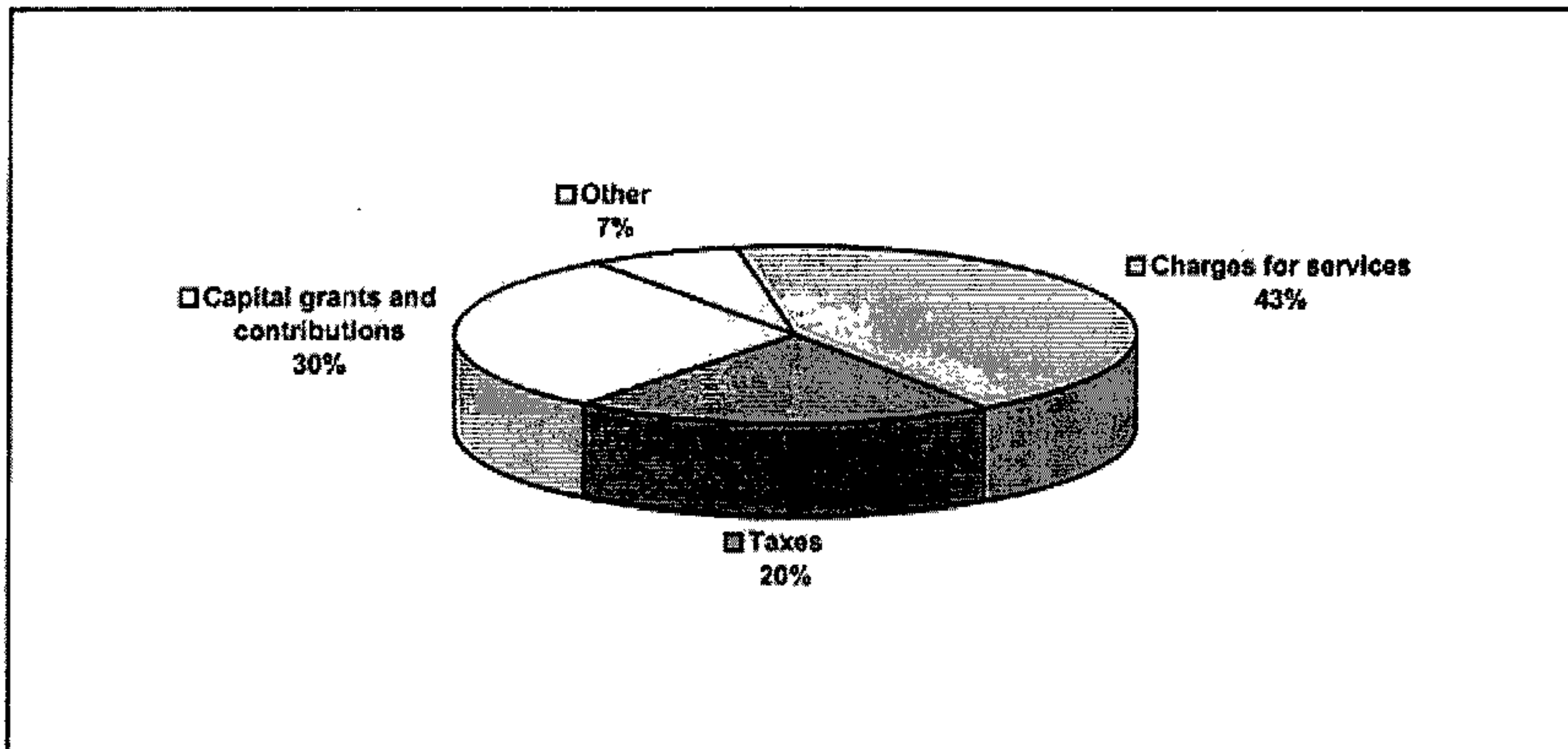
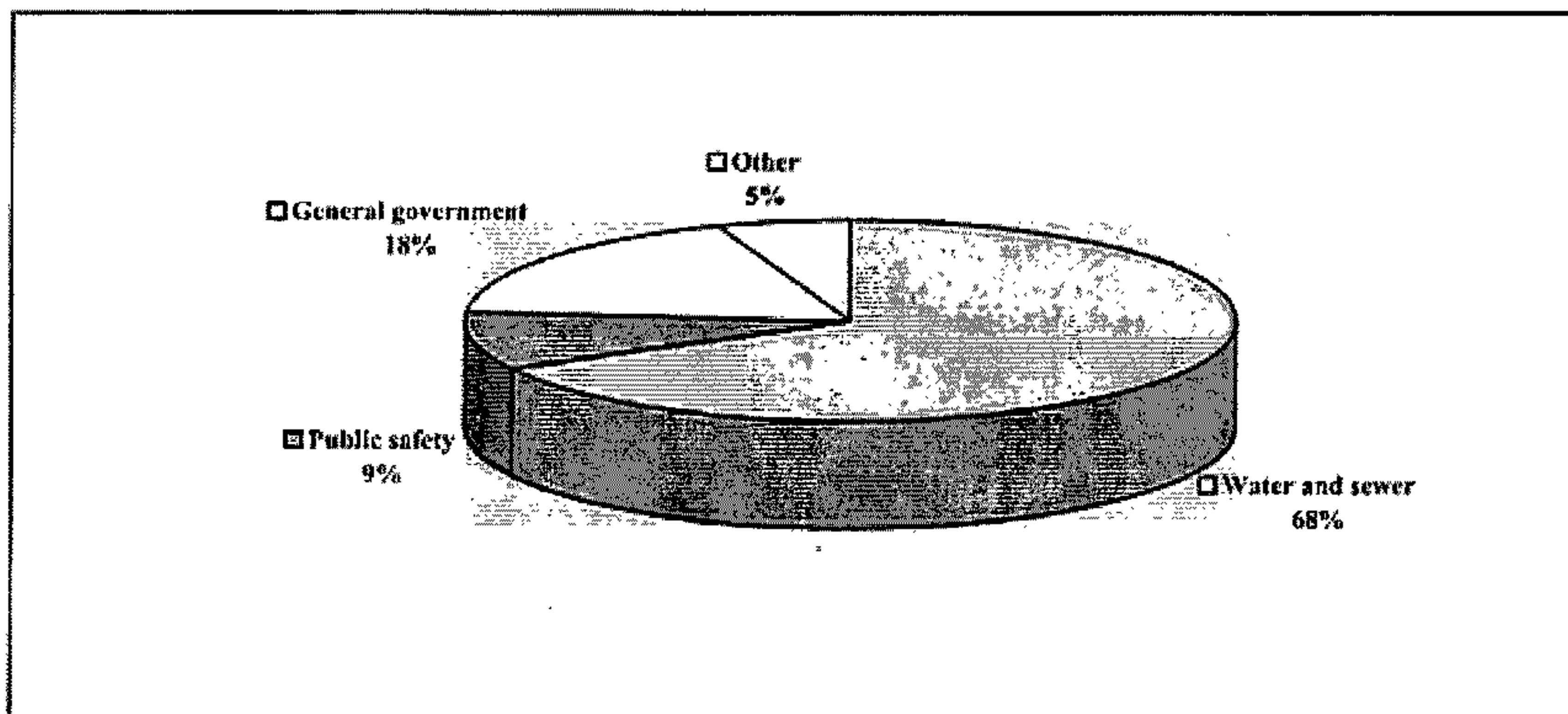


Figure A-4
Village of Collinston, Louisiana
Program Expenses – year ended December 31, 2003



FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As the Village completed the year, its governmental funds reported a combined fund balance of \$50,570 slightly above the prior year's combined fund balance of \$48,648. Total net assets of the proprietary fund were \$729,481 at the end of the current year decreasing \$32,869 from the prior year.

General Fund Budgetary Highlights

The Village made no revisions to its 2003 budget.

Resources available for appropriation were \$9,175 more than the budgeted amount and actual charges to appropriations of \$76,493 were less than budgeted charges to appropriations of \$83,310.

CAPITAL ASSETS

As of December 31, 2003, the Village had invested \$1,204,886 in capital assets, including roads, buildings, building improvements, machinery and equipment, water and sewer systems, construction in progress, and land (see Table A-4). This amount represents a net increase (including additions and deletions) of just \$9,116 over the prior year. The water and sewer systems added capital assets totaling \$31,405 and disposed of a \$25,000 capital asset.

Table A-4 – Village's Capital Assets (in thousands of dollars)

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2003	2002	2003	2002	2003	2002
Land	\$ 4	\$ 4	\$ 5	\$ 5	\$ 9	\$ 9
Roads	9	11	-	-	9	11
Buildings	14	17	-	-	14	17
Machinery and equipment	19	27	-	-	19	27
Water and sewer systems	-	-	1,120	1,150	1,120	1,150
Construction in progress	34	-	-	-	34	-
Totals	\$ 80	\$ 59	\$ 1,125	\$ 1,155	\$ 1,205	\$ 1,124

DEBT

As of December 31, 2003, the Village had \$487,968 in bonds outstanding versus \$497,401 outstanding as of December 31, 2002 as shown in Table A-5.

Table A-5 – Village's Outstanding Debt (in thousands of dollars)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
General obligation bonds	\$ 26	\$ 28	\$ -	\$ -	\$ 26	\$ 28
Revenue bonds and notes	-	-	462	469	462	469
	<u>\$ 26</u>	<u>\$ 28</u>	<u>\$ 462</u>	<u>\$ 469</u>	<u>\$ 488</u>	<u>\$ 497</u>

NEXT YEAR'S BUDGET

Cash amounts available for appropriation in the 2004 general fund budget are \$66,680, an increase of 1.2 percent from the final 2003 budget of \$59,310. Budgeted 2004 charges to appropriations are expected to decline to \$73,760, a decrease of \$9,640 from the 2003 budgeted amount of \$83,310. The Village has added no major new services to the 2004 budget.

If these estimates are realized, the Village's budgetary general fund balance is expected to decrease modestly by the close of 2004.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Mayor or Clerk at the Village's town hall, Main Street, Collinston, Louisiana, 71229.

BASIC FINANCIAL STATEMENTS

VILLAGE OF COLLINSTON
Collinston, Louisiana

STATEMENT OF NET ASSETS
December 31, 2003

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash	\$50,052	\$27,715	\$77,767
Investments	5,000		5,000
Receivables:			
Taxes	17,831		17,831
Accounts		9,073	9,073
Due from other governments	1,610		1,610
Internal balances	2,400	(2,400)	
Restricted assets - cash		59,750	59,750
Capital assets:			
Land	3,650	5,500	9,150
Construction in progress	33,605		33,605
Other capital assets (net of depreciation)	41,805	1,120,326	1,162,131
Total Assets	<u>\$155,953</u>	<u>\$1,219,964</u>	<u>\$1,375,917</u>
LIABILITIES			
Accounts payable	\$3,759	\$10,501	\$14,260
Accrued expenses	974	2,680	3,654
Deferred revenue	22,064	6,688	28,752
Customer deposits		8,646	8,646
Long-term liabilities:			
Due within one year	2,000	8,401	10,401
Due in more than one year	24,000	453,567	477,567
Total Liabilities	<u>52,797</u>	<u>490,483</u>	<u>543,280</u>
NET ASSETS			
Invested in capital assets, net of related debt	79,060	661,807	740,867
Restricted for debt service	8,104	51,336	59,440
Unrestricted	15,992	16,338	32,330
Total Net Assets	<u>103,156</u>	<u>729,481</u>	<u>832,637</u>
Total Liabilities and Net Assets	<u>\$155,953</u>	<u>\$1,219,964</u>	<u>\$1,375,917</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF COLLINSTON
Collinston, Louisiana

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2003

	Program Revenues...		Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Capital Grants	Business- Type Activities
			Governmental Activities	Activities
GOVERNMENTAL ACTIVITIES:				
General government	\$50,010	\$6,500	(\$43,510)	(\$43,510)
Public safety	26,483	2,110	(24,373)	(24,373)
Community development		\$33,605	33,605	33,605
Interest on long-term debt	1,362		(1,362)	(1,362)
Depreciation	13,399		(13,399)	(13,399)
Total governmental activities	91,254	8,610	(49,039)	(49,039)
BUSINESS-TYPE ACTIVITIES:				
Water and sewer service	184,134	104,975	44,037	(\$35,122)
Total business-type activities	184,134	104,975	44,037	(\$35,122)
GENERAL REVENUES:				
Taxes:				
Property taxes levied for general purposes			6,821	6,821
Property taxes levied for debt service			9,917	9,917
Franchise taxes			4,655	4,655
Sales taxes			30,718	30,718
Occupational licenses			13,843	13,843
Intergovernmental			2,717	2,717
Unrestricted investment earnings			543	503
Miscellaneous			468	468
Transfers in (out)			3,520	(3,520)
Total general revenues and transfers			73,202	(3,017)
(Continued)				70,185

Statement B

VILLAGE OF COLLINSTON
 Collinston, Louisiana
 STATEMENT OF ACTIVITIES
 For the Year Ended December 31, 2003

	Program Revenues..			Net (Expense) Revenue and		
	Expenses	Charges for Services	Capital Grants	Governmental Activities	Business- Type Activities	Total
CHANGE IN NET ASSETS		\$24,163		(\$38,139)		(\$13,976)
NET ASSETS - BEGINNING		78,993		762,350		841,343
PRIOR PERIOD ADJUSTMENT				5,270		5,270
NET ASSETS - ENDING				<u>\$103,156</u>	<u>\$729,481</u>	<u>\$832,637</u>

(Concluded)

The accompanying notes are an integral part of this statement.

VILLAGE OF COLLINSTON
Collinston, Louisiana

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2003

	General Fund	Debt Service Fund	Sewer Construction Fund	Total Governmental Funds
ASSETS				
Cash	\$9,875	\$35,387	\$4,789	\$50,051
Investments	5,000			5,000
Taxes receivable	10,486	7,345		17,831
Due from other funds		2,400		2,400
Due from other governments			1,610	1,610
TOTAL ASSETS	<u>\$25,361</u>	<u>\$45,132</u>	<u>\$6,399</u>	<u>\$76,892</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$2,149		\$1,610	\$3,759
Accrued expenses	500			500
Deferred revenue	6,720	\$10,554	4,789	22,063
Total liabilities	<u>9,369</u>	<u>10,554</u>	<u>6,399</u>	<u>26,322</u>
Fund balances:				
Reserved for debt service		34,578		34,578
Unreserved and undesignated	15,992			15,992
Total fund balances	<u>15,992</u>	<u>34,578</u>	<u>NONE</u>	<u>50,570</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$25,361</u>	<u>\$45,132</u>	<u>\$6,399</u>	<u>\$76,892</u>

**Reconciliation of the Balance Sheet of Governmental
Funds To the Statement of Net Assets:**

Total Fund balances - Total Governmental Funds	\$50,570
Amount reported for net assets of governmental activities in the Statement of Net Assets (Statement A) is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	79,060
Bonds payable and accrued interest are not due and payable in the current period and therefore are not reported in the funds	(26,474)
Net assets of governmental activities (Statement A)	<u>\$103,156</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF COLLINSTON
Collinston, Louisiana

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
For the Year Ended December 31, 2003

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Sewer Construction Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$42,194	\$9,917		\$52,111
Licenses and permits	13,843			13,843
Intergovernmental	2,717		\$33,605	36,322
Fines and forfeitures	2,110			2,110
Charges for services	6,500			6,500
Interest and miscellaneous	661	350		1,011
Total revenues	<u>68,025</u>	<u>10,267</u>	<u>33,605</u>	<u>111,897</u>
EXPENDITURES				
Current:				
General government	50,010			50,010
Public safety	26,483			26,483
Debt service:				
Principal retirement		2,000		2,000
Interest		1,399		1,399
Capital outlay			33,605	33,605
Total expenditures	<u>76,493</u>	<u>3,399</u>	<u>33,605</u>	<u>113,497</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(8,468)	6,868	NONE	(1,600)
OTHER FINANCING USES				
Transfers in	<u>3,520</u>			<u>3,520</u>
NET CHANGE IN FUND BALANCES	(4,948)	6,868	NONE	1,920
FUND BALANCE AT BEGINNING OF YEAR	<u>20,940</u>	<u>27,710</u>	<u>NONE</u>	<u>48,650</u>
FUND BALANCE AT END OF YEAR	<u>\$15,992</u>	<u>\$34,578</u>	<u>NONE</u>	<u>\$50,570</u>

(Continued)

VILLAGE OF COLLINSTON
 Collinston, Louisiana
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2003

	<u>Total Governmental Funds</u>
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities:	
Net change in fund balances - Total Governmental Funds	\$1,920
Amount reported for governmental activities in the Statement of Activities (Statement B) is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	20,206
Governmental funds report principal and interest payments on long-term obligations as an expense when actually paid. However, in the statement of activities, interest is expensed as accrued and principal payments are reported as reductions of related debt. This is the amount related to these reporting differences.	<u>2,037</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$24,163</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

VILLAGE OF COLLINSTON
Collinston, Louisiana

STATEMENT OF NET ASSETS - PROPRIETARY FUND
December 31, 2003

	<u>Water and Sewer Fund</u>
ASSETS	
Current assets:	
Cash	\$27,715
Accounts receivable	9,073
Due from other funds	100
Total current assets	<u>36,888</u>
Noncurrent assets:	
Restricted assets:	
Cash	59,750
Due from other funds	50
Capital assets:	
Land	5,500
Other capital assets (net of depreciation)	1,120,326
Total noncurrent assets	<u>1,185,626</u>
Total assets	<u>\$1,222,514</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$10,501
Accrued expenses	629
Due to other funds	2,450
Deferred revenue	6,688
Payable from restricted assets:	
Due to other funds	100
Customer deposits	8,646
Accrued interest	2,051
Current portion of revenue bonds and notes payable	8,401
Total current liabilities	<u>39,466</u>
Noncurrent liabilities:	
Revenue bonds and notes payable - net of current portion	<u>453,567</u>
Total liabilities	<u>493,033</u>
NET ASSETS	
Invested in capital assets, net of related debt	661,807
Restricted for debt service	51,336
Unrestricted	16,338
Total net assets	<u>729,481</u>
Total liabilities and net assets	<u>\$1,222,514</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF COLLINSTON
Collinston, Louisiana

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS - PROPRIETARY FUND**
For the Year Ended December 31, 2003

	<u>Water and Sewer Fund</u>
OPERATING REVENUES	
Water and sewer fees	\$103,028
Miscellaneous	<u>1,947</u>
Total operating revenue	<u>104,975</u>
OPERATING EXPENSES	
Contract labor	805
Depreciation	60,727
Dues and subscriptions	950
Insurance	3,800
Legal and accounting	10,666
Office and postage	2,861
Rent	540
Repairs and maintenance	24,991
Salaries and payroll taxes	48,156
Supplies	180
Telephone	842
Travel and meetings	225
Utilities	<u>8,099</u>
Total operating expenses	<u>162,842</u>
Operating Income (Loss)	<u>(57,867)</u>
NON-OPERATING REVENUES (Expenses)	
Grants	44,037
Interest revenue	503
Interest expense	<u>(21,292)</u>
Total non-operating revenues	<u>23,248</u>
Income (Loss) Before Operating Transfers	<u>(34,619)</u>
OPERATING TRANSFER OUT	<u>(3,520)</u>
Change in Net Assets	<u>(38,139)</u>
NET ASSETS - BEGINNING	762,350
Prior Period Adjustment	<u>5,270</u>
NET ASSETS - ENDING	<u>\$729,481</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF COLLINSTON
Collinston, Louisiana

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended December 31, 2003

	<u>Water and Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$104,975
Payments to suppliers	(34,112)
Payments to employees	(48,156)
Other	(4,456)
Net cash provided by operating activities	<u>18,251</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating transfers out	<u>(3,520)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Grant proceeds	44,037
Prior period adjustment	5,270
Repayment of revenue bonds	(8,627)
Interest paid on revenue bonds	(21,292)
Purchase of assets	(31,405)
Net cash used by capital and related financing activities	<u>(12,017)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>503</u>
NET INCREASE IN CASH	3,217
CASH AT BEGINNING OF YEAR	<u>84,248</u>
CASH AT END OF YEAR	<u><u>\$87,465</u></u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities	
Operating Income (Loss)	<u>(\$57,867)</u>
Adjustments:	
Depreciation	60,727
Increase in accounts receivable	(274)
Increase in due from other funds	(100)
Increase in restricted assets	(50)
Increase in accounts payable	10,501
Decrease in accrued expenses	(533)
Increase in due to other funds	2,450
Increase in deferred revenue	6,688
Decrease in liabilities payable from restricted assets	(3,291)
Total adjustments	<u>76,118</u>
Net cash provided by operating activities	<u><u>\$18,251</u></u>

The accompanying notes are an integral part of this statement.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2003

Note 1. Organization and Summary of Significant Accounting Policies

Village of Collinston, Collinston Louisiana (the "Village") operates under a mayor-board of aldermen form of government in accordance with the provisions of the Lawrason Act. Citizens elect the mayor (at large) and three council members (by districts) who are each compensated. The Village is located in northeast Louisiana, its population is approximately 375, and it employs four people. As of December 31, 2003, the Village services approximately 160 utility customers and maintains approximately 3 miles of roads.

The following services are provided by the Village: general administrative, public safety (police), public works (streets), sanitation, and public improvements.

The more significant of the Village's accounting policies are described below:

Basis of Presentation:

The accompanying basic financial statements of the Village have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999.

Financial Reporting Entity:

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Village of Collinston is considered a primary government, as it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The Village has oversight of other component units that are blended into the Village's basic financial statements.

VILLAGE OF COLLINSTON
Collinston, Louisiana
Notes to the Financial Statements

The Village has determined that Sewer District No. 1 of Village of Collinston, Louisiana, is a component unit of the reporting entity. As required by generally accepted accounting principles, these financial statements present Village of Collinston, Louisiana, (the primary government) and its component unit. The component unit is reported as part of the municipality and blended with the appropriate municipality funds.

Component units that are legally separate from the municipality, but are so intertwined with the municipality that they are, in substance, the same as the municipality are blended component units. For a component unit to be blended, the organization's board and the municipality must be substantively the same, or the organization must provide services entirely or almost entirely to the municipality.

Considered in the determination of component units of the reporting entity were Eighth Ward Fire Protection District No. 1 of Morehouse Parish, Louisiana. It was determined that this governmental entity is not a component unit of the Village's reporting entity.

Government-Wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and the proprietary fund. All major governmental funds and the proprietary fund are reported as separate columns in the fund financial statements.

VILLAGE OF COLLINSTON
Collinston, Louisiana
Notes to the Financial Statements

**Measurement Focus, Basis of Accounting and
Financial Statement Presentation:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Property taxes, franchise taxes, sales taxes, intergovernmental revenues, and water and sewer fees associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

The General fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for transactions relating to resources retained after the full payment of principal, interest, and related costs of a long-term debt obligation.

The Sewer Construction Fund accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

VILLAGE OF COLLINSTON
Collinston, Louisiana
Notes to the Financial Statements

The Village reports the following major proprietary fund:

The Water and Sewer Fund accounts for operations (a) where the activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity, (b) laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues, or (c) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Village has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (a) charges to customers for goods, services, or privileges provided, (b) operating grants and contribution, and (c) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations.

The principal operating revenues of the proprietary fund are water and sewer fees. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

VILLAGE OF COLLINSTON
Collinston, Louisiana
Notes to the Financial Statements

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting:

The Board of Aldermen adopted an annual budget for the General Fund on November 12, 2002. The annual budgets was prepared in accordance with the basis of accounting utilized by the fund. The Village Clerk is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter the total expenditures resulting from revenues exceeding amounts estimated must be approved by the Board of Aldermen. Budgeted amounts reported are as originally adopted as no amendments were made by the Board of Aldermen.

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Village.

Use of Estimates:

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

Cash and Investments:

Cash includes amounts in interest-bearing demand deposits and time deposits. Under state law, the Village may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

The Village's cash is considered to be demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Village's investment policy allow the Village to invest in collateralized certificate of deposits, government backed securities, commercial paper, the state sponsored

VILLAGE OF COLLINSTON
Collinston, Louisiana
Notes to the Financial Statements

investment pool, and mutual funds consisting solely of government backed securities. Investments of the Village are reported at cost, which approximates market value.

Receivables:

Ad valorem taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the Village in September or October, are actually billed to the taxpayers in November, and are due and payable on or before January 1 of the following year. All unpaid taxes become delinquent on March 15 of the following year. The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Morehouse Parish. The Village's ad valorem tax revenues are recognized as deferred revenue when levied.

Sales/use taxes collected and held by other governments at year end on behalf of the Village and those collected by other governments and remitted to the Village within 60 days after December 31 for preceding months are recognized as revenue. The sales/use taxes are collected by Morehouse Sales and Use Tax Commission and remitted to the Village.

Uncollectible Allowance:

The statements contain no provision for uncollectible accounts. The Village's management is of the opinion that such allowance would be immaterial in relation to the financial statements taken as a whole.

Restricted Assets/Liabilities:

Meter deposits collected from utility customers are restricted to payment of amounts owed to the Village and/or refunded to the customer upon the customer no longer utilizing the system.

Other cash amounts are restricted per bond ordinances for payments related to long-term obligations.

Capital Assets:

Capital assets, which include property, plant, equipment, construction in progress, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are

VILLAGE OF COLLINSTON
Collinston, Louisiana
Notes to the Financial Statements

recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$2,500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
Roads	20 years
Buildings and building improvements	20-25 years
Machinery and equipment	5-10 years
Water and sewer system	10-25 years

Accumulated Compensated Absences:

Full-time employees of the Village earn from 5 to 15 days of annual leave each anniversary year of employment, depending on length of service. Full-time employees also earn 5 days of sick leave per anniversary year. Upon resignation or retirement, employees are compensated for accumulated annual leave at the employee's current rate of pay. No provision is made for the accumulation of sick leave; therefore employees are not compensated for nonvesting accumulated sick leave upon termination of employment.

Long-Term Obligations

In the government-wide financial statements, and the proprietary fund type in the fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

VILLAGE OF COLLINSTON
 Collinston, Louisiana
 Notes to the Financial Statements

Note 2. Prior Period Adjustment (Statement of Activities - Proprietary Fund)

During 2003, the Village made an accounting of outstanding utility meter deposits and determined that the liability was overstated by \$5,270; therefore, the unrestricted portion of the proprietary fund's net assets was adjusted accordingly.

Note 3. Cash and Investments

At December 31, 2003, the Village had cash and investments (book balances) as follows:

Non-pooled deposits:	
Non-interest bearing demand deposits	\$44,449
Interest bearing demand deposits	17,513
Time deposits	75,555
Investments	<u>5,000</u>
Total	<u>\$142,517</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held jointly in the name of the pledging fiscal agent bank and the Village in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2003, the Village had \$143,041 in deposits (collected bank balances). These deposits were entirely secured from risk by federal deposit insurance.

There were no repurchase or reverse repurchase agreements at December 31, 2003.

Note 4. Receivables

The following is a summary of receivables at December 31, 2003:

VILLAGE OF COLLINSTON
 Collinston, Louisiana
 Notes to the Financial Statements

	General Fund	Debt Service Fund	Sewer Construction Fund	Water and Sewer Fund	Total
Taxes:					
Ad valorem	\$4,596	\$7,345			\$11,941
Sales	4,801				4,801
Franchise	1,089				1,089
Intergovernmental			\$1,610		1,610
Accounts receivable				\$9,073	9,073
Total	\$10,486	\$7,345	\$1,610	\$9,073	\$28,514

Note 5. Ad Valorem and Sales Taxes

For the year ended December 31, 2003, ad valorem taxes of 18.56 mills were levied on property with assessed valuations totaling \$930,730 as follows:

	Authorized Millage	Levied Millage	Expiration Date
General corporate purposes	7.22	7.22	Perpetual
Sewer debt service	5.67	5.67	2015
Sewer debt service	5.67	5.67	2015

The following is the principal ad valorem taxpayer for the Village:

Taxpayer	Assessed Valuation	Approximate Percentage of Total Assessed Valuation	Ad Valorem Tax Revenue
Northeast Louisiana Telephone Co., Inc.	\$470,420	50.54%	\$8,731

Total ad valorem taxes levied were \$17,274. As of December 31, 2003, ad valorem taxes receivable was \$11,941.

For the year ended December 31, 2003, sales and use taxes of 2% were levied for any and all lawful municipal purposes. These taxes will expire December 31, 2009.

VILLAGE OF COLLINSTON
Collinston, Louisiana
Notes to the Financial Statements

Note 6. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2003, for the Village is as follows:

	Balance at January 1, 2003	Increases	Decreases	Balance at December 31, 2003
Governmental activities:				
Capital assets not being depreciated:				
Land	\$3,650			\$3,650
Construction in progress		\$33,605		33,605
	<u>\$3,650</u>	<u>\$33,605</u>	<u>NONE</u>	<u>\$37,255</u>
Capital assets being depreciated:				
Roads	\$29,451			\$29,451
Buildings	82,712			82,712
Building improvements	12,448			12,448
Machinery and equipment	58,123			58,123
Total capital assets being depreciated	<u>182,734</u>	<u>NONE</u>	<u>NONE</u>	<u>182,734</u>
Less accumulated depreciation for:				
Roads	18,530	\$1,473		20,003
Buildings	65,619	3,309		68,928
Building improvements	12,344	104		12,448
Machinery and equipment	31,037	8,513		39,550
Total accumulated depreciation	<u>127,530</u>	<u>13,399</u>	<u>NONE</u>	<u>140,929</u>
Total capital assets being depreciated, net	<u>\$55,204</u>	<u>(\$13,399)</u>	<u>NONE</u>	<u>\$41,805</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	<u>\$5,500</u>	<u>NONE</u>	<u>NONE</u>	<u>\$5,500</u>

VILLAGE OF COLLINSTON
 Collinston, Louisiana
 Notes to the Financial Statements

	Balance at January 1, 2003	Increases	Decreases	Balance at December 31, 2003
Capital assets being depreciated:				
Water and sewer systems	\$1,828,494	\$31,405	(\$25,000)	\$1,834,899
Less accumulated depreciation for:				
Water and sewer systems	<u>678,846</u>	<u>60,727</u>	<u>(25,000)</u>	<u>714,573</u>
Total capital assets being depreciated, net	<u>\$1,149,648</u>	<u>(\$29,322)</u>	<u>NONE</u>	<u>\$1,120,326</u>

Depreciation expense of the governmental activities of \$13,399 is reported as a separate line in the statement of activities in that the expense essentially serves all functions.

Note 7. Interfund Transfers

The following operating transfers were made during the year ended December 31, 2003:

	Transfer In	Transfer Out
Governmental fund - General Fund	\$3,520	
Proprietary fund -Water and Sewer Fund		\$3,520
Total	<u>\$3,520</u>	<u>\$3,520</u>

Note 8. Long-term Debt

The following is a summary of long-term debt transactions of the Village for the year ended December 31, 2003:

	Governmental Activities - General Obligation Bonds	Business-Type Activities - Revenue Bonds and Notes	Total
Long-term debt payable at January 1, 2003	\$28,000	\$469,401	\$497,401

VILLAGE OF COLLINSTON
 Collinston, Louisiana
 Notes to the Financial Statements

	Governmental Activities - General Obligation Bonds	Business-Type Activities - Revenue Bonds and Notes	Total
Retirements	(\$2,000)	(\$7,433)	(\$9,433)
Long-term debt payable at December 31, 2003	<u>\$26,000</u>	<u>\$461,968</u>	<u>\$487,968</u>

The bonds are comprised of the following individual issues:

General obligation bonds (two identical issues, each as follows):

\$34,000 Public Improvement Bonds - dated August 20, 1976, due in annual installments ranging from \$500 to \$1,000, bear interest at 5%, payable August 20 of each year.

Revenue bonds:

\$110,000 Water and Sewer Revenue Bonds - dated August 20, 1976, due in annual installments ranging from \$1,000 to \$6,000, bear interest at 5%, payable August 20 of each year.

\$411,000 Water Revenue Notes, Series 2000 - dated September 27, 2000, monthly payments of \$1,866 beginning October 27, 2001, bear interest at 4.5%.

All principal and interest requirements of the general obligation bonds are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the Village. At December 31, 2003, the Village had accumulated \$34,578 in the Debt Service Fund for future debt requirements.

The annual requirements to amortize the general obligation bonds as of December 31, 2003, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$2,000	\$1,300	\$3,300
2005	2,000	1,200	3,200
2006	2,000	1,100	3,100

VILLAGE OF COLLINSTON
Collinston, Louisiana
Notes to the Financial Statements

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$2,000	\$1,000	\$3,000
2008	2,000	900	2,900
2009 - 2013	10,000	3,000	13,000
2014 - 2016	6,000	600	6,600
Total	<u>\$26,000</u>	<u>\$9,100</u>	<u>\$35,100</u>

The annual requirements to amortize the revenue bonds and notes as of December 31, 2003, are as follows:

<u>Year Ending December 31,</u>	<u>\$110,000 Bonds</u>		<u>\$411,000 Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2004	\$4,000	\$3,050	\$4,401	\$17,991	\$29,442
2005	4,000	2,850	4,603	17,788	29,241
2006	4,000	2,650	4,814	17,577	29,041
2007	4,000	2,450	5,035	17,356	28,841
2008	4,000	2,250	5,267	17,125	28,642
2009 - 2013	24,000	7,950	30,193	81,763	143,906
2014 - 2018	17,000	1,750	37,796	74,161	130,707
2019 - 2023			47,313	64,644	111,957
2024 - 2028			59,226	52,731	111,957
2029 - 2033			74,138	37,818	111,956
2034 - 2038			92,806	19,150	111,956
2039 - 2041			35,376	1,454	36,830
Total	<u>\$61,000</u>	<u>\$22,950</u>	<u>\$400,968</u>	<u>\$419,558</u>	<u>\$904,476</u>

Note 9. Restricted Net Assets (Statement of Net Assets - Proprietary Fund)

The excess assets available for payment of liabilities associated with long-term debt obligations has been reserved.

Note 10. Fund Balance - Reserved (Balance Sheet - Governmental Funds)

The general obligation bond ordinances require that the excess of assets over liabilities in the Debt Service Fund be restricted for future debt service requirements.

VILLAGE OF COLLINSTON
Collinston, Louisiana
Notes to the Financial Statements

Note 11. Contingencies and Risk Management

The Village participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Village has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the Village's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

The Village 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. The Village carries commercial insurance for all risks of loss, including workers' compensation. *Settlement amounts have not exceeded insurance coverage for the current year or three prior fiscal years.*

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF COLLINSTON
Collinston, Louisiana

**BUDGETARY COMPARISON SCHEDULE -
GOVERNMENTAL FUND - GENERAL FUND**
For the Year Ended December 31, 2003

	BudgetedAmounts.....		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Budgetary fund balance - beginning	\$24,000	\$24,000	\$20,940	(\$3,060)
Resources (inflows):				
Taxes	32,060	32,060	42,194	10,134
Licenses and permits	20,000	20,000	13,843	(6,157)
Intergovernmental	850	850	2,717	1,867
Fines and forfeitures	1,280	1,280	2,110	830
Charges for services	4,000	4,000	6,500	2,500
Interest and miscellaneous	1,120	1,120	661	(459)
Transfers from other funds			3,520	3,520
Amounts available for appropriation	<u>83,310</u>	<u>83,310</u>	<u>92,485</u>	<u>9,175</u>
Charges to appropriations (outflows):				
Current:				
General government	56,400	56,400	50,010	6,390
Public safety	17,910	17,910	26,483	(8,573)
Capital outlay	4,000	4,000		4,000
Transfers to other funds	5,000	5,000		5,000
Total charges to appropriations	<u>83,310</u>	<u>83,310</u>	<u>76,493</u>	<u>6,817</u>
Budgetary fund balance - ending	<u>NONE</u>	<u>NONE</u>	<u>\$15,992</u>	<u>\$15,992</u>

The accompanying notes are an integral part of this schedule.

OTHER SUPPLEMENTAL INFORMATION SCHEDULES

VILLAGE OF COLLINSTON
Collinston, Louisiana

OTHER SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended December 31, 2003

SCHEDULE OF COMPENSATION PAID MAYOR AND ALDERMEN

The schedule of compensation paid to mayor and aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the mayor and aldermen is included in the general government expenditures of the General Fund.

STATUS OF PRIOR YEAR FINDINGS

The follow-up and corrective action taken on all prior year findings is presented in Schedule 3.

VILLAGE OF COLLINSTON
Collinston, Louisiana

Schedule of Compensation Paid
Mayor and Aldermen
For the Year Ended December 31, 2003

James Fontenot, Mayor	\$1,500
Sandra Morgan, Alderman	1,200
Wayne Gilbreath, Alderman	400
Bobby Kelly, Alderman	800
Edward Jones, Alderman	<u>1,200</u>
Total	<u>\$5,100</u>

VILLAGE OF COLLINSTON
Collinston, Louisiana

STATUS OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2003

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action
2002-1	1994	Inadequate Segregation of Duties	N/A	See 2003-3 in current year findings.
2002 - 2	2001	Noncompliance with Local Government Budget Act	Yes	N/A
2002 - 3	2002	Related Party Transaction	Yes	N/A
2002 - 4	1994	Asset Management	No	See 2003-1 in current year findings.
2002 - 5	2000	Failure to Publish	Yes	N/A
2002 - 6	2002	Improved Controls Over Customers' Utility Meter Deposits	Partially Cleared	See 2003-4 in current year findings.
2002 - 7	2002	Failure to Maintain Policies and Procedures Manual	Yes	N/A
2002 - 8	2002	Improve Controls Over Receipts and Disbursements	Partially Cleared	See 2003-5 in current year findings.
2002 - 9	2002	Improve Payroll Procedures	Partially Cleared	See 2003-6 in current year findings.
2002 - 10	2002	Violation of Local Government Budget Act	Partially Cleared	See 2003-2 in current year findings.

VILLAGE OF COLLINSTON
Collinston, Louisiana

STATUS OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2003

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action
2002 - 11	2002	Improve Controls Over Utility Accounts and Meter Deposits	Partially Cleared	See 2003-4 in current year findings.
2002 - 12	2002	Detailed Fixed Asset Records	No	See 2003-1 in current year findings.
2002 - 13	2002	Reporting Traffic Violations	Yes	N/A
2002 - 14	2002	Inadequate Controls Over Confiscated Drugs	Yes	N/A
2002 - 15	2002	Accounting/ Financial Records are Not Secure	No	See 2003-6 in current year findings.

Independent Auditor's Report
Required by *Government Auditing Standards*

The following independent auditor's report on compliance and internal control over financial reporting are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5726

**Independent Auditor's Report on Compliance and on
Internal Control Over Financial Reporting
Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

MAYOR AND BOARD OF ALDERMEN
VILLAGE OF COLLINSTON
Collinston, Louisiana

I have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Village of Collinston, as of and for the year ended December 31, 2003, which collectively comprise the village's basic financial statements, and have issued my report thereon dated June 17, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America ; 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 Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

Compliance

As part of obtaining reasonable assurance about whether Village of Collinston's financial statements are free of material misstatement, I performed tests of the village's 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-1 and 2003-2.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Village of Collinston's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect Village of Collinston's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

MAYOR AND BOARD OF ALDERMEN
Village of Collinston
Collinston, Louisiana
Independent Auditor's Report
on Compliance and on
Internal Control, etc.,
December 31, 2003

Reportable conditions are described in the accompanying schedule of findings as items 2003-3, 2003-4, 2003-5, and 2003-6.

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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information of the mayor and board of aldermen of Village of Collinston, and other interested state and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.



Calhoun, Louisiana
June 17, 2004

VILLAGE OF COLLINSTON
Collinston, Louisiana

CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2003

I have audited the financial statements of Village of Collinston, as of and for the year ended December 31, 2003, and have issued my report thereon dated June 17, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America; 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 Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. My audit of the financial statements as of and for the year ended December 31, 2003 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness Yes No

Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statement Yes No

Section II - Financial Statement Findings

2003-1. Failure to Maintain General Fixed Asset Records (finding was initially cited in 1994 audit report and Legislative Auditor's 2003 limited controls review)

Criteria: Louisiana Revised Statutes 24:515 requires that the village maintain records of all land, buildings, improvements other than buildings, equipment, and other general fixed assets for which the village is accountable. The statute requires that these records include date of purchase, initial cost, the disposition of any property including the reason and recipient of any disposed property.

VILLAGE OF COLLINSTON
Collinston, Louisiana
Schedule of Findings
For the Year Ended December 31, 2003

Condition: The village has a partial listing of fixed assets but the listing does not contain all the information required by Louisiana Revised Statutes 24:515. Furthermore, the assets are not tagged to identify them as village property nor is a physical inventory conducted annually to ensure that all fixed assets are accounted for.

Effect: Without proper fixed asset records, the village's assets are susceptible to being lost, stolen, or misplaced.

Recommendation: The village should conduct an inventory of fixed assets and prepare fixed asset records that contain all the information required by Louisiana Revised Statutes 24:515. The village's fixed assets should be tagged as village property. An annual inventory should be taken to ensure that all village property is accounted for.

Management's Response: The village will conduct and complete an inventory of all fixed assets. All assets will also be tagged as village property.

2003-2. Noncompliance with Local Government Budget Act (finding was initially cited in Legislative Auditor's 2003 limited controls review)

Criteria: Louisiana Revised Statutes 39:1305(C) requires that the village's annual budget document include a budget message signed by the budget preparer and be accompanied by a proposed budget adoption instrument. The budget adoption instrument for the village is an appropriation ordinance.

Condition: The village's budget document for the year ended December 31, 2003 did not include a budget message nor was it accompanied by an appropriation ordinance.

Effect: Failure to follow the budget procedures enumerated in the Local Government Budget Act could result in the village not properly using its budget to monitor its revenues and expenditures.

Recommendation: The village's budget document for the year ending December 31, 2005 should include a budget message and an appropriation ordinance.

VILLAGE OF COLLINSTON
Collinston, Louisiana
Schedule of Findings
For the Year Ended December 31, 2003

Management's Response: The village budget for the year ending December 31, 2005 will include a budget message and an appropriation ordinance.

2003-3. Inadequate Segregation of Duties (finding was initialed cited in 1994 audit report)

Criteria: Adequate segregation of duties is essential to a proper internal control structure.

Condition: The segregation of duties is inadequate to provide effective internal control.

Effect: Not determined.

Recommendation: No action is recommended due to economic and space limitations.

Management's Response: We concur in the finding, but it is not economically feasible nor does space allow for corrective action to be taken.

2003-4. Need to Improve Controls Over Customers' Utility Meter Deposits (finding was initially cited in 2002 audit report and Legislative Auditor's 2003 limited controls review)

Criteria: Management is responsible for establishing internal control policies and procedures that provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition.

Condition: The village's only documentation for customer's utility meter deposits is a handwritten listing that does not include every customer that has paid a deposit.

Effect: Customer meter deposits are required to be refunded to customers when service is terminated. Therefore, it is necessary that the village maintain an accurate listing of each customer's deposit amount. Failure to maintain such a listing could result in the village refunding a deposit to the wrong customer or for the wrong amount.

VILLAGE OF COLLINSTON
Collinston, Louisiana
Schedule of Findings
For the Year Ended December 31, 2003

Recommendation: I recommend that a listing of each customer's meter deposit be maintained that includes the customer's name and amount of deposit. This listing should be maintained on the computer as part of the customer's file when the village begins maintaining its water and sewer billing records on the computer. This listing should be printed periodically and reconciled to the meter deposit bank account.

Management's Response: This is included in our new computer billing system and will be run monthly and checked against deposits.

**2003-5. Need to Improve Controls Over Cash Receipts
and Disbursements (finding was initially cited
in Legislative Auditor's 2003 limited controls review)**

Criteria: Management is responsible for establishing internal control policies and procedures that provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorizations.

Condition: The following deficiencies in internal controls over cash receipts and disbursements were noted for the year ended December 31, 2003:

1. The cash drawer is not kept locked during office hours.
2. The billing, posting, and receiving of water and sewer fees are performed manually by one individual.
3. The mayor does not consistently document his approval on purchase orders or vendor invoices. Three out of twenty-five (12%) invoices that I selected for testing were not signed by the mayor or aldermen indicating their approval.
4. Two out of twenty-five (8%) disbursements that I selected for testing were not adequately supported by original invoices or other appropriate documentation.
5. Three out of twenty-five (12%) invoices that I selected for testing were not signed by the person receiving the goods or services.

VILLAGE OF COLLINSTON

Collinston, Louisiana

Schedule of Findings

For the Year Ended December 31, 2003

Effect: The failure to establish and adhere to internal controls over cash receipts and disbursements could result in a loss of assets from unauthorized use or disposition and or from transactions that are not in accordance with management's authorizations.

Recommendation: I recommend the following with regards to controls over cash receipts and disbursements:

1. All cash should be kept in an area that can be locked in order to reduce the risk of the cash being stolen.
2. The billing and maintenance of water and sewer customer accounts should be maintained on a computer. Maintaining customer accounts on the computer reduces the risk of loss from errors and provides more detail on each customer's account.
3. All invoices should be signed by the mayor or aldermen to indicate their approval of the purchase.
4. All invoices should be signed by the person receiving the goods or services to indicate that the invoice is for an actual expense incurred by authorized personnel.
5. All disbursements should be supported by an original detailed invoice or other adequate supporting documentation.

Management's Response: A safe was purchased and a lock will be installed on Mrs. Hicks desk to lock the cash box. A computer system has been purchased and is being used. A procedure was passed that no bills can now be paid without appropriate signatures.

2003-6. **Need to Improve Controls Over Personnel and Accounting/Financial Records (finding was initially cited in Legislative Auditor's 2003 limited controls review)**

Criteria: Management is responsible for establishing internal control policies and procedures that provide reasonable assurance that the personnel and financial

VILLAGE OF COLLINSTON
Collinston, Louisiana
Schedule of Findings
For the Year Ended December 31, 2003

records of the village provide accurate and current information and are safeguarded against loss.

Condition: The following deficiencies in internal controls over personnel and financial records were noted for the year ended December 31, 2003:

1. The village does not maintain complete personnel files for each village employee.
2. The village's accounting and financial records are not secured overnight in a fireproof file.

Effect: The failure to establish and adhere to internal controls over personnel and financial records could result in the records containing information that is no longer accurate or the records being lost or destroyed.

Recommendation: I recommend the following with regards to controls over personnel and financial records:

1. Each employee should have a personnel file that contains current federal and state withholding certificates, documentation of the employee's approved pay rate and a complete employment application and IRS Form I-9 for newly hired employees.
2. The village's accounting and financial records should be stored in a fire proof vault overnight.

Management's Response: Procedures will be installed to cover these conditions.