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# TOWN OF COLUMBIA, LOUISIANA

## Financial Statements As of and For the Year Ended June 30, 2004

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 12-22-04

**TOWN OF COLUMBIA**  
**Financial Statements**  
**As of and for the Year Ended June 30, 2004**

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**TOWN OF COLUMBIA**  
**Financial Statements**  
**As of and for the Year Ended June 30, 2004**

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Francis I. Huffman, CPA  
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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, the fiduciary fund, and the aggregate remaining fund information of the Town of Columbia, Louisiana (the Town) as of and for the year ended June 30, 2004, which collectively comprise the Town's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our 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, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2004, 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.

As described in Note 1, the Town has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for States and Local Governments" and Statement No. 37, "Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments: Omnibus", as of July 1, 2003. This results in a change in the form and content of the basic financial statements.

**Town of Columbia  
Columbia, Louisiana**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2004 on our consideration of the Town's internal control over financial reporting and on our tests of its 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 our audit.

The Management's Discussion and Analysis and the budgetary information on pages 4 through 11 and page 40 respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We 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, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying information listed as other supplemental information as listed in the Table of Contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. This other supplemental information is the responsibility of management of the Town. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



(A Professional Accounting Corporation)

**November 30, 2004**

**REQUIRED SUPPLEMENTAL INFORMATION  
(PART A)**

**Town of Columbia**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2004**

As management of the Town of Columbia, we offer readers of the Town of Columbia's financial statements this narrative overview and analysis of the financial activities of the Town of Columbia for the fiscal year ended June 30, 2004. It is designed to assist the reader in focusing on significant financial issues, identify changes in the Town's financial position, and identify material deviations and individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, (*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government*) issued June, 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the Town has elected to exclude the information in this report. Subsequent reports will include the comparative information.

**Financial Highlights**

- The assets of the Town of Columbia exceeded its liabilities at the close of the most recent fiscal year by \$2,724,343 (*net assets*). Of this amount, \$716,887 (*unrestricted net assets*) represents the portion of net assets which is not invested in capital assets or otherwise restricted.
- The government's total net assets decreased by \$98,324.
- As of the close of the current fiscal year, the Town of Columbia's governmental funds reported combined ending fund balances of \$348,815 an increase of \$6,677 in comparison with the prior year. Of this total amount, \$341,610 is available for spending at the government's discretion (*unreserved fund balance*).
- The Town of Columbia's total debt decreased by approximately \$15,800 during the current fiscal year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town of Columbia's basic financial statements. The Town of Columbia's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Town of Columbia**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2004**

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Town of Columbia's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town of Columbia's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Columbia is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Town of Columbia that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Columbia include general government, public safety and public works. The business-type activities of the Town of Columbia include water, sewer, and gas systems.

The government-wide financial statements can be found on pages 13 and 14 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Columbia, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Columbia can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term

**Town of Columbia**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2004**

financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Columbia maintains 4 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and URAF, both of which are considered to be major funds. Data from the other 2 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town of Columbia adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided on page 40 for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 16 and 18 of this report.

**Proprietary funds.** The Town of Columbia maintains one type of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements can be found on pages 20 through 22 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 23 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Columbia's compliance with budgets for its major funds. The combining statements for non-major governmental funds are presented immediately following the required supplementary information.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Columbia, assets exceeded liabilities by approximately \$2,724,000 at the close of the most recent fiscal year.

**Town of Columbia**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2004**

By far the largest amount of the Town of Columbia's net assets (\$1,949,080) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town of Columbia uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town of Columbia's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 370,394	\$ 471,598	\$ 841,992
Capital assets	266,433	2,696,758	2,963,191
Total assets	<u>636,827</u>	<u>3,168,356</u>	<u>3,805,183</u>
Current and other liabilities	21,579	45,150	66,729
Long-term liabilities	-	1,014,111	1,014,111
Total liabilities	<u>21,579</u>	<u>1,059,261</u>	<u>1,080,840</u>
Net Assets:			
Invested in capital assets, net of related debt:			
Restricted	266,433	1,682,647	1,949,080
Unrestricted	-	58,376	58,376
Total net assets	<u>348,815</u>	<u>368,072</u>	<u>716,887</u>
Total net assets	<u>\$ 615,248</u>	<u>\$ 2,109,095</u>	<u>\$ 2,724,343</u>

The balance of \$716,887 in unrestricted net assets in the governmental activities represents the accumulated results of all past year's operations. Net assets decreased by \$98,324 from the prior year. The changes in net assets are discussed later in this MD&A.

**Governmental activities.** Governmental activities decreased the Town of Columbia's net assets by \$7,812. Key elements of the changes in net assets are as follows:

**Town of Columbia  
Management's Discussion and Analysis (MD&A)  
June 30, 2004**

**Town of Columbia's Changes in Net Assets  
June 30, 2004**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Revenues</b>			
<b>Program Revenues:</b>			
Charges for services	\$ -	\$ 308,218	\$ 308,218
Operating grants and contributions	145,673	-	145,673
<b>General Revenues:</b>			
Property taxes	39,848	-	39,848
Sales taxes	143,182	-	143,182
Other taxes	95,202	-	95,202
Other general revenues	20,093	11,940	32,033
Total revenues	<u>443,998</u>	<u>320,158</u>	<u>764,156</u>
<b>Expenses:</b>			
General government	171,243	-	171,243
Public safety	98,735	-	98,735
Public works	181,832	-	181,832
Interest on long-term debt	-	58,248	58,248
Water	-	92,140	92,140
Sewer	-	114,382	114,382
Gas	-	145,900	145,900
Total expenses	<u>451,810</u>	<u>410,670</u>	<u>862,480</u>
Increase (decrease) in assets before transfers	(7,812)	(90,512)	(98,324)
Transfers	-	-	-
Increase (decrease) in net assets	<u>\$ (7,812)</u>	<u>\$ (90,512)</u>	<u>\$ (98,324)</u>

**Governmental Activities**

Expenses are classified by functions/programs. General government accounts for approximately \$171,000 while public works and public safety accounts for approximately \$182,000 and \$98,000 respectively for the fiscal year 2004.

The related program revenues for fiscal 2004 directly related to these expenses totaled \$145,673, which resulted in net program expenses of \$306,137. The remaining balance of expenses represents the cost to the taxpayers. The costs of governmental activities exceeding restricted state and federal grants are paid primarily from the following sources:

**Town of Columbia**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2004**

- Public Safety expenses consumed approximately \$90,000 of governmental activity revenues.
- Sales tax revenues are the largest and most significant source of revenue for the Town of Columbia. It provides approximately \$143,000 of general fund revenue.
- Insurance premium taxes are the second largest revenue source to the Town, generating approximately \$55,000 of general fund revenue.

**Business-type activities.** Business-type activities decreased the Town of Columbia's net assets by approximately \$90,000. Key elements of this decrease are as follows.

- Water Fund activities decreased the Town's net assets by approximately \$24,500.
- Sewer Fund activities decreased net assets by approximately \$62,000.
- All other business-type activities decreased net assets by approximately \$4,000.

**Financial Analysis of the Government's Funds**

As noted earlier, the Town of Columbia uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Town of Columbia's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Columbia's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Columbia's governmental funds reported combined ending fund balances of \$348,815, an increase of \$6,677 in comparison with the prior year. Approximately 98 percent of this total amount (\$341,610) constitutes unreserved fund balance, which is available for spending at the Town's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed.

**General Fund Budgetary Highlights**

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA- R.S 39:1301 et seq), the Town of Columbia must adopt a budget for the General Fund and all Special Revenue funds prior to June 30. The original budget for the Town was adopted on June 8, 2003, and the final budget amendment was adopted on June 13, 2004.

**Town of Columbia  
Management's Discussion and Analysis (MD&A)  
June 30, 2004**

**Revenues:** Overall revenues for the General Fund were projected to decrease during FY 2004 by \$8,000 from the previous year. Property and Sales taxes were together projected to increase by \$78,000 from the 2003 estimates. All other revenues were projected to decrease by approximately \$86,000.

**Expenditures:** General governmental expenditures comprise 45% of the General Funds Appropriations. Police and fire expenditures were expected to increase by approximately \$8,000. Appropriations for all other major categories decreased from the prior year's budget.

**Capital Asset and Debt Administration**

**Capital assets.** The Town of Columbia's investment in capital assets for its governmental and business type activities as of June 30, 2004, amounts to \$2,963,191 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment.

**The Town of Columbia Capital Assets**

Land	\$	94,994
Buildings and improvements		283,731
Furniture and equipment		314,758
Water system		1,668,164
Sewer system		1,904,871
Gas system		489,434
Total		<u>4,755,952</u>
Less: accumulated depreciation		<u>(1,792,761)</u>
Total Capital Assets	\$	<u><u>2,963,191</u></u>

**Town of Columbia Outstanding Debt  
As of June 30, 2004**

Revenue Bonds	\$	<u><u>1,014,111</u></u>
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**Town of Columbia**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2004**

**Economic Factors and Next Year's Budgets and Rates**

Factors considered in preparing the Town of Columbia's budget for the 2005 fiscal year included the impact that will be made by the loss of some businesses due to the relocation of the Ouachita River bridge and widening of U.S. Hwy 165. This loss will impact the Town's sales and property tax revenue.

**Requests for Information**

This financial report is designed to provide a general overview of the Town of Columbia's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Clerk, Post Office Drawer 10, Columbia, Louisiana 71418.

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

## Statement A

**TOWN OF COLUMBIA**  
**Columbia, Louisiana**

**Statement of Net Assets**

June 30, 2004

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash	\$ 344,487	\$ 304,425	\$ 648,912
Investments, at market value	-	124,168	124,168
Receivables	29,609	39,303	68,912
Internal balances	(3,702)	3,702	-
Capital assets, net	266,433	2,696,758	2,963,191
<b>Total Assets</b>	<b>636,827</b>	<b>3,168,356</b>	<b>3,805,183</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses	10,570	-	10,570
Deferred revenues	11,009	-	11,009
Deposits held	-	28,219	28,219
Accrued interest payable	-	16,931	16,931
Long-term liabilities			
Due within one year	-	16,661	16,661
Due in more than one year	-	997,450	997,450
<b>Total liabilities</b>	<b>21,579</b>	<b>1,059,261</b>	<b>1,080,840</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	266,433	1,682,647	1,949,080
Restricted for:			
Debt Service	-	22,357	22,357
Unrestricted	348,815	404,091	752,906
<b>Total net assets</b>	<b>\$ 615,248</b>	<b>\$ 2,109,095</b>	<b>\$ 2,724,343</b>

The accompanying notes are an integral part of this statement.

**TOWN OF COLUMBIA**  
Columbia, Louisiana

Statement of Activities

June 30, 2004

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government:	\$ 171,243	\$ -	\$ -	\$ -	\$ (171,243)	\$ -	\$ (171,243)
Public safety	98,735	-	5,544	-	(93,191)	-	(93,191)
Public works	181,832	-	140,129	-	(41,703)	-	(41,703)
Total governmental activities	451,810	-	145,673	-	(306,137)	-	(306,137)
Business-type activities:							
Water	92,140	95,223	-	-	-	3,083	3,083
Sewer	114,382	73,515	-	-	-	(40,867)	(40,867)
Gas	145,900	139,480	-	-	-	(6,420)	(6,420)
Interest and fiscal charges on long-term debt	58,248	-	-	-	-	(58,248)	(58,248)
Total business-type activities	410,670	308,218	-	-	-	(102,452)	(102,452)
<b>Total primary government</b>	<b>\$ 862,480</b>	<b>\$ 308,218</b>	<b>\$ 145,673</b>	<b>\$ -</b>	<b>(306,137)</b>	<b>(102,452)</b>	<b>(408,589)</b>
<b>General revenues:</b>							
Taxes:							
Ad valorem taxes					39,848	-	39,848
Sales taxes					143,182	-	143,182
Other Taxes					95,202	-	95,202
Licenses and permits					3,911	-	3,911
Fines and forfeitures					3,023	-	3,023
Interest and investment earnings					3,879	4,066	7,945
Miscellaneous					9,280	7,874	17,154
<b>Total general revenues</b>					<b>298,325</b>	<b>11,940</b>	<b>310,265</b>
Change in net assets					(7,812)	(90,512)	(98,324)
<b>Net assets at beginning of year (restated)</b>					<b>623,060</b>	<b>2,199,607</b>	<b>2,822,667</b>
<b>NET ASSETS AT END OF YEAR</b>					<b>\$ 615,248</b>	<b>\$ 2,109,095</b>	<b>\$ 2,724,343</b>

The accompanying notes are an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

**TOWN OF COLUMBIA**  
**Columbia, Louisiana**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2004**

	<u>Major Funds</u>		<u>Other Governmental Funds</u>	<u>Total</u>
	<u>General Fund</u>	<u>URAF Fund</u>		
<b>ASSETS</b>				
Cash & cash equivalents	\$ 330,282	\$ -	\$ 14,205	\$ 344,487
<b>Receivables:</b>				
Sales taxes	12,186	-	-	12,186
Other taxes	4,534	-	-	4,534
Other receivables	3,497	-	-	3,497
<b>Due from other governmental units</b>	4,466	4,925	-	9,391
<b>Due from other funds</b>	104,059	11,009	-	115,068
<b>TOTAL ASSETS</b>	<u>\$ 459,024</u>	<u>\$ 15,934</u>	<u>\$ 14,205</u>	<u>\$ 489,163</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 5,644	\$ 4,925	\$ -	\$ 10,569
Deferred revenue	-	11,009	-	11,009
Due to other funds	111,770	-	7,000	118,770
<b>Total liabilities</b>	<u>117,414</u>	<u>15,934</u>	<u>7,000</u>	<u>140,348</u>
<b>Fund equity:</b>				
Fund balance:				
Reserved for capital improvement	-	-	7,205	7,205
Unreserved/undesignated	341,610	-	-	341,610
<b>Total fund balance</b>	<u>341,610</u>	<u>-</u>	<u>7,205</u>	<u>348,815</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 459,024</u>	<u>\$ 15,934</u>	<u>\$ 14,205</u>	<u>\$ 489,163</u>

The accompanying notes are an integral part of this statement.

**TOWN OF COLUMBIA**  
**Columbia, Louisiana**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Assets**  
**June 30, 2004**

Fund balances - total governmental funds	\$	348,815
Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Governmental capital assets	666,859	
Less: accumulated depreciation	<u>(400,426)</u>	266,433
Elimination of interfund assets and liabilities:		
Due to other funds		118,770
Due from other funds		(115,068)
Internal balances		<u>(3,702)</u>
Net assets of governmental activities	\$	<u><u>615,248</u></u>

**TOWN OF COLUMBIA**  
**Columbia, Louisiana**  
**Governmental Funds**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**For the Year Ended June 30, 2004**

	<u>Major Funds</u>		<u>Other Governmental Funds</u>	<u>Total</u>
	<u>General Fund</u>	<u>URAF Fund</u>		
<b>Revenues:</b>				
Taxes:				
Ad valorem	\$ 39,848	\$ -	\$ -	\$ 39,848
Sales	143,182	-	-	143,182
Other	95,202	-	-	95,202
Licenses, permits, and assessments	3,911	-	-	3,911
Intergovernmental:				
Federal grants	-	-	2,250	2,250
State grants	55,932	87,491	-	143,423
Fines and forfeitures	3,023	-	-	3,023
Use of money and property	3,879	-	-	3,879
Other revenues	9,280	-	-	9,280
Total Revenues	<u>354,257</u>	<u>87,491</u>	<u>2,250</u>	<u>443,998</u>
<b>Expenditures:</b>				
Current:				
General government	169,908	-	-	169,908
Public safety	88,591	-	-	88,591
Public works	77,578	98,500	2,250	178,328
Capital expenditures	494	-	-	494
Total Expenditures	<u>336,571</u>	<u>98,500</u>	<u>2,250</u>	<u>437,321</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	17,686	(11,009)	-	6,677
<b>Other Financing Sources/(Uses)</b>				
Transfers in	-	11,009	-	11,009
Transfers out	(11,009)	-	-	(11,009)
Total Other Financing Sources/(Uses)	<u>(11,009)</u>	<u>11,009</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues Over Expenditures and Other Uses</b>	6,677	-	-	6,677
<b>Fund Balances at Beginning of Year</b>	<u>334,933</u>	<u>-</u>	<u>7,205</u>	<u>342,138</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 341,610</u>	<u>\$ -</u>	<u>\$ 7,205</u>	<u>\$ 348,815</u>

The accompanying notes are an integral part of this statement.

**TOWN OF COLUMBIA**  
**Columbia, Louisiana**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances**  
**of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2004**

Net change in fund balances - total governmental funds	\$	6,677
Amount reported for governmental activities in the statement of activities are different because:		
<p style="margin-left: 20px;">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 and reported as depreciation expense.</p>		
Capital outlay	494	
Depreciation expense	<u>(14,983)</u>	<u>(14,489)</u>
Change in net assets of governmental activities	\$	<u><u>(7,812)</u></u>

**TOWN OF COLUMBIA**  
Columbia, Louisiana

**Proprietary Funds**  
**Statement of Net Assets**  
**June 30, 2004**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Gas Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 54,833	\$ 77,221	\$ 53,271	\$ 185,325
Investments	-	59,800	47,040	106,840
Accounts receivable - net	15,255	15,587	8,461	39,303
Due from other funds	-	1,522	100,761	102,283
Total current assets	<u>70,088</u>	<u>154,130</u>	<u>209,533</u>	<u>433,751</u>
Restricted Assets:				
Cash	90,925	21,163	7,012	119,100
Investments	8,770	-	8,558	17,328
Total Restricted Assets	<u>99,695</u>	<u>21,163</u>	<u>15,570</u>	<u>136,428</u>
Capital assets:				
Non-depreciable	7,875	18,749	-	26,624
Depreciable	1,668,164	1,904,872	489,435	4,062,471
Total capital assets	<u>1,676,039</u>	<u>1,923,621</u>	<u>489,435</u>	<u>4,089,095</u>
Accumulated depreciation	<u>499,138</u>	<u>406,042</u>	<u>487,157</u>	<u>1,392,337</u>
Net capital assets	<u>1,176,901</u>	<u>1,517,579</u>	<u>2,278</u>	<u>2,696,758</u>
Total assets	<u>\$ 1,346,684</u>	<u>\$ 1,692,872</u>	<u>\$ 227,381</u>	<u>\$ 3,266,937</u>
<b>LIABILITIES</b>				
Current liabilities:				
Due to other funds	\$ 54,915	\$ 43,666	\$ -	\$ 98,581
Liabilities payable from restricted assets:				
Accrued interest payable	16,931	-	-	16,931
Customer deposits (net)	14,791	-	13,428	28,219
Current portion of revenue bonds payable	9,597	7,064	-	16,661
Total restricted liabilities	<u>41,319</u>	<u>7,064</u>	<u>13,428</u>	<u>61,811</u>
Noncurrent liabilities:				
Revenue bonds payable	503,304	494,146	-	997,450
Total noncurrent liabilities	<u>503,304</u>	<u>494,146</u>	<u>-</u>	<u>997,450</u>
Total liabilities	<u>\$ 599,538</u>	<u>\$ 544,876</u>	<u>\$ 13,428</u>	<u>\$ 1,157,842</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 664,000	\$ 1,016,369	\$ 2,278	\$ 1,682,647
Restricted	11,442	10,915	-	22,357
Unrestricted	71,704	120,712	211,675	404,091
<b>TOTAL NET ASSETS</b>	<u>\$ 747,146</u>	<u>\$ 1,147,996</u>	<u>\$ 213,953</u>	<u>\$ 2,109,095</u>

The accompanying notes are an integral part of this statement.

**TOWN OF COLUMBIA**  
Columbia, Louisiana

**Proprietary Funds**  
**Statement of Revenues, Expenses**  
**and Changes in Net Assets**  
**June 30, 2004**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Gas Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 95,223	\$ 73,515	\$ 139,480	\$ 308,218
Miscellaneous revenues	6,926	-	948	7,874
Total operating revenues	<u>102,149</u>	<u>73,515</u>	<u>140,428</u>	<u>316,092</u>
<b>OPERATING EXPENSES</b>				
Materials, repairs and supplies	6,927	31,071	95,614	133,612
Utilities and communications	4,770	11,149	-	15,919
Depreciation and amortization	41,964	63,509	573	106,046
Insurance	2,925	2,925	2,925	8,775
Professional fees	3,087	2,506	2,506	8,099
Administrative chargeback	30,000	-	40,000	70,000
Other operating expenses	2,467	3,222	4,282	9,971
Total operating expenses	<u>92,140</u>	<u>114,382</u>	<u>145,900</u>	<u>352,422</u>
Operating income (loss)	10,009	(40,867)	(5,472)	(36,330)
<b>NONOPERATING REVENUES</b>				
<b>(EXPENSES)</b>				
Investment earnings	1,009	1,830	1,227	4,066
Interest expense	(35,528)	(22,720)	-	(58,248)
Total nonoperating revenues (expenses)	<u>(34,519)</u>	<u>(20,890)</u>	<u>1,227</u>	<u>(54,182)</u>
Net income (loss)	(24,510)	(61,757)	(4,245)	(90,512)
Net assets beginning of year (as previously stated)	(92,384)	(12,742)	190,389	85,263
Change in accounting principal	864,040	1,222,495	27,809	2,114,344
Net assets beginning of year (as restated)	<u>771,656</u>	<u>1,209,753</u>	<u>218,198</u>	<u>2,199,607</u>
Net assets end of year	<u>\$ 747,146</u>	<u>\$ 1,147,996</u>	<u>\$ 213,953</u>	<u>\$ 2,109,095</u>

The accompanying notes are an integral part of this statement.

**TOWN OF COLUMBIA**  
Columbia, Louisiana

**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2004**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Gas Fund</b>	<b>Total</b>
<b>Cash flows from operating activities</b>				
Cash received from customers	\$ 101,979	\$ 73,383	\$ 139,316	\$ 314,678
Cash payments to suppliers for goods and services	<u>(50,627)</u>	<u>(50,873)</u>	<u>(144,025)</u>	<u>(245,525)</u>
Net cash provided by (used for) operating activities	<u>51,352</u>	<u>22,510</u>	<u>(4,709)</u>	<u>69,153</u>
<b>Cash flows from capital and related financing activities</b>				
Acquisition of capital assets	(2,657)	(2,658)	(2,658)	(7,973)
Principal paid on debt	(9,023)	(6,753)	-	(15,776)
Interest paid on debt	<u>(34,548)</u>	<u>(22,722)</u>	<u>-</u>	<u>(57,270)</u>
Net cash (used for) financing activities	<u>(46,228)</u>	<u>(32,133)</u>	<u>(2,658)</u>	<u>(81,019)</u>
<b>Cash flows from investing activities</b>				
Interest received on investments	1,009	1,830	1,227	4,066
Purchase of investments	<u>-</u>	<u>(1,168)</u>	<u>(1,047)</u>	<u>(2,215)</u>
Net cash provided by investing activities	<u>1,009</u>	<u>662</u>	<u>180</u>	<u>1,851</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	6,133	(8,961)	(7,187)	(10,015)
<b>Cash and cash equivalents, July 1, 2003</b>	<u>139,625</u>	<u>107,345</u>	<u>67,470</u>	<u>314,440</u>
<b>Cash and cash equivalents, June 30, 2004</b>	<u>\$ 145,758</u>	<u>\$ 98,384</u>	<u>\$ 60,283</u>	<u>\$ 304,425</u>
<b>Reconciliation of operating income to net cash provided by (used for) operating activities</b>				
Operating income/(loss)	\$ 10,009	\$ (40,867)	\$ (5,472)	\$ (36,330)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	41,964	63,509	573	106,046
Change in assets and liabilities				
Accounts receivable	(170)	(132)	(1,112)	(1,414)
Customer deposits	<u>(451)</u>	<u>-</u>	<u>1,302</u>	<u>851</u>
Net cash provided by (used for) operating activities	<u>\$ 51,352</u>	<u>\$ 22,510</u>	<u>\$ (4,709)</u>	<u>\$ 69,153</u>

The accompanying notes are an integral part of this statement.

**TOWN OF COLUMBIA**  
**Columbia, Louisiana**

**Notes To The Financial Statements**  
**As of And For The Year Ended June 30, 2004**

**Note 1 - Summary of Significant Accounting Policies**

***A. Financial Reporting Entity***

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

GASB Statement 14, *The Financial Reporting Entity*, sets forth criteria for determining which, if any, component units should be considered part of the Town of Columbia for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability, which include:

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

***B. New Accounting Standards Adopted***

As of July 1, 2003, the Town adopted three new statements of financial accounting standards and one new interpretation issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*
- Statement No. 37 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*. This statement amends GASB Statements No. 21 and No. 34.

**TOWN OF COLUMBIA**  
**Columbia, Louisiana**

**Notes To The Financial Statements**  
**As of And For The Year Ended June 30, 2004**

- Statement No. 38 - *Certain Financial Statement Disclosures* which modifies, establishes and rescinds certain financial statement disclosure requirements.
- Interpretation No. 6 - *Recognition and Measurements of Certain Liabilities & Expenditures in Governmental Fund Financial Statements* is an interpretation of NCGA Statements 1, 4, and 5; NCGA Interpretation 8; and GASB Statement Nos. 10, 16, and 18. It clarifies the existing modified accrual standards for distinguishing the portion of a liability that should be reported as a governmental fund liability/expenditure from the portion that should be reported as a general long-term liability.

Statement No. 34 (as amended by Statement No. 37) represents a very significant change in the financial reporting model used by state and local governments.

Statement No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting and economic resources measurement focus. Government-wide financial statements do not provide information by fund or account group, but distinguish between the Town's governmental activities and business-type activities on the statement of net assets and statements of activities. Significantly, the Town's statement of net assets includes both noncurrent assets and noncurrent liabilities of the Town, which were previously recorded in the General Fixed Assets Account Group.

In addition to the government-wide financial statements, the Town has prepared fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. The accrual basis of accounting is utilized by proprietary fund type. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The format of the financial statements has been modified by Statement No. 34 to focus on major funds, as opposed to presenting fund types.

Statement No. 34 also requires certain required supplementary information in the form of Management's Discussion and Analysis which includes an analytical overview of the Town's financial activities. In addition, a budgetary comparison statement is presented that compares the adopted and modified General Fund budget with actual results.

***C. Basis of Presentation***

The Town's basic financial statements consist of the government-wide statements on all of the activities of the government and the fund financial statements (individual major fund and combined non-major fund). The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental

**TOWN OF COLUMBIA**  
**Columbia, Louisiana**

**Notes To The Financial Statements**  
**As of And For The Year Ended June 30, 2004**

units. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements and the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. 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 Town has elected not to follow subsequent private-sector guidance.

***Government-wide Financial Statements***

The government-wide financial statements include the statement of net assets and the statement of activities for all activities of the government. As a general rule, the effect of interfund activity has been removed from these statements except for an administrative chargeback to the enterprise funds of approximately \$70,000. The government-wide presentation focuses primarily on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

*Governmental Activities* represent programs which normally are supported by taxes and intergovernmental revenues.

*Business-Type Activities* are financed in whole or in part by fees charged to external parties for goods and services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) 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. This includes dedicated resources such as a restricted property tax.

***Fund Financial Statements***

The Town uses funds, both major and non-major, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate.

**TOWN OF COLUMBIA**  
**Columbia, Louisiana**

**Notes To The Financial Statements**  
**As of And For The Year Ended June 30, 2004**

Emphasis of fund reporting is on the major fund level in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column in the basic financial statements.

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the provision of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The Town's current operations require the use of the governmental, and proprietary categories. The fund types used by the Town are described as follows:

Governmental activities presented as Governmental Funds in the fund financial statements:

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

*Capital Project Funds* - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, improvements and other major projects (other than those financed by Proprietary Funds). The URAF Capital Project Fund is reported as a major fund in the fund financial statements.

Business-type activities presented as Enterprise Funds in the fund financial statements:

*Enterprise Funds* - These 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. Enterprise funds are presented in the business-type activities column in government-wide financial statements and the major funds section of the basic financial statements. All three enterprise funds are reported as major funds in the fund financial statements.

In accordance with the provisions of GASB Statement 20, the Town has elected not to apply FASB statements and interpretations issued after November 30, 1989, to proprietary activities unless they are adopted by the GASB.

**TOWN OF COLUMBIA**  
**Columbia, Louisiana**

**Notes To The Financial Statements**  
**As of And For The Year Ended June 30, 2004**

*Revenues:*

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in October or November and are billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year; however, by precedent, this is normally extended until February 1. Revenues from ad valorem taxes are budgeted in the year billed to the extent collections are expected. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Caldwell Parish.

Sales taxes are considered "measurable" when in the hands of the Sales Tax Collector and are recognized as revenue at that time.

Interest earnings on time deposits are recognized as revenue when the time deposits have matured and the interest is available. Substantially all other revenues are recognized when actually received by the Town.

*Expenditures:*

Expenditures in the governmental funds are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

*Proprietary*

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.

*Other Financing Sources (Uses)*

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) and are recognized when the underlying events occur.

**D. Budget Practices**

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.

**TOWN OF COLUMBIA**  
**Columbia, Louisiana**

**Notes To The Financial Statements**  
**As of And For The Year Ended June 30, 2004**

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.
7. Encumbrance accounting, under which purchase orders are recorded to reserve that portion of the applicable appropriation, is not employed by the Town.

For the year ended June 30, 2004, the Town adopted a budget for the General Fund.

***E. Assets, Liabilities, and Fund Equity***

***Cash, Cash Equivalents, and Investments***

Under state law, the Town may deposit funds in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks their having principal offices in Louisiana.

At June 30, 2004, the Town has cash and cash equivalents totaling \$648,912, as follows:

Petty cash	\$	150
Demand deposits		648,762
Total	\$	<u>648,912</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or 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 pledged securities

**TOWN OF COLUMBIA**  
**Columbia, Louisiana**

**Notes To The Financial Statements**  
**As of And For The Year Ended June 30, 2004**

plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances other than these backed by the U.S. government) at June 30, 2004, are secured, as follows:

Bank balances	\$ <u>497,498</u>
Federal deposit insurance	\$ 246,480
Pledged securities	<u>550,108</u>
Total	\$ <u>796,588</u>

Because the pledged securities are held by the Town's agent in the Town's name they are considered collateralized (Category 1) under the provisions of GASB Codification C20.106.

For purposes of the Statement of Cash Flows, cash equivalents include all highly liquid investments (including restricted assets) with a maturity date of three months or less when purchased.

Under state law, the Town may invest funds in obligations of the United States, in federally-insured investments, or in time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At June 30, 2004, the Town had the following investments stated at cost, which approximates market:

Certificates of deposit	\$ <u>124,168</u>
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The investments are considered collateralized (Category 1) under the provisions of GASB Codification I50.164.

***Interfund Receivables and Payables***

Short-term cash loans between funds are considered temporary in nature. These amounts are reported as "due from/to other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

***Capital Assets***

Capital assets, which include land, buildings, other improvements, machinery and equipment, vehicles, furniture and fixtures, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

**TOWN OF COLUMBIA**  
**Columbia, Louisiana**

**Notes To The Financial Statements**  
**As of And For The Year Ended June 30, 2004**

As permitted by GASB Statement No. 34, the Town has elected not to report infrastructure assets retroactively.

All purchased capital assets are valued at cost where historical records are available and at estimated cost where no historical records are available. Donated fixed assets are valued at their fair market value on the date received. The costs of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized at completion of construction projects.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on enterprise fund balance sheets. Depreciation on all capital assets, excluding land 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

***Long-Term Liabilities***

In the government-wide statement of net assets and in the proprietary fund types' financial statements, long-term debt is reported as liabilities. 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.

***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.

***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.

**TOWN OF COLUMBIA**  
**Columbia, Louisiana**

**Notes To The Financial Statements**  
**As of And For The Year Ended June 30, 2004**

***Reserves of Fund Equity - Fund Statement Level***

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.

***Electrical System Operating Agreement***

On July 14, 2000, the Board of Alderman of the Town renewed an operating agreement between the Town and Entergy 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.

***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.

***Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use by external parties such as creditors, grantors, laws or regulations of other governments.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Details of restricted net assets at year-end are presented in Note 4.

**Note 2 - 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.

**TOWN OF COLUMBIA**  
Columbia, Louisiana

**Notes To The Financial Statements**  
**As of And For The Year Ended June 30, 2004**

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	7.88
Street Maintenance	3.21
Total	<u>11.09</u>

**Note 3 - Changes in Capital Assets**

	<u>Balance June 30, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2004</u>
Governmental Activities:				
Nondepreciable assets:				
Land	\$ 68,370	\$ -	\$ -	\$ 68,370
Depreciable assets:				
Buildings and improvements	283,236	495	-	283,731
Equipment	314,758	-	-	314,758
Total capital assets being depreciated	597,994	495	-	598,489
Less: accumulated depreciation	(385,443)	(14,983)	-	(400,426)
Total capital assets being depreciated, net	212,551	(14,488)	-	197,994
Total governmental activities capital assets, net	<u>\$ 280,921</u>	<u>\$ (14,488)</u>	<u>\$ -</u>	<u>\$ 266,433</u>

**TOWN OF COLUMBIA**  
**Columbia, Louisiana**

**Notes To The Financial Statements**  
**As of And For The Year Ended June 30, 2004**

Business-type activities:

Nondepreciable assets:

Land	\$ 26,624	\$ -	\$ -	\$ 26,624
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Depreciable assets:

Gas System	486,777	2,657	-	489,434
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Sewer System	1,902,214	2,657	-	1,904,871
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Water System	1,665,507	2,657	-	1,668,164
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Total capital assets being depreciated	4,054,498	7,971	-	4,062,469
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Less: accumulated depreciation	(1,286,291)	(106,044)	-	(1,392,335)
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Total capital assets being depreciated, net	2,768,207	(98,073)	-	2,670,134
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Total business-type activities capital assets, net	\$ 2,794,831	\$ (98,073)	\$ -	\$ 2,696,758
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Depreciation expense was charged to functions of the governmental and business-type activities as follows:

Governmental Activities:

General Government	\$ 1,335
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Public Safety	10,144
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Public Works	3,504
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Total depreciation expense - governmental activities	<u>\$ 14,983</u>
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Business-Type Activities:

Water Fund	\$ 41,964
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Sewer Fund	63,509
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Gas Fund	573
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Total depreciation expense - business-type activities	<u>\$ 106,046</u>
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**TOWN OF COLUMBIA**  
**Columbia, Louisiana**

**Notes To The Financial Statements**  
**As of And For The Year Ended June 30, 2004**

**Note 4 - Restricted Assets and Related Reserves**

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.

Schedule of Changes in Restricted Accounts:

	<u>Sinking</u>	<u>Reserve</u>	<u>Contingency</u>
Beginning Balance at			
July 1, 2003	\$ 32,134	\$ 47,180	\$ 16,660
Add: Monthly Deposits	42,294	3,590	5,532
Interest Earned	272	420	165
Less: Disbursements	<u>(42,294)</u>	<u>-</u>	<u>-</u>
Ending Balance			
At June 30, 2004	<u>\$ 32,406</u>	<u>\$ 51,190</u>	<u>\$ 22,357</u>

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 \$13,146 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.

**TOWN OF COLUMBIA**  
**Columbia, Louisiana**  
**Notes To The Financial Statements**  
**As of And For The Year Ended June 30, 2004**

**Note 5 - Pension Plans**

***Municipal Employees' Retirement System of Louisiana (MERS)***

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

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

*Funding Policy:* Contributions to the MERS include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of the parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of members on which contributions were made for the previous fiscal year. State statutes require covered employees to contribute a percentage of their salaries to the system. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation from the previous year. The Town's contributions to the MERS for the years ended June 30, 2004, 2003 and 2002 were \$8,470, \$6,265 and \$5,184, respectively, equal to the statutorily required contributions for each year.

***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.

**TOWN OF COLUMBIA**  
**Columbia, Louisiana**

**Notes To The Financial Statements**  
**As of And For The Year Ended June 30, 2004**

*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, 2004, 2003 and 2002 were \$4,864, \$2,919 and \$2,919 respectively, equal to the statutorily required contributions for each year.

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

**Note 6 - Long-Term Obligations**

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2003:

	Revenue Bonds
Balance at Beginning of Year	\$ 1,029,887
Additions	-
Retirements	(15,776)
Balance at End of Year	\$ 1,014,111

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%	\$ 512,899
\$541,000 Sewer Revenue bonds dated October 22, 1996; due in monthly installments through October 22, 2037; interest at 4.5%	501,212
Total Revenue Bonds	\$ 1,014,111

The annual requirements to amortize all bonds outstanding as of June 30, 2002, including interest payments of \$900,892, are as follows:

**TOWN OF COLUMBIA**  
**Columbia, Louisiana**

**Notes To The Financial Statements**  
**As of And For The Year Ended June 30, 2004**

Year Ended June 30,	Annual Payments
2005	\$ 71,768
2006	71,768
2007	71,768
2008	71,768
2009	70,596
2010-2014	351,880
2015-2019	349,606
2020-2024	346,570
2025-2029	302,914
2030-2034	141,901
2035-2038	64,464
<b>TOTAL</b>	<b>\$ 1,915,003</b>

**Note 7 - Interfund Receivables/Payables**

Individual balances due from/to other funds at June 30, 2004 were as follows:

	<b>Due From Other Funds</b>
<b>Major Funds:</b>	
<b>Governmental Funds:</b>	
General Fund:	
LCDBG Grant Fund	\$ 7,000
Water Fund	53,393
Sewer Fund	43,666
URAF Fund:	
General Fund	11,009
Total Governmental Funds	115,068
<b>Enterprise Funds:</b>	
Sewer Fund:	
Water Fund	1,522
Gas Fund:	
General Fund	100,761
Total Enterprise Funds	102,283
Total	\$ 217,351

**TOWN OF COLUMBIA**  
**Columbia, Louisiana**

**Notes To The Financial Statements**  
**As of And For The Year Ended June 30, 2004**

**Note 8 - 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 9 - 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 \$3,600 and the related expenditures were recorded to the Police Salaries Account.

**REQUIRED SUPPLEMENTAL INFORMATION  
(PART B)**

**Town of Columbia  
Columbia, Louisiana**

**General Fund  
Budgetary Comparison Schedule (GAAP Basis)**

**Fiscal Year Ended June 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Budgetary fund balance at beginning of year</b>	\$ 332,933	\$ 334,933	\$ 334,933	\$ -
<b>Resources (inflows)</b>				
Ad valorem taxes	40,000	39,810	39,848	38
Sales and other taxes	231,365	223,467	238,384	14,917
License and permits	3,400	3,975	3,911	(64)
Intergovernmental revenue	41,800	45,943	52,332	6,389
State salary supplement - police	3,600	3,600	3,600	-
Fines and forfeitures	250	3,000	3,023	23
Interest income	1,500	1,100	3,879	2,779
Miscellaneous	11,050	9,592	9,280	(312)
<b>Total Revenues</b>	<u>332,965</u>	<u>330,487</u>	<u>354,257</u>	<u>23,770</u>
<b>Amounts available for appropriations</b>	<u>665,898</u>	<u>665,420</u>	<u>689,190</u>	<u>23,770</u>
<b>Charges to appropriations (outflows)</b>				
Current:				
General government	173,800	146,671	169,907	(23,236)
Public safety:				
Police department	82,200	83,183	83,915	(732)
Fire department	4,000	4,650	4,676	(26)
Public Works:				
Main Street department	48,000	35,706	34,878	828
Street department	47,300	55,900	42,701	13,199
Capital outlay	-	-	494	(494)
<b>Total Charges</b>	<u>355,300</u>	<u>326,110</u>	<u>336,571</u>	<u>(10,461)</u>
Transfers out	-	10,000	11,009	(1,009)
<b>Total Charges to Appropriations</b>	<u>355,300</u>	<u>336,110</u>	<u>347,580</u>	<u>(11,470)</u>
<b>Budgetary fund balance at end of year</b>	<u>\$ 310,598</u>	<u>\$ 329,310</u>	<u>\$ 341,610</u>	<u>\$ 12,300</u>

**OTHER SUPPLEMENTAL INFORMATION**

**TOWN OF COLUMBIA**  
**Columbia, Louisiana**  
**Nonmajor Capital Project Funds**  
**Combining Balance Sheet**  
**As of June 30, 2004**

	<b>LCDBG Grant</b>	<b>LCDBG Demonstrated Needs</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,205	\$ -	\$ 14,205
<b>TOTAL ASSETS</b>	<b>\$ 14,205</b>	<b>\$ -</b>	<b>\$ 14,205</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Due to other funds	\$ 7,000	\$ -	\$ 7,000
Total liabilities	7,000	-	7,000
<b>Fund balance</b>			
Reserved for:			
Capital improvement	7,205	-	7,205
Total fund balance	7,205	-	7,205
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 14,205</b>	<b>\$ -</b>	<b>\$ 14,205</b>

**TOWN OF COLUMBIA**  
**Columbia, Louisiana**  
**Nonmajor Capital Project Funds**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**For the Year Ended June 30, 2004**

	<b>LCDBG Grant</b>	<b>LCDBG Demonstrated Needs</b>	<b>Total</b>
<b>REVENUES</b>			
Intergovernmental:			
Federal funds	\$ -	\$ 2,250	\$ 2,250
Total revenues	-	2,250	2,250
<b>EXPENDITURES</b>			
Public Works	-	2,250	2,250
Total expenditures	-	2,250	2,250
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	-	-
<b>FUND BALANCE, beginning of year</b>	7,205	-	7,205
<b>FUND BALANCE END OF YEAR</b>	\$ 7,205	\$ -	\$ 7,205

**TOWN OF COLUMBIA**  
Columbia, Louisiana

**Proprietary Funds**  
**Water Fund**  
**Statements of Net Assets**  
**June 30, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 54,833	\$ 55,015
Investments	-	-
Accounts receivable - net	15,255	15,085
Due from other funds	-	-
Total current assets	<u>70,088</u>	<u>70,100</u>
Restricted Assets:		
Cash	90,925	84,610
Investments	8,770	8,770
Total Restricted Assets	<u>99,695</u>	<u>93,380</u>
Capital assets:		
Non-depreciable	7,875	7,875
Depreciable	1,668,164	1,665,507
Total capital assets	<u>1,676,039</u>	<u>1,673,382</u>
Accumulated depreciation	<u>499,138</u>	<u>457,174</u>
Net capital assets	<u>1,176,901</u>	<u>1,216,208</u>
Total assets	<u>\$ 1,346,684</u>	<u>\$ 1,379,688</u>
<b>LIABILITIES</b>		
Current liabilities:		
Due to other funds	\$ 54,915	\$ 54,915
Liabilities payable from restricted assets:		
Accrued interest payable	16,931	15,953
Customer deposits (net)	14,791	15,242
Current portion of revenue bonds payable	9,597	9,022
Total restricted liabilities	<u>41,319</u>	<u>40,217</u>
Noncurrent liabilities:		
Revenue bonds payable	<u>503,304</u>	<u>512,900</u>
Total noncurrent liabilities	<u>503,304</u>	<u>512,900</u>
Total liabilities	<u>\$ 599,538</u>	<u>\$ 608,032</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	\$ 664,000	\$ 694,286
Restricted	11,442	7,402
Unrestricted	<u>71,704</u>	<u>69,968</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 747,146</u>	<u>\$ 771,656</u>

**TOWN OF COLUMBIA**  
Columbia, Louisiana

**Proprietary Funds**  
**Sewer Fund**  
**Statements of Net Assets**  
**June 30, 2004 and 2003**

	2004	2003
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 77,221	\$ 89,396
Investments	59,800	58,632
Accounts receivable - net	15,587	15,455
Due from other funds	1,522	1,522
Total current assets	154,130	165,005
Restricted Assets:		
Cash	21,163	17,949
Investments	-	-
Total Restricted Assets	21,163	17,949
Capital assets:		
Non-depreciable	18,749	18,749
Depreciable	1,904,872	1,902,214
Total capital assets	1,923,621	1,920,963
Accumulated depreciation	406,042	342,533
Net capital assets	1,517,579	1,578,430
Total assets	\$ 1,692,872	\$ 1,761,384
<b>LIABILITIES</b>		
Current liabilities:		
Due to other funds	\$ 43,666	\$ 43,666
Liabilities payable from restricted assets:		
Accrued interest payable	-	-
Customer deposits (net)	-	-
Current portion of revenue bonds payable	7,064	6,752
Total restricted liabilities	7,064	6,752
Noncurrent liabilities:		
Revenue bonds payable	494,146	501,213
Total noncurrent liabilities	494,146	501,213
Total liabilities	\$ 544,876	\$ 551,631
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	\$ 1,016,369	\$ 1,070,465
Restricted	10,915	9,258
Unrestricted	120,712	130,030
<b>TOTAL NET ASSETS</b>	<b>\$ 1,147,996</b>	<b>\$ 1,209,753</b>

**TOWN OF COLUMBIA**  
**Columbia, Louisiana**

**Proprietary Funds**  
**Gas Fund**  
**Statements of Net Assets**  
**June 30, 2004 and 2003**

	<b>2004</b>	<b>2003</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 53,271	\$ 60,716
Investments	47,040	45,993
Accounts receivable - net	8,461	7,349
Due from other funds	100,761	100,761
Total current assets	209,533	214,819
Restricted Assets:		
Cash	7,012	6,754
Investments	8,558	8,558
Total Restricted Assets	15,570	15,312
Capital assets:		
Non-depreciable	-	-
Depreciable	489,435	486,777
Total capital assets	489,435	486,777
Accumulated depreciation	487,157	486,584
Net capital assets	2,278	193
Total assets	\$ 227,381	\$ 230,324
<b>LIABILITIES</b>		
Current liabilities:		
Due to other funds	\$ -	\$ -
Liabilities payable from restricted assets:		
Accrued interest payable	-	-
Customer deposits (net)	13,428	12,126
Current portion of revenue bonds payable	-	-
Total restricted liabilities	13,428	12,126
Noncurrent liabilities:		
Revenue bonds payable	-	-
Total noncurrent liabilities	-	-
Total liabilities	\$ 13,428	\$ 12,126
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	\$ 2,278	\$ 193
Restricted	-	-
Unrestricted	211,675	218,005
<b>TOTAL NET ASSETS</b>	<b>\$ 213,953</b>	<b>\$ 218,198</b>

**TOWN OF COLUMBIA, LOUISIANA**  
**SCHEDULE OF COMPENSATION PAID ALDERMEN**

**For the Year Ended June 30, 2004**

	<u>SALARY</u>
Ken Brockner	\$ 1,400
Bruce Frazier	850
Darron McGuffee	1,250
Melvin Robinson	1,450
Charles Simons	<u>1,462</u>
TOTAL	\$ <u>6,412</u>

**REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***



Francis I. Huffman, CPA  
L. Fred Monroe, CPA  
Esther Atteberry, CPA

John L. Luffey, MBA, CPA (1963-2002)

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

**Town of Columbia  
Columbia, Louisiana**

We have audited the financial statements of the Town of Columbia, Louisiana (the Town) as of and for the year ended June 30, 2004, and have issued our report thereon dated November 30, 2004. We conducted our 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 Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

**Compliance**

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

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. 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

**Town of Columbia  
Columbia, Louisiana**

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

This report is intended for the information of management of the Town, Federal and State awarding agencies and other entities granting funds to the Town and the Legislative Auditor for the state of Louisiana and is not intended to be used and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 23:513, this report is distributed by the Legislative Auditor as a public document.



(A Professional Accounting Corporation)

**November 30, 2004**

**TOWN OF COLUMBIA  
SUMMARY STATUS OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2004**

There were no findings included in the audit for the year ended June 30, 2003.