

2291

TOWN OF COLUMBIA, LOUISIANA

**Financial Statements
As of and For the Year Ended June 30, 2001**

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

Release Date JAN 16 2002

**TOWN OF COLUMBIA
GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2001**

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**TOWN OF COLUMBIA
GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2001**

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Luffey
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(A Professional Accounting Corporation)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA
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INDEPENDENT AUDITORS' REPORT

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

We have audited the general purpose financial statements of the **Town of Columbia, Louisiana** (the Town), as of and for the year ended June 30, 2001, as listed in the accompanying Table of Contents. These general purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.

An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town as of June 30, 2001, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2001 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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.

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

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the Town taken as a whole. The accompanying information presented as schedules in the Table of Contents is not a required part of the general purpose financial statements of the Town. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.



(A Professional Accounting Corporation)

December 17, 2001

GENERAL PURPOSE FINANCIAL STATEMENTS

**TOWN OF COLUMBIA, LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUP
COMBINED BALANCE SHEET
AS OF JUNE 30, 2001**

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Types Enterprise</u>	<u>Account Group</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>		<u>General Fixed Assets</u>	
ASSETS					
Cash and Cash Equivalents	\$ 305,557	\$ 11,695	\$ 168,285	\$ -	\$ 485,537
Investments	-	-	96,565	-	96,565
Accounts Receivable	21,715	-	26,884	-	48,599
Due From Other Funds	104,058	-	32,283	-	136,341
Restricted Assets:					
Cash	-	-	125,810	-	125,810
Investments	-	-	17,328	-	17,328
General Fixed Assets	-	-	-	643,521	643,521
Property, Plant and Equipment (Net of Accumulated Depreciation)	-	-	2,485,015	-	2,485,015
TOTAL ASSETS	\$ 431,330	\$ 11,695	\$ 2,952,170	\$ 643,521	\$ 4,038,716
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts Payable	\$ 1,777	\$ -	\$ 601	\$ -	\$ 2,378
Accrued Payroll and Benefits Payable	5,767	-	-	-	5,767
Due to Other Funds	30,760	7,000	98,581	-	136,341
Current Liabilities (Payable From Restricted Assets):					
Accrued Interest Payable	-	-	16,589	-	16,589
Current Maturities of Revenue Bonds	-	-	14,146	-	14,146
Customers' Deposits	-	-	24,472	-	24,472
Revenue Bonds Payable	-	-	1,044,825	-	1,044,825
Total Liabilities	38,304	7,000	1,199,214	-	1,244,518
Fund Equity					
Contributed Capital	-	-	2,012,591	-	2,012,591
Amortization of Grant Assets	-	-	(296,749)	-	(296,749)
Investment in General Fixed Assets	-	-	-	643,521	643,521
Retained Earnings (Deficit):					
Reserved for Contingencies	-	-	28,210	-	28,210
Unreserved and Undesignated	-	-	8,904	-	8,904
Total Retained Earnings	-	-	37,114	-	37,114
Fund Balance:					
Reserved for Capital Improvements	-	4,695	-	-	4,695
Unreserved and Undesignated	393,026	-	-	-	393,026
Total Fund Balance	393,026	4,695	-	-	397,721
Total Fund Equity	393,026	4,695	1,752,956	643,521	2,794,198
TOTAL LIABILITIES AND FUND EQUITY	\$ 431,330	\$ 11,695	\$ 2,952,170	\$ 643,521	\$ 4,038,716

The accompanying notes are an integral part of this statement.

**TOWN OF COLUMBIA, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2001**

	General Fund	Capital Projects	Total (Memorandum Only)
Revenues			
Ad Valorem Taxes	\$ 40,747	\$ -	\$ 40,747
Sales and Other Taxes	157,086	-	157,086
License and Permits	98,212	-	98,212
Intergovernmental Revenue - Taxes and Other	24,077	-	24,077
Grant Revenue - Federal	19,029	107,446	126,475
Grant Revenue - State	-	14,993	14,993
State Salary Supplement - Police	5,100	-	5,100
Fines and Forfeitures	2,011	-	2,011
Interest Income	6,235	-	6,235
Miscellaneous	890	-	890
Total Revenues	353,387	122,439	475,826
Expenditures			
Current:			
General Government	166,657	-	166,657
Public Safety:			
Police Department	92,463	-	92,463
Fire Department	14,235	-	14,235
Public Works:			
Main Street Department	52,003	-	52,003
Street Department	28,226	-	28,226
Capital Outlay:			
Sewer System	-	4,715	4,715
Economic Development	-	123,939	123,939
Total Expenditures	353,584	128,654	482,238
Deficiency of Revenues Over Expenditures	(197)	(6,215)	(6,412)
Fund Balance at Beginning of Year	393,223	10,910	404,133
FUND BALANCE AT END OF YEAR	\$ 393,026	\$ 4,695	\$ 397,721

The accompanying notes are an integral part of this statement.

**TOWN OF COLUMBIA, LOUISIANA
GOVERNMENTAL FUND TYPE - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Ad Valorem Taxes	\$ 40,700	\$ 40,747	\$ 47
Sales and Other Taxes	164,400	157,086	(7,314)
License and Permits	71,535	98,212	26,677
Intergovernmental Revenue	55,190	43,106	(12,084)
State Salary Supplement - Police	5,100	5,100	-
Fines and Forfeitures	1,900	2,011	111
Interest Income	2,000	6,235	4,235
Miscellaneous	6,150	890	(5,260)
Total Revenues	346,975	353,387	6,412
Expenditures			
Current:			
General Government	172,150	166,657	5,493
Public Safety:			
Police Department	104,490	92,463	12,027
Fire Department	12,200	14,235	(2,035)
Public Works:			
Main Street Department	54,250	52,003	2,247
Street Department	32,750	28,226	4,524
Total Expenditures	375,840	353,584	22,256
Deficiency of Revenues Over Expenditures	(28,865)	(197)	28,668
Fund Balance at Beginning of Year	356,605	393,223	36,618
FUND BALANCE AT END OF YEAR	\$ 327,740	\$ 393,026	\$ 65,286

The accompanying notes are an integral part of this statement.

**TOWN OF COLUMBIA, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2001**

Operating Revenues	
Charges for Services	\$ 368,342
Other Income	13,348
Total Operating Revenues	<u>381,690</u>
 Operating Expenses	
Salaries and Related Benefits	77,475
Gas Purchases	123,055
Maintenance, Repairs & Supplies	11,853
Depreciation	109,135
Insurance Expense	8,928
Miscellaneous Expense	4,374
Professional Fees	9,385
Office Expenses	8,210
Utilities	18,725
Travel	1,934
Total Operating Expenses	<u>373,074</u>
Operating Income	8,616
 Nonoperating Revenue (Expense)	
Interest Income	11,608
Interest Expense	<u>(58,371)</u>
Total Nonoperating Revenue (Expense)	<u>(46,763)</u>
Net Loss	(38,147)
Depreciation on Fixed Assets Acquired by Grants	<u>56,612</u>
Increase in Retained Earnings	18,465
Retained Earnings at Beginning of Year	<u>18,649</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 37,114</u>

The accompanying notes are an integral part of this statement.

**TOWN OF COLUMBIA, LOUISIANA
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2001**

Operating Income	\$	8,616
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation		109,135
Increase in Accounts Receivable		(8,326)
Increase in Due From Other Funds		(20,000)
Decrease in Accounts Payable		(512)
Total Adjustments		<u>80,297</u>
Net Cash Provided by Operating Activities		88,913
 Cash Flows From Noncapital Financing Activities		
Decrease in Customers' Deposits		<u>(967)</u>
Net Cash Used by Noncapital Financing Activities		(967)
 Cash Flows From Capital and Related Financing Activities		
Principal Paid on Bonds		(13,397)
Interest Paid on Bonds		<u>(58,371)</u>
Net Cash Used by Capital and Related Financing Activities		(71,768)
 Cash Flows From Investing Activities		
Acquisition of Capital Assets		(1,233)
Purchase of Investments		(5,415)
Interest Earned		<u>11,608</u>
Net Cash Provided by Investing Activities		<u>4,960</u>
 Net Increase in Cash and Cash Equivalents		21,138
 Cash and Cash Equivalents at Beginning of Year		<u>272,957</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	\$	<u><u>294,095</u></u>
 CASH AND CASH EQUIVALENTS SHOWN ON BALANCE SHEET AS:		
Current Assets:		
Cash and Cash Equivalents	\$	168,285
Restricted Assets:		
Cash		<u>125,810</u>
 TOTAL CASH AND CASH EQUIVALENTS	\$	<u><u>294,095</u></u>

**SUPPLEMENTAL DISCLOSURE ON NONCASH CAPITAL
 INVESTING AND FINANCING ACTIVITIES**

Increase in Fixed Assets and Contributed Capital from Capital Projects Funds	\$	<u><u>38,755</u></u>
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The accompanying notes are an integral part of this statement.

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2001**

Note 1 - Summary of Significant Accounting Policies

FINANCIAL REPORTING ENTITY

The accompanying financial statements include all funds and account groups of the Town of Columbia, Louisiana (the Town). These general purpose financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Town consists of an executive branch of government headed by a mayor and a legislative branch of government consisting of five aldermen. The Town's combined balance sheet includes the accounts of all Town operations. The Town's major operations include police and fire protection, street and drain maintenance, and administrative services. In addition, the Town operates a Gas Enterprise Fund to provide gas services, a Water Enterprise Fund to provide water services and a Sewer Enterprise Fund to provide sanitary sewer services.

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

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

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

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2001**

A. Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into fund types and account groups as follows:

GOVERNMENTAL FUNDS

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

Capital Project Funds - The Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

PROPRIETARY FUNDS

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

B. Total column on Combined Statement - Overview

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

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2001**

C. Basis of Accounting

Basis of accounting refers to the point at which expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available).

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

Revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed ad valorem taxes are considered measurable when in the hands of the intermediary collecting governments while sales taxes are considered measurable when in the hands of merchants and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Ad valorem taxes, grants, fees, and charges and commissions for services have been treated as susceptible to accrual.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. In accordance with GASB Statement No. 20, the Town has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989 to its proprietary activities unless they are adopted by the GASB.

D. Budgets and Budgetary Accounting

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

1. The Town Clerk prepares a proposed budget and submits it to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2001**

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.

E. Investments

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

F. Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group rather than in governmental funds. Assets are recorded at cost on date purchased or, if donated, at fair market value on date of donation. Assets in the General Fixed Asset Account Group are not depreciated. Public Domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, have not been capitalized and are not included in general fixed assets.

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2001**

Fixed assets of the proprietary fund types are recorded at cost, if purchased, and at fair market value at date of gift, if donated. Major additions are capitalized while maintenance and repairs which do not improve or extend the life of the respective assets are charged to expense. Contributions received in aid of construction are credited to contribution accounts and do not reduce the cost of the assets acquired with such contributions.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Buildings	30-40 years
Improvements	40 years
Equipment	3-10 years
Sewer System	20-40 years

G. Long-Term Liabilities

Long-Term liabilities expected to be financed from governmental funds are accounted for in a separate, self-balancing set of accounts known as the General Long-Term Debt Account Group. The Town has no long-term liabilities financed by governmental funds. Long-term liabilities expected to be financed from enterprise fund operations are accounted for in those enterprise funds.

H. Compensated Absences

The Town has no provision for vesting of vacation and sick leave. Consequently, the financial statements of the Town reflect no liability for compensated absences.

I. Bad Debts

Uncollectible amounts for ad valorem taxes and customers' utility receivables are generally not significant. As a result, the direct write-off method for recognizing bad debts is used. Under this method, the receivable is charged to expense when the account is deemed to be uncollectible and the result is substantially the same as that provided by use of the allowance method.

J. Reserves and Designations of Fund Equity

Some portion of fund balance and/or retained earnings are reserved to indicate that

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2001**

a portion of fund equity is legally restricted to a specific future use and is not available for appropriation or expenditure.

K. Electrical System Operating Agreement

On April 5, 1976, the Board of Alderman of the Town authorized an operating agreement between the Town and Entergy (formerly Louisiana Power and Light) for Entergy to operate the electric system within the corporate limits of the Town for a period of twenty-five years. The agreement provides that Entergy will pay the Town two percent of total revenue collected from the sale of electric service to residential and commercial customers within the Town. This agreement was renewed on July 14, 2000 with similar terms.

L. Use of Estimates

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

Note 2 - Cash and Investments

State statutes require the Town to make investments in obligations of the United States Treasury, time certificates of deposit, and any other Federally-insured investments. At June 30, 2001, the carrying amount and market value of investments, consisting of certificates of deposit, was \$113,893.

At June 30, 2001, the carrying amount of the Town's deposits was \$611,347 and the bank balances total \$604,720. All of the deposits of the Town at June 30, 2001 were either insured by Federal depository insurance or collateralized by government securities held by the Town's agent in the Town's name (GASB Category 1).

Note 3 - Ad Valorem Taxes

Property taxes are attached as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

**TOWN OF COLUMBIA, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2001**

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:

	Mills
General Ad Valorem Tax	7.88
Street Maintenance	3.21
TOTAL	11.09

Note 4 - Fixed Assets

Changes in general fixed assets are categorized as follows:

	Balance June 30, 2000	Added	Retired	Balance June 30, 2001
Land	\$ 57,170	\$ -	\$ -	\$ 57,170
Buildings & Improvements	108,119	175,117	-	283,236
Equipment	292,073	11,042	-	303,115
Construction in Progress	67,673	-	(67,673)	-
TOTALS	\$ 525,035	\$ 186,159	\$ (67,673)	\$ 643,521

A summary of proprietary fund type property, plant and equipment at June 30, 2001, follows:

Gas System	\$ 486,777
Sewer System	1,902,214
Water Plant	1,153,777
Total	3,542,768
Less: Accumulated Depreciation	(1,084,377)
Net Depreciable Assets	2,458,391
Land	26,624
TOTAL PROPERTY, PLANT AND EQUIPMENT	\$ 2,485,015

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2001**

Note 5 - Restricted Assets and Related Resources

Under terms of the bond indenture and by resolution of the Board of Aldermen, the Water Fund and Sewer Fund are required to establish and maintain three restricted accounts. They are as follows:

1. Sinking - to accumulate monthly an amount equal to 1/12th of the principal and interest falling due on the next annual payment date for the bonds.
2. Reserve - to accumulate monthly a sum equal to 5% of the monthly payment being made into the sinking account until \$42,294 in the Water fund and \$29,744 in the Sewer fund have been accumulated therein. The reserve will be used solely for the purpose of paying principal and interest on such bonds as to which there would otherwise be a default.
3. Contingency - to accumulate a sum of \$165 per month in the Water Fund and \$131 in the Sewer Fund until all principal and interest have been paid. The contingency will be used for the purpose of caring for depreciation, extensions, additions, improvements and replacements necessary to properly operate the water system (Water Fund Contingency Account) and/or the sewer system (Sewer Fund Contingency Account) of the Town.

Schedule of Changes in Restricted Accounts:

	<u>Sinking</u>	<u>Reserve</u>	<u>Contingency</u>
Beginning Balance at July 1, 2000	\$ 30,424	\$ 34,215	\$ 22,056
Add: Monthly Deposits	42,294	3,591	5,532
Interest Earned	751	906	622
Less: Disbursements	<u>(42,294)</u>	<u>-</u>	<u>-</u>
 ENDING BALANCE AT JUNE 30, 2001	 \$ <u>31,175</u>	 \$ <u>38,712</u>	 \$ <u>28,210</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 \$9,608 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, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2001**

Note 6 - Pension Plans

Municipal Employees' Retirement System (MERS)

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

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

Funding Policy: Contributions to the MERS include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of the parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of members on which 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, 2001, 2000 and 1999 were \$4,641, \$4,514 and \$3,525, respectively, equal to the statutorily required contributions for each year.

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

Municipal Police Employees' Retirement System (MPERS)

All full-time police officers engaged in law enforcement and earning at least \$375 per month excluding state supplemental pay, elected chiefs of police with salaries of at least \$100 per month and secretaries to the chief of police are eligible to participate in the

**TOWN OF COLUMBIA, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2001**

MPERS. Members who retire at or after age 55 with 12 years of creditable service, at or after age 50 with 20 years of creditable service or at any age with 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of the member's average final compensation multiplied by his years of creditable service, not to exceed 100% of his average final compensation. The system also provides death and disability benefits. Benefits are established by state statute.

Funding Policy: State statutes require covered employees to contribute a percentage of their salaries to the system. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the MPERS for the years ended June 30, 2001, 2000 and 1999 were \$3,602, \$6,172 and \$5,607 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 7 - Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2001:

	Revenue Bonds
Balance at Beginning of Year	\$ 1,072,368
Additions	-
Retirements	<u>(13,397)</u>
BALANCE AT END OF YEAR (Including Current Portion)	\$ <u>1,058,971</u>

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

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2001**

Revenue Bonds:

\$600,000 Water Revenue bonds dated January 12, 1988; due in annual installments through January 12, 2028; interest at 6.375%	\$ 538,375
\$541,000 Sewer Revenue bonds dated October 22, 1996; due in monthly installments through October 22, 2037; interest at 4.5%	<u>520,596</u>
Total Revenue Bonds	\$ <u>1,058,971</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2001, including interest payments of \$1,122,364, are as follows:

Year Ended June 30,	Annual Payments
2002	\$ 71,768
2003	71,768
2004	71,768
2005	71,768
2006	71,768
2007-2011	358,840
2012-2016	358,840
2017-2021	358,840
2022-2026	358,840
2027-2031	231,958
2032-2037	145,352
2038	9,825
TOTAL	\$ <u>2,181,335</u>

Note 8 - Leases

The Town leases a postage meter. Rental expense in connection with the lease was \$2,052 for the year ended June 30, 2001.

Future minimum lease payments under the operating lease as of June 30, 2001 are as follows:

Year Ended June 30,	Lease Amounts
2002	\$ 2,052
2003	855
TOTAL	\$ <u>2,907</u>

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2001**

Note 9 - Contributed Capital - Grants

The Water Fund received two grants from the State of Louisiana for improvements to the water system in the amounts of \$60,000 and \$150,000 in the years ended June 30, 1984 and 1988, respectively, and recorded these amounts as Contributed Capital. Also, the Water Fund received a grant from Farmers' Home Administration for the renovation of the water system in the years ended June 30, 1991 and 1990, for a total of \$314,000. In addition, the Sewer Fund received grants from the Department of Agriculture - Rural Development for improvements to the sewerage system in the amount of \$1,372,804 during the three years ended June 30, 2001. The Town elected to recognize the depreciation on assets constructed from these grants as a separate item after net income (loss) and the amortization of the grants is shown as a reduction of Contributed Capital. In addition, the General Fund made equity contributions increasing contributed capital by \$87,978, which is not being amortized. In previous years, the General Fund has made transfers of \$27,809 to the Gas Fund which is not being amortized.

Note 10 - Segment Information for Enterprise Funds

During the fiscal year ended June 30, 2001, the Town maintained three enterprise funds which provide gas, water, and sewer services to the residents of the Town. Segment information for the year ended June 30, 2001, is as follows:

	Water Fund	Sewer Fund	Gas Fund	Totals
Operating Revenues	\$ 96,338	\$ 80,575	\$ 204,777	\$ 381,690
Depreciation	56,332	33,215	19,588	109,135
Operating Income (Loss)	(10,175)	(5,356)	24,147	8,616
Interest Earned	2,982	7,069	1,557	11,608
Interest Expense	34,799	23,572	-	58,371
Net Income (Loss)	(41,993)	(21,863)	25,709	(38,147)
Change in Contributed Capital:				
Additional Grant	-	-	38,755	38,755
Amortization of Grants	-	(13,280)	(43,332)	(56,612)
Net Working Capital	52,994	101,403	158,369	312,766
Total Assets	901,111	1,856,424	194,635	2,952,170
Bonds and Other				
Long-Term Liabilities	538,375	520,596	-	1,058,971
Total Equity	277,717	1,291,944	183,295	1,752,956

**TOWN OF COLUMBIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2001**

Note 11 - Risk Financing Activities

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

Note 12 - On-Behalf Payments

Certain Town employees in the Police Department receive supplemental pay from the state of Louisiana. In accordance with GASB Statement No. 24 "*Accounting and Financial Reporting for Certain Grants and Other Awards*", the Town has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$5,100 and the related expenditures were recorded to the Police Salaries Account.

**SUPPLEMENTARY INFORMATION – COMBINING SCHEDULES
FOR INDIVIDUAL FUND TYPES**

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

SEWER CONSTRUCTION FUND -

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

LCDBG FIRE PROTECTION FUND -

This fund is used to account for funds from a Community Development Block Grant for the acquisition of land for and construction of a new fire station within the Town.

OTHER CAPITAL PROJECTS FUND -

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

**TOWN OF COLUMBIA, LOUISIANA
 COMBINING BALANCE SHEET
 ALL CAPITAL PROJECT FUNDS
 AS OF JUNE 30, 2001**

	<u>Sewer Construction</u>	<u>LCDBG Fire Protection</u>	<u>Other Capital Projects</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ -	\$ -	\$ 11,695	\$ 11,695
 LIABILITIES AND FUND EQUITY				
Liabilities				
Due to Other Funds	\$ -	\$ -	\$ 7,000	\$ 7,000
Fund Equity				
Fund Balance:				
Reserved for Capital Improvements	-	-	4,695	4,695
Total Fund Equity	-	-	4,695	4,695
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,695</u>	<u>\$ 11,695</u>

**TOWN OF COLUMBIA, LOUISIANA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Sewer Construction</u>	<u>LCDBG Fire Protection</u>	<u>Other Capital Projects</u>	<u>Total</u>
Revenues				
Grant Revenue - Federal	\$ -	\$ 107,446	\$ -	\$ 107,446
Grant Revenue - State	<u>-</u>	<u>-</u>	<u>14,993</u>	<u>14,993</u>
Total Revenues	-	107,446	14,993	122,439
Expenditures				
Capital Outlay:				
Sewer System	4,715	-	-	4,715
Fire Protection	<u>-</u>	<u>107,446</u>	<u>16,493</u>	<u>123,939</u>
Total Expenditures	<u>4,715</u>	<u>107,446</u>	<u>16,493</u>	<u>128,654</u>
Deficiency of Revenues Over Expenditures	(4,715)	-	(1,500)	(6,215)
Fund Balance at Beginning of Year	<u>4,715</u>	<u>-</u>	<u>6,195</u>	<u>10,910</u>
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,695</u>	<u>\$ 4,695</u>

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

SEWER FUND -

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

WATER FUND -

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

GAS FUND -

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

TOWN OF COLUMBIA, LOUISIANA
COMBINING BALANCE SHEET
PROPRIETARY FUND TYPE - ENTERPRISE FUNDS
AS OF JUNE 30, 2001

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Gas Fund</u>	<u>Total</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 18,950	\$ 72,578	\$ 76,757	\$ 168,285
Investments	-	54,717	41,848	96,565
Accounts Receivable	9,026	11,221	6,637	26,884
Due From Other Funds	-	1,522	30,761	32,283
Total Current Assets	<u>27,976</u>	<u>140,038</u>	<u>156,003</u>	<u>324,017</u>
Restricted Assets:				
Cash	109,240	11,422	5,148	125,810
Investments	8,770	-	8,558	17,328
Property, Plant and Equipment, Net of Accumulated Depreciation	<u>755,125</u>	<u>1,704,964</u>	<u>24,926</u>	<u>2,485,015</u>
TOTAL ASSETS	<u>\$ 901,111</u>	<u>\$ 1,856,424</u>	<u>\$ 194,635</u>	<u>\$ 2,952,170</u>

LIABILITIES AND FUND EQUITY

Liabilities

Current Liabilities:

Accounts Payable	\$ 284	\$ 218	\$ 99	\$ 601
Due to Other Funds	54,915	43,666	-	98,581
Current Liabilities (payable from restricted assets)				
Accrued Interest Payable	16,589	-	-	16,589
Current Maturities of Revenue Bonds	7,973	6,173	-	14,146
Customers' Deposits	13,231	-	11,241	24,472
Revenue Bonds Payable	<u>530,402</u>	<u>514,423</u>	<u>-</u>	<u>1,044,825</u>
Total Liabilities	<u>623,394</u>	<u>564,480</u>	<u>11,340</u>	<u>1,199,214</u>

Fund Equity

Contributed Capital	524,000	1,460,782	27,809	2,012,591
Amortization of Grant Assets	(145,130)	(151,619)	-	(296,749)
Retained Earnings (Deficit):				
Reserved for Contingencies	22,319	5,891	-	28,210
Unreserved - Undesignated	(123,472)	(23,110)	155,486	8,904
Total Retained Earnings (Deficit)	<u>(101,153)</u>	<u>(17,219)</u>	<u>155,486</u>	<u>37,114</u>
Total Fund Equity	<u>277,717</u>	<u>1,291,944</u>	<u>183,295</u>	<u>1,752,956</u>

TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 901,111</u>	<u>\$ 1,856,424</u>	<u>\$ 194,635</u>	<u>\$ 2,952,170</u>
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**TOWN OF COLUMBIA
COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE - ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Gas Fund</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 87,626	\$ 78,255	\$ 202,461	\$ 368,342
Other Income	8,712	2,320	2,316	13,348
Total charges for services	<u>96,338</u>	<u>80,575</u>	<u>204,777</u>	<u>381,690</u>
OPERATING EXPENSES				
Salaries and Related Benefits	25,627	25,626	26,222	77,475
Gas Purchases	-	-	123,055	123,055
Maintenance, Repairs and Supplies	7,224	4,439	190	11,853
Depreciation	56,332	33,215	19,588	109,135
Insurance Expense	3,174	3,174	2,580	8,928
Miscellaneous Expense	185	2,576	1,613	4,374
Professional Fees	3,128	3,129	3,128	9,385
Office Expenses	1,895	2,999	3,316	8,210
Utilities	8,267	10,458	-	18,725
Travel	682	319	933	1,934
Total operating expenses	<u>106,514</u>	<u>85,935</u>	<u>180,625</u>	<u>373,074</u>
Operating Income (Loss)	(10,176)	(5,360)	24,152	8,616
Nonoperating Revenue (Expense)				
Interest Earned	2,982	7,069	1,557	11,608
Interest Expense	(34,799)	(23,572)	-	(58,371)
Total nonoperating revenue (expense)	<u>(31,817)</u>	<u>(16,503)</u>	<u>1,557</u>	<u>(46,763)</u>
Net Income (Loss)	(41,993)	(21,863)	25,709	(38,147)
Depreciation on Fixed Assets Acquired by Grants	<u>43,332</u>	<u>13,280</u>	<u>-</u>	<u>56,612</u>
Increase (Decrease) in Retained Earnings	1,339	(8,583)	25,709	18,465
Retained Earnings (Deficit) at Beginning of Year	<u>(102,492)</u>	<u>(8,636)</u>	<u>129,777</u>	<u>18,649</u>
Retained Earnings (Deficit) at End of Year	<u>\$ (101,153)</u>	<u>\$ (17,219)</u>	<u>\$ 155,486</u>	<u>\$ 37,114</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF COLUMBIA, LOUISIANA
SCHEDULE OF COMPENSATION PAID ALDERMEN

For the Year Ended June 30, 2001

	<u>SALARY</u>
Ken Brockner	\$ 1,400
Bruce Frazier	1,300
Darron McGuffee	1,150
Melvin Robinson	1,300
Charles Simons	<u>1,450</u>
TOTAL	\$ <u>6,600</u>

**TOWN OF COLUMBIA, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001**

<u>FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
Direct Programs:			
Department of Agriculture			
Direct Program - Water and Waste Disposal Systems for Rural Communities	10.760	\$ 1,385,000	\$ 4,715
Department of Justice			
COPS Grant	16.710	49,605	19,029
Total Direct Programs		<u>1,434,605</u>	<u>23,744</u>
Pass-Through Programs:			
Department of Housing and Urban Development			
Passed through Louisiana Division of Administration - Community Development Block Grant	14.228	231,550	107,446
Total Pass-Through Programs		<u>231,550</u>	<u>107,446</u>
TOTAL FEDERAL AWARDS		<u>\$ 1,666,155</u>	<u>\$ 131,190</u>

See Notes to Schedule of Expenditures of Federal Awards

TOWN OF COLUMBIA, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all Federal awards programs of the **Town of Columbia, Louisiana (the Town)**.

The Town reporting entity is defined in Note 1 to the Town's general purpose financial statements. All Federal awards received directly from Federal agencies, as well as Federal awards passed through other government agencies, are included on the schedule.

2. Basis of Accounting

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

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

Federal awards are reported on the Combined Statement Of Revenues, Expenditures, And Changes In Fund Balances, under Grant Revenue – Federal (General Fund - \$19,029 and Capital Projects Fund - \$112,161).



John L. Luffey, MBA, CPA
Francis J. Huffman, CPA
L. Fred Monroe, CPA
Esther Atleberry, CPA
Carolyn A. Clarke, CPA

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

**Town of Columbia
Columbia, Louisiana**

We have audited the general purpose financial statements of the **Town of Columbia** (the Town) as of and for the year ended June 30, 2001, and have issued our report thereon dated December 17, 2001. 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 general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

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

**Town of Columbia
Columbia, Louisiana**

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



(A Professional Accounting Corporation)

December 17, 2001

**TOWN OF COLUMBIA
SUMMARY STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2001**

In connection with our audit of the Town of Columbia as of and for the year ended June 30, 2001, in accordance with *Government Auditing Standards* we have also reviewed the status of prior year findings included in the management letter dated December 29, 2000. The following table presents the status of those findings:

Prior Year Finding	Current Year Status
State of Accounting and Reporting Function	Resolved
Fixed Asset Documentation	Resolved