

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2013



**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**TABLE OF CONTENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013**

	Page
REQUIRED SUPPLEMENTAL INFORMATION (PART I)	
Management's Discussion and Analysis	1-6
INDEPENDENT ACCOUNTANT'S REVIEW REPORT	7
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet - Governmental Fund - General Fund	10
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balances	12
Reconciliation of the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	13
Proprietary Fund – Water and Sewer Fund:	
Statement of Net Position	14
Statement of Revenues, Expenses, and Changes in Net Position	15
Statement of Cash Flows	16
Notes to the Financial Statements	17-29
REQUIRED SUPPLEMENTAL INFORMATION (PART II)	
Budgetary Comparison Schedule:	
General Fund	30
OTHER SUPPLEMENTAL INFORMATION	
Schedule of Compensation to Mayor and Aldermen	31
OTHER REPORTS	
Independent Accountant's Report on Applying Agreed-Upon Procedures	32-35
<i>Louisiana Attestation Questionnaire</i>	36-37
Schedule of Findings	38-39
Summary Schedule of Prior Year Findings	40

VILLAGE OF COLLINSTON, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended December 31, 2013

As management of Village of Collinston, Louisiana (the Village), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the year ended December 31, 2013. This discussion and analysis of management is designed to provide an objective and easy to read analysis of the Village's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the Village's finances. It is also intended to provide readers with an analysis of the Village's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Village. Specifically, this section is designed to assist the readers in focusing on significant financial issues, provide an overview of the Village's financial activity, identify changes in the Village's financial position (its ability to address the next and subsequent years' challenges), identify any material deviations from the financial plan (approved budget), and identify issues or concerns of individual funds.

As with other sections of this financial report, the information contained within this discussion and analysis of management should be considered only a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the supplementary information that are provided in addition to this discussion and analysis of management.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's financial statements. The Village's basic financial statements consist of the following components:

1. Government-wide financial statements.
2. Fund financial statements.
3. Notes to financial statements.

In addition to the basic financial statements and accompanying notes, the Village also includes in subsequent sections of this report additional information to supplement the basic financial statements.

1. Government-wide financial statements

Government-wide financial statements are designed by Government Accounting Standards Board (GASB) Statement No. 34 to change the way in which government financial statements are presented. It now provides readers for the first time with a concise "entity-wide" statement of net position and statement of activities, seeking to give the users of the financial statements a broad overview of the Village's financial position and results of operations in a manner similar to a private-sector business.

The statement of net position presents information on all of the Village's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies, with the elimination of internal activities. The difference between assets and liabilities is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or weakening. Evaluation of the overall economic health of the Village would extend to other nonfinancial factors in addition to the financial information provided in this report.

VILLAGE OF COLLINSTON, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended December 31, 2013

The statement of activities presents information detailing how the Village's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of this statement is to show the financial reliance of the Village's distinct activities or functions on revenues provided by the citizenry of the Village.

The government-wide financial statements report governmental activities of the Village that are principally supported by tax revenues. Governmental activities include general government, public safety (police), public works (streets), sanitation, and public improvement services.

2. Fund financial statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Village uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Village as a whole with major funds being separately reported.

The Village has two fund types:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Village's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and commitment of spendable resources for the near-term.

The proprietary fund is reported in the fund financial statements and generally reports services for which the Village charges customers a fee. The fund essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Village. Proprietary fund financial statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail.

As the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. A reconciliation from both the governmental funds balance sheet and the statement of revenues, expenditures, and changes in fund balances to the government-wide statements is provided to assist in understanding the differences between these two perspectives.

VILLAGE OF COLLINSTON, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended December 31, 2013

3. Notes to financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the financial statements.

Government-Wide Financial Analysis

The following provides a summary of the net position of the Village as of December 31:

NET POSITION

	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 156,957	\$ 354,256
Capital assets, net	<u>1,383,291</u>	<u>1,426,874</u>
Total assets	<u>1,540,248</u>	<u>1,781,130</u>
Liabilities:		
Current	32,639	180,618
Long-term	<u>358,909</u>	<u>371,070</u>
Total liabilities	<u>391,548</u>	<u>551,688</u>
Net position:		
Net investment in capital assets	1,024,382	1,055,804
Unrestricted	<u>124,318</u>	<u>173,638</u>
Total net position	<u>\$ 1,148,700</u>	<u>\$ 1,229,442</u>

As noted earlier, net position may serve over time as a useful indicator of the Village's financial condition. The Village will use the unrestricted net position to meet the ongoing obligations to users of its services and creditors.

By far, the largest portion (51%) of the Village's net position as of December 31, 2013, reflects the Village's investment in capital assets (infrastructure, buildings, improvements, machinery, equipment, and land) less any related debt used to acquire these assets that remains outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, as the capital assets themselves cannot be used to liquidate the debt.

An additional portion of the Village's net position represents resources that are subject to external restrictions as to how they may be used. The remaining balance, if any, of unrestricted net position may be used to meet the Village's ongoing obligations to citizens and creditors.

VILLAGE OF COLLINSTON, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended December 31, 2013

As of December 31, 2013, the Village was able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities except for a deficit in unrestricted assets of the governmental-activities.

The following summarizes the Village's net position changes between the two years ended December 31:

CHANGE IN NET POSITION

	<u>2013</u>	<u>2012</u>
Program revenues:		
Charges for services	\$ 168,168	\$ 164,570
Operating grants and contributions	-	32,900
Capital grants and contributions	22,456	437,268
General revenues:		
Property taxes	10,667	10,063
Sales and use taxes	31,911	49,573
Other taxes, licenses and permits	19,333	27,838
Other	1,386	11,735
Total revenues	<u>253,921</u>	<u>733,947</u>
Expenses:		
General government	60,551	55,517
Public safety	57,812	25,298
Public works	5,725	38,625
Water and sewer	210,575	185,858
Total expenses	<u>334,663</u>	<u>305,298</u>
Change in net position	(80,742)	428,649
Net position at beginning of year	<u>1,229,442</u>	<u>800,793</u>
Net position at end of year	<u>\$ 1,148,700</u>	<u>\$ 1,229,442</u>

The Village's total revenues, not including the CDBG grant, decreased \$65,214 or 22%. The total cost of all programs and services increased by \$29,366 or 10%. The Village's expenses cover a range of services with 63% of the total related to the provision of water and sewer services.

General revenues are those available for the Village to pay for the governmental activities. For the year ended December 31, 2013, sales taxes totaling \$31,911 were the largest general revenue source for the Village.

Property taxes are also a general revenue source for the Village. For the year ended December 31, 2013, taxes of 7.89 mills were levied on property within the Village's limits. The Village's taxable assessed valuation was \$1,359,491 compared to \$1,289,897 in 2012 while ad valorem taxes levied increased from \$10,177 to \$10,726.

VILLAGE OF COLLINSTON, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended December 31, 2013

Program revenues derive directly from the program itself or from parties outside the Village's taxpayers or citizenry. As a whole, they reduce the cost of the function to be financed from the Village's general revenues.

Business-Type Activities

The business-type activities of the Village are the water and sewer services that the Village charges fees to customers to help cover all or most of the costs of providing the services. Operating revenues for the year ended December 31, 2013, of \$123,565 decreased by \$21,826 from \$145,391 in the previous year. Operating expenses of \$193,707 for the year ended December 31, 2013, increased from the previous year's total of \$167,970 by \$25,737. The primary reason for the increase was bad debt expense in the current year of \$11,935 which was recorded to adjust receivables to the schedule less a \$2,400 allowance for bad debts.

Financial Analysis of Governmental Funds

As of December 31, 2013, the General Fund reported an ending fund balance of \$49,117 compared to \$61,427 in the prior year. Revenues decreased \$40,352 due to decreases in ad valorem taxes (\$5,015), sales taxes (\$17,662), and grants (\$25,000) offset by an increase in fines of \$22,118. Expenditures increased \$3,863 due to increases in salaries, insurance, and utilities.

Budgetary Highlights

The Village made one amendment to its General Fund budget for the year ended December 31, 2013. Actual revenues of the General Fund of \$102,104 fell short of budgeted revenues of \$151,660 by \$49,556 or 33%. This was due to the inclusion in the budget of \$42,500 in grants that were actually recognized in 2012. Actual expenditures of \$114,414 were well below budgeted expenditures \$156,115. This variance was also caused by the inclusion of grant activity.

Capital Assets and Debt Administration

The Village's investment in capital assets, net of accumulated depreciation, for its governmental and business-type activities as of December 31, 2013 was \$1,383,291 compared to \$1,426,874 as of December 31, 2012. This investment in capital assets includes infrastructure, buildings, improvements, machinery, equipment, and land. During 2013 the Village acquired a used lawn mower and radar equipment. Additions also included \$22,456 related to the Village's CDBG projects which was completed during the year. The asset, water system improvements, was transferred from governmental activities to business-type activities. The project was accounted for in a capital projects fund and totaled \$434,724. Depreciation expense for the year was \$88,206.

As of December 31, 2013, the Village had total bonded debt outstanding of \$358,909. The debt is payable by liens on and pledges of the Village's water and sewer revenues. The Village's total debt decreased \$12,161 during the year ended December 31, 2013, with all debt obligations being timely met.

VILLAGE OF COLLINSTON, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended December 31, 2013

Economic Factors and Next Year's Budget

The Village has adopted a 2014 budget that is similar to 2013 as no significant changes are expected.

Request for Information

This financial report is designed to provide a general overview of the Village's finances for all of those with an interest in such. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Clerk, P.O. Box 148, Collinston, Louisiana 71229-0148.



Independent Accountant's Review Report

Honorable Mayor and Board of Aldermen

Village of Collinston

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Collinston, as of and for the year ended December 31, 2013, which collectively comprise the Village's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Village of Collinston. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the Village of Collinston is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the budgetary comparison statement on pages 1-6 and page 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information was not audited, reviewed, or compiled by us and we do not express an opinion or any other form of assurance on it.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated June 24, 2014, on the results of our agreed-upon procedures.

BOSCH & STATHAM, LLC

A handwritten signature in blue ink that reads 'Bosch & Statham'.

Jonesboro, Louisiana
June 24, 2014

BASIC FINANCIAL STATEMENTS

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2013**

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 49,299	\$ 93,128	\$ 142,427
Receivables	10,760	3,770	14,530
Internal balances	(4,464)	4,464	-
Capital assets, net of accumulated depreciation	147,828	1,235,463	1,383,291
TOTAL ASSETS	203,423	1,336,825	1,540,248
LIABILITIES			
Accounts payable	653	18,987	19,640
Salaries and related payables	206	314	520
Customer deposits payable	-	12,479	12,479
Noncurrent liabilities:			
Due within one year	-	11,808	11,808
Due in more than one year	-	347,101	347,101
Total liabilities	859	390,689	391,548
NET POSITION			
Net investment in capital assets	147,828	876,554	1,024,382
Unrestricted	54,736	69,582	124,318
Total net position	\$ 202,564	\$ 946,136	\$1,148,700

See accompanying notes and independent accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental activities:							
General government	\$ 60,551	\$ -	\$ -	\$ -	\$ (60,551)		\$ (60,551)
Public safety	57,812	44,603	-	-	(13,209)		(13,209)
Public works	5,725	-	-	22,456	16,731		16,731
Total governmental activities	<u>124,088</u>	<u>44,603</u>	<u>-</u>	<u>22,456</u>	<u>(57,029)</u>		<u>(57,029)</u>
Business-type activities:							
Water and sewer	210,575	123,565	-	-	-	\$ (87,010)	(87,010)
Total business-type activities	<u>210,575</u>	<u>123,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(87,010)</u>	<u>(87,010)</u>
Total primary government	<u>\$ 334,663</u>	<u>\$168,168</u>	<u>\$ -</u>	<u>\$ 22,456</u>	<u>(57,029)</u>	<u>(87,010)</u>	<u>(144,039)</u>
General revenues:							
Property taxes					10,667	-	10,667
Sales and use taxes					31,911	-	31,911
Franchise taxes					3,772	-	3,772
Licenses and permits					14,719	-	14,719
Other taxes, penalties and interest					842	-	842
Unrestricted investment earnings					134	177	311
Other					1,075	-	1,075
Transfers					(434,724)	434,724	-
Total general revenues and transfers					<u>(371,604)</u>	<u>434,901</u>	<u>63,297</u>
Change in net position					<u>(428,633)</u>	<u>347,891</u>	<u>(80,742)</u>
Net position at beginning of year					<u>631,197</u>	<u>598,245</u>	<u>1,229,442</u>
Net position at end of year					<u>\$ 202,564</u>	<u>\$ 946,136</u>	<u>\$ 1,148,700</u>

See accompanying notes and independent accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**GOVERNMENTAL FUNDS BALANCE SHEET
BALANCE SHEET
AS OF DECEMBER 31, 2013**

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 49,299	\$ -	\$ 49,299
Receivables	10,760	-	10,760
Due from other funds	<u>7,864</u>	<u>-</u>	<u>7,864</u>
			-
TOTAL ASSETS	<u>\$ 67,923</u>	<u>\$ -</u>	<u>\$ 67,923</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 653	\$ -	\$ 653
Salaries and related payables	206	-	206
Due to other funds	<u>12,328</u>	<u>-</u>	<u>12,328</u>
Total liabilities	<u>13,187</u>	<u>-</u>	<u>13,187</u>
Deferred inflows:			
Ad valorem taxes - unavailable	<u>5,619</u>	<u>-</u>	<u>5,619</u>
Fund equity - fund balances:			
Unassigned	<u>49,117</u>	<u>-</u>	<u>49,117</u>
TOTAL LIABILITIES, FUND EQUITY, AND DEFERRED INFLOWS	<u>\$ 67,923</u>	<u>\$ -</u>	<u>\$ 67,923</u>

See accompanying notes and independent accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2013**

**Amounts reported for governmental activities in the
statement of activities are different because:**

Total fund balances	\$ 49,117
Capital assets used in governmental activities are not financial resources and, therefore, are expensed in the funds.	147,828
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	<u>5,619</u>
Net position of governmental activities	<u><u>\$ 202,564</u></u>

See accompanying notes and independent accountant's review report.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues:			
Taxes:			
Ad valorem	\$ 5,048	\$ -	\$ 5,048
Sales and use	31,911	-	31,911
Franchise taxes	3,772	-	3,772
Other taxes, penalties, and interest	842	-	842
Licenses and permits	14,719	-	14,719
Intergovernmental funds:			
Federal funds	-	22,456	22,456
Fines and forfeitures	44,603	-	44,603
Use of money and property	134	-	134
Other revenues	1,075	-	1,075
Total revenues	<u>102,104</u>	<u>22,456</u>	<u>124,560</u>
Expenditures:			
Current:			
General government:			
Legislative	13,210	-	13,210
Other general government	43,378	-	43,378
Public safety	50,513	-	50,513
Capital outlay	7,313	22,456	29,769
Total expenditures	<u>114,414</u>	<u>22,456</u>	<u>136,870</u>
Net change in fund balances	(12,310)	-	(12,310)
Fund balances at beginning of year	61,427	-	61,427
Fund balances at end of year	<u>\$ 49,117</u>	<u>\$ -</u>	<u>\$ 49,117</u>

See accompanying notes and independent accountant's review report.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS' STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO
THE STATEMENT OF ACTIVITIES
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

Net change in fund balances - total governmental funds	\$ (12,310)
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. This is the amount by which depreciation (\$15,641) was below capital outlays (\$29,769) for the current period.	14,128
The net effect of various miscellaneous transactions involving capital assets (e.g. sales, trade-ins, and donations) is to increase net position.	(1,346)
An LCDBG project was accounted for in a capital project fund/governmental activities. The finished asset was transferred to the enterprise fund/business-type activities.	(434,724)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	<u>5,619</u>
Change in net position of governmental activities	<u><u>\$(428,633)</u></u>

See accompanying notes and independent accountant's review report.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA

PROPRIETARY FUND – WATER AND SEWER FUND
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2013

ASSETS

Current assets:

Cash and cash equivalents	\$ 10,744
Receivables	3,770
Due from other funds	12,328

Total current assets	<u>26,842</u>
----------------------	---------------

Noncurrent assets:

Cash and cash equivalents - restricted	82,384
Capital assets, net of accumulated depreciation	1,235,463

Total noncurrent assets	<u>1,317,847</u>
-------------------------	------------------

TOTAL ASSETS	<u>1,344,689</u>
--------------	------------------

LIABILITIES

Current liabilities:

Accounts payable	18,987
Salaries and related payables	314
Due to other funds	7,864
Customer deposits payable	12,479
Revenue bonds payable - current	11,808
Total current liabilities	<u>51,452</u>

Noncurrent liabilities:

Revenue bonds payable	<u>347,101</u>
-----------------------	----------------

TOTAL LIABILITIES	<u>398,553</u>
-------------------	----------------

NET POSITION

Net investment in capital assets	876,554
----------------------------------	---------

Unrestricted	69,582
--------------	--------

TOTAL NET POSITION	<u>\$ 946,136</u>
--------------------	-------------------

See accompanying notes and independent accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**PROPRIETARY FUND – WATER AND SEWER FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013**

Operating revenues:	
Charges for services:	
Water fees	\$ 96,588
Sewer fees	26,977
Total revenues	<u>123,565</u>
Operating expenses:	
Administration:	
Bad debt expense	11,935
Contract labor	5,927
Depreciation	72,565
Dues and subscriptions	2,175
Employee benefits	7,037
Fuel	3,125
Insurance	6,163
Other expenses	1,305
Postage and shipping	939
Professional services	3,745
Repairs and maintenance	2,650
Salaries and wages	63,016
Supplies	5,026
Travel	352
Utilities	7,747
Total operating expenses	<u>193,707</u>
Operating income (loss)	<u>(70,142)</u>
Nonoperating revenues (expenses):	
Interest earned	177
Interest expense	(16,868)
Total nonoperating revenue (expense)	<u>(16,691)</u>
Income (loss) before contributions	(86,833)
Capital contributions	<u>434,724</u>
Change in net position	347,891
Net position at beginning of year	598,245
Net position at end of year	<u><u>\$ 946,136</u></u>

See accompanying notes and independent accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**PROPRIETARY FUND – WATER AND SEWER FUND
STATEMENT OF CASH FLOWS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013**

Cash flows from operating activities:	
Receipts from customers and users	\$ 137,568
Payments to suppliers and others	(31,964)
Payments to employees	(63,016)
Net receipts of deposits from customers	1,607
Net cash provided by operating activities	<u>44,195</u>
Cash flows from noncapital financing activities:	
Cash flows from capital and related financing activities:	
Purchases of capital assets	(16,200)
Principal paid on capital debt	(12,160)
Interest paid on capital debt	(16,868)
Net cash used by capital and related financing activities	<u>(45,228)</u>
Cash flows from investing activities:	
Interest received	177
Net cash provided by investing activities	<u>177</u>
Net increase in cash and cash equivalents	(856)
Cash and cash equivalents, beginning of year (including amounts in restricted accounts)	93,984
Cash and cash equivalents, end of year (including amounts in restricted accounts)	<u>\$ 93,128</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating income (loss)	\$ (70,142)
Adjustments to reconcile operating loss to cash provided by operating activities:	
Depreciation expense	72,565
(Increase) decrease in accounts receivable	14,003
Increase (decrease) in accounts payable	18,793
Increase (decrease) in due to other funds	7,864
Increase (decrease) in payroll related liabilities	(495)
Increase (decrease) in customer deposits	1,607
Total adjustments	114,337
Net cash provided by operating activities	<u>\$ 44,195</u>
Noncash investing, capital, and financing activities:	
Transfer of capital assets from governmental activities	<u>\$ 434,724</u>

See accompanying notes and independent accountant's review report.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Collinston, Louisiana, (the Village) operates under a mayor-board of aldermen form of government in accordance with the provisions of the Lawrason Act. Citizens elect the mayor (at large) and three council members (by districts) who are each compensated. The Village is located in northeast Louisiana, its population is approximately 375, and it employs a clerk, utility superintendent, a police chief, and one full-time and one part-time officer. As of December 31, 2013, the Village services approximately 210 utility customers and maintains approximately three miles of streets.

The Village provides general government, public safety (police), public works (streets), sanitation, and public improvement services.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Village is considered a primary government, as it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. the ability of the municipality 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 municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

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

See accountant's review report.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component units that are legally separate from the municipality, but are so intertwined with the municipality that they are, in substance, the same as the municipality are blended component units.

For a component unit to be blended, the organization's board and the municipality must be substantively the same, or the organization must provide services entirely or almost entirely to the municipality.

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

Government-wide and fund financial statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 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.

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

Measurement focus, basis of accounting, and financial statement presentation

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

See accountant's review report.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Measurement focus, basis of accounting, and financial statement presentation (Continued)

For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental fund:

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

The Village reports one major proprietary fund, the Water and Sewer Enterprise Fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Village's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. However, there were no payments-in-lieu of taxes for the year ended December 31, 2013.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

See accountant's review report.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The Water and Sewer Fund's principal operating revenues are water and sewer usage fees. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Fund Balance Type Definitions

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, Village of Collinston classifies governmental fund balances as follows:

Non-spendable	Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
Restricted	Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
Committed	Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Fund balance may be committed by the Board of Aldermen.
Assigned	Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Aldermen.
Unassigned	Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

Receivables and payables

Activity between funds outstanding at the end of the fiscal year, including lending and borrowing arrangements, is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

See accountant's review report.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and payables (Continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. All trade and property tax receivables are shown net of an allowance for uncollectibles, when material.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the Village in September or October, are actually billed to the taxpayers in November and are due and payable on or before December 31 of the same year. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year they are billed. The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Morehouse Parish. For the year ended December 31, 2013, taxes of 7.89 mills were levied on property with assessed valuations totaling \$1,359,491.

Budgets

The Village of Collinston (Mayor and Board of Aldermen) adopt an annual budget for the General Fund prior to December 31. The annual budget is prepared in accordance with the basis of accounting utilized by the funds. The Village Clerk is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter the total expenditures resulting from revenues exceeding amounts estimated must be approved by the Board of Aldermen. The budgetary comparison schedule, included as Supplementary information in the accompanying financial statements, includes the original and amended budgeted amounts. All annual appropriations lapse at fiscal year end.

Cash and cash equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Village of Collinston may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Some of the cash and cash equivalents are restricted. Cash deposits are reported at carrying amount which reasonably approximates fair value.

Investments

Under state law, the Village may invest in United States bonds, notes, or certificates. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the fund financial statements balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

See accountant's review report.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Elimination and reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Inventories

Inventories are accounted for using the consumption method, where expenditures are recognized as the inventory is used. All purchased inventory items are valued at cost using the first-in/first-out method.

Capital assets

Capital assets are recorded at either historical cost or estimated historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. The capitalization threshold for equipment is \$2,500. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Streets	20 years
Buildings and building improvements	20-25 years
Machinery and equipment	5-10 years
Water and sewer system	10-25 years

Compensated absences

Allowable annual vacation and sick leave is prescribed by municipal ordinance and based on length of continuous employment by the Village. Compensatory time is also granted to supervisory personnel in lieu of overtime pay and should be used by the end of the fiscal year. Payment for unused compensatory time requires approval of the mayor and Board of Aldermen.

The Village's recognition and measurement criteria for compensated absences are as follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

See accountant's review report.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following approaches:

1. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
2. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

Compensated absences are paid from the fund responsible for the employee's compensation.

No liability existed as of December 31, 2013, for accrued compensated absences resulting from unused vacation time at the end of the year and no liability was recorded for non-vesting accumulating rights to receive sick pay benefits.

Restricted net position

For the government-wide statement of net position, a balance is reported as restricted when constraints placed on asset use are either:

1. Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments.
2. Imposed by law through constitutional provisions or enabling legislation.

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

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund equity

Equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Interfund activity

Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 CASH EQUIVALENTS

Custodial credit risk is the risk that, in the event of a bank failure, the Village's deposits may not be returned to it. The Village's policy to ensure that there is no exposure to this risk is to require each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Village that the fiscal agent bank has failed to pay deposited funds upon demand.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 2 – CASH AND CASH EQUIVALENTS (CONTINUED)

At December 31, 2013, the Village has cash and cash equivalents (book balances) totaling \$142,427 as follows:

Cash and cash equivalents:	
Demand deposits	\$ 55,043
Time deposits	5,000
Total	<u>60,043</u>
Cash and cash equivalents – restricted:	
Demand deposits	82,384
Total	<u><u>\$ 142,427</u></u>

These deposits are stated at cost which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. As of December 31, 2013, the Village had \$108,013 in deposits (collected bank balances). These deposits were secured from risk by federal deposit insurance.

NOTE 3 – RECEIVABLES

The following is a summary of receivables at December 31, 2013:

	<u>General</u>	<u>Water/ Sewer</u>	<u>Total</u>
Taxes:			
Ad valorem	\$ 6,165	\$ -	\$ 6,165
Sales	3,181	-	3,181
Franchise	1,414	-	1,414
Accounts		6,170	6,170
Subtotal	<u>10,760</u>	<u>6,170</u>	<u>16,930</u>
Allowance for doubtful accounts	<u>-</u>	<u>(2,400)</u>	<u>(2,400)</u>
Total	<u><u>\$ 10,760</u></u>	<u><u>\$ 3,770</u></u>	<u><u>\$ 14,530</u></u>

See accountant's review report.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended December 31, 2013, follows:

	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 3,650	\$ -	\$ -	\$ -	\$ 3,650
Construction in progress	412,268	-	22,456	(434,724)	-
Total capital assets not being depreciated	415,918	-	22,456	(434,724)	3,650
Capital assets being depreciated:					
Streets	143,958	-	-	-	143,958
Buildings	82,712	-	-	-	82,712
Building improvements	30,097	-	-	-	30,097
Machinery and equipment	116,296	(1,346)	7,313	-	122,263
Total capital assets being depreciated	373,063	(1,346)	7,313	-	379,030
Less accumulated depreciation for:					
Streets	42,333	-	5,725	-	48,058
Buildings	82,712	-	-	-	82,712
Building improvements	21,004	-	1,017	-	22,021
Machinery and equipment	73,162	-	8,899	-	82,061
Total accumulated depreciation	219,211	-	15,641	-	234,852
Total capital assets being depreciated	153,852	(1,346)	(8,328)	-	144,178
Governmental activities, capital assets, net	<u>\$ 569,770</u>	<u>\$ (1,346)</u>	<u>\$ 14,128</u>	<u>\$ (434,724)</u>	<u>\$ 147,828</u>
	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 5,500	\$ -	\$ -	\$ -	\$ 5,500
Capital assets being depreciated:					
Water and sewer systems	2,092,729	-	450,924	-	2,543,653
Machinery and equipment	63,415	-	-	-	63,415
Total capital assets being depreciated	2,156,144	-	450,924	-	2,607,068
Less accumulated depreciation for:					
Water and sewer systems	1,258,236	-	69,103	-	1,327,339
Machinery and equipment	46,304	-	3,462	-	49,766
Total accumulated depreciation	1,304,540	-	72,565	-	1,377,105
Total capital assets being depreciated	851,604	-	378,359	-	1,229,963
Business-type activities, capital assets, net	<u>\$ 857,104</u>	<u>\$ -</u>	<u>\$ 378,359</u>	<u>\$ -</u>	<u>\$ 1,235,463</u>

See accountant's review report.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 4 – CAPITAL ASSETS (Continued)

Depreciation expense of the governmental activities of \$15,641 is included in the following functions in the statement of activities:

General government	\$ 2,617
Public safety	7,299
Public works	5,725
	<u>\$ 15,641</u>

NOTE 5 – LONG-TERM OBLIGATIONS

The Village issues bonds where the Village pledges income derived from the acquired or constructed asset to pay debt service.

Bonds payable at December 31, 2013, are comprised of the following issues:

Revenue Bonds:

\$110,000 Water and Sewer Revenue Bonds dated August 20, 1976, payable in incrementally increasing annual installments commencing August 20, 1977, through August 20, 2016, including interest at 5%. The Water and Sewer Fund services this debt.

\$ 14,134

\$411,000 Water Revenue Bonds, Series 2000 dated September 27, 2000, payable in monthly installments of \$1,866 beginning October 27, 2001, and ending October 27, 2040, including interest at 4.5%. The Water and Sewer Fund services this debt.

344,775

Total

\$ 358,909

Long-term liability activity for the year ended December 31, 2013, was as follows:

	<u>Beginning</u>			<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Business-type activities:					
Water and Sewer Revenue Bonds - \$110,000 Bonds	\$ 19,994	\$ -	\$ (5,860)	\$ 14,134	\$ 5,000
Water Revenue Bonds, Series 2000 - \$411,000 Bonds	351,076	-	(6,301)	344,775	6,808
Business-type activity long-term liabilities	<u>\$371,070</u>	<u>\$ -</u>	<u>\$ (12,161)</u>	<u>\$358,909</u>	<u>\$ 11,808</u>

See accountant's review report.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 5 – LONG-TERM OBLIGATIONS (Continued)

Annual debt service requirements to maturity for bonds are as follows:

	\$110,000 Water and Sewer Revenue Bonds		\$411,000 Water Revenue Bonds, Series 2000	
	Principal	Interest	Principal	Interest
2014	\$ 5,000	\$ 850	\$ 6,808	\$ 15,615
2015	5,000	600	7,120	15,303
2016	4,134	300	7,447	14,975
2017	-	-	7,790	14,633
2018	-	-	8,147	14,275
2019-2023	-	-	46,708	65,407
2024-2028	-	-	58,467	53,647
2029-2033	-	-	73,189	38,924
2034-2038	-	-	91,620	20,495
2039-2040	-	-	37,479	2,038
Totals	<u>\$ 14,134</u>	<u>\$ 1,750</u>	<u>\$ 344,775</u>	<u>\$ 255,312</u>

The revenue bonds will be liquidated by liens on and pledges of the Village's water and sewer revenues. Interest expense for the year ended December 31, 2013, totaled \$16,868.

NOTE 6 – CONTINGENCIES

The Village operates water and sewer treatment plants. These operations pose a high risk for environmental liabilities. The Village is required to have EPA permits for wastewater. The Village relies on the EPA for periodic testing and inspections to help identify environmental liabilities or contingencies.

There was no litigation pending at December 31, 2013.

NOTE 7– RISK MANAGEMENT

The Village is exposed to various risks of loss relating to torts, theft of, damage to, and destruction of assets, errors, and omissions, injuries to employees, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 24, 2014, the date on which the financial statements were available to be released.

See accountant's review report.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 11 – ADOPTION OF NEW ACCOUNTING STANDARDS

For the year ended December 31, 2013, the Village of Collinston implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

See accountant's review report.

REQUIRED SUPPLEMENTAL INFORMATION

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes:				
Ad valorem	\$ 7,000	\$ 7,000	\$ 5,048	\$ (1,952)
Sales and use	30,000	36,000	31,911	(4,089)
Franchise taxes	5,500	3,000	3,772	772
Other taxes, penalties, and interest	648	900	842	(58)
Licenses and permits	24,200	14,750	14,719	(31)
Intergovernmental funds:				
Other state funds	42,500	42,500	-	(42,500)
Fines and forfeitures	30,000	40,000	44,603	4,603
Use of money and property	90	110	134	24
Other revenues	1,000	7,400	1,075	(6,325)
Total revenues	<u>140,938</u>	<u>151,660</u>	<u>102,104</u>	<u>(49,556)</u>
Expenditures:				
Current:				
General government:				
Legislative	5,100	14,000	13,210	(790)
Other general government	51,610	66,790	43,378	(23,412)
Public safety	28,400	50,325	50,513	188
Capital outlay	-	25,000	7,313	(17,687)
Total expenditures	<u>85,110</u>	<u>156,115</u>	<u>114,414</u>	<u>(41,701)</u>
Net change in fund balances	55,828	(4,455)	(12,310)	(7,855)
Fund balance at beginning of year	-	-	61,427	61,427
Fund balances at end of year	<u>\$ 55,828</u>	<u>\$ (4,455)</u>	<u>\$ 49,117</u>	<u>\$ 53,572</u>

OTHER SUPPLEMENTAL SCHEDULE

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**SCHEDULE OF COMPENSATION TO MAYOR AND BOARD OF ALDERMEN
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013**

Mitch Jeselink, Mayor	\$ 6,125
Dawn Gilbreath	2,300
Frank Miller	2,300
Betty Jones	2,300
Total	<u>\$13,025</u>

OTHER REPORTS



Independent Accountant's Report
on Applying Agreed-Upon Procedures

To the Management of
Village of Collinston

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Village of Collinston and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Village of Collinston's compliance with certain laws and regulations during the year ended December 31, 2013, included in the accompanying *Louisiana Attestation Questionnaire*. Management of the Village of Collinston is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2296 (the public bid law) or R.S. 39:1551-39:1775 (the state procurement code), whichever is applicable.

We noted no such expenditures.

Conclusion: We noted no errors or exceptions.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with a list for each of the board members.

Conclusion: We noted no errors or exceptions.

3. Obtain from management a listing of all employees paid during the period under examination.

We obtained the listing.

Conclusion: We noted no errors or exceptions.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

We noted no employees who were family members with the exception of one. The spouse of an alderman was employed by the Village during 2013. He was hired before she was elected. He resigned from the Village during 2014 to take another position.

Conclusion: We noted no errors or exceptions.

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget and the amended budget.

Conclusion: We noted no errors or exceptions.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on November 5, 2012. The budget was amended on November 12, 2013.

Conclusion: We noted no errors or exceptions.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5 % or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final General Fund budget to actual revenues and expenditures. Actual revenues were below budgeted revenues by 33%. Actual expenditures were below budgeted expenditures by 27%. The variance was caused by the inclusion in the budget of \$42,500 for grant funds that were actually recognized in 2012 revenue but received in 2013.

Conclusion: Actual revenues failed to meet budgeted revenues by more than 5%.

Management's response: We will be alert for unusual transactions that would cause a significant variance.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- a. Trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

Conclusion: We noted no errors or exceptions.

- b. Determine if payments were properly coded to the correct fund and general ledger account; and

All of the payments were properly coded to the correct fund. Four of the payments were coded to the correct general ledger account. One payment was coded to Dues and subscriptions and should have been coded to supplies or maintenance. One payment was coded to contract labor and should have been coded to maintenance.

Conclusion: Two checks were coded to the correct fund but to the incorrect general ledger account.

Management's Response: We will be review the general ledger for such errors and will seek assistance for coding unusual transactions.

- c. Determine whether payments received approval from proper authorities.

All checks for the six selected disbursements were properly authorized.

Conclusion: We noted no errors or exceptions.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:11 through 42:28 (the open meetings law).

Village of Collinston is only required to post a notice of each meeting and the accompanying agenda on the door of the town hall. The Village maintains a file of agendas that include notations of posting dates.

Conclusion: We noted no errors or exceptions.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected the deposit journal for the year. We noted no deposits that appeared to include any proceeds.

Conclusion: We noted no errors or exceptions.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

We examined payroll records and minutes for the year and noted no indication of any such payments.

Conclusion: We noted no errors or exceptions.

Prior Comments and Recommendations

The prior year report was an audit. The prior year audit finding is discussed in the schedule of prior findings.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Village of Collinston and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

BOSCH & STATHAM, LLC

Bosch & Statham

Jonesboro, Louisiana
June 24, 2014

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

May 1, 2014 (Date Transmitted)

Bosch & Statham, LLC

PO Box 303

Jonesboro, LA 71251 (Auditors)

In connection with your review of our financial statements as of December 31, 2013 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of May 1, 2014.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes ☒ No ☐

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes ☒ No ☐

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes ☐ No ☒

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes ☒ No ☐

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes ☒ No ☐

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes ☒ No ☐

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974

Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes ☒ No ☐

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

Frank H. Miller Mayor 6-20-14 Date

Mayor Pro tem _____ Date

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA

SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013

The following matters were noted while performing review procedures and the agreed-upon procedures reported on above.

2013-1 Funding Requirements of Loan Resolutions

Condition

The 2009 report included a finding that required reserves and sinking funds were underfunded. We were unable to obtain sufficient documentation to determine what the requirements were. The Village has obtained the requirements for one of the loans and appears to have met the requirements. There are still no documents for the second loan. However, the Village has a sinking fund, a reserve fund, and a depreciation fund with balances of \$19,069, \$17,367, and \$7,716, respectively.

Criteria

The loan agreements with United States Department of Agriculture require that certain amounts be set aside in specific bank accounts each year to be used only for repairing or improving the water and sewer systems or to make loan repayments.

Cause

Funds were limited for many years and management was unsure of the required amounts. Management has attempted to obtain copies of the requirements from the USDA but has been unsuccessful.

Effect

The Village may be in violation with the requirements of loan resolutions.

Recommendation

We recommend that management continue to attempt to locate copies of the debt agreements and other documents. The Village should also timely make the required monthly deposits and fund the deficit.

Corrective Action Plan

The Village will continue to try to resolve the matter.

2013-2 Mayor Wrote Checks to Himself

Condition

During the year ended December 31, 2013, the former Mayor wrote two checks to himself totaling \$2,850. Of that amount \$1,963 appears to be unaccounted for. The Board contacted the Sheriff who conducted an investigation and turned the matter over to the District Attorney. On September 18, 2013, the Village deposited a reimbursement of \$1,963 from the former Mayor who resigned after the investigation.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA

SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013

Criteria

Basic internal control procedures and best practices require that all disbursements be supported by invoices and properly authorized.

According to Louisiana Revised Statue (LRS) 33:462, under the Lawrason Act, "All expenditures of money for any purpose whatever shall be in pursuance of a specific appropriation made by order and in no other manner and shall be made in accordance with the provisions of R.S. 38:2211 et seq. Every warrant drawn on the treasury shall express on its face to whom issued and for what purpose allowed; and the ordinance authorizing its issue shall be cited by minute book and page, in or upon it."

Cause

Internal controls in place did not function. The former Mayor obtained an additional signature but without providing any invoice or proper support for the disbursements.

Effect

The Village could have experienced a loss of public funds.

Recommendation

We recommend the following:

1. Only the Clerk should have access to the blank check stock. In her absence, she should temporarily designate a responsible person.
2. Authorized check signors should refuse to sign checks without a valid invoice or other document that supports the disbursement and provides evidence that the disbursement is for a valid obligation of the Village.
3. Ideally, duties now performed by the Clerk would be further segregated as laid out in the Lawrason act with the appointment of a treasurer and a tax collector. However, it is understood that the Village does not have adequate resources to achieve proper segregation. Therefore, the oversight of the Mayor and the Board are imperative to mitigate risk.

Corrective Action Plan

The Board and the Clerk will implement the accountant's recommendations.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA

STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013

Ref. No.	Description of Finding	Corrective Action Taken Yes, No, Partially	Planned Corrective Action/Partial Corrective Action Taken
2012-1	Funding Requirements of Loan	Partially	Deposits were made. Documentation on requirements for the Sewer Bonds was obtained. The requirements are met. There is still no document available to determine whether water bond reserves meet requirements. However, \$44,152 is on deposit in a sinking fund, a reserve fund, and a depreciation fund.