

**TOWN OF COLUMBIA
Columbia, Louisiana**

Annual Financial Statements

**As of and for the Year Ended
June 30, 2018**

TOWN OF COLUMBIA
Columbia, Louisiana

Annual Financial Statements

As of and for the Year Ended June 30, 2018

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 As of and for the Year Ended June 30, 2018

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Independent Auditor's Report

MAYOR AND TOWN COUNCIL
TOWN OF COLUMBIA
Columbia, Louisiana

Report on Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Columbia (Town), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Member of the American Institute of Certified Public Accountants
Member of the Society of Louisiana of Certified Public Accountants

MAYOR AND TOWN COUNCIL
TOWN OF COLUMBIA
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June 30, 2018

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Columbia as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 11; the budgetary comparison information on page 45; and the schedule of proportionate share of the net pension liability and schedule of contributions related to the Municipal Employees' Retirement System and Municipal Police Employees' Retirement systems on pages 46 and 47 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Columbia's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Mayor and Town Council on page 50 and the Schedule of Prior Year Findings on page 51 are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

MAYOR AND TOWN COUNCIL
TOWN OF COLUMBIA
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The Schedule of Compensation, Benefits, and Other Payments to Mayor and Town Council and the Schedule of Prior Year Findings are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Compensation, Benefits, and Other Payments to Mayor and Town Council and the Schedule of Prior Year Findings are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated October 4, 2018, on my consideration of the Town of Columbia's internal control over financial reporting and on my tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Columbia's internal control over financial reporting and compliance.

/s Carleen Dumas
Calhoun, Louisiana
October 4, 2018

TOWN OF COLUMBIA
Columbia, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018

Our discussion and analysis of the Town of Columbia's (hereafter referred to as the "Town") financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Town's basic financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 13 and 14 provide information about the activities of the Town as a whole. Fund financial statements that begin on page 15 provide information on how the activities of the Town are financed in the short term as well as what remains for future spending. Fund financial statements report the Town's operations in more detail than the government-wide statements.

**Reporting the Town as a Whole - The Statement of Net Position
and the Statement of Activities**

Our analysis of the Town as a whole begins with the Statement of Net Position and the Statement of Activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's *net position* and the changes in net position. Net position - the difference between assets (what the Town owns), plus deferred outflow of resources (consumption of assets that apply to a future period) and liabilities (what the town owes) plus deferred inflow of resources (resources that apply to a future period) is a way to measure the financial position of the Town. Over time, increases or decreases in the Town's net position is an indicator of whether the Town's financial position is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, the Town is divided into two kinds of activities:

Governmental activities - all of the Town's governmental services are reported here including public safety, public works, culture and recreation and general administration.

Business-type activities - the activities of the Town's water, sewer, and gas systems are reported here.

TOWN OF COLUMBIA
 Columbia, Louisiana
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2018

Reporting the Town's Funds - Fund Financial Statements

The fund financial statements provide more detailed information about the Town's funds. The General Fund is the operating fund of the Town and accounts for all of the financial resources of the general government. The Sherman Lake Capital Projects Fund is used to account for contributions received for the Sherman Lake Park project. The Water, Sewer, and Gas Enterprise Funds were established by the Town to help it control and manage money for the activities of the water, sewer, and gas systems. The Town's two kinds of funds - governmental and business-type funds use different accounting methods.

Governmental funds focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. Governmental funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Town's operations. Governmental fund information helps to determine whether there are more or fewer financial resources that are available to be spent in the near future. The differences between governmental activities reported in the Statement of Net Position and the Statement of Activities and governmental funds are reported in a reconciliation at the bottom of the fund financial statements.

Business-type activities funds are reported in the same way that the activities are reported in the Statement of Net Position and the Statement of Activities.

COMPARATIVE ANALYSIS OF FINANCIAL DATA

The Town's total net position increased by \$108,209 for the year ended June 30, 2018. The following presents an analysis of net position and the changes in net position of the town's governmental and business-type activities:

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2018	2017	2018	2017	2018	2017
Assets						
Current assets	\$890,063	\$880,808	\$513,610	\$377,330	\$1,403,673	\$1,258,138
Restricted assets			160,170	159,676	160,170	159,676
Capital assets	310,548	320,766	2,375,303	2,487,614	2,685,851	2,808,380
Total assets	<u>\$1,200,611</u>	<u>\$1,201,574</u>	<u>\$3,049,083</u>	<u>\$3,024,620</u>	<u>\$4,249,694</u>	<u>\$4,226,194</u>
Deferred Outflow of Resources - pensions	34,866	59,547	NONE	NONE	34,866	59,547

TOWN OF COLUMBIA
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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2018	2017	2018	2017	2018	2017
Liabilities						
Current liabilities	\$15,007	\$14,007	\$85,513	\$83,087	\$100,520	\$97,094
Long-term liabilities	78,393	173,465	633,006	669,226	711,399	842,691
Total liabilities	<u>93,400</u>	<u>187,472</u>	<u>718,519</u>	<u>752,313</u>	<u>811,919</u>	<u>939,785</u>
Deferred Inflow of Resources - pensions	<u>136,612</u>	<u>118,136</u>	<u>NONE</u>	<u>NONE</u>	<u>136,612</u>	<u>118,136</u>
Net Position						
Net investment in capital assets	310,548	320,766	1,706,337	1,784,373	2,016,885	2,105,139
Restricted			160,170	159,676	160,170	159,676
Unrestricted	694,917	634,747	464,057	328,258	1,158,974	963,005
Total net position	<u>\$1,005,465</u>	<u>\$955,513</u>	<u>\$2,330,564</u>	<u>\$2,272,307</u>	<u>\$3,336,029</u>	<u>\$3,227,820</u>

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2018	2017	2018	2017	2018	2017
Program revenues						
Charges for services	\$62,929	\$70,776	\$364,114	\$362,443	\$427,043	\$433,219
Operating grants and contributions	54,248	53,002		25,000	54,248	78,002
Capital grants and contributions			25,000	7,122	25,000	7,122
General revenues						
Property taxes	55,318	55,407			55,318	55,407
Sales taxes	189,163	202,822			189,163	202,822
Other taxes	71,071	77,816			71,071	77,816
Licenses and permits	29,129	39,274			29,129	39,274
Investment earnings	2,193	2,050	393	1,364	2,586	3,414
Other general revenue	3,272	5,484			3,272	5,484
Gain on disposal of capital assets	9,782				9,782	
Transfers	<u>27,730</u>	<u>105,222</u>	<u>(27,730)</u>	<u>(105,222)</u>		
Total general revenue and transfers	<u>387,658</u>	<u>488,075</u>	<u>(27,337)</u>	<u>(103,858)</u>	<u>360,321</u>	<u>384,217</u>
Total revenues and transfers	<u>504,835</u>	<u>611,853</u>	<u>361,777</u>	<u>290,707</u>	<u>866,612</u>	<u>902,560</u>
Program expenses						
General government	312,228	291,080			312,228	291,080
Public safety	67,109	81,460			67,109	81,460

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2018	2017	2018	2017	2018	2017
Public works	\$33,029	\$47,569			\$33,029	\$47,569
Culture and recreation	42,517	41,213			42,517	41,213
Water			\$135,292	\$163,094	135,292	163,094
Sewer			110,954	114,789	110,954	114,789
Gas			57,274	53,464	57,274	53,464
Total expenses	<u>454,883</u>	<u>461,322</u>	<u>303,520</u>	<u>331,347</u>	<u>758,403</u>	<u>792,669</u>
Change in net position	49,952	150,531	58,257	(40,640)	108,209	109,891
Net position - beginning	<u>955,513</u>	<u>804,982</u>	<u>2,272,307</u>	<u>2,312,947</u>	<u>3,227,820</u>	<u>3,117,929</u>
Net position - ending	<u>\$1,005,465</u>	<u>\$955,513</u>	<u>\$2,330,564</u>	<u>\$2,272,307</u>	<u>\$3,336,029</u>	<u>\$3,227,820</u>

The Town's total revenues decreased \$35,948 from prior year due to decreases in sales taxes. The Town's total expenses decreased \$34,266 due to decreases in public safety, public works, and water expenses.

Governmental Funds

Total revenues and transfers for governmental activities decreased \$107,018 due to a \$77,492 decrease in transfers and a \$13,659 decrease in sales tax. The expenses of the governmental activities were approximately the same as the prior year.

Business-Type Activities

The Town's charges for services for its business-type activities were approximately the same as the prior year. Total expenses decreased approximately \$27,827 due to decreases in repairs and maintenance expenses.

OVERALL FINANCIAL POSITION

The Town's net position increased \$108,209 as a result of this year's operations. The business-type activities had an increase in net position of \$58,257 and the governmental activities had an increase of \$49,952. Unrestricted net position (those assets available to finance the daily operations of the Town) was \$1,158,974 at year end. The net investment in capital assets was \$2,016,885 and net position restricted for debt service was \$160,170 at year end.

TOWN'S FUNDS

At the end of the year, the Town's General Fund reported a fund balance of 872,495 of which \$672,418 was unassigned. General Fund fund balance increased \$8,320 for the year, which included transfers from the

TOWN OF COLUMBIA
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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018

enterprise funds in the amount of \$32,730. The Sherman Lake Capital Projects Fund reported a fund balance assigned for capital improvements of \$2,561. The Water Enterprise Fund reported total net position of \$1,365,379 at year end. The increase in net position was \$53,269 for the year. The Sewer Enterprise Fund reported total net position of \$663,914 at year end. The decrease in net position was \$10,434 for the year. The Gas Enterprise Fund reported total net position of 301,271 at year end. The increase in net position was \$15,422 for the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town amended its General Fund budget one time during the year ended June 30, 2018. At year end, actual revenues and other financing sources were \$4,216 more than budgeted revenues and other financing sources and actual expenditures and other financing uses were \$10,095 more than budgeted expenditures and other financing uses. The Town prepared its General Fund budget on the modified accrual basis of accounting.

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

Capital Assets

At the end of the year, the Town had capital assets (net of accumulated depreciation) totaling \$2,685,851. Capital assets include land, construction in progress, buildings, water, sewer, and gas systems and improvements, and vehicles and equipment, costing \$1,000 or more. The Town has elected not to report major general infrastructure assets such as roads, bridges, sidewalks, etc., that were purchased or constructed prior to January 1, 2002.

During the year ended June 30, 2018, the General Fund purchased a used police car and a trailer totaling \$9,235. The Water System Enterprise Fund purchased an excavator that cost \$39,015. The town received a \$25,000 state grant to help with the cost of the excavator. Additional information about the Town's capital assets is presented in the notes to the financial statements.

Long-Term Obligations

At June 30, 2018, the Town reported \$7,678 in compensated absences payable on the statement of net position for governmental activities. This amount is the total due employees for accrued sick leave upon separation from service due to retirement. Effective November 21, 2016, employees are no longer paid for accrued vacation leave upon separation from service. Additional information about the Town's compensated absences payable is presented in the notes to the financial statements.

At June 30, 2018, the Town reported \$668,966 in outstanding revenue bonds payable on the statement of net position for business-type activities. Interest expense on the outstanding debt was

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018

\$37,004 for the year. Additional information about the Town's debt is presented in the notes to the financial statements.

In accordance with *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*, the Town is reporting a net pension liability of \$70,715 on the statement of net position for governmental activities at June 30, 2018. The Town's net pension liability decreased from the prior year amount because the Town did not have any current employees participating in the Municipal Police Employees Retirement System during the year ended June 30, 2018. Additional information about the Town's net pension liability is presented in the notes to the financial statements.

ECONOMIC FACTORS

The town expects its General Fund revenues to increase \$109,000 from current year amounts with anticipated increases in sales tax, fines and fees, and a donation of land valued at \$75,000. General Fund expenditures are expected to increase approximately \$25,000 in the next fiscal year with the largest increases in general government and public safety. The General Fund expects to receive approximately \$45,000 in transfers from the Water, Sewer, and Gas funds during the next fiscal year. The Town expects the revenue and expenses of the Water, Sewer, and Gas funds to remain approximately the same in the next fiscal year as the current year.

BASIC FINANCIAL STATEMENTS

TOWN OF COLUMBIA
Columbia, Louisiana

STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$546,553	\$480,463	\$1,027,016
Investments	307,677	8,558	316,235
Receivables (net of allowances for uncollectibles)	35,833	24,589	60,422
Restricted cash		160,170	160,170
Capital assets (net)	310,548	2,375,303	2,685,851
Total assets	<u>1,200,611</u>	<u>3,049,083</u>	<u>4,249,694</u>
DEFERRED OUTFLOWS OF RESOURCES			
Resources related to pensions	<u>34,866</u>	NONE	<u>34,866</u>
LIABILITIES			
Accounts payable	15,007	6,253	21,260
Accrued interest payable		10,075	10,075
Customer meter deposits		33,225	33,225
Long-term liabilities other than pensions:			
Due within one year		35,960	35,960
Due in more than one year	7,678	633,006	640,684
Net pension liability	<u>70,715</u>		<u>70,715</u>
Total liabilities	<u>93,400</u>	<u>718,519</u>	<u>811,919</u>
DEFERRED INFLOWS OF RESOURCES			
Resources related to pensions	<u>136,612</u>	NONE	<u>136,612</u>
NET POSITION			
Net investment in capital assets	310,548	1,706,337	2,016,885
Restricted for debt service		160,170	160,170
Unrestricted	<u>694,917</u>	<u>464,057</u>	<u>1,158,974</u>
Total net position	<u>\$1,005,465</u>	<u>\$2,330,564</u>	<u>\$3,336,029</u>

See accompanying notes.

TOWN OF COLUMBIA
Columbia, Louisiana

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Program Revenues.....			Net (Expense) Revenue andChanges in Net Position.....			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:							
General government	\$312,228		\$2,035		(\$310,193)		(\$310,193)
Public safety	67,109	\$62,929	5,294		1,114		1,114
Public works	33,029				(33,029)		(33,029)
Culture and recreation	42,517		46,919		4,402		4,402
Total governmental activities	<u>454,883</u>	<u>62,929</u>	<u>54,248</u>	<u>NONE</u>	<u>(337,706)</u>		<u>(337,706)</u>
BUSINESS-TYPE ACTIVITIES:							
Water service	135,292	159,325		\$25,000		\$49,033	49,033
Sewer service	110,954	116,247				5,293	5,293
Gas service	57,274	88,542				31,268	31,268
Total business-type activities	<u>303,520</u>	<u>364,114</u>	<u>NONE</u>	<u>25,000</u>		<u>85,594</u>	<u>85,594</u>
Total government	<u>\$758,403</u>	<u>\$427,043</u>	<u>\$54,248</u>	<u>\$25,000</u>	<u>(337,706)</u>	<u>85,594</u>	<u>(252,112)</u>
GENERAL REVENUES AND TRANSFERS							
General revenues:							
Property taxes					55,318		55,318
Sales taxes					189,163		189,163
Other taxes					71,071		71,071
Licenses and permits					29,129		29,129
Investment earnings					2,193	393	2,586
Other general revenues					3,272		3,272
Gain on disposal of capital assets					9,782		9,782
Transfers (net)					<u>27,730</u>	<u>(27,730)</u>	
Total general revenues and transfers					<u>387,658</u>	<u>(27,337)</u>	<u>360,321</u>
CHANGE IN NET POSITION					49,952	58,257	108,209
NET POSITION - BEGINNING					<u>955,513</u>	<u>2,272,307</u>	<u>3,227,820</u>
NET POSITION - ENDING					<u>\$1,005,465</u>	<u>\$2,330,564</u>	<u>\$3,336,029</u>

See accompanying notes.

TOWN OF COLUMBIA
Columbia, Louisiana

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Sherman Lake Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash	\$543,992	\$2,561	\$546,553
Investments	307,677		307,677
Receivables	35,833		35,833
TOTAL ASSETS	<u>\$887,502</u>	<u>\$2,561</u>	<u>\$890,063</u>
LIABILITIES			
Accounts payable	\$15,007	NONE	\$15,007
FUND BALANCES			
Assigned:			
Public safety	141,670		141,670
Office equipment	30,580		30,580
Street improvements	18,727		18,727
Employee benefits	9,100		9,100
Capital improvements		\$2,561	2,561
Unassigned	672,418		672,418
Total fund balance	<u>872,495</u>	<u>2,561</u>	<u>875,056</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$887,502</u>	<u>\$2,561</u>	<u>\$890,063</u>

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

Total fund balances - Governmental Funds	\$875,056
Amount reported for net position of governmental activities in the Statement of Net Position (Statement A) is different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund.	310,548
Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(7,678)
Net pension liability does not require the use of current financial resources and therefore is not reported in the funds.	(70,715)
The net effect of deferred outflows of resources and deferred inflows of resources related to pensions do not require the use of current financial resources and therefore are not reported in the funds.	(101,746)
Net position of governmental activities (Statement A)	<u>\$1,005,465</u>

See accompanying notes.

TOWN OF COLUMBIA
Columbia, Louisiana

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	General Fund	Sherman Lake Capital Projects Fund	Total Governmental Funds
REVENUES			
Taxes:			
Property	\$55,318		\$55,318
Sales	189,163		189,163
Franchise	13,547		13,547
Beer	2,253		2,253
Insurance premium	55,271		55,271
Licenses and permits	29,129		29,129
Intergovernmental revenue:			
State grants	5,294		5,294
Local grants	46,919		46,919
Fines	56,765		56,765
Fire protection fees	6,164		6,164
Investment earnings	2,193		2,193
Other revenues	3,273		3,273
Total revenues	<u>465,289</u>	NONE	<u>465,289</u>
EXPENDITURES			
General government	315,888		315,888
Public safety	105,281		105,281
Public works	22,999		22,999
Culture and recreation	42,453	\$65	42,518
Capital outlay	9,235		9,235
Total expenditures	<u>495,856</u>	<u>65</u>	<u>495,921</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(30,567)</u>	<u>(65)</u>	<u>(30,632)</u>
OTHER FINANCING SOURCES			
Transfer to Water Fund	(5,000)		(5,000)
Transfer from Water Fund	10,910		10,910
Transfer from Sewer Fund	10,910		10,910
Transfer from Gas Fund	10,910		10,910
Disposal of capital assets	11,157		11,157
Total other financing sources	<u>38,887</u>	NONE	<u>38,887</u>
NET CHANGE IN FUND BALANCES	8,320	(65)	8,255
FUND BALANCE AT BEGINNING OF YEAR	<u>864,175</u>	<u>2,626</u>	<u>866,801</u>
FUND BALANCE AT END OF YEAR	<u>\$872,495</u>	<u>\$2,561</u>	<u>\$875,056</u>

(Continued)

See accompanying notes.

TOWN OF COLUMBIA
 Columbia, Louisiana
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
 For the Year Ended June 30, 2018

	<u>Total Governmental Funds</u>
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities:	
Net change in fund balances - Total Governmental Funds	\$8,255
Amount reported for governmental activities in the Statement of Activities (Statement B) is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.	(8,842)
Governmental funds report current year pension contributions as expenditures. However, in the statement of activities, these contributions are reported as deferred inflows of resources and the Town's proportionate share of the plans pension expense is reported as pension expense.	51,435
The Town's proportionate share of non-employer contributions to the pension plans do not provide current financial resources and are not reported as revenue in the governmental funds.	2,035
The increase in compensated absences payable do not require the use of current resources and, therefore, are not reported as expenditures in the governmental funds.	(1,556)
In the statement of activities, only the gain of the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the disposal increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the disposed assets.	<u>(1,375)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$49,952</u></u>

(Concluded)
 See accompanying notes.

TOWN OF COLUMBIA
Columbia, Louisiana

STATEMENT OF NET POSITION - BUSINESS-TYPE ACTIVITIES -
ENTERPRISE FUNDS
June 30, 2018

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Gas Fund</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash	\$170,085	\$165,089	\$145,289	\$480,463
Investments			8,558	8,558
Receivable (net of allowance for doubtful accounts)	<u>11,989</u>	<u>8,986</u>	<u>3,614</u>	<u>24,589</u>
Total current assets	<u>182,074</u>	<u>174,075</u>	<u>157,461</u>	<u>513,610</u>
Noncurrent assets:				
Restricted cash	95,355	64,815		160,170
Capital assets (net of accumulated depreciation)	<u>1,423,327</u>	<u>793,288</u>	<u>158,688</u>	<u>2,375,303</u>
Total assets	<u>1,700,756</u>	<u>1,032,178</u>	<u>316,149</u>	<u>3,049,083</u>
LIABILITIES				
Current liabilities:				
Accounts payable	2,154	2,486	1,613	6,253
Accrued interest payable	9,085	990		10,075
Current portion of long-term debt	22,902	13,058		35,960
Customer deposits	<u>19,960</u>		<u>13,265</u>	<u>33,225</u>
Total current liabilities	<u>54,101</u>	<u>16,534</u>	<u>14,878</u>	<u>85,513</u>
Noncurrent liabilities:				
Long-term debt - revenue bonds payable	<u>281,276</u>	<u>351,730</u>	<u>NONE</u>	<u>633,006</u>
Total liabilities	<u>335,377</u>	<u>368,264</u>	<u>14,878</u>	<u>718,519</u>
NET POSITION				
Net investment in capital assets	1,119,149	428,500	158,688	1,706,337
Restricted for debt service	95,355	64,815		160,170
Unrestricted	<u>150,875</u>	<u>170,599</u>	<u>142,583</u>	<u>464,057</u>
Total net position	<u>\$1,365,379</u>	<u>\$663,914</u>	<u>\$301,271</u>	<u>\$2,330,564</u>

See accompanying notes.

TOWN OF COLUMBIA
Columbia, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - BUSINESS-TYPE ACTIVITIES -
ENTERPRISE FUNDS

For the Year Ended June 30, 2018

	Water Fund	Sewer Fund	Gas Fund	Total
OPERATING REVENUES				
Service fees	\$151,551	\$115,067	\$86,883	\$353,501
Penalties	1,605	1,180	486	3,271
Safe drinking water fees	3,678			3,678
Other	2,491		1,173	3,664
Total operating revenue	<u>159,325</u>	<u>116,247</u>	<u>88,542</u>	<u>364,114</u>
OPERATING EXPENSES				
Office supplies	1,902	374	483	2,759
Postage			2,481	2,481
Sales tax	2,982			2,982
Repairs and maintenance	16,311	8,286	868	25,465
Utilities	4,895	9,607	154	14,656
Safe drinking water fee	3,534			3,534
Dues and memberships	320	669	654	1,643
Miscellaneous	286		2,450	2,736
Chemicals	9,578	3,016		12,594
Testing fees		2,705	312	3,017
Supplies			790	790
Travel, meals, and lodging	1,723	213	2,615	4,551
Professional training	466			466
Gas purchases			37,516	37,516
Depreciation	73,079	69,296	8,951	151,326
Total operating expenses	<u>115,076</u>	<u>94,166</u>	<u>57,274</u>	<u>266,516</u>
OPERATING INCOME	<u>44,249</u>	<u>22,081</u>	<u>31,268</u>	<u>97,598</u>
NON-OPERATING REVENUES (Expenses)				
Interest earned on deposits	146	183	64	393
State grant	25,000			25,000
Operating transfers (net)	4,090	(15,910)	(15,910)	(27,730)
Interest expense	(20,216)	(16,788)		(37,004)
Total non-operating revenues (expenses)	<u>9,020</u>	<u>(32,515)</u>	<u>(15,846)</u>	<u>(39,341)</u>
CHANGE IN NET POSITION	53,269	(10,434)	15,422	58,257
NET POSITION - BEGINNING	<u>1,312,110</u>	<u>674,348</u>	<u>285,849</u>	<u>2,272,307</u>
NET POSITION - ENDING	<u>\$1,365,379</u>	<u>\$663,914</u>	<u>\$301,271</u>	<u>\$2,330,564</u>

See accompanying notes.

TOWN OF COLUMBIA
Columbia, Louisiana

STATEMENT OF CASH FLOWS - BUSINESS-TYPE ACTIVITIES -
ENTERPRISE FUNDS
For the Year Ended June 30, 2018

	Water Fund	Sewer Fund	Gas Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$159,894	\$116,709	\$88,555	\$365,158
Customer meter deposits (net)	540		725	1,265
Payments to suppliers	(42,496)	(24,631)	(48,359)	(115,486)
Net cash provided by operating activities	<u>117,938</u>	<u>92,078</u>	<u>40,921</u>	<u>250,937</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer (to) from General Fund	(5,910)	(10,910)	(10,910)	(27,730)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on capital debt	(21,530)	(12,744)		(34,274)
Interest paid on capital debt	(20,764)	(16,729)		(37,493)
State grant	25,000			25,000
Transfer (to) from Sewer Fund	5,000			5,000
Transfer (to) from Water Fund		(5,000)	(5,000)	(10,000)
Transfer (to) from Gas Fund	5,000			5,000
Acquisition of capital assets	(39,015)			(39,015)
Net cash used by capital and related financing activities	<u>(46,309)</u>	<u>(34,473)</u>	<u>(5,000)</u>	<u>(85,782)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	146	183	64	393
Increase (decrease) in restricted cash	1,420	(1,914)		(494)
Net cash provided (used) by investing activities	<u>1,566</u>	<u>(1,731)</u>	<u>64</u>	<u>(101)</u>
NET INCREASE IN CASH	<u>67,285</u>	<u>44,964</u>	<u>25,075</u>	<u>137,324</u>
CASH AT BEGINNING OF YEAR	<u>102,800</u>	<u>120,125</u>	<u>120,214</u>	<u>343,139</u>
CASH AT END OF YEAR	<u>\$170,085</u>	<u>\$165,089</u>	<u>\$145,289</u>	<u>\$480,463</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	<u>\$44,249</u>	<u>\$22,081</u>	<u>\$31,268</u>	<u>\$97,598</u>
Adjustments:				
Depreciation	73,079	69,296	8,951	151,326
Decrease (increase) in accounts receivable	569	461	13	1,043
Increase (decrease) in customer meter deposits	540		725	1,265
Increase (decrease) in accounts payable	(499)	240	(36)	(295)
Total adjustments	<u>73,689</u>	<u>69,997</u>	<u>9,653</u>	<u>153,339</u>
Net cash provided by operating activities	<u>117,938</u>	<u>92,078</u>	<u>40,921</u>	<u>\$250,937</u>

See accompanying notes.

TOWN OF COLUMBIA
Columbia, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

INTRODUCTION

The Town of Columbia was incorporated in 1827 and is governed under the provisions of the Lawrason Act which was enacted in 1898. The town is governed by the mayor-town council form of government. The mayor and five council members serve four-year terms which expire on June 30, 2020. The town provides general government, public safety, public works, culture and recreation, and water, sewer, and gas services to its residents. The town has a full-time clerk, an elected Chief of Police and 8 other full-time or part-time employees.

GASB Statement No. 14, *The Reporting Entity*, and No. 39, *Determining Whether Certain Organizations Are Component Units - an amendment of GASB Statement No. 14* established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions of these statements, the Town of Columbia is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14 and 39, fiscally independent means that the municipality 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 Town has no component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 activities of the Town of Columbia. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

TOWN OF COLUMBIA
Notes to the Financial Statements

Separate financial statements are provided for governmental funds and business-type activities funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting, and
Financial Statement Presentation**

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

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

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

The Town of Columbia reports the following governmental funds:

General Fund

The General Fund is the general operating fund of the Town and accounts for all financial resources of the general government, including the police department, the fire department, the street department and the activities of the Main Street program.

Sherman Lake Capital Projects Fund

The Sherman Lake Capital Project Fund is used to account for the contributions received for the Sherman Lake Park project.

The Town of Columbia reports the following business-type activity funds:

Water Enterprise Fund

The Water Enterprise fund accounts for the operations of the Town's water system.

Sewer Enterprise Fund

The Sewer Enterprise fund accounts for the operations of the Town's sewer system.

Gas Enterprise Fund

The Gas Enterprise fund accounts for the operations of the Town's gas system.

As a general rule, the effect of interfund activity is eliminated from the government-wide financial statements.

Amounts reported as program revenues include charges to customers for goods, services, or privileges provided and operating and capital grants and contributions. General revenues include all taxes, licenses and permits, interest earnings and other miscellaneous revenue.

Business-type activities funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's ongoing operations. The Water, Sewer, and Gas Enterprise Funds' operating revenues consist of charges for water, sewer, and gas sales and penalties. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

C. Deposits and Investments

The Town's cash is amounts in demand deposits and cash on hand at year-end. State law limits the Town's credit risk by restricting its investments to collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. 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. At June 30, 2018, the Town's investments consist of nonnegotiable certificates of deposits with original maturities that exceed 90 days that are reported in the accompanying financial statements at cost. The district's interest rate risk is limited by all investments maturing within 12 months of year end.

D. Receivables

Receivables for governmental activities, such as taxes, intergovernmental revenues, fines, and charges for services are generally shown net of an allowance for uncollectible amounts. These financial statements contain no provision for uncollectible accounts for these types of receivables. The Town is of the opinion that such an allowance for these receivables would be immaterial in relation to the financial statements taken as a whole.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. For the year ended June 30, 2018, the Town levied a 8.68 mill general alimony tax for general government purposes. The Town also levied 3.30 mills on all taxable property in the Town for the purposes of constructing, maintaining, and improving public streets within the Town. The Town is authorized to levy this street tax for a period of ten years ending with the year 2024.

The Town of Columbia adopted an ordinance on December 7, 1981, authorizing the levy of a 1% sales tax that may be used for any lawful purpose of the Town. In May 1992, the Town entered into an agreement with the Concordia Parish School Board to collect the sales tax in compliance with the terms and provisions of the sales tax ordinance. Under the terms of the agreement, the Town pays the Concordia Parish School Board 2½ % of the monthly collections as fees for this service. In December 2013, the town entered into a collection agreement with the Concordia Parish School Board to collect the Town's insurance premium tax as well. Under the terms of this agreement, the Town pays the Concordia Parish School Board 5% of the monthly collections as fees for this service.

TOWN OF COLUMBIA
Notes to the Financial Statements

Receivables for water, sewer, and gas service are shown net of an allowance for uncollectible amounts. The allowance for uncollectibles is based a percentage of past due accounts at year-end.

E. Restricted Assets

Certain resources set aside to meet the requirements of the bond covenants of the water and sewer revenue bonds are classified as restricted assets on the statement of financial position because their use is limited. It is the informal policy of the Town to first use nonrestricted assets when both restricted and nonrestricted assets are available.

F. Capital Assets

Capital assets, which include land, construction in progress, buildings, water, sewer, and gas systems and improvements, and vehicles and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. The Town of Columbia maintains a threshold level of \$1,000 or more for capitalizing assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized. The town has elected not to report general infrastructure assets, such as roads, bridges, sidewalks, etc., constructed prior to January 1, 2002. However, the construction or major improvement of infrastructure assets after that date are included in capital assets.

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

	<u>Estimated Lives</u>
Infrastructure - water sewer, and gas systems and improvements	12- 50 years
Buildings	10 - 40 years
Vehicles and equipment	5-10 years

G. Compensated Absences

The Town has the following policy relating to vacation and sick leave:

TOWN OF COLUMBIA
Notes to the Financial Statements

Full-time employees receive 80 hours of vacation leave on January 1 of each year. Unused vacation leave can not be carried over to the next calendar year. Employees are not paid for unused vacation leave when they resign, retire, or are dismissed from employment.

Full time employees receive 80 hours of sick leave on January 1 each year. Unused sick leave can be carried over to the next calendar year up to a maximum accumulation of 240 hours per employee. Employees who had more than 240 hours on November 21, 2016, were allowed to keep all sick hours accumulated up to a maximum of 720 hours. Upon retirement only, full-time employees will be paid for 160 hours of accumulated sick leave.

Compensated absences resulting from unused sick time at the end of the fiscal year are accrued and recorded as long-term liabilities in the government-wide financial statements in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. Compensated absences are paid from the General Fund and are recorded in the fund financial statements only when payment is actually made.

H. Long-Term Debt

Revenue bonds payable are reported as long-term liabilities in the Water Enterprise Fund and Sewer Enterprise Fund's fund financial statements as well as in the business-type activities statement of net position.

I. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) and the Municipal Police Employees Retirement System (MPERS) of Louisiana and additions to/deductions from MERS and MPERS's fiduciary net position have been determined on the same basis as they are reported by MERS and MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expenditure until then. In addition to liabilities, the statement of net position reports a

TOWN OF COLUMBIA
Notes to the Financial Statements

separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town's deferred outflows and deferred inflows are resources related to pensions.

K. Net Position/Fund Balance

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position by either of the following ways:

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

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which funds can be spent. Fund balance should be reported as restricted when constraints on the use of the funds meet the same criteria as restricted net position in the government-wide statement of net position as noted in the previous paragraph. Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the town council are reported as committed fund balance.

Assigned fund balance are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The town council is authorized to assign amounts to a specific purpose. Unassigned fund balance is the residual classification and represents fund balance that has not been restricted, committed, or assigned to a specific purpose. Unassigned amounts are generally considered to have been spent first when an expenditure is incurred for purposes for which any unrestricted fund balances could be used.

L. Estimates

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

TOWN OF COLUMBIA
Notes to the Financial Statements

M. Interest Costs

The following provides disclosure on interest costs for the year ended June 30, 2018:

	Water Enterprise Fund	Sewer Enterprise Fund	Total
Total interest cost expensed	\$20,216	\$16,788	\$37,004
Total interest cost capitalized	NONE	NONE	NONE
Total interest costs incurred	<u>\$20,216</u>	<u>\$16,788</u>	<u>\$37,004</u>

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget Information

The Town of Columbia uses the following budget practices:

A proposed budget for the General Fund, prepared on the modified accrual basis of accounting, is normally presented to the town council in April each year. The town council proposes an ordinance to adopt the budget and a public hearing is held on the proposed budget ordinance in May of each year. The notice of the availability of the proposed budget is published in the official journal. The budget is legally adopted by ordinance in May of each year after the public hearing is held. Budget amendments are presented to the town council in the same manner as the proposed budget and amended during the year as necessary. Budgets are established at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. There was one budget amendment during the year ended June 30, 2018.

The following individual fund had actual expenditures and other financing uses that exceeded budgeted expenditures and other financing uses for the year ended June 30, 2018:

	Original Budget	Final Budget	Actual	Unfavorable Variance
General Fund	<u>\$477,345</u>	<u>\$490,761</u>	<u>\$500,856</u>	<u>\$10,095</u>

TOWN OF COLUMBIA
Notes to the Financial Statements

3. DEPOSITS IN FINANCIAL INSTITUTIONS

At June 30, 2018, the Town has cash, restricted cash, and investments (book balances) as follows:

Petty cash	\$150
Checking accounts	988,374
Savings accounts	198,662
Certificates of deposit	<u>316,235</u>
Total	<u><u>\$1,503,421</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. At June 30, 2018, the Town of Columbia has \$1,518,130 in deposits (collected bank balances). These deposits are secured from risk by \$751,206 of federal deposit insurance and \$833,366 of pledged securities held by an unaffiliated bank in the name of the fiscal agent bank.

4. RECEIVABLES

The following is a summary of receivables at June 30, 2018:

	General Fund	Water Enterprise Fund	Sewer Enterprise Fund	Gas Enterprise Fund	Total
Taxes	\$26,627				\$26,627
Grants	8,672				8,672
Charges for services	534	\$12,538	\$9,415	\$3,768	26,255
Allowance for doubtful accounts		<u>(549)</u>	<u>(429)</u>	<u>(154)</u>	<u>(1,132)</u>
Total	<u><u>\$35,833</u></u>	<u><u>\$11,989</u></u>	<u><u>\$8,986</u></u>	<u><u>\$3,614</u></u>	<u><u>\$60,422</u></u>

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2018, is as follows:

TOWN OF COLUMBIA
Notes to the Financial Statements

	Balance at July 1, 2017	Increases	Decreases	Balance at June 30, 2018
Governmental activities:				
Capital assets not being depreciated:				
Land	\$68,370			\$68,370
Construction in progress	46,091			46,091
Total capital assets not being depreciated	<u>114,461</u>	NONE	NONE	<u>114,461</u>
Capital assets being depreciated:				
Buildings	359,725			359,725
Vehicles and equipment	443,470	\$9,235	(\$40,426)	412,279
Total capital assets being depreciated	<u>803,195</u>	<u>9,235</u>	<u>(40,426)</u>	<u>772,004</u>
Less accumulated depreciation for:				
Buildings	218,991	8,831		227,822
Vehicles and equipment	377,900	9,246	(39,051)	348,095
Total accumulated depreciation	<u>596,891</u>	<u>18,077</u>	<u>(39,051)</u>	<u>575,917</u>
Total assets being depreciated, net	<u>206,304</u>	<u>(8,842)</u>	<u>(1,375)</u>	<u>196,087</u>
Total assets, net	<u><u>\$320,765</u></u>	<u><u>(\$8,842)</u></u>	<u><u>(\$1,375)</u></u>	<u><u>\$310,548</u></u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$26,624	NONE	NONE	\$26,624
Capital assets being depreciated:				
Water system and improvements	2,716,530			2,716,530
Sewer system and improvements	2,115,989			2,115,989
Gas system and improvements	731,975			731,975

TOWN OF COLUMBIA
Notes to the Financial Statements

	Balance at July 1, 2017	Increases	Decreases	Balance at June 30, 2018
Buildings	\$31,575			\$31,575
Vehicles and equipment	23,240	\$39,015		62,255
Total capital assets being depreciated	<u>5,619,309</u>	<u>\$39,015</u>	<u>NONE</u>	<u>5,658,324</u>
Less accumulated depreciation for:				
Water system and improvements	1,273,315	69,304		1,342,619
Sewer system and improvements	1,277,489	67,118		1,344,607
Gas system and improvements	565,534	8,352		573,886
Buildings	26,839	1,579		28,418
Vehicles and equipment	15,142	4,973		20,115
Total accumulated depreciation	<u>3,158,319</u>	<u>151,326</u>	<u>NONE</u>	<u>3,309,645</u>
Total assets being depreciated, net	<u>2,460,990</u>	<u>(112,311)</u>	<u>NONE</u>	<u>2,348,679</u>
Total assets, net	<u><u>\$2,487,614</u></u>	<u><u>(\$112,311)</u></u>	<u><u>NONE</u></u>	<u><u>\$2,375,303</u></u>

Depreciation expense was charged to the functions of governmental and business-type activities as follows:

Governmental Activities:	
General government	\$846
Public safety	7,201
Public works	<u>10,030</u>
Total depreciation expense - governmental activities	<u><u>\$18,077</u></u>
Business-Type Activities:	
Water Fund	\$73,079
Sewer Fund	69,296
Gas Fund	<u>8,951</u>
Total depreciation expense - business-type activities	<u><u>\$151,326</u></u>

TOWN OF COLUMBIA
Notes to the Financial Statements

6. INTERFUND TRANSFERS

The following is a summary of interfund transfers during the year ended June 30, 2018:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$32,730	\$5,000
Water Enterprise Fund	15,000	10,910
Sewer Enterprise Fund		15,910
Gas Enterprise Fund		15,910
	<u> </u>	<u> </u>
Total	<u>\$47,730</u>	<u>\$47,730</u>

The transfers from the Water, Sewer, and Gas enterprise funds to the General Fund were made to pay a portion of administrative expenses that are paid by the General Fund and to share in the cost of a trailer that was purchased by the General Fund. The General, Sewer, and Gas funds transferred \$5,000 each to the Water Fund to pay a portion of the cost of equipment that was paid from the Water Fund.

7. LONG-TERM LIABILITIES OTHER THAN PENSIONS

The following is a summary of long-term liabilities other than pensions transactions for the year ended June 30, 2018:

	<u>Governmental Activities Compensated Absences Payable</u>	<u>Business- Type Activities Revenue Bonds Payable</u>	<u>Total</u>
Balance July 1, 2017	\$6,122	\$703,241	\$709,363
Additions	1,556		1,556
Reductions		(34,275)	(34,275)
	<u> </u>	<u> </u>	<u> </u>
Balance at June 30, 2018	<u>\$7,678</u>	<u>\$668,966</u>	<u>\$676,644</u>

Interest expense of \$37,004 was charged to the business-type activities function for the year ended June 30, 2018 as follows:

Water Fund	\$20,216
Sewer Fund	<u>16,788</u>

TOWN OF COLUMBIA
Notes to the Financial Statements

Total interest expense - business-type activities \$37,004

The following is a summary of the current (due in one year or less) and long-term (due in more than one year) portions of long-term liabilities other than pensions as of June 30, 2018:

	<u>Governmental Activities Compensated Absences Payable</u>	<u>Business- Type Activities Revenue Bonds Payable</u>	<u>Total</u>
Current portion		\$35,960	\$35,960
Long-term portion	\$7,678	633,006	640,684
Total	<u>\$7,678</u>	<u>\$668,966</u>	<u>\$676,644</u>

Revenue bonds payable in the amount of \$668,966 have maturities from 2019 until 2037 and 4.5% to 6.375% interest rates. Loan principal and interest payable in the next fiscal year are \$35,960 and \$35,807, respectively. The individual bonds are as follows:

	<u>1988 \$600,000 Water Revenue Bonds</u>	<u>1996 \$521,000 Sewer Revenue Bonds</u>	<u>1996 \$20,000 Sewer Revenue Bonds</u>
Original issue date	1/12/88	10/22/96	10/22/96
Interest rate	6.375%	4.50%	4.50%
Final payment due	1/12/28	10/22/36	10/22/36
Interest to maturity	\$115,696	\$173,810	\$6,672
Principal outstanding	\$304,178	\$351,303	\$13,485
Funding source	Water revenue	Sewer revenue	Sewer revenue

The loans are due as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2019	\$35,960	\$35,807	\$71,767
2020	38,008	33,759	71,767

TOWN OF COLUMBIA
Notes to the Financial Statements

Year Ending June 30,	Principal Payments	Interest Payments	Total
2021	\$40,176	\$31,591	\$71,767
2022	42,470	29,297	71,767
2023	44,898	26,869	71,767
2024 - 2028	263,128	92,646	355,774
2029 - 2033	110,940	36,429	147,369
2034 - 2038	93,386	9,780	103,166
Total	<u>\$668,966</u>	<u>\$296,178</u>	<u>\$965,144</u>

8. BOND COVENANT REQUIREMENTS

The bond covenants with the United States Department of Agriculture, Farmers Home Administration for the water and sewer revenue bonds discussed in Note 7 above, require the Town to establish the following reserve accounts:

1988 Water Revenue Bonds

- A. A "Sinking Fund". The Town must transfer into this fund, each month, one-twelfth of the principal and interest due on the next principal and interest payment date. This fund is used to pay bond principal and interest as they become due.
- B. A "Reserve Fund". The Town must transfer into this fund, each month, an amount equal to 5 per cent of the amount to be paid into the Sinking Fund each month until \$42,294 has been accumulated therein. Such amounts may be used only for the payment of maturing bonds and interest for which sufficient funds are not available in the Sinking Fund.
- C. A "Contingency Fund". The Town must transfer \$165 into this fund each month. The deposits in this fund may be used for unusual or extraordinary maintenance, repairs, replacements, and extensions and for the cost of improvements to the system. Money in this fund may also be used to pay principal and interest on bonds falling due at any time there is not sufficient funds in the other reserve funds.

TOWN OF COLUMBIA
Notes to the Financial Statements

1996 Sewer Revenue Bonds

- A. A "Reserve Fund". The Town must transfer \$123 into this fund each month until \$29,474 has been accumulated therein. Such amounts may be used only for the payment of maturing bonds and interest for which would otherwise be in default.
- B. A "Contingency Fund". The Town must transfer \$131 into this fund each month. The deposits in this fund may be used to care for depreciation, extensions, additions, improvements, and replacements to the system. Money in this fund may also be used to pay principal and interest on bonds falling due at any time there is not sufficient funds in the other reserve fund.

The following is a summary of transactions in the bond reserve accounts for the year ended June 30, 2018:

	Water Enterprise Fund	Sewer Enterprise Fund	Total
Balance at July 1, 2017	\$96,775	\$62,901	\$159,676
Deposits	40,728	1,818	42,546
Interest earnings	146	96	242
Withdrawals	(42,294)		(42,294)
Balance at June 30, 2018	<u>\$95,355</u>	<u>\$64,815</u>	<u>\$160,170</u>

9. PENSION PLANS

The following note disclosures about the Town’s pension plans are required by *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*.

Plan Descriptions:

Municipal Employees’ Retirement System

Eligible employees of the Town of Columbia are provided with pensions through Plan B of the Municipal Employees’ Retirement System (MERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Municipal Employees’ Retirement System of Louisiana.

Municipal Police Employees' Retirement System

Eligible police officers of the Town of Columbia are provided with pensions through the Municipal Police Employees' Retirement System (MPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Municipal Police Employees' Retirement System of Louisiana.

Benefits Provided:

Municipal Employees' Retirement System

MERS provides retirement, disability, and survivor benefits. The monthly allowance for any member of Plan B consists of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. Employees who were hired prior to January 1, 2013 are eligible to retire at any age with 30 years of creditable service and at age 60 with 10 or more years of creditable service. Employees who were hired after January 1, 2013 are eligible to retire at age 67 with 7 or more years of creditable service; at age 62 with 10 or more years of creditable service; at age 55 with 30 or more years of creditable service; or at any age with 25 years of creditable service, exclusive of military service and unused sick leave. In lieu of terminating employment and accepting a service retirement allowance, any member of Plan B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. Under Plan B, a member is eligible to retire and receive a disability benefit if he has at least 10 years of creditable service, in which he would receive a regular retirement benefit under retirement provisions. A member shall be eligible to retire and receive a disability benefit if he has at least 10 years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of thirty percent of his final average compensation or two percent of his final average compensation multiplied by his years of creditable service, whichever is greater; or an amount equal to two percent of the member's final average compensation multiplied by his years of creditable service, projected to his earliest normal retirement age. Upon the death of any member of Plan B with 5 or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes. The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements.

Municipal Police Employees' Retirement System

MPERS provides regular retirement, early retirement, disability, and survivor benefits. Employees who were hired prior to January 1, 2013 are eligible to retire at any age with 25 years of creditable service; at age 50 with 20 years of creditable service; and at age 55 with 12 years of creditable service. An employee is eligible for early retirement with a reduced benefit at any age after 20 years of creditable service. Benefit rates are three and one-third percent of average final compensation multiplied by years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for benefits for the surviving spouse and minor children. The benefits range from forty to sixty percent of average final compensation to the surviving spouse and ten percent of average final compensation to minor children. Employees who were hired after January 1, 2013 are eligible for regular retirement, early retirement, disability, and survivor benefits based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, employees are eligible for regular retirement at any age with 25 years of creditable service and at age 55 with 12 years of creditable service. Under the Non Hazardous Duty sub plan, employees are eligible for regular retirement at any age with 30 years of creditable service; at age 55 with 25 years of creditable service; and at age 60 with 10 years of creditable service. Under both sub plans, an employee is eligible for early retirement with a reduced benefit at any age after 20 years of creditable service, with an actuarially reduced benefit from age 55. Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation multiplied by years of creditable service not to exceed 100% of final salary. A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. An Initial Benefit Option Plan is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Upon the death of an active contributing member, or disability retiree, the plan provides for benefits for the surviving spouse and minor children. The benefits range from twenty-five to fifty-five percent of average final compensation for the surviving spouse and ten percent of average final compensation to minor children. If the deceased member had less than 10 years of service, the beneficiary will receive a refund of employee contributions only. The Board of Trustees is authorized to provide annual cost of living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year.

Contributions:

Municipal Employees' Retirement System

According to state statute, contributions for all employers are actuarially determined each year. The Town of Columbia's required contribution rate for the year ended June 30, 2018, was 13.25% of covered payroll. Contributions to the pension plan were \$14,014 for the year ended June 30, 2018. The system also receives ad valorem taxes and state revenue sharing funds that are recognized as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. The amount of non-employer contributions recognized as revenue in the government-wide governmental activities statement of activities was \$2,035 for the year ended June 30, 2018.

Municipal Police Employees' Retirement System

Employer contributions are actuarially determined each year as required by state law but cannot be less than 9% of the employees earnable compensation excluding overtime but including state supplemental pay. The Town of Columbia's required contribution rate for the year ended June 30, 2018, was 30.75% of covered payroll; however, the Town had no eligible employees participating during this period and no contributions were made. The system also receives insurance premium taxes that are recognized as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. There were no non-employer contributions recognized as revenue in the government-wide governmental activities statement of activities for the year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the Town of Columbia reported a total of \$70,715 for its proportionate share of the net pension liability of MERS and MPERS combined. The net pension liability was measured as of June 30, 2017 for both plans and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of that date. The Town's proportion of the net pension liability was based on projections of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2017, the Town's proportion was .082 percent for MERS which was a decrease of .04 from its proportion measured as of June 30, 2016. At June 30, 2017, the Town's proportion was 0 percent for MPERS, which was a decrease of .007 from its proportion measured as of June 30, 2016.

TOWN OF COLUMBIA
Notes to the Financial Statements

For the year ended June 30, 2018, the Town recognized pension expense of \$6,015 for MERS and (\$45,373) for MPERS. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>MERS</u>	<u>MPERS</u>	<u>Total</u>
Deferred Outflows of Resources:			
Net difference between projected and actual earnings on pension plan investments	\$14,900		\$14,900
Differences between expected and actual experience	371		
Changes of assumptions	3,114		3,114
Changes in proportion	316	\$2,151	2,467
Employer contributions subsequent to the measurement date	<u>\$14,014</u>		<u>\$14,014</u>
Total deferred outflows of resources	<u>\$32,715</u>	<u>\$2,151</u>	<u>\$34,866</u>

	<u>MERS</u>	<u>MPERS</u>	<u>Total</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$1,535		\$1,535
Changes in proportion	<u>19,599</u>	<u>\$115,478</u>	<u>135,077</u>
Total deferred outflows of resources	<u>\$21,134</u>	<u>\$115,478</u>	<u>\$136,612</u>

\$14,014 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>MERS</u>	<u>MPERS</u>	<u>Total</u>
Year ended June 30:			
2019	\$301	(\$49,050)	(\$48,749)
2020	(414)	(51,200)	(51,614)
2021	(2,990)	(13,077)	(16,067)
2022	<u>670</u>		<u>670</u>
Total	<u>(\$2,433)</u>	<u>(\$113,327)</u>	<u>(\$115,760)</u>

TOWN OF COLUMBIA
Notes to the Financial Statements

Actuarial Assumptions:

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>MERS</u>	<u>MPERS</u>
Inflation	2.775%	2.70%
	5.0% including inflation and merit increases	6.25%, average, including inflation and merit increases
Salary increases		7.325%, net of investment expense
Investment rate of return	7.4%	

For MERS mortality rates were based on RP-2000 Employees Sex Distinct Table for employees; RP-2000 Healthy Annuitant Sex Distinct Mortality Table for annuitants and beneficiaries; and RP-2000 Disabled Lives Mortality Table for disabled annuitants. For MPERS, mortality rates were based on RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables for healthy annuitants and beneficiaries; RP-2000 Employee Table for active members; and RP-2000 Disabled Lives Table for disabled annuitants.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

For MERS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables:

MERS:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public fixed income	35%	1.60%

TOWN OF COLUMBIA
Notes to the Financial Statements

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	50%	2.30%
Alternatives	15%	0.70%
Totals	100%	4.60%
Inflation		2.60%
Expected Nominal Return		7.20%

MPERS:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	21%	0.52%
Equity	53%	3.66%
Alternatives	20%	1.10%
Other	6%	0.16%
Totals	100%	5.44%
Inflation		2.75%
Expected Nominal Return		8.19%

Discount Rate:

The discount rate used to measure the total pension liability was 7.4% for MERS and 7.325% for MPERS. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the Systems' fiduciary net pension was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of returns on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate:

The following presents the Town’s proportionate share of the net pension liability calculated using the current discount rate, as well as what the Town’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2018:

MERS:	Changes in Discount Rate		
	Plan B:		
	1% Decrease	Current Discount Rate	1% Increase
	6.4%	7.4%	8.4%
Net pension liability	\$91,497	\$70,715	\$52,980

MPERS:	Changes in Discount Rate		
	Current		
	1% Decrease	Discount Rate	1% Increase
	6.325%	7.325%	8.325%
Net pension liability	\$0	\$0	\$0

Pension Plans Fiduciary Net Positions

Detailed information about MERS and MPERS’ fiduciary net positions are available in stand-alone audit reports on their financial statements for the year ended June 30, 2017. Access to these reports can be found on the Louisiana Legislative Auditor’s website, www.lla.la.gov.

11. ON-BEHALF PAYMENTS FOR SALARIES

For the year ended June 30, 2018, the Town recognized revenue and expenditures of \$3,000 in salary supplements from the State of Louisiana paid directly to an employee of the police department.

12. GRANTS

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies. If any expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor

TOWN OF COLUMBIA
Notes to the Financial Statements

agency would become a liability of the Town. In the opinion of management, any such adjustments would not be material to the Town's operating results or fund balances.

13. CONTINGENCY

The Town of Columbia was involved in one lawsuit at June 30, 2018, that involves a claim for damages resulting from a vehicle striking the covering on a sink hole in a drainage line. It is the opinion of the Town's legal counsel that it is too soon to provide an evaluation of the anticipated outcome; however, the Town does not expect the claim to exceed its limits of insurance coverage. The claim will be defended vigorously by the Town through its insured, Risk Management. No liability for the alleged damages has been reported in the accompanying financial statements.

14. RISK MANAGEMENT

The Town purchases commercial insurance to reduce the risk of loss resulting from property damage or liability claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

15. SUBSEQUENT EVENTS

The Town of Columbia has evaluated subsequent events through October 4, 2018, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF COLUMBIA
Columbia, Louisiana

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended June 30, 2018

	BudgetedAmounts.....		Actual Amounts (Budgetary Basis - GAAP)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$48,000	\$48,000	\$55,318	\$7,318
Sales	200,000	200,000	189,163	(10,837)
Franchise	14,000	14,000	13,547	(453)
Beer taxes	2,400	2,400	2,253	(147)
Insurance premium	60,000	60,000	55,271	(4,729)
Licenses and permits	31,260	31,260	29,129	(2,131)
Intergovernmental revenue:				
State grants	2,600	2,600	5,294	2,694
Local grants	50,000	50,000	46,919	(3,081)
Fines	80,000	58,000	56,765	(1,235)
Fire protection fees	6,000	6,000	6,164	164
Investment earnings	2,000	2,000	2,193	193
Other revenue	4,800	700	3,273	2,573
Total revenues	<u>501,060</u>	<u>474,960</u>	<u>465,289</u>	<u>(9,671)</u>
EXPENDITURES				
General government	299,845	310,661	315,888	(5,227)
Public safety:				
Fire Department	16,000	16,200	11,950	4,250
Police Department	87,100	88,600	93,331	(4,731)
Public works - street department	28,000	28,000	22,999	5,001
Culture and recreation - Main Street	39,400	40,300	42,453	(2,153)
Capital outlay	7,000	7,000	9,235	(2,235)
Total expenditures	<u>477,345</u>	<u>490,761</u>	<u>495,856</u>	<u>(5,095)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	23,715	(15,801)	(30,567)	(14,766)
OTHER FINANCING SOURCES (Uses)				
Transfer to Water Fund			(5,000)	(5,000)
Transfers from Water, Sewer, and Gas Funds		30,000	32,730	2,730
Disposal of capital assets			11,157	11,157
Total other financing sources (uses)	<u>NONE</u>	<u>30,000</u>	<u>38,887</u>	<u>8,887</u>
NET CHANGE IN FUND BALANCE	23,715	14,199	8,320	(5,879)
FUND BALANCE AT BEGINNING OF YEAR	<u>462,633</u>	<u>864,175</u>	<u>864,175</u>	
FUND BALANCE AT END OF YEAR	<u>\$486,348</u>	<u>\$878,374</u>	<u>\$872,495</u>	<u>(\$5,879)</u>

There was one budget amendment during the year ended June 30, 2018.

TOWN OF COLUMBIA
Columbia, Louisiana

SCHEDULE OF PROPORTIONATE SHARE OF NET
PENSION LIABILITY
June 30, 2018

	Municipal Employees Retirement System				
	June 30,				
	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.08%	0.12%	0.13%	0.12%	0.13%
Proportionate share of the net pension liability	\$70,715	\$103,036	\$86,444	\$58,576	\$68,936
Covered-employee payroll	\$105,770	\$60,668	\$91,308	\$88,257	\$84,625
Proportionate share of the net pension liability as a percentage of its covered employee payroll	66.86%	169.84%	94.67%	66.37%	81.46%
Plan fiduciary net position as a percentage of the total pension liability	63.49%	62.11%	68.71%	76.94%	71.92%

	Municipal Police Employees Retirement System				
	June 30,				
	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.00%	0.01%	0.03%	0.03%	0.02%
Proportionate share of the net pension liability	\$0	\$64,307	\$214,219	\$164,160	\$194,878
Covered-employee payroll	\$0	\$0	\$19,219	\$73,145	\$67,510
Proportionate share of the net pension liability as a percentage of its covered employee payroll	0.00%	0.00%	1114.62%	224.43%	288.66%
Plan fiduciary net position as a percentage of the total pension liability	70.08%	66.04%	70.73%	75.10%	66.71%

No current employees were members of the Municipal Police Employees Retirement System during the year ended June 30, 2018.

The amounts presented for each fiscal year were determined as of the end of the prior fiscal year except for covered employee payroll.

TOWN OF COLUMBIA
Columbia, Louisiana

SCHEDULE OF CONTRIBUTIONS
June 30, 2018

	Municipal Employees Retirement System				
	June 30,				
	2018	2017	2016	2015	2014
Contractually required contribution	\$14,014	\$6,673	\$8,674	\$8,380	\$7,405
Contributions in relation to the contractually required contribution	\$14,014	\$6,673	\$8,674	\$8,380	\$7,405
Contribution deficiency (excess)	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
Covered-employee payroll	\$105,770	\$60,668	\$91,308	\$88,257	\$84,626
Contributions as a percentage of covered-employee payroll	13.25%	11.00%	9.50%	9.50%	8.75%

	Municipal Police Employees Retirement System				
	June 30,				
	2018	2017	2016	2015	2014
Contractually required contribution	\$0	\$0	\$5,670	\$23,041	\$20,928
Contributions in relation to the contractually required contribution	\$0	\$0	\$5,670	\$23,041	\$20,928
Contribution deficiency (excess)	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
Covered-employee payroll	\$0	\$0	\$19,219	\$73,145	\$67,510
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	29.50%	31.50%	31.00%

No current employees were members of the Municipal Police Employees Retirement System during the year ended June 30, 2018.

OTHER SUPPLEMENTAL INFORMATION SCHEDULES

TOWN OF COLUMBIA
Columbia, Louisiana

OTHER SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended June 30, 2018

**COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO MAYOR AND
TOWN COUNCIL**

The Schedule of Compensation, Benefits and Other Payments to Mayor and Town Council is presented in compliance with Act 706 of the 2014 Session and House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the mayor and town council is included in the general government expenditures of the General Fund. The mayor receives \$250 for the first meeting of the month, \$125 for the second meeting, and \$62 for the third meeting of the month. The town council receives \$100 for the first meeting of the month, \$50 for the second meeting, and \$25 for the third meeting of the month.

SCHEDULE OF PRIOR YEAR FINDINGS

The follow-up and corrective action taken on all prior year findings is presented in Schedule 5.

TOWN OF COLUMBIA
Columbia, LouisianaSCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO MAYOR AND
TOWN COUNCIL

For the Year Ended June 30, 2018

Agency Head - Richard Meredith, Mayor:	
Compensation	\$3,000
Compensation:	
Penny Brown	1,200
Sonja Carroll	1,200
Bonnie Crockett	1,200
Hannah Springer	1,200
James Stuart	<u>1,200</u>
Total	<u><u>\$9,000</u></u>

TOWN OF COLUMBIA
Columbia, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2018

Finding Number	Fiscal Year Finding Initially Occurred	Description of Finding	Status of Finding
2017-001	2015	Inadequate Segregation of Accounting Duties	Unresolved - see 2018-001 in current year findings.
2017-002	2015	Inadequate Controls Over Financial Reporting	Unresolved - see 2018-002 in current year findings.
2017-003	2017	Noncompliance with Local Government Budget Act	Resolved.

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

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

M. CARLEEN DUMAS
Certified Public Accountant
369 Donaldson Road. Calhoun, Louisiana. Telephone 318/644-5726

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

MAYOR AND TOWN COUNCIL
TOWN OF COLUMBIA
Columbia, Louisiana

I have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Columbia as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Columbia's basic financial statements and have issued my report thereon dated October 4, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town of Columbia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Columbia's internal control. Accordingly, I do not express an opinion of the effectiveness of the Town of Columbia's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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MAYOR AND TOWN COUNCIL
TOWN OF COLUMBIA
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Independent Auditor's Report
on Compliance and on
Internal Control, etc.,
June 30, 2018

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Year Findings and Management's Planned Corrective Action as 2018-001 and 2018-002, that I consider to be material weaknesses.

Compliance and Other Matters

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

Town of Columbia's Response to Findings

The Town of Columbia's response to the findings identified in my audit is described in the accompanying Schedule of Current Year Findings and Management's Planned Corrective Action. The Town of Columbia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the Town of Columbia's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Columbia's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

/s Carleen Dumas
Calhoun, Louisiana
October 4, 2018

TOWN OF COLUMBIA
Columbia, Louisiana

Schedule of Current Year Findings and
Management's Planned Corrective Action
For the Year Ended June 30, 2018

Section I - Summary of Auditor's Reports

Financial Statements

1. Type of auditor's report issued - Unmodified.
2. Internal control over financial reporting:

Material weakness(es) identified? - Yes
Significant deficiency(ies) identified? - No
3. Noncompliance material to financial statements noted? - No

Section II - Financial Statement Findings

2018-001. Inadequate Segregation of Accounting Duties

Criteria: Proper internal controls require that accounting duties be performed by separate individuals so that one individual could not perpetrate and conceal errors or irregularities without them being detected by another individual who was performing his or her assigned duties.

Condition: The accounting duties of billing, collecting, depositing and posting customer payments to customers accounts for the Water, Sewer, and Gas funds are performed by one employee. The collecting, depositing, and recording of payments for property taxes and occupational licenses are also performed by one employee.

Cause: Limited number of employees due to small size of the Town.

Effect: Errors or irregularities may not be detected within a timely period.

Recommendation: None

TOWN OF COLUMBIA
Columbia, Louisiana
Schedule of Current Year Findings and
Management's Planned Corrective Action

Management's Planned

Corrective Action: It is not economically feasible to correct this deficiency based on the size of the Town and its limited revenues.

2018-002. Inadequate Controls Over Financial Reporting

Criteria: The Town is required to prepare annual financial statements in accordance with generally accepted accounting principles and should have internal controls in place to prevent, detect or correct a misstatement of those financial statements.

Condition: The Town does not have an individual with the expertise to prepare annual financial statements in accordance with generally accepted accounting principles.

Cause: Limited number of employees due to small size of the Town.

Effect: Errors or misstatements in the financial statements may not be detected within a timely period.

Recommendation: None.

Management's Planned

Corrective Action: It is not economically feasible to correct this deficiency based on the size of the Town and its limited revenues.

M. CARLEEN DUMAS
Certified Public Accountant
369 Donaldson Road. Calhoun, Louisiana. Telephone 318/644-5726

Independent Accountant's Report
On Applying Agreed-Upon Procedures

MAYOR AND TOWN COUNCIL
TOWN OF COLUMBIA
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LOUISIANA LEGISLATIVE AUDITOR

I have performed the procedures enumerated below, which were agreed to by the Town of Columbia (Town) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Town of Columbia's management is responsible for those C/C areas identified in the SAUPs.

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, I 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.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

The Town's written budgeting policies and procedures address all of the specified subcategories.

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

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The Town's written purchasing and disbursements policies and procedures address all of the specified subcategories except for the preparation and approval process of purchase requisitions and purchase orders.

Management's Response: The Town does not use a purchase requisition/purchase order system due to the limited number of employees involved in the purchasing process.

- c) **Disbursements**, including processing, reviewing, and approving

The Town's written purchasing and disbursements policies and procedures address all of the specified subcategories.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The Town's written receipts policies and procedures address all of the specified subcategories.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The Town's written payroll/personnel policies and procedures address all of the specified subcategories.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

The Town's written contracting policies and procedures address all of the specified subcategories.

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- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (determining the reasonableness of fuel card purchases).

The Town's written credit cards policies and procedures address all of the specified subcategories.

- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

The Town's written travel and expense reimbursement policies and procedures address all of the specified subcategories.

- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

The Town's written ethics policies and procedures address all of the specified subcategories.

- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Town's written debt service policies and procedures address all of the specified subcategories.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

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The Town Council met on a monthly basis.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Monthly budget-to-actual comparisons for the General Fund and monthly profit and loss statements for the Water Fund, Sewer Fund, and Gas Fund were provided to the council members at each council meeting.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

There was no negative ending unrestricted fund balance in the General Fund in the prior year.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and bank reconciliation for each selected account, and observe that:

The Town Clerk provided the required listing and a representation that the listing is complete. The Town Clerk identified the main operating account.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

All selected bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date.

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- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

All selected bank reconciliations were initialed by the Mayor.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Only 1 of the selected bank reconciliations had reconciling items that had been outstanding for more than 12 months from the statement closing date. There was documentation that the Town Clerk had researched the outstanding items.

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

The Town Clerk provided the required listing and a representation that the listing is complete.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties at each collection location, and observe that job duties are properly segregated at each collection location such that:

The Town Clerk provided the required listing and a representation that the listing is complete. I inspected written policies and procedures relating to employee job duties at the Town's collection site.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

The two Town employees responsible for cash collections share the same cash drawer.

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- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

The Assistant Town Clerk's duties include collecting property taxes, occupational licenses, permits, and utilities payments at town hall and also making the bank deposit. The Town Clerk's duties include collecting fine payments. The Assistant Town Clerk makes the bank deposit for fines.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

The Assistant Town Clerk collects property taxes and utilities payments and posts the payments to subsidiary ledgers. The Assistant Town Clerk also posts fine payments to the subsidiary ledgers. The Town Clerk reviews the subsidiary ledgers and posts all collections to the general ledger.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

The Assistant Town Clerk reconciles the total fines to be deposited to the total fine receipts recorded in the fine receipt book since the last deposit was made. The Town Clerk reconciles the utilities payments deposits to the payment transaction summary reports. The Town does not have a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by an employee who is not also responsible for cash collections for receipts other than fines and utility payments.

Management's Response: Due to the limited number of employees, employees who collect cash must share the same cash drawer with other employees, deposit cash in the bank, and record the related transaction in the subsidiary ledgers and/or the general ledger. Due to the limited number of employees, the Town does not have a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by an employee who is not also responsible for cash collections for all receipts.

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6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

All employees who have access to cash are covered by a \$150,000 bond.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

The deposits for fines and water meter deposits agreed to sequentially pre-numbered receipts issued. Receipts were not issued for other receipt types.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

The selected deposit amounts were supported by either receipt data, subsidiary ledgers, pre-numbered receipts, or payment transactions reports.

- c) Trace the deposit slip total to the actual bank deposit per bank statement.

The deposit slips selected were traced the deposit amount on the bank statement.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Receipts for fines, water turn-on fees, and water meter deposits were not deposited within one business day of receipt.

- e) Trace the actual deposit per the bank statement to the general ledger.

The selected deposits were traced to the general ledger.

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Management's Response: The Town's written receipts policy requires that all receipts on hand be deposited at least twice per week.

Non-Payroll Disbursements (excluding credit card purchases/ payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

The Town Clerk provided the required listing and a representation that the listing is complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The Town Clerk provided the required listing. I inspected written policies and procedures relating to employee job duties at the Town's payment processing location.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Department heads are authorized to initiate purchases for their departments. Purchases that exceed \$3,000 must have prior approval from the Mayor and purchases that exceed \$5,000 must have prior approval from the Town Council.

- b) At least two employees are involved in processing and approving payments to vendors.

The Town Clerk prepares and co-signs the checks for payments to vendors and the Mayor approves the invoices/support and co-signs the checks.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

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The Town Clerk is responsible for processing payments and adding/modifying vendor files.

- d) Either the employee/official responsible for signing checks mails the payments or gives the signed checks to an employee to mail who is not responsible for processing payments.

The Town Clerk who is responsible for processing payments and co-signing checks is also responsible for mailing the checks.

Management's Response: Due to the limited number of employees, department heads are authorized to initiate purchases up to \$3,000 and the Town Clerk is responsible for processing payments to vendors, adding/modifying vendor files, and mailing the checks to vendors.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

The Town Clerk provided the required transaction population and a representation that the population is complete.

- a) Observe that the disbursement matched the related original invoice/billing statement.

The selected disbursements matched the related original invoices.

- b) Observe that the disbursement documentation included evidence (e.g. initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

The selected disbursements were supported by invoices initialed by the Mayor and check images that were signed by the Mayor and the Town Clerk.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

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The Town Clerk provided the required listing and a representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

The selected monthly combined credit card statement and supporting documentation was reviewed, approved, and initialed by the Mayor. The Mayor did not initial the fuel card statement but did initial the bank statement that contained the bank draft to pay this vendor.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No finance charges or late fees were assessed on the selected statements.

Management's Response: The Town Clerk will begin attaching a copy of the fuel card statement to the monthly bank statement that is reviewed and approved by the Mayor.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

The selected transactions were supported by original itemized receipts that identified precisely what was purchased, there was written documentation of the business/public purpose of each transaction, and there was documentation of the individuals participating in meals.

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Travel and Expense Reimbursement

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms, prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

The Town Clerk provided the required listing and a representation that the listing is complete.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

For the selected reimbursements, business mileage was reimbursed in accordance with mileage rate authorized by the Internal Revenue Service.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

The selected reimbursements were supported by original itemized receipts that identified what was purchased.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

The selected reimbursements were supported by documentation of the business/public purpose and for meal charges, included the names of individuals participating.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

The selected reimbursements were reviewed and approved in writing by the Mayor.

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Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the period. Obtain management's representation that the listing. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract and:

The Town's written contracts policy requires a written contract for all services that cost \$10,000 or more. The Town Clerk provided a representation that there were no such contracts in effect during the fiscal period other than the contract for audit services.

Payroll and Personnel

This category is excluded from testing because the Town did not have any exceptions in this category in the prior year.

Ethics

20. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials and obtain ethics documentation from management, and:

The Town Clerk provided the required listing and a representation that the listing is complete.

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Each employee selected completed one hour of ethics training during the fiscal period.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Each employee selected attested through signature verification that he or she read the entity's ethics policy during the fiscal period.

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Debt Service

This category is excluded from testing because the Town did not have any exceptions in this category in the prior year.

Other

23. Obtain a listing of misappropriations of public funds or assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation and observe that the entity reported the misappropriation (s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

The Town Clerk provided a representation that there were no misappropriations during the fiscal period.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

The notice required by R.S. 24:523.1 was posted on the Town's premises. The Town does not have a website.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

/s/ Carleen Dumas
Calhoun, Louisiana
October 4, 2018