

CITY OF COLUMBIANA WATER BOARD
CITY OF COLUMBIANA, ALABAMA

FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

CITY OF COLUMBIANA WATER BOARD
CITY OF COLUMBIANA, ALABAMA

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
City of Columbiana Water Board
City of Columbiana, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Columbiana Water Board of the City of Columbiana, Alabama, a component unit of the City of Columbiana, Alabama, as of and for the year ended September 30, 2013, and the related notes to the 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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, we 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.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Columbiana Water Board of the City of Columbiana, Alabama, as of September 30, 2013, and the changes in financial position and 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

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information (pages 29-31) and additional information (pages 33-35) are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary and additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

DeLoach, Barber & Caspers, P. C.

December 11, 2013

CITY OF COLUMBIANA WATER BOARD
CITY OF COLUMBIANA, ALABAMA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

ASSETS

Current Assets

Nonrestricted Assets:

Cash and cash equivalents	\$ 3,021,049
Accounts receivable, net of allowance for doubtful accounts of \$10,000	249,005
Interest receivable	252
Receivable from City of Columbiana	21,743
Inventory	53,919
Prepaid expenses	17,236

Restricted Assets:

Cash - meter deposits	283,303
Cash - 2008 bond proceeds	<u>42,034</u>

Total Current Assets 3,688,541

Noncurrent Assets

Capital Assets, at cost:

Automotive	229,182
Buildings	429,858
Construction in progress	182,742
Land	759,827
Machinery and equipment	355,774
Office furniture and equipment	94,412
Water system and lines	<u>9,053,914</u>

11,105,709

Allowance for depreciation (3,761,744)

Capital Assets - Net 7,343,965

Total Assets \$ 11,032,506

The accompanying notes are an integral part of these statements.

CITY OF COLUMBIANA WATER BOARD
CITY OF COLUMBIANA, ALABAMA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

LIABILITIES

Current Liabilities

Current portion of revenue bonds payable	\$ 244,022
Accounts payable	118,125
Utility tax payable	4,938
Payroll taxes payable	823
Interest payable	465
Salaries and wages payable	59,569
<u>Current Liabilities (Payable from Restricted Assets)</u>	
Meter deposits	<u>242,824</u>
 Total Current Liabilities	 <u>670,766</u>

Long-Term Debt

Revenue bonds payable	<u>2,664,923</u>
 Total Long-Term Debt	 <u>2,664,923</u>

Total Liabilities \$ 3,335,689

NET POSITION

Net Position

Invested in capital assets, net of related debt	4,477,053
Restricted for:	
Meter Deposits	40,479
Unrestricted	<u>3,179,285</u>
 Total Net Position	 <u>\$ 7,696,817</u>

The accompanying notes are an integral part of these statements.

CITY OF COLUMBIANA WATER BOARD
CITY OF COLUMBIANA, ALABAMA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2013

<u>Operating Revenues</u>	
Commercial and industrial water sales	\$ 761,644
Residential	950,414
Service charges and other revenue	<u>86,366</u>
	<u>1,798,424</u>
 <u>Operating Expenses</u>	
Supply and distribution	1,081,135
Administrative expenses	<u>340,997</u>
	<u>1,422,132</u>
Operating Income	<u>376,292</u>
 <u>Non-Operating Revenues (Expenses)</u>	
Interest income	14,998
Interest expense	<u>(116,331)</u>
Total Non-Operating Revenues (Expenses)	<u>(101,333)</u>
Change in Net Position	274,959
Total Net Position - Beginning of Year	<u>7,421,858</u>
Total Net Position, End of Year	\$ <u>7,696,817</u>

The accompanying notes are an integral part of these statements.

CITY OF COLUMBIANA WATER BOARD
CITY OF COLUMBIANA, ALABAMA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

<u>Cash Flows From Operating Activities</u>	
Receipts from customers and users	\$ 1,799,903
Payments to suppliers	(969,329)
Payments to employees and related payroll expenses	<u>(264,320)</u>
Net cash provided by operating activities	<u>566,254</u>
<u>Cash Flows From Capital and Related Financing Activities</u>	
Payments for capital acquisitions	(252,874)
Principal payments on revenue bonds payable	(234,984)
Interest payments on revenue bonds payable	<u>(116,380)</u>
Net cash used by capital and related financing activities	<u>(604,238)</u>
<u>Cash Flows From Investing Activities</u>	
Interest received	<u>15,090</u>
Net cash provided by investing activities	<u>15,090</u>
Net increase in cash and equivalents	(22,894)
Cash and equivalents, beginning of year (restricted and nonrestricted)	<u>3,369,280</u>
Cash and equivalents, end of year (restricted and nonrestricted)	\$ <u>3,346,386</u>

(Continued)

The accompanying notes are an integral part of these statements.