

Town of Cottonport
Annual Financial Statements
As of and for the Year Ended
June 30, 2019

DUCOTE & COMPANY
Certified Public Accountants
219 North Washington Street
P. O. Box 309
Marksville, LA 71351

TOWN OF COTTONPORT, LOUISIANA
Annual Financial Statements
As of and for the year ended June 30, 2019
TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1-2
REQUIRED SUPPLEMENTAL INFORMATION (PART I)	
Management's Discussion and Analysis	4-8
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet and Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Financial Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities	14
Proprietary Funds:	
Statement of Net Position	15
Statement of Revenues, Expenses, and Changes in Fund Net Position	16
Statement of Cash Flows	17
Fiduciary Funds:	
Statement of Fiduciary Net Position - Agency Funds	18
Notes to the Financial Statements	19-38
REQUIRED SUPPLEMENTAL INFORMATION (PART II)	
Budget Comparison Schedules	
General Fund	40
Sales Tax Fund	41
Volunteer Fire Department	42
Notes to Budget Comparison Schedules	43

TOWN OF COTTONPORT, LOUISIANA
Annual Financial Statements
As of and for the year ended June 30, 2019

TABLE OF CONTENTS (Continued)

REQUIRED SUPPLEMENTAL INFORMATION (PART II) (Continued)

Schedule of Proportionate Share of Net Pension Liability- Municipal Employees' Retirement System and Municipal Police Employees' Retirement System	44
Schedule of Contributions- Municipal Employees' Retirement System and Municipal Police Employees' Retirement System	45
OTHER SUPPLEMENTAL SCHEDULES:	
Detailed financial statements:	
General Fund:	
Statement of Revenues- Budget (GAAP Basis) and Actual	47
Statement of Functional Expenditures- Budget (GAAP Basis) and Actual	48-50
Enterprise Fund:	
Statement of Operating Expense Detail- Budget (GAAP Basis) and Actual	51
Non-Major Governmental Funds:	
Combining Balance Sheet	52
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	53
Schedule of Compensation Paid to Elected Officials	54
Schedule of Compensation, Benefits and Other Payments to Agency Heads	55
OTHER REPORTS REQUIRED BY <u>GOVERNMENTAL AUDITING STANDARDS</u>:	
Independent Auditors' Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of the Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .	57-58
Summary of Findings and Responses	59-60
Status of Prior Audit Findings	61
AGREED-UPON PROCEDURES REPORT:	
Independent Accountants' Report on Applying Agreed-Upon Procedures	62-69

INDEPENDENT AUDITORS' REPORT

The Honorable William F. Scott, III, Mayor
And Members of the Council
Town of Cottonport, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the Town of Cottonport, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises 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.

Auditors' Responsibility

Our responsibility is to express opinions 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 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 we plan and perform the audit to obtain reasonable assurance about whether the 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 auditors' 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 our audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cottonport, Louisiana, as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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 4 through 8; the budgetary comparison information on pages 40 through 42; 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 System on pages 44 and 45 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. We 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 we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Cottonport, Louisiana's financial statements as a whole. The Schedule of Compensation Paid to Elected Officials and Schedule of Compensation, Benefits and Other Payments to Agency Heads and the combining and individual non-major fund financial statements and schedules described in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

These schedules and combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules and the combining and individual non-major fund financial statements 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*, we have also issued our report dated December 6, 2019, on our consideration of the Town of Cottonport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grand agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 Cottonport's internal control over financial reporting and compliance.

DUCOTE & COMPANY

Marksville, Louisiana
December 6, 2019

REQUIRED SUPPLEMENTAL INFORMATION (PART I)
Management's Discussion and Analysis

Town of Cottonport, Louisiana
Management's
Discussion and Analysis
June 30, 2019

This discussion and analysis is intended to be an easily readable analysis of the Town of Cottonport's financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow:

Report Layout

With the implementation of Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments," a government's presentation of financial statements has been greatly changed. Besides the Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements, combining schedules of non-major funds and supplementary information. The first several statements are highly condensed and present a government-wide view of the Town's finances. Within this view, all Town operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as police, fire, public works, parks and recreation, community development and general government administration. The sales tax fund is also included in the governmental activities. The Town's component unit, the Cottonport Volunteer Fire Department has their general fund reported within the governmental activities. The Town's other activities of water and sewer operations are reported within the business-type activities. These government wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the Town.

Basic Financial Statements

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the community owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Under the new reporting requirements of GASB 34, governmental activities reflect capital assets including infrastructure and long-term liabilities. Business-type activities have long reported capital assets and long-term liabilities. Also, under the new reporting requirements, governmental activities are reported on the accrual basis of accounting.
- The Statement of Activities focuses gross and net costs of town programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on major governmental funds and proprietary funds. The Town's major governmental funds are presented in their own column and the remaining funds are combined into a column titled "Other Governmental Funds." A budgetary comparison is presented for the general fund, sales tax fund and the volunteer fire department fund. Statements for the Town's proprietary funds follow the governmental funds and include net assets, revenue, expenses and changes in net position, and cash flow.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Town's financial condition.

Readers desiring additional information on non-major funds can find it in the Combining Statements of Non-major Funds section of this report. Completing the financial section of the report are schedules on capital assets and other financial schedules.

The MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years. Significant changes from the prior year are explained in the following paragraphs.

Government-wide Financial Statements

A condensed version of the Statement of Net Assets at June 30, 2019 follows:

	Net Position at Year-end		
	Governmental Activities	Business-type Activities	Total Government
Cash and Investments	\$ 200,308	\$ 240,343	\$ 440,651
Other assets	61,184	109,897	171,081
Capital assets	<u>1,138,782</u>	<u>2,674,237</u>	<u>3,813,019</u>
Total assets	<u>\$ 1,400,274</u>	<u>\$ 3,024,476</u>	<u>\$ 4,424,750</u>
Deferred Outflow of Resources - Pensions	<u>\$ 92,514</u>	<u>\$ -</u>	<u>\$ 92,514</u>
Other liabilities	\$ 14,861	\$ 72,354	\$ 87,215
Long-term liabilities	<u>723,216</u>	<u>240,000</u>	<u>963,216</u>
Total liabilities	<u>738,076</u>	<u>312,354</u>	<u>1,050,430</u>
Deferred Inflow of Resources - Pensions	<u>122,048</u>	<u>-</u>	<u>122,048</u>
Net assets			
Investment in capital assets, Net of related debt	669,016	2,434,237	3,103,253
Restricted	193,662	-	193,662
Unrestricted	<u>(230,014)</u>	<u>277,886</u>	<u>47,873</u>
Total net position	<u>\$ 632,664</u>	<u>\$ 2,712,122</u>	<u>\$ 3,344,785</u>

During the year ended June 30, 2019, the following changes affected the balance of net position: cash and investments increased by \$106,909 from the prior year. Total liabilities, including net pension liability decreased by a net amount of \$356,978. There were no capital expenditures in the governmental activities funds or the enterprise fund.

A condensed version of the Statement Activities follows:

**Governmental and Proprietary Activities
For the year ended June 30, 2019**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Government</u>
<u>Revenues</u>			
Program Revenues:			
Charges for services	\$ 43,267	\$ 860,763	\$ 904,030
General Revenues:			
Taxes	416,693	-	416,693
Franchise fees	100,463	-	100,463
Licenses and permits	79,550	-	79,550
Intergovernmental	46,415	-	46,415
Unrestricted Investment earnings		1,163	1,163
Miscellaneous	23,927	-	23,927
Transfers	250,895	(250,895)	-
Total revenues and transfers	<u>961,211</u>	<u>611,031</u>	<u>1,572,242</u>
<u>Expenses</u>			
General government	233,706	-	233,706
Public safety	484,621	-	484,621
Streets and bridges	136,231	-	136,231
Health and sanitation	339	-	339
Utility services-Water and Sewer	-	663,647	663,647
Interest and fiscal charges	19,793	-	19,793
Total Expenses	<u>874,689</u>	<u>663,647</u>	<u>1,538,337</u>
Increase (Decrease) in net position	<u>\$ 86,520</u>	<u>\$ (52,616)</u>	<u>\$ 33,905</u>

Governmental activities

Governmental program expenses were lower than prior year by roughly \$113,096. Revenues were lower by \$26,296. The net result is an overall \$86,799 increase in net position over the prior year resulting in a \$86,520 increase in net position for the current year.

Business-type activities

The water and sewer fund had an operating loss of \$52,617 for the year after transfers out to other funds totaling \$250,895. Charges for services were down by \$46,744 and operating transfers out were down by \$54,943.

Budgetary Highlights

Over the course of the year the Town Council revised the budget only once resulting in an overall decrease in general fund revenues over expenditures of \$18,141. In total, the general fund's expenditures were \$35,522 less than budgeted and revenues were \$19,682 more than budgeted for a total net favorable budget variance of \$55,203. After net operating transfers in of \$321,300, the general fund finished the year with an overall favorable budget variance of \$41,502.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2019 the Town had \$4,085,377 invested in capital assets, including police and fire equipment, park and recreation facilities, buildings, and water and sewer lines. There were no current year acquisitions or purchases of capital assets in the general fund. In the enterprise fund there were no current year acquisitions of capital assets. Depreciation however, totaled a net of \$272,359 resulting in a net decrease in capital assets of \$272,359 (additions net of deletions and accumulated depreciation).

Capital Assets at Year-end

	Governmental Activities		Business-type Activities		Totals	
	2018	2019	2018	2019	2018	2019
Land and improvements	\$ 136,031	\$ 136,031			\$ 136,031	\$ 136,031
Construction in progress	-	-			-	-
Buildings and improvements	1,181,345	1,181,345			1,181,345	1,181,345
Furniture, fixtures and equipment	594,253	594,253			594,253	594,253
Vehicles and tractors	1,053,955	1,053,955			1,053,955	1,053,955
Water lines, wells, extensions and equipment			3,013,876	3,013,876	3,013,876	3,013,876
Treatment facility, lines and equipment			2,970,662	2,970,662	2,970,662	2,970,662
Subtotal	\$ 2,965,584	\$ 2,965,584	\$ 5,984,538	\$ 5,984,539	\$ 8,950,122	\$ 8,950,122
Accumulated depreciation	1,680,955	1,826,801	3,183,790	3,310,302	4,864,745	5,137,103
Capital assets, net	\$ 1,284,628	\$ 1,138,783	\$ 2,800,748	\$ 2,674,237	\$ 4,085,377	\$ 3,813,019

Debt Outstanding

At year-end, the Town had \$709,767 of outstanding long-term debt. This debt represents the balance owed of \$32,609 on the Capital Lease purchase of two Police Cars, the balance owed of \$13,836 on the Capital Lease purchase of a Police Car, the balance owed on the purchase of a new Fire Truck in the amount of \$74,322, and Street Improvement Bonds totaling \$349,000. In addition, a total of \$240,000 was owed on Revenue Bonds issued to fund the construction of a new water well. More detailed information on the Town's long-term liabilities 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 \$253,449 on the statement of net position for governmental activities as of June 30, 2019. Additional information about the Town's net pension liability is presented in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Town is projecting excess expenditures in the General Fund of \$290,163 for the fiscal year ending June 30, 2020, before transfers in/out from/to other funds. After transfers totaling a net of \$300,953, the General Fund is projecting an excess of revenues of \$10,790. The enterprise fund is projecting a net operating income of \$357,158, before any transfers in/out to the General Fund and debt payments on revenue bonds. After transfers the enterprise fund is projecting a surplus of \$102,528.

Financial Contact

The Town's financial statements are designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the revenues it receives. If you have any questions about this report or need additional financial information, please contact Theresa Anderson, the Town Clerk, at 931 Bryan Street, Cottonport, LA 71327.

BASIC FINANCIAL STATEMENTS

TOWN OF COTTONPORT, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and interest-bearing deposits	\$200,308	\$173,597	\$373,906
Receivables:			
Accounts	0	106,627	106,627
Taxes	25,604	0	25,604
Accrued Interest	0	586	586
Other	35,580	2,684	38,264
Restricted assets:			
Cash and interest-bearing deposits	0	66,746	66,746
Capital assets (net of accumulated depreciation)	<u>1,138,782</u>	<u>2,674,237</u>	<u>3,813,019</u>
TOTAL ASSETS	<u>\$1,400,274</u>	<u>\$3,024,476</u>	<u>\$4,424,750</u>
DEFERRED OUTFLOWS OF RESOURCES			
Resources related to pension	<u>92,514</u>	<u>0</u>	<u>92,514</u>
LIABILITIES			
Accounts Payable	\$0	\$1,032	\$1,032
Due to other funds	14,861	4,576	19,437
Payable from restricted assets -			
Customers' deposits	0	66,746	66,746
Capital lease payable	120,767	0	120,767
Bonds payable	349,000	240,000	589,000
Net pension liability	<u>253,449</u>	<u>0</u>	<u>253,449</u>
Total Liabilities	<u>738,076</u>	<u>312,354</u>	<u>1,050,430</u>
DEFERRED INFLOWS OF RESOURCES			
Resources related to pension	<u>122,048</u>	<u>0</u>	<u>122,048</u>
NET POSITION			
Investment in capital assets, net of related debt	669,016	2,434,237	3,103,252
Restricted	193,662	0	193,662
Unrestricted	<u>(230,014)</u>	<u>277,886</u>	<u>47,873</u>
TOTAL NET POSITION	<u>\$632,664</u>	<u>\$2,712,122</u>	<u>\$3,344,785</u>

The accompanying notes are an integral part of this financial statement.

**TOWN OF COTTONPORT, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

—Net (Expenses) Revenue and Change in Net Assets—

	Expenses	Charges for Services	Governmental Activities	Business- Type Activities	Total
ACTIVITIES					
Governmental activities:					
General government	\$233,706	\$0	\$(233,706)	\$0	\$(233,706)
Public safety:				0	
Police	340,061	43,267	(296,794)	0	(296,794)
Fire	139,066	0	(139,066)	0	(139,066)
City Court	5,494	0	(5,494)	0	(5,494)
Streets and bridges	136,231	0	(136,231)	0	(136,231)
Health and sanitation	339	0	(339)	0	(339)
Interest and fiscal charges	19,793	0	(19,793)	0	(19,793)
Total Governmental Activities	874,690	43,267	(831,423)	0	(831,423)
Business-type activities:					
Water and Sewer	663,647	860,763	0	197,116	197,116
Total Business-type Activities	663,647	860,763	0	197,116	197,116
Total Town of Cottonport	1,538,337	904,030	(831,423)	197,116	(634,307)
GENERAL REVENUES					
Taxes			416,693	0	416,693
Franchise Fees			100,463	0	100,463
Licenses and permits			79,550	0	79,550
Intergovernmental			46,415	0	46,415
Unrestricted investment earnings			0	1,163	1,163
Miscellaneous			23,927	0	23,927
Transfers, net			250,895	(250,895)	0
Total general revenues, special items and transfers			917,944	(249,733)	668,211
Change in net position			86,520	(52,617)	33,905
Net position beginning of year			546,143	2,764,739	3,310,882
Net position end of year			\$632,664	\$2,712,122	\$3,344,785

The accompanying notes are an integral part of this financial statement.

TOWN OF COTTONPORT, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUNDS AND
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

	General Fund	Sales Tax Fund	Volunteer Fire Department Fund	Capital Projects Fund Street Overlay	Non Major Funds	Total Governmental Funds
ASSETS						
Cash and interest-bearing deposits	\$32,260	\$79,837	\$88,059	\$153	\$0	\$200,308
Receivables:						0
Taxes	0	25,604	0	0	0	25,604
Accrued interest	0	0	0	0	0	0
Other	35,570	0	10	0	0	35,580
Due from other funds	0	0	0	0	0	0
TOTAL ASSETS	\$67,830	\$105,441	\$88,069	\$153	\$0	\$261,492
LIABILITIES						
Accounts Payable	\$0	\$0	\$0	\$0	\$0	\$0
Due to other funds	14,861	0	0	0	0	14,861
Total liabilities	14,861	0	0	0	0	14,861
FUND BALANCES						
Assigned	0	105,441	88,069	153	0	193,662
Unassigned	52,969	0	0	0	0	52,969
Total fund balances	52,969	105,441	88,069	153	0	246,631
TOTAL LIABILITIES AND FUND BALANCES	\$67,830	\$105,441	\$88,069	\$153	\$0	

Amounts reported for governmental activities in the statement of net position are different

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,965,584	
Less: accumulated depreciation	(1,826,801)	1,138,782
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		(469,767)
Net pension liability does not require the use of current financial resources and therefore is not reported in the funds.		(253,449)
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.		(29,534)
NET POSITION OF GOVERNMENTAL ACTIVITIES		\$632,664

The accompanying notes are an integral part of this financial statement.

**TOWN OF COTTONPORT, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund	Sales Tax Fund	Volunteer Fire Department Fund	Capital Projects Fund - Street Proj	Non Major Funds	Totals Govt'l Funds
REVENUES						
Taxes	\$36,699	\$284,657	\$95,337	0	\$0	\$416,693
Franchise Fees	100,463	0	0	0	0	100,463
Licenses and permits	79,550	0	0	0	0	79,550
Intergovernmental	30,081	0	16,334	0	0	46,415
Fines and forfeits	43,267	0	0	0	0	43,267
Miscellaneous	23,890	37	1	0	0	23,927
TOTAL REVENUES	313,950	284,693	111,672	0	0	710,315
EXPENDITURES						
Current -						
General government	217,829	3,269	0	0	0	221,099
Public Safety:						
Police	304,801	0	0	0	0	304,801
Fire	14,544	0	59,669	0	0	74,213
City Court	5,494	0	0	0	0	5,494
Streets and bridges	106,516	0	0	0	0	106,516
Health and sanitation	339	0	0	0	0	339
Debt Service -						
Principal retirement	0	0	0	0	143,790	143,790
Interest and fiscal charges	0	0	0	0	19,793	19,793
TOTAL EXPENDITURES	649,523	3,269	59,669	0	163,583	876,044
Excess (deficiency) of revenues over expenditures	(335,573)	281,424	52,003	0	(163,583)	(165,729)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	343,500	0	0	0	163,583	507,083
Operating transfers out	(22,200)	(195,500)	(38,487)	0	0	(256,188)
TOTAL OTHER FINANCING SOURCES (USES)	321,300	(195,500)	(38,487)	0	163,583	250,895
Excess (deficiency) of revenues over expenditures and other sources (uses)	(14,274)	85,924	13,516	0	0	85,166
FUND BALANCES AT BEGINNING OF YEAR	67,243	19,516	74,553	153	0	161,465
FUND BALANCES AT END OF YEAR	\$52,969	\$105,441	\$88,069	\$153	\$0	\$246,631

The accompanying notes are an integral part of this financial statement.

**TOWN OF COTTONPORT, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Net change in fund balances - Governmental Funds	\$85,166
 The change in net position reported for governmental activities is in the Statement of Activities 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 and reported as depreciation expense.	
Depreciation expense	(145,847)
 Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal paid	143,790
 Governmental funds report current year pension contributions as expenditures. However, in the statement of activities, the contributions of the Town's proportionate share of the plan's pension expense is reported in the Statement of Revenues and Expenditures as a reduction in the pension liability.	
	3,410
 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.	
	<u>0</u>
 Change in net position of governmental activities	 <u><u>\$86,520</u></u>

The accompanying notes are an integral part of this financial statement.

**TOWN OF COTTONPORT, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2019**

	Business-type Activities
<u>ASSETS</u>	
Cash and interest-bearing bonds	\$173,597
Receivables:	
Accounts	106,627
Other receivables	2,684
Accrued interest	586
Restricted assets:	
Cash and interest-bearing deposits	66,746
Capital assets (net of accumulated depreciation)	2,674,237
TOTAL ASSETS	\$3,024,476
 <u>LIABILITIES</u>	
Accounts payable	\$1,032
Due to other funds	4,576
Payable from restricted assets -	
Customers' deposits	66,746
Revenue bonds payable	240,000
Total Liabilities	312,354
 NET POSITION	
Investment in capital assets, net of related debt	2,434,237
Unrestricted	277,886
TOTAL NET POSITION	\$2,712,122

The accompanying notes are an integral part of this financial statement.

**TOWN OF COTTONPORT, LOUISIANA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Enterprise Fund</u>
<u>OPERATING REVENUES</u>	
Charges for services -	
Water services	\$558,010
Sewer services	184,668
LAWCO water line	<u>118,086</u>
TOTAL OPERATING REVENUES	<u>860,763</u>
<u>OPERATING EXPENSES</u>	
Water department	332,268
Sewer department	146,080
General and administrative	46,239
Depreciation	<u>126,512</u>
TOTAL OPERATING EXPENSES	<u>651,099</u>
OPERATING INCOME (LOSS)	<u>209,664</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>	
Interest income	1,163
Interest expense	<u>(12,548)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(11,385)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>198,279</u>
<u>OPERATING TRANSFERS IN (OUT):</u>	
Operating transfers out	<u>(250,895)</u>
TOTAL OPERATING TRANSFERS	<u>(250,895)</u>
NET INCOME (LOSS)	(52,616)
NET POSITION AT BEGINNING OF YEAR	<u>2,764,738</u>
NET POSITION AT END OF YEAR	<u>\$2,712,122</u>

The accompanying notes are an integral part of this financial statement.

**TOWN OF COTTONPORT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Enterprise Fund
Cash flows from operating activities	
Receipts from customers	\$862,760
Payments to suppliers	(429,807)
Payments to employees for salaries and benefits	<u>(94,817)</u>
Net cash provided by operating activities	<u>338,136</u>
 Cash flows from noncapital financing activities:	
Due (from) to other funds	268
Net increase (decrease) in bonds payable	(33,000)
Operating transfers to other funds	<u>(250,895)</u>
Net cash provided by/(used) for noncapital financing activities	<u>(283,628)</u>
 Cash flows from capital and related financing activities	
Purchase of Capital Assets	<u>0</u>
Net cash provided by/(used) for capital and related financing activities	<u>0</u>
 Cash flows from investing activities:	
Interest received from interest bearing deposits	1,163
Interest paid	<u>(12,548)</u>
Net cash provided by/(used) for investing activities	<u>(11,385)</u>
Net increase (decrease) in cash and cash equivalents	43,122
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>197,218</u>
 CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>\$240,343</u></u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$209,664
Adjustment to reconcile net income to net cash provided by operating activities:	
Depreciation	126,512
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	51
(Increase) decrease in other receivables	(1,732)
Increase (decrease) in accounts payable	(37)
Increase (decrease) in customer deposits	<u>3,678</u>
Net cash provided by/(used) for operating activities	<u><u>\$338,136</u></u>

The accompanying notes are an integral part of this financial statement.

**TOWN OF COTTONPORT, LOUISIANA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019**

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and interest-bearing deposits	\$6,976
Due from other funds	<u>19,437</u>
TOTAL ASSETS	<u><u>\$25,813</u></u>
<u>LIABILITIES</u>	
Accounts payable	<u>\$25,813</u>
TOTAL LIABILITIES	<u>25,813</u>
NET POSITION	<u><u>\$0</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

INTRODUCTION

The Town of Cottonport (Town) was incorporated on March 28, 1896. On October 21, 1924, under the provisions of the Lawrason Act, the Town began operating under a Mayor-Council form of government.

The accounting and reporting policies of the Town of Cottonport conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units.

Financial Reporting Entity.

Government Accounting Standards Board Statement (GASB) 14 established criteria for determining which component units should be considered part of the Town of Cottonport, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

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

Based upon the application of the foregoing criteria, the volunteer fire department as a governmental organization is considered a part of the Town and is thus included in the accompanying financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

A. Implementation of New Accounting Standards.

The Town of Cottonport, Louisiana implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis-for State and Local Governments* (GASB 34). This statement affects the manner in which the Town records transactions and presents financial information.

State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports. GASB 34 establishes new requirements and a new reporting model, much like private-sector financial reports, for the annual financial reports of state and local governments. The new format was developed to make annual reports of state and local governments easier to understand and more useful to users of governmental financial information.

Management's Discussion and Analysis-GASB 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the Town's financial activities in the form of management's discussion and analysis (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations.

**TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements-The reporting model includes financial statements prepared using full accrual accounting for all the Town's activities. This approach includes not just current assets and liabilities, but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. Government-wide financial statements including the following:

Statement of Net Assets-The statement of net assets is designed to display the financial position of the Primary Government (governmental and business-type activities). The Town reports capital assets in the government-wide statement of net assets and reports depreciation expense-the cost of "using up" capital assets-in the statement of activities. The net assets of the Town are broken down into three categories-1) Invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities-The statement of activities reports expenses and revenues in a format that focuses on the cost of each of the Town's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the Town had recorded capital assets and certain other long-term assets and liabilities in the statement of net assets and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

B. Basic Financial Statements.

Basic financial statements consist of the following:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the basic financial statements.

The government-wide financial statements consist of the statement of net assets and the statement of activities and report information on all of the nonfiduciary activities of the Primary Government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net assets have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column. In the statement of activities, transactions between governmental and business-type activities have not been eliminated.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety (police, fire and city court), streets and bridges, health and sanitation and public improvements. The business-type activities of the Town include water and wastewater operations.

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. 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 activity, and 2) grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. 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 proprietary funds and fiduciary funds financial statements. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds 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. The Town in general considers revenues available if they are collected within 180 days after year-end, except for property taxes, which the Town considers available if they are collected within 60 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when payment is due.

For the governmental funds financial statements, the Town consider all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically sales taxes, franchise taxes, licenses, interest, special assessments, charges for services, and other miscellaneous revenue are all considered to be susceptible to accrual and have been recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and are recorded at the time of receipt or earlier, if the susceptible to accrual criteria are met.

The accounts of the Town are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstration compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Town reports the following major governmental funds:

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

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt service funds are used to account for the accumulation of resources retained and used for the payment of principal, interest, and related costs on those long-term obligations recorded in the general long-term obligations account group.

Capital projects funds are used to account for financial resources to be used for acquisition or construction of major capital facilities (other than those financed in the proprietary funds and trust funds).

The Town reports the following major proprietary fund:

Utility funds are used to account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through users charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town of Cottonport's enterprise fund is the Water and Wastewater Utility Fund.

Additionally, the Town reports the following fund types:

Fiduciary funds, which consist solely of Agency funds, account for assets held by the Town as a trustee or as an agent for individuals or other governmental units. The only fiduciary fund type used by the Town is the Agency Fund type. Agency funds are custodial in nature and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The funds account for assets held by the Town in an agency capacity for individuals or other governmental units.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets and Budgetary Accounting.

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

1. The Town Clerk prepares a proposed budget and submits it to the Mayor and Council not later than fifteen days prior to the beginning of each fiscal year.
2. A notice is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program of function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Town Council.
6. All budgetary appropriations lapse at the end of each fiscal year.

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and are used as a management control device. Annual budgets are adopted for the General Fund, Sales Tax, Volunteer Fire Department, Debt Service, Capital Projects Funds (if any) and the Enterprise Fund. The Town maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the Town Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the operating budget is within a fund. Budgeted amounts presented are as originally adopted and as further amended by the Town Council.

E. Deposits and Investments.

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal officers in Louisiana. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost, which approximates market.

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash Flow Presentation.

For the purpose of the statement of cash flows, the Enterprise Fund (Water & Sewer System Fund) consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

G. Bad Debts.

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. No allowance for uncollectible amounts was made due to the immateriality at June 30, 2019.

H. Due to and Due from Other funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

I. Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Long-Term obligations of the Town consisted of Water Revenue Bonds, Series 2010, payable from proprietary fund revenues, an unsecured note payable from general revenues of the town, and a financing arrangement on a new fire truck payable from revenues generated by the Fire Department.

J. Accumulated Unpaid Vacation and Other Employee Benefits.

Town employees are entitled to certain compensated absences based upon their length of service.

Vacation and sick leave are accounted for on a fiscal year basis beginning January 1st through December 31st.

Vacation leave is earned at the rate of five days to fifteen days per year depending on the employee's length of service with the Town. Vacation leave earned does not accumulate from year to year and expires on January 31st of the succeeding year in which it was earned.

Sick leave is earned at the rate of five days per year for employees who have reached full-time status and have been employed up to five years. Employees who have been employed greater than five years are granted an additional day for each year of employment over five years. Accumulated sick leave is not payable at the time of separation.

At June 30, 2019, vested leave benefits have not been accrued as required by GASB Codification Section C60, "Accounting for Compensated Absences", due to immateriality.

**TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), 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. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed

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

	<u>Years</u>
Land Improvements (Infrastructure)	10 - 50
Building and building improvements	20 - 50
Service vehicles and moveable equipment	7 - 15
Heavy equipment	10 - 20
Office furniture and fixtures	5 - 10

The proprietary fund is accounted for on a cost of service or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or non-current) associated with its activity are included on its balance sheet.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method over the following useful lives:

	<u>Years</u>
Water wells and waste collection system	40 - 50
Water and sewer lines and meters	10 - 50
Pumps, motors and compressors	10 - 40
Service vehicles and moveable equipment	7 - 15

L. Fund Equity of Fund Financial Statements

The town adopted the provisions of GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions* which requires the fund balance amounts to be reported within the fund balance categories as follows:

**TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-spendable – Fund balance that is not in spendable form or is legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as inventories or prepaid items.

Restricted – Fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed - Fund balance that can only be used for specific purposes determined by the Town's highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit the funds. Committed fund balance is the result of either a policy of the Town or motions passed at a Town meeting committing the funds.

Assigned - Fund balance that is constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the Town.

Unassigned – Fund balance that is the residual classification for the general fund.

NOTE 2. CASH AND CASH EQUIVALENTS

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At June 30, 2019, the Town had cash and cash equivalents (book balance) totaling \$447,028 as follows:

Demand deposits	\$ 356,689
Time deposits	<u>90,339</u>
Total	<u>\$ 447,028</u>

These deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. Under state law, these deposits (or the resulting bank balance) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2019, the Town's deposit balance (bank balances) of \$361,712 was exposed to custodial credit risk as follows:

Depository Account	Bank Balance
Insured	\$ 361,712
Collateralized:	
Collateral held by pledging bank's trust department not in the Town's name	-
Uninsured and uncollateralized	<u>-</u>
Total Deposits	<u>\$ 361,712</u>

**TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 3. INVESTMENTS

At June 30, 2019, the Town held investments totaling \$90,339 in 180 day certificates of deposit. These investments are stated at cost, which approximate market and are secured from risk by federal deposit insurance (see note 2).

NOTE 4. RECEIVABLES

Receivables totaling \$171,070 consist of the following at June 30, 2019:

	<u>General</u>	<u>Water and Sewer</u>	<u>Total</u>
Accounts	\$ -	\$ 106,627	\$ 106,627
Franchise Taxes:			
Electric	15,209	-	15,209
Telephone	978	-	978
Cable	3,013	-	3,013
Other	4,205	3,269	7,475
	<u>\$ 23,405</u>	<u>\$ 109,896</u>	<u>\$ 133,301</u>

Due from other governmental agencies totaling \$37,769 consisted of the following at June 30, 2019:

	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Total</u>
Beer Tax	\$ 1,202	\$ -	\$ -	\$ 1,202
Sales Tax	-	25,604	-	25,604
DOTD	-	-	-	-
Volunteer Fire	-	-	-	-
Housing Authority	10,963	-	-	10,963
	<u>\$ 12,167</u>	<u>\$ 25,604</u>	<u>\$ -</u>	<u>\$ 37,769</u>

NOTE 5. INTERFUND RECEIVABLES, PAYABLES

The following is a summary of interfund receivable and payable balances at June 30, 2019:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 14,861
Enterprise Fund	-	4,576
Agency Funds	<u>19,437</u>	<u>-</u>
Totals	<u>\$ 19,437</u>	<u>\$ 19,437</u>

NOTE 6. RESTRICTED ASSETS – PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at June 30, 2019:

Customer Meter Deposits	<u>\$66,746</u>
-------------------------	-----------------

**TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 7. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2019 are as follows:

	Balance 06/30/18	Additions	Deletions	Balance 06/30/19
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 136,031	\$ -	\$ -	\$ 136,031
Total capital assets not being depreciated	<u>\$ 136,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,031</u>
Capital assets being depreciated:				
Buildings and Improvements	\$ 1,181,345	\$ -	\$ -	\$ 1,181,345
Furniture, Fixtures, and Equipment	594,253	-	-	594,253
Vehicles and Tractors	1,053,955	-	-	1,053,955
Total capital assets being depreciated	<u>\$ 2,829,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,829,553</u>
Less accumulated depreciation for:				
Buildings and Improvements	\$ 629,829	\$ 29,079	\$ -	\$ 658,908
Furniture, Fixtures, and Equipment	450,302	38,643	-	488,946
Vehicles and Tractors	600,823	78,124	-	678,947
Total accumulated depreciation	<u>\$ 1,680,954</u>	<u>\$ 145,847</u>	<u>\$ -</u>	<u>\$ 1,826,802</u>
Total Capital assets being depreciated, net	<u>\$ 1,148,599</u>			<u>\$ 1,002,751</u>

For the year ended June 30, 2019, depreciation expense was \$145,847.

Business-type activities:

Water department:				
Water lines, well and extensions and equipment	\$ 3,013,876	\$ -	\$ -	\$ 3,013,876
Sewer department				
Treatment facility, lines and equipment	2,970,663	-	-	2,970,663
Total Capital assets	5,984,539	\$ -	-	5,984,539
Less accumulated depreciation	3,183,790	\$ 126,512	\$ -	3,310,302
Total business-type assets	<u>\$ 2,800,749</u>			<u>\$ 2,674,237</u>

For the year ended June 30, 2019, depreciation expense was \$126,512.

NOTE 8. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transaction for the Town for the year ended June 30, 2019:

	General Obligation	Revenue Bonds
Payable at June 30, 2018	\$ 613,557	\$ 273,000
Add: New Debt Issued	-	-
Less: Payments Made	(143,790)	(33,000)
Payable at June 30, 2019	<u>\$ 469,767</u>	<u>\$ 240,000</u>

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 8. CHANGES IN LONG-TERM DEBT continued

Debt issues are comprised of the following:

General Obligations

Leases:

The Town of Cottonport entered into a lease agreement on March 21, 2016, as lessee for the financing of two police vehicles in the amount of \$73,382. The lease agreement qualifies as a capital lease for accounting purposes (lease contains an option to purchase the leased property) and therefore, has been recorded at the present value of the future minimum payments as of the date of its inception. The carrying value of these assets under the capital lease is \$26,907. The following is a schedule of future minimum lease payments under this capital lease and the present value of the net minimum lease payments as of June 30, 2019:

<u>Year Ending June 30</u>	
2020	\$ 16,312
2021	16,312
2022	<u>1,361</u>
	33,985
Less: amount representing interest	<u>(1,376)</u>
Present value of future lease payments	<u>\$ 32,609</u>

The Town of Cottonport entered into a lease agreement on December 20, 2016, as lessee for the financing of a police vehicle in the amount of \$26,178. The lease agreement qualifies as a capital lease for accounting purposes (lease contains an option to purchase the leased property) and therefore, has been recorded at the present value of the future minimum payments as of the date of its inception. The carrying value of these assets under the capital lease is \$11,344. The following is a schedule of future minimum lease payments under this capital lease and the present value of the net minimum lease payments as of June 30, 2019:

<u>Year Ending June 30</u>	
2020	\$ 5,888
2021	5,888
2022	<u>2,943</u>
	14,719
Less: amount representing interest	<u>(883)</u>
Present value of future lease payments	<u>\$ 13,836</u>

The Town of Cottonport entered into a lease agreement on February 2, 2017, as lessee for the financing of a 2017 Rosenbauer Pumper Fire Truck in the amount of \$224,985. The lease agreement qualifies as a capital lease for accounting purposes (lease contains an option to purchase the leased property) and therefore, has been recorded at the present value of the future minimum payments as of the date of its inception. The carrying value of these assets under the capital lease is \$188,737. The following is a schedule of future minimum lease payments under this capital lease and the present value of the net minimum lease payments as of June 30, 2019:

<u>Year Ending June 30</u>	
2020	38,487
2021	<u>38,487</u>
	76,974
Less: amount representing interest	<u>(2,652)</u>
Present value of future lease payments	<u>\$ 74,322</u>

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

General Obligation (Continued)-

Certificates of Indebtedness-

The Town of Cottonport executed \$800,000 of Certificates of Indebtedness for \$800,000, Series 2013, to fund the Street Improvement Project. The Certificates bear an interest rate of 2.85%. The annual requirements to amortize the debt including interest payments of \$25,194 are as follows:

<u>Year Ending June 30</u>	
2020	93,947
2021	93,552
2022	93,101
2023	<u>93,594</u>
	<u>\$374,194</u>

Revenue Bonds-

The Town of Cottonport issued Water Revenue Bonds, Series 2010 on May 12, 2010, to fund the construction of a new water well. The bonds bear interest rates ranging from 2.25% to 4.8% on \$425,000 and no interest on \$75,000 of the bonds. The annual requirements to amortize the revenue bonds including interest payments of \$41,134 are as follows:

<u>Year Ending June 30</u>	
2020	\$ 46,129
2021	46,588
2022	46,924
2023	47,130
2024	47,203
2025	<u>47,160</u>
	<u>\$281,134</u>

NOTE 9. CHANGES IN AGENCY FUND

The following is a summary of changes in assets and liabilities of the Agency Fund for the year ended June 30, 2019:

	Balance			Balance
Assets	<u>7/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2019</u>
Cash	\$ 9,650	\$ 857,124	\$ 860,397	\$ 6,376
Due from other funds	<u>29,098</u>	<u>824,430</u>	<u>834,091</u>	<u>19,437</u>
	<u>\$38,748</u>	<u>\$1,681,554</u>	<u>\$1,694,488</u>	<u>\$25,813</u>
Liabilities				
Accounts payable	\$38,748	\$ 439,269	\$ 452,204	\$ 25,813
Retirement payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$38,748</u>	<u>\$ 439,269</u>	<u>\$ 452,204</u>	<u>\$ 25,813</u>

**TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 10. AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Avoyelles Parish. Ad valorem tax revenues are budgeted in the year billed. For the year ended June 30, 2019, taxes of 5.68 mills were levied on property with assessed valuations totaling \$6,599,990 and were dedicated as follows:

General corporate purposes	5.68 mills
----------------------------	------------

Total taxes levied were \$37,487. Taxes receivable at June 30, 2019, were \$684.

NOTE 11. DEDICATION OF PROCEEDS AND FLOW OF FUNDS – SALES AND USE TAX LEVY

On October 21, 1995, the voters of the Town of Cottonport approved a one (1%) sales and use tax for a period of twenty-five years from April 1, 1996. The revenues derived from said sales and use tax are to be used for the purpose of constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage disposal works, waterworks, facilities, public streets and drainage facilities. On April 28, 2018, the voters approved an additional one (1%) sales and use tax effective July 1, 2018 for a period of ten (10) years.

NOTE 12. WATER PURCHASE CONTRACTS

The Town of Cottonport has various contract agreements in effect for the sales of water with details and terms as follows:

1. Louisiana Water Company (LAWCO) – Contract effective July 1, 2014, requiring the Town of Cottonport to supply water for resale in Mansura, Louisiana for a period of five (5) years at a rate of \$1.84 per 1,000 gallons with a minimum of \$500 per month. This contract was not renewed at expiration on July 1, 2019.
2. Louisiana Correctional Facilities Corporation – Verbal agreement requiring the Town of Cottonport to supply water for resale to the Medium Security Prison in Cottonport at a rate of \$1.42 per 1,000 gallons. The rate was increased to 1.70 per 1,000 gallons effective August 1, 2015.

NOTE 13. ROAD MAINTENANCE AGREEMENT

On July 1, 1998 the Town of Cottonport entered into a maintenance agreement with the Department of Transportation and Development for one-year period whereby the Town will maintain its municipal streets and roads, including mowing and litter pickup, and the Department of Transportation and Development will reimburse the Town with semi-annual payments totaling \$5,000, which was determined at a rate of \$1,000 per mile for five miles of undivided streets per year. This contract is renewed on an annual basis.

NOTE 14. SALES TAX COLLECTION AGREEMENT

On June 5, 1992, the Town of Cottonport entered into an intergovernmental agreement with the Avoyelles Parish School Board for a one year period commencing on July 1, 1992, whereby the School Board will collect the sales and use taxes, including interest, penalties, fees and cost, levied by the Town of Cottonport under the Town's ordinances for a monthly fee of 1.5 percent of the gross tax revenues collected by the School Board. The School Board will remit collections to the Town on a monthly basis no later than the 10th day of each month after reasonable and necessary cost and expenses of collection in administration of the taxes have been deducted, including the collection fee. This agreement is renewed annually.

**TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 15. FRANCHISE AGREEMENTS

The Town of Cottonport has entered into franchise agreements with various public utility companies that provide services within the corporate limits of the Town. A summary of each such agreement follows:

1. Central Louisiana Electric Company, Inc. (CLECO) – effective July 2013, for a period of thirty (30) years. Franchise fee is based on four percent (4%) of the gross receipts from the sale and delivery of electric energy for residential and commercial purposes billed on commercial and residential rates within the Town. Fees payable quarterly within thirty (30) days of the end of the quarter. Other franchise provisions are as follows:
 - A. Franchise payments will be reduced in an amount equal to the sum of any new or increased taxes of any nature whatsoever levied by the municipality and payable to CLECO (except uniform ad valorem taxes, based on property values).
 - B. CLECO will provide electric services to the Town and reduce street light rates.
2. Suddenlink Cable – effective June 10, 2009 for a period of fifteen (15) years. The franchise fee is based on five percent (5%) of gross subscription receipts, less sales taxes, federal excise tax and copyright fees, received by the company within the Town limits. Fees are payable to the Town quarterly, by the 10th of the following month.
3. Reliant Energy Entex (formerly Entex) – effective July 22, 2010, for a period of fifteen (15) years. Franchise fee is based on four percent (4%) of the gross receipts from the sale of gas for residential and commercial purposes billed on residential and commercial rates within the limits of the Town. Fees are payable on or before the 10th of each February.
4. CenturyTel (formerly Central Louisiana Telephone Company) - effective January 1, 1994, for a period of twenty-five (25) years. The franchise fee is based on five percent (5%) of the approved tariff rate for local access line telephone service provided by the Company within the corporate limits of the Town, and the Company shall provide free to the Town three (3) local access lines. Fees are payable no later than sixty (60) days after the end of each calendar quarter. This agreement expired on January 1, 2019 and has not yet been renewed although quarterly payments are still being remitted for franchise agreements under the terms of the expired agreement. The Town is in the process of having the agreement renewed.

NOTE 16. 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 Cottonport 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 Cottonport are provided with pensions through the Municipal Police Employees Retirement System of Louisiana. This system is a multiple-employer (cost sharing), public employee retirement systems (MPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Municipal Police Employees Retirement System of Louisiana. For the fiscal year ended June 30, 2019, no officers participated in the retirement plan.

**TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

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 (her) 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 side leave. In lieu of termination 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 (she) 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 (her) final average compensation or two percent of his (her) final average compensation multiplied by his (her) years of creditable service, whichever is greater; or an amount equal to two percent of the member's final average compensation multiplied by his (her) 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.

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.

**TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

Municipal Police Employees' Retirement System (Continued)

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 month 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, contribution requirements for all employers are actuarially determined each year. The Town of Cottonport's required contribution rate for the year ended June 30, 2019, was 14% of covered payroll. Contributions to the pension plan were \$26,422 for the year ended June 30, 2019. 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 \$7,524 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 Cottonport's required contribution rate for the year ended June 30, 2019, was 31.75% of covered payroll. There were no contributions since no one participated for the year ended June 30, 2019. 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. The amount of non-employer contributions recognized as revenue in the government-wide activities statement of activities was \$0 for the year ended June 30, 2019.

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

At June 30, 2019, the Town reported a total of \$253,449 for its proportionate share of the net pension liability of MERS and MPERS combined. The net pension liability was measured as of June 30, 2018, 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 employers, actuarially determined.

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued):

At June 30, 2018, the Town's proportion was .299645% for MERS which was a decrease of .048863% from its proportion measured as of June 30, 2017. At June 30, 2018, the Town's proportion was 0% for MPERS, which was a decrease of .014441% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$26,422 for MERS and \$0 for MPERS. At June 30, 2019, 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	\$ 41,194	\$ -	\$ 41,194
Difference between expected and Actual Experience	679	\$ -	679
Changes in assumptions	9,485	-	9,485
Changes in proportion	9,292	34,533	43,825
Employer contributions subsequent to measurement date	(2,669)	-	(2,669)
	<u>57,981</u>	<u>34,533</u>	<u>92,514</u>
Total Deferred Outflows of Resources	<u>\$ 57,981</u>	<u>\$ 34,533</u>	<u>\$ 92,514</u>
	<u>MERS</u>	<u>MPERS</u>	<u>Total</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 11,415	\$ -	\$ 11,415
Changes in assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion	26,836	83,797	110,633
	<u>38,251</u>	<u>83,797</u>	<u>122,048</u>
Total Deferred Inflows of Resources	<u>\$ 38,251</u>	<u>\$ 83,797</u>	<u>\$ 122,048</u>

\$26,422 reported as deferred outflows of resources related to pensions resulting from Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows or resources 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>
2019	\$ 18,768	\$ (8,006)	\$ 10,762
2020	(1,381)	(13,323)	(14,704)
2021	3,735	(27,935)	(24,200)
2022	1,277	-	1,277
	<u>\$ 22,399</u>	<u>\$ (49,264)</u>	<u>\$ (26,865)</u>

**TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

Actuarial Assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018, are as follows:

	<u>MERS</u>	<u>MPERS</u>
Inflation	2.600%	2.600%
Salary increases, including inflation and merit increases	5.00%	1-2 Years of Service - 9.75% 3-23 Years of Service - 4.75% Over 23 Year of Service - 4.25%
Investment rate of return	7.28%	7.20%, net of investment expense

For MERS, mortality rates were based on RP-2000 Disabled Lives Mortality Tables for employees; RP-2000 Healthy Annuitant Sex Distinct Mortality Tables for annuitants and beneficiaries; and RP-2000 Disabled Lives Mortality Tables for disabled annuitants. For MPERS, the 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 Mortality Tables for disabled annuitants.

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 of 2.6% and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of arithmetic real rates of return for each major 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 Equity	50%	2.20%
Public Fixed Income	35%	1.50%
Alternatives	15%	0.60%
Total	<u>100%</u>	<u>4.30%</u>
Inflation		<u>2.70%</u>
Expected Arithmetic Nomial Return		<u>7.00%</u>

**TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

Actuarial Assumptions continued):

MPERS:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	52%	3.58%
Public Fixed Income	22%	0.46%
Alternatives	20%	1.07%
Other	6%	0.17%
Total	100%	5.28%
Inflation		2.75%
Expected Arithmetic Nomial Return		8.03%

Discount Rate:

The discount rate used to measure the total pension liability was 7.275% for MERS and 7.20% 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 approved by the Public Retirement Systems' Actuarial Committee, taking into consideration the recommendation of the system's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

MERS: The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.275%, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.275%) or one percentage-point higher (8.275%) than the current rate as of June 30, 2019:

	Changes in Discount Rate		
	1.0% Decrease (6.275%)	Plan B Current Discount Rate (7.275%)	1.0% Increase (8.275%)
Employer's proportionate share of the net pension liability	\$332,621	\$253,449	\$186,146

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

Actuarial Assumptions continued):

MPERS: The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.20%, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.20%) or one percentage-point higher (8.20%) than the current rate as of June 30, 2018:

	Changes in Discount Rate		
	1.0% Decrease (6.20%)	Current Discount Rate (7.20%)	1.0% Increase (8.20%)
Employer's proportionate share of the net pension liability	\$0	\$0	\$0

Pension Plan Fiduciary Net Position

Detailed information about MERS and MPERS' fiduciary net positions are available in the stand-alone audit reports on their financial statements for the year ended June 30, 2018. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.lia.la.gov.

NOTE 17. FUND BALANCES

The following are details of fund balance classifications:

	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Volunteer Fire Dept</u>	<u>Other Funds</u>	<u>Total</u>
Assigned	\$ -	\$ 105,441	\$ 88,069	\$ 153	\$ 193,663
Unassigned	52,969	-	-	-	52,969
Total fund balances	<u>\$ 52,969</u>	<u>\$ 105,441</u>	<u>\$ 88,069</u>	<u>\$ 153</u>	<u>\$ 246,631</u>

NOTE 18. SUBSEQUENT EVENTS

The Town of Cottonport has evaluated subsequent events through December 6, 2019, the date which the financial statements were made available.

NOTE 19. CONTINGENT LIABILITIES

There are currently several pending matters against the Town that are being handled by the Town's insurance carrier or Attorney. The outcome of these matters is uncertain at this time. However, in legal counsel's opinion they should be adequately covered by insurance, subject to any applicable deductibles, with the exception of one EEOC claim that is not covered by insurance. The outcome of this claim is also uncertain as of the date of this report. There are also no known unasserted claims that the Town is aware of as of the date of this report.

(Concluded)

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

**TOWN OF COTTONPORT, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Taxes	\$36,200	\$36,200	\$36,699	\$499
Franchise fees	98,700	98,700	100,463	1,763
Licenses and permits	53,275	53,275	79,550	26,275
Intergovernmental	39,500	40,578	30,081	(10,497)
Fines and forfeits	57,150	51,128	43,267	(7,861)
Miscellaneous	15,262	14,387	23,890	9,503
TOTAL REVENUES	300,087	294,268	313,950	19,682
<u>EXPENDITURES</u>				
General government	214,417	219,872	217,829	2,043
Public safety:				
Police	295,106	308,987	304,801	4,186
Fire	22,295	22,295	14,544	7,751
City Court	13,700	6,702	5,494	1,208
Streets and bridges	104,655	104,639	106,516	(1,877)
Health and sanitation	350	350	339	11
Capital outlay	22,200	22,200	0	22,200
TOTAL EXPENDITURES	672,723	685,045	649,523	35,522
Deficiency of revenues over expenditures	(372,636)	(390,777)	(335,573)	55,203
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from long-term debt	0	28,000	0	(28,000)
Operating transfers in	425,000	335,000	343,500	8,500
Operating transfers out	0	(28,000)	(22,200)	5,800
TOTAL OTHER FINANCING SOURCES (USES)	425,000	335,000	321,300	(13,700)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$52,364	\$(55,777)	(14,274)	\$41,502
FUND BALANCES AT BEGINNING OF YEAR			67,243	
FUND BALANCES AT END OF YEAR			\$52,969	

The accompanying notes are an integral part of this financial statement.

**TOWN OF COTTONPORT, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Taxes	\$150,000	\$150,000	\$284,657	\$134,657
Miscellaneous	<u>30</u>	<u>30</u>	<u>37</u>	<u>7</u>
TOTAL REVENUES	<u>150,030</u>	<u>150,030</u>	<u>284,693</u>	<u>134,663</u>
<u>EXPENDITURES</u>				
General government:				
Collection Fee	2,300	2,300	3,269	(969)
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total general government expenditure	<u>2,300</u>	<u>2,300</u>	<u>3,269</u>	<u>(969)</u>
Excess (deficiency) of revenues over expenditures	<u>147,730</u>	<u>147,730</u>	<u>281,424</u>	<u>133,694</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers out	<u>(150,000)</u>	<u>(150,000)</u>	<u>(195,500)</u>	<u>(45,500)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(150,000)</u>	<u>(150,000)</u>	<u>(195,500)</u>	<u>(45,500)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>\$(2,270)</u>	<u>\$(2,270)</u>	85,924	<u>\$88,194</u>
FUND BALANCES AT BEGINNING OF YEAR			<u>19,516</u>	
FUND BALANCES AT END OF YEAR			<u>\$105,441</u>	

The accompanying notes are an integral part of this financial statement.

**TOWN OF COTTONPORT, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
VOLUNTEER FIRE DEPARTMENT FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$80,000	\$80,000	\$95,337	\$15,337
Intergovernmental	15,000	15,000	16,334	1,334
Miscellaneous	1,200	1,200	1	(1,199)
TOTAL REVENUES	<u>96,200</u>	<u>96,200</u>	<u>111,672</u>	<u>15,472</u>
EXPENDITURES				
Public safety:				
Fire	40,000	43,477	59,669	(16,192)
Capital outlay	12,000	12,000	0	12,000
TOTAL EXPENDITURES	<u>52,000</u>	<u>55,477</u>	<u>59,669</u>	<u>(4,192)</u>
Excess (deficiency) of revenues over expenditures	<u>44,200</u>	<u>40,723</u>	<u>52,003</u>	<u>11,280</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	0	0	0	0
Operating transfers out	0	(40,000)	(38,487)	1,513
TOTAL OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>(40,000)</u>	<u>(38,487)</u>	<u>1,513</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$44,200</u>	<u>\$723</u>	13,516	<u>\$12,793</u>
FUND BALANCES AT BEGINNING OF YEAR			<u>74,553</u>	
FUND BALANCES AT END OF YEAR			<u><u>\$88,069</u></u>	

The accompanying notes are an integral part of this financial statement.

TOWN OF COTTONPORT, LOUISIANA
NOTES TO BUDGETARY COMPARISON SCHEDULES
For The Year Ended June 30, 2019

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and are used as a management control device. Annual budgets are adopted for the General Fund, Sales Tax Fund, Volunteer Fire Department Fund, Debt Service Fund, Capital Projects Funds (if any) and the Enterprise Fund. The Town maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the Town Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the operating budget is within a fund. Budgeted amounts presented are as originally adopted and as further amended by the Town Council. Budgetary appropriation lapse and the end of each fiscal year and must be re-appropriated for the following year in order to be expended.

**TOWN OF COTTONPORT, LOUISIANA
SCHEDULE OF PROPORTIONATE SHARE OF
NET PENSION LIABILITY
June 30, 2019**

**Municipal Employees
Retirement System**

<u>June 30,</u>	<u>Proportion of the net pension liability</u>	<u>Proportionate share of the net pension liability</u>	<u>Covered- employee payroll</u>	<u>Proportionate share of the net pension liability as a percentage of its covered employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2019	0.2996%	\$ 253,449	\$ 188,727	134%	65.60%
2018	0.3485%	\$ 301,541	\$ 219,552	137%	63.49%
2017	0.3667%	\$ 303,965	\$ 258,679	118%	63.34%
2016	0.2972%	\$ 201,995	\$ 193,385	104%	68.71%

**Municipal Police Employees
Retirement System**

<u>June 30,</u>	<u>Proportion of the net pension liability</u>	<u>Proportionate share of the net pension liability</u>	<u>Covered- employee payroll</u>	<u>Proportionate share of the net pension liability as a percentage of its covered employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2019	0.0000%	\$ -	\$ -	N/A	71.89%
2018	0.0144%	\$ 126,076	\$ -	N/A	70.08%
2017	0.0068%	\$ 63,520	\$ 43,112	147%	66.04%
2016	0.0039%	\$ 30,709	\$ 18,984	162%	70.73%

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 COTTONPORT, LOUISIANA
SCHEDULE OF CONTRIBUTIONS
June 30, 2019

Municipal Employees Retirement System				
June 30,				
	2019	2018	2017	2016
Contractually required contribution	\$ 26,422	\$ 29,090	\$ 24,178	\$ 18,414
Contributions in relation to the contractually required contribution	\$ 26,422	\$ 29,090	\$ 24,178	\$ 18,414
Contribution deficiency (excess)	-	-	-	-
Covered-employee payroll	\$ 188,727	\$ 219,552	\$ 258,679	\$ 193,835
Contributions as a percentage of covered-employee payroll	14.00%	13.25%	11.00%	9.50%

Municipal Police Employees Retirement System				
June 30,				
	2019	2018	2017	2016
Contractually required contribution	\$ -	\$ -	\$ 13,688	\$ 5,600
Contributions in relation to the contractually required contribution	\$ -	\$ -	\$ 13,688	\$ 5,600
Contribution deficiency (excess)	-	-	-	-
Covered-employee payroll	\$ -	\$ -	\$ 43,112	\$ 18,894
Contributions as a percentage of covered-employee payroll	30.75%	30.75%	31.75%	29.50%

OTHER SUPPLEMENTAL INFORMATION

**TOWN OF COTTONPORT, LOUISIANA
GENERAL FUND
DETAILED STATEMENT OF REVENUES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variance - Favorable (Unfavorable)
<u>TAXES</u>			
Ad Valorem taxes	\$36,200	\$36,699	\$499
TOTAL TAXES	36,200	36,699	499
<u>FRANCHISE FEES:</u>			
Cleco Franchise	72,400	72,817	417
Entex Franchise	10,400	12,606	2,206
Galaxy Cable Franchise Fee	11,000	11,035	35
Telephone Franchise Fee	4,900	4,005	(895)
TOTAL FRANCHISE FEES	98,700	100,463	1,763
<u>LICENSES AND PERMITS</u>			
Occupational Licenses	50,000	76,312	26,312
Building Permits	30	60	30
Liquor Permits	3,225	3,148	(77)
Moving Permits	20	30	10
TOTAL LICENSES AND PERMITS	53,275	79,550	26,275
<u>INTERGOVERNMENTAL</u>			
Beer taxes	4,600	4,539	(61)
Housing Authority	13,000	(1,119)	(14,119)
DOTD Road Maintenance	5,000	5,000	0
Video Poker Revenue	13,000	14,868	1,868
Casino Revenue	0	1,815	1,815
Misc Income	4,978	4,978	0
TOTAL INTERGOVERNMENTAL	40,578	30,081	(10,497)
<u>FINES AND FORFEITS:</u>			
Fines	45,053	37,105	(7,948)
Court Cost	5,925	6,115	190
City Court Revenue	150	47	(103)
TOTAL FINES AND FORFEITS	51,128	43,267	(7,861)
<u>MISCELLANEOUS:</u>			
Late Charges	40	108	68
Excise Tax Refund	2,000	1,730	(270)
Misc Income from C'port VFD	0	1,550	1,550
Grass cutting	1,800	1,631	(169)
Rental Income - Community Cen	5,925	5,525	(400)
Rental Income - Community Cen	900	975	75
Miscellaneous Income	1,000	0	(1,000)
Misc Income from VFD	0	411	411
Inter-Club Christmas Revenue	2,000	2,779	779
Donations	0	5,788	5,788
Accident Report	300	1,110	810
No Child Left Behind	0	1,905	1,905
Park Family Fun	400	325	(75)
Park Revenues	0	26	26
Interest Income	22	28	6
TOTAL MISCELLANEOUS	14,387	23,890	9,503
TOTAL REVENUES	\$294,268	\$313,950	\$19,682

**TOWN OF COTTONPORT, LOUISIANA
GENERAL FUND
DETAILED STATEMENT OF FUNCTIONAL EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variance - Favorable (Unfavorable)
<u>GENERAL GOVERNMENT</u>			
G & A Salaries	\$88,095	\$87,175	\$920
G & A Payroll Taxes	5,800	7,187	(1,387)
G & A Employee Benefits	30,500	31,378	(878)
Legal & Auditing	17,000	11,892	5,108
Insurance	4,800	6,149	(1,349)
Assessor Fees	1,070	1,350	(280)
Miscellaneous Exp	3,500	4,290	(790)
Annex Building	0	3,221	(3,221)
Museum Expense	3,400	4,627	(1,227)
Engineering Fees	0	140	(140)
Office Supply & Postage	5,200	6,797	(1,597)
New Equipment	0	1,405	(1,405)
New Equipment	0	978	(978)
Publications & Printing	5,277	4,590	687
Dues & Subscriptions	3,000	2,596	404
Telephone Expense	5,600	5,615	(15)
Repairs & maintenance	800	12	788
Utilities	4,600	4,597	3
Community Center Expenses	6,283	6,774	(491)
Travel	6,000	4,944	1,056
Election Cost	8,000	821	7,179
Park Expenses	550	895	(345)
Xerox Copier Lease Payments	1,700	2,774	(1,074)
Xerox Copier Rental Payments	2,600	2,054	546
Christmas Decoration Expense	3,300	4,454	(1,154)
Christmas Fireworks Expense	3,000	3,000	0
Christmas Festival Misc Expen	1,000	3,298	(2,298)
Inter-Club Christmas Expense	2,000	85	1,915
Uniforms	70	44	26
Janitorial	0	1,876	(1,876)
Drug Testing	1,000	820	180
Cottonport Easter	0	1,095	(1,095)
Janitorial expense	1,200	0	1,200
Park Family Fun Expense	1,500	573	927
Veteran's Memorial Expenses	27	52	(25)
Annex Building - Police	3,000	0	3,000
Award Gallery	0	271	(271)
TOTAL GENERAL GOVERNMENT	219,872	217,829	2,043

**TOWN OF COTTONPORT, LOUISIANA
GENERAL FUND
DETAILED STATEMENT OF FUNCTIONAL EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variance - Favorable (Unfavorable)
<u>PUBLIC SAFETY</u>			
POLICE			
Salaries	167,250	166,243	1,007
Salaries	36,636	36,628	8
Payroll Taxes	16,000	16,335	(335)
Employee Benefits	776	776	0
Patrol Car Expenses	10,138	13,390	(3,252)
Uniforms	3,500	3,821	(321)
Insurance	36,000	29,105	6,895
Material & Supplies	700	9,831	(9,131)
Telephone Expense	3,900	6,262	(2,362)
Miscellaneous Expense	12,228	4,075	8,153
Expense	0	13	(13)
Fuel/Oil	19,289	18,053	1,236
Training	500	270	230
Utilities	2,070	0	2,070
TOTAL POLICE	308,987	304,801	4,186
FIRE			
Salaries	\$3,900	\$3,900	\$0
Payroll Taxes	298	298	0
Employee Benefits	517	546	(29)
Truck Expense	2,700	1,091	1,609
Insurance	6,400	0	6,400
Telephone Expense	2,000	2,236	(236)
Repairs & maintenance	0	40	(40)
Miscellaneous Expense	480	480	0
Utilities - CVFD	6,000	5,895	105
Medical expenses	0	58	(58)
TOTAL FIRE	22,295	14,544	7,751
CITY COURT			
G&A Uniforms	0	20	(20)
Coroner's fees	2,000	0	2,000
Magistrate Fees	1,200	1,200	0
Office Supplies/postage	0	43	(43)
Prisoner Rations	302	302	0
Miscellaneous Expense	1,800	1,544	256
Police Donated	0	762	(762)
Police Travel	1,000	0	1,000
Uniforms	100	0	100
Police Travel Expense	0	1,323	(1,323)
Bailiff's fee	300	300	0
TOTAL CITY COURT	6,702	5,494	1,208

**TOWN OF COTTONPORT, LOUISIANA
GENERAL FUND
DETAILED STATEMENT OF FUNCTIONAL EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variance - Favorable (Unfavorable)
<u>STREETS AND BRIDGES</u>			
Salaries	29,330	30,772	(1,442)
Payroll Taxes	2,300	2,335	(35)
Employee Benefits	1,705	0	1,705
Truck/Backhoe Expense	3,300	2,403	897
Tractor Expense	1,000	670	330
Materials & Supplies	7,223	6,900	323
Repairs & Maintenance	1,500	1,759	(259)
Vapor Lights	37,500	37,599	(99)
Misc Expense	800	1,351	(551)
Uniforms	1,450	1,207	243
Insurance	10,300	10,818	(518)
Inmates meals	831	939	(108)
Fuel/Oil - Streets	2,800	1,869	931
Diesel - Streets	1,900	2,176	(276)
Lawn Mower Misc	2,700	5,717	(3,017)
TOTAL STREETS AND BRIDGES	104,639	106,516	(1,877)
<u>HEALTH AND SANITATION</u>			
Pest Control	\$300	\$350	\$(50)
Solid Waste Disposal	0	47	(47)
First Responder's Expense	50	(58)	108
TOTAL HEALTH AND SANITATION	350	339	11
<u>CAPITAL OUTLAY</u>			
Capital Outlay - Police	22,200	0	22,200
TOTAL CAPITAL OUTLAY	22,200	0	22,200
TOTAL EXPENDITURES	\$685,045	\$649,523	\$35,522

**TOWN OF COTTONPORT, LOUISIANA
 PROPRIETARY FUND TYPE
 ENTERPRISE FUND
 STATEMENT OF OPERATING EXPENSES BY DEPARTMENT
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variance - Favorable (Unfavorable)
<u>WATER DEPARTMENT</u>			
Salaries	\$25,390	\$28,566	\$(3,176)
Payroll Taxes	2,300	2,112	188
Employee Benefits	16,175	7,949	8,226
Materials & Supplies	18,100	21,637	(3,537)
Chemicals	67,319	66,523	796
Trucks/Backhoes Expenses	13,300	1,032	12,268
Repairs & Maintenance	36,076	41,243	(5,167)
Utility Bill Printing	0	296	(296)
Telephone Expense	6,600	6,187	413
Utilities	120,800	117,827	2,973
Insurance	20,860	22,678	(1,818)
Miscellaneous	926	6,539	(5,613)
Fuel/Oil	3,412	2,928	484
Uniforms	1,500	871	629
Engineering Fees	5,000	901	4,099
Analysis Fee	8,630	27	8,603
Test Wells	1,200	1,200	0
2010 Revenue Wa	0	1,096	(1,096)
Equipment rental	0	2,310	(2,310)
LA One Call	360	345	15
Depreciation	51,679	63,683	(12,004)
TOTAL WATER DEPARTMENT	\$399,627	\$395,951	\$3,676
<u>SEWER DEPARTMENT</u>			
Salaries	\$36,868	\$37,393	\$(525)
Payroll Taxes	2,796	2,836	(40)
Employee Benefits	10,574	10,568	6
Materials & Supplies	2,074	1,476	598
Chemicals	22,000	13,711	8,289
Trucks/Backhoes Expense	2,000	1,238	762
Repairs & Maintenance	22,251	22,851	(600)
Insurance	11,612	11,880	(268)
Miscellaneous	2,950	6,500	(3,550)
Utilities	27,755	27,823	(68)
Fuel/Oil	2,800	3,314	(514)
Utility Bill Printing	0	296	(296)
Sludge removal	2,000	376	1,624
Uniforms	600	726	(126)
Engineering Fees	300	0	300
Analysis Fees	7,300	5,091	2,209
Depreciation	44,106	62,829	(18,723)
TOTAL SEWER DEPARTMENT	\$197,986	\$208,909	\$(10,923)
<u>GENERAL AND ADMINISTRATIVE</u>			
G & A Salaries	\$28,838	\$28,858	\$(20)
G & A Payroll Taxes	2,704	2,340	364
G&A Employee Benefits	2,775	2,775	0
Legal & Auditing	7,500	8,300	(800)
Dues & subscriptions	0	400	(400)
Uniforms	100	172	(72)
Office Supply & Postage	3,300	3,378	(78)
Miscellaneous	0	17	(17)
TOTAL GENERAL AND ADMINISTRATIVE	\$45,217	\$46,239	\$(1,022)

**TOWN OF COTTONPORT, LOUISIANA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2019**

	Debt Service Fund - Fire Truck	Debt Service Fund - Backhoe Lease	Debt Service Fund - Street Overlay Project	Debt Service Fund - Police Cars	Totals Non-Major Governmental Funds
<u>ASSETS</u>					
Cash and interest-bearing deposits	\$0	\$0	\$0	\$0	\$0
TOTAL ASSETS	0	0	0	0	0
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities	0	0	0	0	0
TOTAL LIABILITIES	0	0	0	0	0
<u>FUND BALANCES</u>					
Reserved for debt service	0	0	0	0	0
Unreserved, unrestricted	0	0	0	0	0
TOTAL LIABILITIES AND FUND BALANCE	\$0	\$0	\$0	\$0	\$0

**TOWN OF COTTONPORT, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Debt Service Fund - Fire Truck	Debt Service Fund - Backhoe Lease	Debt Service Fund - Street Improvements	Debt Service Fund - Police Cars	Total Non-Major Governmental Funds
REVENUES					
Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	0	0
Miscellaneous	0	0	0	0	0
TOTAL REVENUES	0	0	0	0	0
EXPENDITURES					
General government	0	0	0	0	0
Capital outlay	0	0	0	0	0
Debt service	38,487	9,640	93,255	22,200	163,583
TOTAL EXPENDITURES	38,487	9,640	93,255	22,200	163,583
Excess (deficiency) of revenues over expenditures	(38,487)	(9,640)	(93,255)	(22,200)	(163,583)
Operating transfers in	38,487	9,640	93,255	22,200	163,583
Operating transfers out	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	38,487	9,640	93,255	22,200	163,583
Excess (deficiency) of revenues and other sources					
FUND BALANCES AT BEGINNING OF YEAR	0	0	0	0	0
FUND BALANCES AT END OF YEAR	\$0	\$0	\$0	\$0	\$0

**TOWN OF COTTONPORT, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO ELECTED OFFICIALS**

A detail of compensation paid to individual elected officials for the year ended June 30, 2019, follows:

	<u>Compensation</u>	<u>Term Expires/Expired</u>
William F. Scott, III, Mayor	\$ 9,600	12/31/20
Council Members:		
Curtis J. Francisco, Mayor Pro-Tem	4,850	12/31/20
Margaret Prater-Jenkins	4,850	12/31/20
Kenneth W. Friels	4,850	12/31/20
Luke L. Welch	4,850	12/31/20
Demple Prater	4,850	12/31/20
Ernest J. Anderson, Chief of Police	36,636	12/31/20

**TOWN OF COTTONPORT, LOUISIANA
SCHEDULE 1**

**SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEADS**

**June 30, 2019
(Without Audit)**

Agency Head: William Scot III, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$9,600
Benefits:	
Retirement	480
Registration fees	0
Travel	0
	<u>\$10,080</u>

Agency Head: Chris Lemoine, Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary	\$2,400
Retirement	120
	<u>\$2,520</u>

OTHER REPORTS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

**INDEPENDENT AUDITORS' 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**

The Honorable William F. Scott, III, Mayor
And the Members of the Council
Town of Cottonport, Louisiana

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cottonport, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Cottonport, Louisiana's basic financial statements and have issued our report thereon dated December 6, 2019.

Internal Control Over Financial Reporting

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

Our consideration of the internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 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. We consider the deficiency described in the accompanying schedule of findings and questions cost as item 19-02 to be a material weakness.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Cottonport, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which we described in the accompanying schedule of findings and responses as items 19-01.

Town of Cottonport's Response to Findings

The Town of Cottonport's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

In addition, this report is intended for the information and use of the Mayor and Members of the Council and management of the Town of Cottonport, Louisiana, federal awarding agencies, and for filing with the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

DUCOTE & COMPANY

Marksville, Louisiana
December 6, 2019

TOWN OF COTTONPORT, LOUISIANA
Summary of Findings, and Responses
For the Year Ended June 30, 2019

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(s) identified?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
Reportable condition(s) identified not		
Considered to be material weakness(s)	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Noncompliance material to financial statements noted?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no

Federal Awards

Not applicable for the fiscal year ended June 30, 2019.

Section II-Financial Statement Findings

There is one finding relative to compliance labeled 19-01 as discussed in detail in Section IV, which is the same comment labeled 18-01 in the prior year report. In addition, there is one finding that is considered a material weakness labeled 19-02 as discussed in detail in Section IV.

Section III – Federal Award Findings and Questioned Costs

Not applicable for the fiscal year ended June 30, 2019.

TOWN OF COTTONPORT, LOUISIANA
Summary of Findings and Responses (Continued)
For the Year Ended June 30, 2019

Section IV – Summary of Current Year Audit Findings

Internal Control Deficiencies and Compliance Material to the Financial Statements

Finding 19-01: Lack of sufficient accounting expertise to prepare financial statements

Condition Found: The accounting personnel of the Town, while capable of handling their accounting responsibilities lack sufficient expertise to prepare the annual financial statements with full disclosures as required by Generally Accepted Accounting Procedures (GAAP) and *Governmental Auditing Standards*.

Cause: The job requirements do not include a degree in accounting or a sufficient level of knowledge to prepare GAAP financial statements. The salary and position do not justify this requirement to fill that position and the Town has typically relied on the assistance of the auditor to prepare the financial statements in accordance with required standards.

Recommendation: Adequate involvement and oversight in the preparation of the financial statements whereby accounting personnel fully understand and take responsibility for their fair presentation is mandatory to maintain independence with respect to the auditing firm conducting the audit.

Management's Response and Corrective Action Plan: It is not cost feasible to hire someone with sufficient knowledge and expertise to prepare the financial statements in accordance with the current reporting standards. It is our intention, however, to continue to take responsibility for the preparation of the financial statements by verifying the information contained therein as presented. In addition, the Town will take full responsibility for any audit adjustments proposed by the auditor with full understanding of those adjustments and the disclosures contained in the financial report before its issuance.

Finding 19-02: Customer consumption of water on inactive water meters.

Condition Found: It was discovered in September 2019 by an employee reading water meters that an inactive meter was turned on and the customer had been using water for approximately forty-two months without paying a deposit, connection fee or water bill.

Cause: The computer software does not generate a bill if the meter at a location is marked inactive. Even though the meter had been read for twenty-four of the previous forty-two months and readings had been turned in to the billing clerk, the consumption did not generate a bill due to the inactive status in the computer.

Recommendation: The Town should change its procedures with respect to inactive meters in order to avoid unauthorized consumption of water by customers without charge.

Management's Response and Corrective Action Plan: The water was disconnected at the location and the customer was called in to pay a deposit on the account. The Town Clerk back billed the customer for the water consumption and a payment plan was approved by management to recover the unbilled consumption. The Town changed its policy with respect to inactive meters and is now removing the meters on all inactive accounts to avoid this occurrence in the future. In addition, all inactive accounts were reviewed to ensure that there were no other instances of unbilled consumption.

TOWN OF COTTONPORT, LOUISIANA
Status of Prior Audit Findings
For the Year Ended June 30, 2019

<u>Ref No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Date Planned Corrective Action/ Partial Corrective Action Taken</u>
-----------------------	--	--------------------------------------	--	---

Section I – Internal Control and Compliance Material to the Financial Statements

18-01	Lack of sufficient accounting expertise to prepare financial statements.	GAAP financial statements were prepared with the assistance of the auditor due to the lack of sufficient accounting expertise by management.	No	
-------	--	--	----	--

Section II – Internal Control and Compliance Material to Federal Awards

None reported in prior year.

Section III – Management Letter

None reported in prior year.

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

The Honorable William F. Scott, III, Mayor
And Members of the Council
Town of Cottonport, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Town of Cottonport, Louisiana 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, 2018 through June 30, 2019. The Town's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted 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 this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

- 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 (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- 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.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Review of disaster recovery procedures include a need to update the identification of personnel, process, and tools needed to recover operations after a critical event. The town has agreed to update their policy to include same.

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.

Verified all monthly meetings had a quorum and minutes adequately document actions taken.

- 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 for major proprietary funds.

Budget comparisons are reviewed semi-annually with the Council and Mayor and amendments to the budget are made usually in May of each year as needed based on budget comparison reports. (Exception)

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned 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 unassigned fund balance in the general fund.

Unassigned fund balance in the general fund did not have a negative ending balance.

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 reconciliation for selected each account, and observe that:
 - 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);
Each account was reconciled without exception.
 - 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
Deposit and check summary signed off by council member with no involvement. Going forward recommended that bank reconciliations and statements also contain signature.
 - 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.
Management has researched such items and cleared all items with the exception of customer meter deposit refunds and two outstanding tax overpayments. Discussed procedures with management for clearing outstanding transactions and turning balances over to state.

Collections (excluding EFTs)

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). **Only one deposit collection site.**
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. 5 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:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
Employees responsible for cash collections do not share cash drawers/registers with the exception of the Town Clerk who sometimes collects cash payments as needed.
 - 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.
Exception. All employees prepare their own individual deposits; however, the Town Clerk reconciles collection documentation. The Town Clerk also makes deposits.
 - 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.

Exception. The Town Clerk collects cash periodically and posts to the general ledger. No other employees collect cash and post to the ledgers.

- 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 Town Clerk is responsible for reconciling cash collections; however she sometimes collects cash for occupational licenses, liquor and beer permits and sales tax remittances. One of the Council Members now supervises bank reconciliations.

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

Per management all employees who have access to cash are covered by a bond or insurance policy for theft.

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). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

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

Receipts are pre-numbered. No exception present.

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

No exception present.

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

All deposits slips trace back to the bank statement. No exception present.

- 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).

Exception. Most deposits especially large ones were made within one business day. Meter deposits tested were deposited in groups over a period of up to three days.

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

No exception present.

Non-Payroll Disbursements (excluding 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).
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 employee 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:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- 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.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]

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 that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

The above procedures were not performed in the current year due to no exception noted in this area in prior year testing.

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.

The listing was provided by management. The Town has only one credit card.

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 (or electronically approved), by someone other than the authorized card holder.

No evidence of approval in writing; however, management states that all purchases are verbally approved by the Mayor.

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

No finance charges or late fees were assessed.

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

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

The above procedures were not performed in the current year due to no exception noted in this area in prior year testing.

Payroll and Personnel

- 16. 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, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
- 19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

The above procedures were not performed in the current year due to no exception noted in this area in prior year testing.

Ethics

- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official 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.

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). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

One receipt missing for \$4.16 to USPS. No "missing receipt statement present". All other receipts were present. No exceptions noted for written documentation of purpose.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

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:

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).

Mileage rate used was correct.

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

Completed no exceptions

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).

Names of individuals on each meal receipt is not included; however, reimbursements are submitted per policy. We propose to specifically list that employees and/or guests are covered under meal allowance for travel.

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

For reimbursements of travel from petty cash, some employees receiving petty cash do not have an approval signature. Employees not approved are Town Clerk and Chief of Police. We propose to have Mayor sign these transactions.

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 fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

The above procedures were not performed in the current year due to no exception noted in this area in prior year testing.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

The above procedures were not performed in the current year due to no exception noted in this area in prior year testing.

Other

23. Obtain a listing of misappropriations of public funds and 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.
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 above procedures were not performed in the current year due to no exception noted in this area in prior year testing.

We were 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, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our 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.

DUCOTE & COMPANY

Marksville, Louisiana
December 6, 2019