

Town of Cottonport
Annual Financial Statements
As of and for the Year Ended
June 30, 2018

DUCOTE & COMPANY
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TOWN OF COTTONPORT, LOUISIANA
Annual Financial Statements
As of and for the year ended June 30, 2018
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Annual Financial Statements
As of and for the year ended June 30, 2018

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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, 2018, 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, 2018, 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 nonmajor 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 nonmajor 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 November 9, 2018, 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
November 9, 2018

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

Town of Cottonport, Louisiana
Management's
Discussion and Analysis
June 30, 2018

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, 2018 follows:

	Net Position at Year-end		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Government</u>
Cash and Investments	\$ 136,524	\$ 197,218	\$ 333,742
Other assets	49,731	108,216	157,947
Capital assets	<u>1,284,629</u>	<u>2,800,748</u>	<u>4,085,377</u>
Total assets	<u>\$ 1,470,884</u>	<u>\$ 3,106,184</u>	<u>\$ 4,577,068</u>
Deferred Outflow of Resources - Pensions	<u>\$ 169,981</u>	<u>\$ -</u>	<u>\$ 169,981</u>
Other liabilities	\$ 24,790	\$ 68,445	\$ 93,235
Long-term liabilities	<u>1,041,174</u>	<u>273,000</u>	<u>1,314,174</u>
Total liabilities	<u>1,065,964</u>	<u>341,444</u>	<u>1,407,408</u>
Deferred Inflow of Resources - Pensions	<u>28,758</u>	<u>-</u>	<u>28,758</u>
Net assets			
Investment in capital assets, Net of related debt	671,073	2,527,748	3,198,821
Restricted	94,222	-	94,222
Unrestricted	<u>(219,151)</u>	<u>236,991</u>	<u>17,841</u>
Total net position	<u>\$ 546,143</u>	<u>\$ 2,764,739</u>	<u>\$ 3,310,882</u>

During the year ended June 30, 2018, the following changes affected the balance of net position: cash and investments decreased by \$5,814 from the prior year. Total liabilities, including net pension liability decreased by a net amount of \$105,569. Capital expenditures in the governmental activities funds totaled \$116,617 and in the enterprise fund totaled \$0.

A condensed version of the Statement Activities follows:

**Governmental and Proprietary Activities
For the year ended June 30, 2018**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Government</u>
Revenues			
Program Revenues:			
Charges for services	\$ 78,533	\$ 907,507	\$ 986,040
General Revenues:			
Taxes	271,048	-	271,048
Franchise fees	98,803	-	98,803
Licenses and permits	73,911	-	73,911
Intergovernmental	84,345	17,074	101,419
Unrestricted Investment earnings		286	286
Miscellaneous	75,028	-	75,028
Transfers	<u>305,838</u>	<u>(305,838)</u>	<u>-</u>
Total revenues and transfers	<u>987,507</u>	<u>619,029</u>	<u>1,606,536</u>
Expenses			
General government	338,857	-	338,857
Public safety	473,536	-	473,536
Streets and bridges	151,792	-	151,792
Health and sanitation	532	-	532
Utility services-Water and Sewer	-	710,112	710,112
Interest and fiscal charges	<u>23,069</u>	<u>-</u>	<u>23,069</u>
Total Expenses	<u>987,785</u>	<u>710,112</u>	<u>1,697,898</u>
Increase (Decrease) in net position	<u>\$ (279)</u>	<u>\$ (91,082)</u>	<u>\$ (91,361)</u>

Governmental activities

Governmental program expenses were higher than prior year by roughly \$8,711. Revenues were higher by \$84,967. The net result is an overall \$76,256 decrease in net position over the prior year resulting in a \$279 decrease in net position for the current year.

Business-type activities

The water and sewer fund had an operating loss of \$91,082 for the year after transfers out to other funds totaling \$305,838. Charges for services were up by \$25,226 and operating transfers out were up by \$6,212.

Budgetary Highlights

Over the course of the year the Town Council revised the budget only once resulting in an overall increase in general fund revenues over expenditures of \$63,302. In total, the general fund's expenditures were \$26,073 more than budgeted and revenues were \$43,392 more than budgeted for a total net favorable budget variance of \$17,318. After net operating transfers in of \$333,799, the general fund finished the year with an overall favorable budget variance of \$106,118.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2018 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. The Town acquired assets of \$116,617, net of dispositions in the general fund. In the enterprise fund there were no current year acquisitions of capital assets. Depreciation however, totaled a net of \$272,335 resulting in a net decrease in capital assets of \$155,718 (additions net of deletions and accumulated depreciation).

Capital Assets at Year-end

	Governmental Activities		Business-type Activities		Totals	
	2017	2018	2017	2018	2017	2018
Land and improvements	\$ 111,031	\$ 136,031			\$ 111,031	\$ 136,031
Construction in progress	-	-			-	-
Buildings and improvements	1,181,345	1,181,345			1,181,345	1,181,345
Furniture, fixtures and equipment	428,695	463,718			428,695	463,718
Vehicles and tractors	1,127,896	1,184,490			1,127,896	1,184,490
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	\$ 2,848,967	\$ 2,965,584	\$ 5,984,538	\$ 5,984,539	\$ 8,833,505	\$ 8,950,122
Accumulated depreciation	1,537,738	1,680,955	3,054,671	3,183,790	4,592,410	4,864,745
Capital assets, net	\$ 1,311,228	\$ 1,284,629	\$ 2,929,867	\$ 2,800,748	\$ 4,241,095	\$ 4,085,377

Debt Outstanding

At year-end, the Town had \$886,562 of outstanding long-term debt. This debt represents the balance owed of \$8,947 on the Capital Lease purchase of a new Backhoe for the Street, the balance owed of \$47,357 on the Capital Lease purchase of two Police Cars, the balance owed of \$18,919 on the Capital Lease purchase of a Police Car, the balance owed on the purchase of a new Fire Truck in the amount of \$108,334, and Street Improvement Bonds totaling \$430,000. In addition, a total of \$273,000 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 \$427,617 on the statement of net position for governmental activities as of June 30, 2018. 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 \$350,436 for the fiscal year ending June 30, 2019, before transfers in/out from/to other funds. After transfers totaling a net of \$335,000, the General Fund is projecting an excess of expenditures of \$15,436. The enterprise fund is projecting a net operating income of \$320,732, 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 \$66,102.

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, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and interest-bearing deposits	\$136,524	\$133,750	\$270,274
Receivables:			
Accounts	0	106,678	106,678
Taxes	11,230	0	11,230
Accrued Interest	0	262	262
Other	38,501	1,276	39,777
Restricted assets:			
Cash and interest-bearing deposits	0	63,468	63,468
Capital assets (net of accumulated depreciation)	<u>1,284,629</u>	<u>2,800,748</u>	<u>4,085,378</u>
TOTAL ASSETS	<u>\$1,470,884</u>	<u>\$3,106,184</u>	<u>\$4,577,068</u>
DEFERRED OUTFLOWS OF RESOURCES			
Resources related to pension	<u>169,981</u>	<u>0</u>	<u>169,981</u>
LIABILITIES			
Accounts Payable	\$0	\$1,069	\$1,069
Due to other funds	24,790	4,308	29,098
Payable from restricted assets -			
Customers' deposits	0	63,068	63,068
Capital lease payable	183,557	0	183,557
Bonds payable	430,000	273,000	703,000
Net pension liability	<u>427,617</u>	<u>0</u>	<u>427,617</u>
Total Liabilities	<u>1,065,964</u>	<u>341,445</u>	<u>1,407,409</u>
DEFERRED INFLOWS OF RESOURCES			
Resources related to pension	<u>28,758</u>	<u>0</u>	<u>28,758</u>
NET POSITION			
Investment in capital assets, net of related debt	671,073	2,527,748	3,198,821
Restricted	94,222	0	94,222
Unrestricted	<u>(219,151)</u>	<u>236,991</u>	<u>17,841</u>
TOTAL NET POSITION	<u>\$546,143</u>	<u>\$2,764,739</u>	<u>\$3,310,882</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, 2018

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

	Expenses	Charges for Services	Governmental Activities	Business- Type Activities	Total
ACTIVITIES					
Governmental activities:					
General government	\$338,857	\$0	\$(338,857)	\$0	\$(338,857)
Public safety:					
Police	334,504	78,533	(255,971)	0	(255,971)
Fire	122,481	0	(122,481)	0	(122,481)
City Court	16,551	0	(16,551)	0	(16,551)
Streets and bridges	151,792	0	(151,792)	0	(151,792)
Health and sanitation	532	0	(532)	0	(532)
Interest and fiscal charges	23,069	0	(23,069)	0	(23,069)
Total Governmental Activities	987,785	78,533	(909,253)	0	(909,253)
Business-type activities:					
Water and Sewer	710,113	907,507	0	197,395	197,395
Total Business-type Activities	710,113	907,507	0	197,395	197,395
Total Town of Cottonport	1,697,898	986,040	(909,253)	197,395	(711,858)
GENERAL REVENUES					
Taxes			271,048	0	271,048
Franchise Fees			98,803	0	98,803
Licenses and permits			73,911	0	73,911
Intergovernmental			84,345	17,074	101,419
Unrestricted investment earnings			0	286	286
Miscellaneous			75,028	0	75,028
Transfers, net			305,838	(305,838)	0
Total general revenues, special items and transfers			908,974	(288,477)	620,496
Change in net position			(279)	(91,082)	(91,361)
Net position beginning of year			546,423	2,855,824	3,402,247
Net position end of year			\$546,143	\$2,764,739	\$3,310,882

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, 2018**

	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	\$53,533	\$8,286	\$74,553	\$153	\$0	\$136,524
Receivables:						0
Taxes	0	11,230	0	0	0	11,230
Accrued interest	0	0	0	0	0	0
Other	38,501	0	0	0	0	38,501
Due from other funds	0	0	0	0	0	0
						0
TOTAL ASSETS	\$92,033	\$19,516	\$74,553	\$153	\$0	\$186,255
LIABILITIES						
Accounts Payable	\$0	\$0	\$0	\$0	\$0	\$0
Due to other funds	24,790	0	0	0	0	24,790
Total liabilities	24,790	0	0	0	0	24,790
FUND BALANCES						
Assigned	0	19,516	74,553	153	0	94,222
Unassigned	67,243	0	0	0	0	67,243
Total fund balances	67,243	19,516	74,553	153	0	161,465
TOTAL LIABILITIES AND FUND BALANCES	\$92,033	\$19,516	\$74,553	\$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

(1,680,954)

1,284,629

Some liabilities, including bonds payable, are not due and payable
in the current period and therefore are not reported in the funds

(613,557)

Net pension liability does not require the use of current financial resources
and therefore is not reported in the funds.

(427,617)

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.

141,223

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$546,143

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, 2018**

	General Fund	Sales Tax Fund	Volunteer Fire Department Fund	Capital Projects Fund - Street Proj	Non Major Funds	Totals Gov't'l Funds
REVENUES						
Taxes	\$36,420	\$144,696	\$89,932	0	\$0	\$271,048
Franchise Fees	98,803	0	0	0	0	98,803
Licenses and permits	73,911	0	0	0	0	73,911
Intergovernmental	68,189	0	16,156	0	0	84,345
Fines and forfeits	78,533	0	0	0	0	78,533
Miscellaneous	75,006	22	0	0	0	75,028
TOTAL REVENUES	430,863	144,718	106,087	0	0	681,668
EXPENDITURES						
Current -						
General government	217,905	1,844	0	0	0	219,749
Public Safety:						
Police	300,355	0	0	0	0	300,355
Fire	22,372	0	36,863	0	0	59,235
City Court	16,551	0	0	0	0	16,551
Streets and bridges	122,078	0	0	0	0	122,078
Health and sanitation	532	0	0	0	0	532
Capital outlay	81,594	0	35,023	0	0	116,617
Debt Service -						
Principal retirement	0	0	0	0	139,457	139,457
Interest and fiscal charges	0	0	0	0	23,069	23,069
TOTAL EXPENDITURES	761,385	1,844	71,886	0	162,526	997,641
Excess (deficiency) of revenues over expenditures	(330,522)	142,874	34,201	0	(162,526)	(315,973)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	356,000	0	0	0	162,526	518,526
Operating transfers out	(22,201)	(152,000)	(38,487)	0	0	(212,688)
TOTAL OTHER FINANCING SOURCES (USES)	333,799	(152,000)	(38,487)	0	162,526	305,838
Excess (deficiency) of revenues over expenditures and other sources (uses)	3,278	(9,126)	(4,287)	0	0	(10,135)
FUND BALANCES AT BEGINNING OF YEAR	63,965	28,642	78,840	153	0	171,600
FUND BALANCES AT END OF YEAR	\$67,243	\$19,516	\$74,553	\$153	\$0	\$161,465

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, 2018**

Net change in fund balances - Governmental Funds	\$(10,135)
 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.	
Capital expenditures net of dispositions	116,617
Depreciation expense	(143,216)
 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	139,457
 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.	
	(114,437)
 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>11,434</u>
 Change in net position of governmental activities	 <u><u>\$(279)</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, 2018**

	Business-type Activities
ASSETS	
Cash and interest-bearing bonds	\$133,750
Receivables:	
Accounts	106,678
Other receivables	1,276
Accrued interest	262
Restricted assets:	
Cash and interest-bearing deposits	63,468
Capital assets (net of accumulated depreciation)	2,800,748
TOTAL ASSETS	\$3,106,184
 LIABILITIES	
Accounts payable	\$1,069
Due to other funds	4,308
Payable from restricted assets -	
Customers' deposits	63,068
Revenue bonds payable	273,000
Total Liabilities	341,445
 NET POSITION	
Investment in capital assets, net of related debt	2,527,748
Unrestricted	236,991
TOTAL NET POSITION	\$2,764,739

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, 2018**

	<u>Enterprise Fund</u>
<u>OPERATING REVENUES</u>	
Charges for services -	
Water services	\$587,143
Sewer services	189,226
LAWCO water line	<u>131,139</u>
TOTAL OPERATING REVENUES	<u>907,507</u>
<u>OPERATING EXPENSES</u>	
Water department	336,953
Sewer department	163,750
General and administrative	61,600
Depreciation	<u>129,119</u>
TOTAL OPERATING EXPENSES	<u>691,422</u>
OPERATING INCOME (LOSS)	<u>216,085</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>	
Interest income	286
Interest expense	(18,691)
Grant revenues	<u>17,074</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(1,331)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>214,754</u>
<u>OPERATING TRANSFERS IN (OUT):</u>	
Operating transfers out	<u>(305,838)</u>
TOTAL OPERATING TRANSFERS	<u>(305,838)</u>
NET INCOME (LOSS)	(91,082)
NET POSITION AT BEGINNING OF YEAR	<u>2,855,822</u>
NET POSITION AT END OF YEAR	<u><u>\$2,764,739</u></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, 2018**

	Enterprise Fund
Cash flows from operating activities	
Receipts from customers	\$888,449
Payments to suppliers	(414,412)
Payments to employees for salaries and benefits	(150,515)
Net cash provided by operating activities	323,522
 Cash flows from noncapital financing activities:	
Due (from) to other funds	(1,820)
Net increase (decrease) in bonds payable	(27,593)
Operating transfers to other funds	(305,838)
Net cash provided by/(used) for noncapital financing activities	(335,252)
 Cash flows from capital and related financing activities	
Purchase of Capital Assets	0
Non-recurring grant revenues	17,074
Net cash provided by/(used) for capital and related financing activities	17,074
 Cash flows from investing activities:	
Interest received from interest bearing deposits	286
Interest paid	(18,691)
Net cash provided by/(used) for investing activities	(18,405)
Net increase (decrease) in cash and cash equivalents	(13,060)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	210,279
 CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$197,218
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$216,085
Adjustment to reconcile net income to net cash provided by operating activities:	
Depreciation	129,119
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(19,359)
(Increase) decrease in other receivables	301
Increase (decrease) in accounts payable	(2,324)
Increase (decrease) in customer deposits	(300)
Net cash provided by/(used) for operating activities	\$323,522

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

**TOWN OF COTTONPORT, LOUISIANA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

	Agency Funds
<u>ASSETS</u>	
Cash and interest-bearing deposits	\$9,650
Due from other funds	<u>29,098</u>
TOTAL ASSETS	<u><u>\$38,748</u></u>
<u>LIABILITIES</u>	
Accounts payable	<u>\$38,748</u>
TOTAL LIABILITIES	<u>38,748</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, 2018

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, 2018.

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, 2018, 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, 2018, the Town had cash and cash equivalents (book balance) totaling \$343,392 as follows:

Demand deposits	\$ 253,690
Time deposits	<u>89,702</u>
Total	<u>\$ 343,392</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, 2018, the Town's deposit balance (bank balances) of \$343,218 was exposed to custodial credit risk as follows:

Depository Account	Bank Balance
Insured	\$ 343,218
Collateralized:	
Collateral held by pledging bank's trust department not in the Town's name	-
Uninsured and uncollateralized	<u>-</u>
Total Deposits	<u>\$ 343,218</u>

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

NOTE 3. INVESTMENTS

At June 30, 2018, the Town held investments totaling \$89,702 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 \$157,947 consist of the following at June 30, 2018:

	General	Water and Sewer	Total
Accounts	\$ -	\$ 106,678	\$ 106,678
Franchise Taxes:			
Electric	16,698	-	16,698
Telephone	1,069	-	1,069
Cable	2,828	-	2,828
Other	4,591	1,538	6,128
	<u>\$ 25,185</u>	<u>\$ 108,216</u>	<u>\$ 133,401</u>

Due from other governmental agencies totaling \$24,546 consisted of the following at June 30, 2018:

	General	Special Revenue	Enterprise	Total
Beer Tax	\$ 1,233	\$ -	\$ -	\$ 1,233
Sales Tax	-	11,230	-	11,230
DOTD	-	-	-	-
Volunteer Fire	-	-	-	-
Housing Authority	12,083	-	-	12,083
	<u>\$ 13,316</u>	<u>\$ 11,230</u>	<u>\$ -</u>	<u>\$ 24,546</u>

NOTE 5. INTERFUND RECEIVABLES, PAYABLES

The following is a summary of interfund receivable and payable balances at June 30, 2018:

	Interfund Receivables	Interfund Payables
General Fund	\$ -	\$ 24,790
Enterprise Fund	-	4,308
Agency Funds	<u>29,098</u>	<u>-</u>
Totals	<u>\$ 29,098</u>	<u>\$ 29,098</u>

NOTE 6. RESTRICTED ASSETS – PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at June 30, 2018:

Customer Meter Deposits	<u>\$63,468</u>
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**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, 2018 are as follows:

	Balance 06/30/17	Additions	Deletions	Balance 06/30/18
Governmental activities:				
Capital assets not being depreciated:				
Land and Improvements	\$ 111,031	\$ 25,000	\$ -	\$ 136,031
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>\$ 111,031</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 136,031</u>
Capital assets being depreciated:				
Buildings and Improvements	\$ 1,181,345	\$ -	\$ -	\$ 1,181,345
Furniture, Fixtures, and Equipment	428,695	35,023	-	463,718
Vehicles and Tractors	1,127,896	56,594	-	1,184,490
Total capital assets being depreciated	<u>\$ 2,737,936</u>	<u>\$ 91,617</u>	<u>\$ -</u>	<u>\$ 2,829,553</u>
Less accumulated depreciation for:				
Buildings and Improvements	\$ 560,942	\$ 29,108	\$ -	\$ 590,050
Furniture, Fixtures, and Equipment	448,526	38,075	-	486,601
Vehicles and Tractors	528,271	76,032	-	604,303
Total accumulated depreciation	<u>\$ 1,537,739</u>	<u>\$ 143,216</u>	<u>\$ -</u>	<u>\$ 1,680,955</u>
Total Capital assets being depreciated, net	<u>\$ 1,200,197</u>			<u>\$ 1,148,598</u>

For the year ended June 30, 2018, depreciation expense was \$143,216

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	(3,054,671)	\$ (129,119)	\$ -	(3,183,790)
Total business type assets	<u>\$ 2,929,868</u>			<u>\$ 2,800,748</u>

For the year ended June 30, 2018, depreciation expense was \$129,119

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, 2018:

	General Obligation	Revenue Bonds
Payable at June 30, 2017	\$ 753,014	\$ 300,593
Add: New Debt Issued	-	-
Less: Payments Made	(139,457)	(27,593)
Payable at June 30, 2018	<u>\$ 613,557</u>	<u>\$ 273,000</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 Obligation-

Lease Obligations-

The Town of Cottonport entered into a lease agreement on September 19, 2013, as lessee for the financing of a 2012 Case 580N Loader Backhoe in the amount of \$50,385. 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 the asset under the capital lease is \$16,195. 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, 2018:

<u>Year Ending June 30</u>	
2019	\$ 9,360
Less: amount representing interest	<u>(413)</u>
Present value of future lease payments	<u>\$ 8,947</u>

The Town of Cottonport entered into a lease agreement on March 21, 2016, as lessee for the financing of a 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 \$41,583. 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, 2018:

<u>Year Ending June 30</u>	
2019	\$ 16,312
2020	16,312
2021	16,312
2022	<u>1,361</u>
	50,296
Less: amount representing interest	<u>(2,939)</u>
Present value of future lease payments	<u>\$ 47,357</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 \$16,599. 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, 2018:

<u>Year Ending June 30</u>	
2019	\$ 5,888
2020	5,888
2021	5,888
2022	<u>2,943</u>
	20,607
Less: amount representing interest	<u>(1,688)</u>
Present value of future lease payments	<u>\$ 18,919</u>

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

General Obligation (Continued)-

Lease Obligations-

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 \$203,736. 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, 2018:

<u>Year Ending June 30</u>	
2019	\$ 38,487
2020	38,487
2021	<u>38,487</u>
	115,461
Less: amount representing interest	<u>(7,127)</u>
Present value of future lease payments	<u>\$ 108,334</u>

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 \$37,449 are as follows:

<u>Year Ending June 30</u>	
2019	\$ 93,255
2020	93,947
2021	93,552
2022	93,101
2023	<u>93,594</u>
	<u>\$467,449</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 \$53,678 are as follows:

<u>Year Ending June 30</u>	
2019	\$ 45,545
2020	46,129
2021	46,588
2022	46,924
2023	47,130
2024-2025	<u>94,362</u>
	<u>\$326,678</u>

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

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, 2018:

Assets	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018
Cash	\$ 6,143	\$ 865,088	\$ 861,581	\$ 9,650
Due from other funds	27,124	863,686	861,712	29,098
	<u>\$33,267</u>	<u>\$1,728,774</u>	<u>\$1,723,293</u>	<u>\$38,748</u>
Liabilities				
Accounts payable	\$33,267	\$ 369,878	\$ 364,397	\$ 38,748
Retirement payable	0	0	0	0
	<u>\$33,2367</u>	<u>\$ 375,100</u>	<u>\$ 364,397</u>	<u>\$ 38,748</u>

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, 2018, taxes of 5.68 mills were levied on property with assessed valuations totaling \$6,520,640 and were dedicated as follows:

General corporate purposes 5.68 mills

Total taxes levied were \$37,037. Taxes receivable at June 30, 2018, were \$666.

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 and 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.
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.

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

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.

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) year. 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.

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.

**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.

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, 2018, was 13% of covered payroll. Contributions to the pension plan were \$29,090 for the year ended June 30, 2018. The system also receives ad valorem taxes and state revenue sharing funds that are recognized as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. The amount of non-employer contributions recognized as revenue in the government-wide governmental activities statement of activities was \$8,677 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, 2018, was 30.75% of covered payroll. There were no contributions since no one participated for the year ended June 30, 2018. 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 \$2,757 for the year ended June 30, 2018.

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

At June 30, 2018, the Town reported a total of \$427,617 for its proportionate share of the net pension liability of MERS and MPERS combined. The net pension liability was measured as of June 30, 2017, for both plans and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of that date. The Town's proportion of the net pension liability was based on projections of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating 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, 2017, the Town's proportion was .35% for MERS which was a decrease of .016% from its proportion measured as of June 30, 2016. At June 30, 2017, the Town's proportion was .0014% for MPERS, which was a decrease of .0053% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$29,090 for MERS and \$ -0- for MPERS. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>MERS</u>	<u>MPERS</u>	<u>Total</u>
Deferred Outflows of Resources:			
Net difference between projected and actual earnings on pension plan investments	\$ 63,532	\$ 5,519	\$ 69,051
Difference between expected and Actual Experience	1,579	\$ 826	2,405
Changes in assumptions	13,277	8,971	22,248
Changes in proportion	21,818	54,459	76,277
Employer contributions subsequent to measurement date	-	-	-
	<u>\$ 100,206</u>	<u>\$ 69,775</u>	<u>\$ 169,981</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 6,546	\$ 969	\$ 7,515
Changes in assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion	8,048	13,195	21,243
	<u>\$ 14,594</u>	<u>\$ 14,164</u>	<u>\$ 28,758</u>

\$29,090 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, 2018. 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>
2018	\$ 38,182	\$ 12,053	\$ 50,235
2019	33,247	27,408	60,655
2020	11,329	19,110	30,439
2021	2,857	(2,960)	(103)
	<u>\$ 85,615</u>	<u>\$ 55,611</u>	<u>\$ 141,226</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, 2017, are as follows:

	MERS	MPERS
Inflation	2.775%	2.700%
Salary increases	5.0% including inflation	6.25% average, including inflation
Investment rate of return	7.40%	7.325%, 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 PR-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-estimate 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 Fixed Income	35%	1.60%
Public Equity	50%	2.30%
Alternatives	15%	0.70%
Other	0%	0.00%
Total	100%	4.60%
Inflation		2.60%
Expected Arithmetic Nomial Return		7.20%

**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>
Equity	53%	3.66%
Fixed Income	21%	0.52%
Alternatives	20%	1.11%
Other	6%	0.16%
Total	<u>100%</u>	<u>5.45%</u>
Inflation		<u>2.75%</u>
Expected Arithmetic Nomial Return		<u>8.19%</u>

Discount Rate:

The discount rate used to measure the total pension liability was 7.4% for MERS and 7.325% for MPERS. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates 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:

The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.4%, 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 (6.4%) or one percentage-point higher (8.4%) than the current rate as of June 30, 2018:

MERS:

	Changes in Discount Rate Plan B		
	1.0% Decrease (6.4%)	Current Discount Rate (7.4%)	1.0% Increase (8.4%)
Employer's proportionate share of the net pension liability	\$390,160	\$301,541	\$225,916

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

Actuarial Assumptions continued):

The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.325%, 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 (6.325%) or one percentage-point higher (8.325%) than the current rate as of June 30, 2018:

<u>MPERS:</u>	Changes in Discount Rate		
	1.0% Decrease (6.325%)	Current Discount Rate (7.325%)	1.0% Increase (8.325%)
Employer's proportionate share of the net pension liability	\$174,186	\$126,076	\$85,715

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, 2017. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.lila.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	\$ -	\$ 19,516	\$ 74,553	\$ 153	\$ 94,222
Unassigned	67,243	-	-	-	67,243
Total fund balances	<u>\$ 67,243</u>	<u>\$ 19,516</u>	<u>\$ 74,553</u>	<u>\$ 153</u>	<u>\$ 161,465</u>

NOTE 18. SUBSEQUENT EVENTS

The Town of Cottonport has evaluated subsequent events through November 9, 2018, the date which the financial statements were made available. Effective July 1, 2018, the sales tax levy increased by 1% as approved at a special election held on April 28, 2018. The increase is in effect for July 1, 2018 to June 30, 2028.

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. There are also no known unasserted claims that the Town is aware of as of the date of this report.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

**TOWN OF COTTONPORT, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$36,600	\$36,600	\$36,420	\$(180)
Franchise fees	100,400	100,400	98,803	(1,597)
Licenses and permits	63,110	73,110	73,911	801
Intergovernmental	49,900	69,314	68,189	(1,125)
Fines and forfeits	57,150	85,650	78,533	(7,117)
Miscellaneous	20,009	22,397	75,006	52,609
TOTAL REVENUES	<u>327,169</u>	<u>387,471</u>	<u>430,863</u>	<u>43,392</u>
EXPENDITURES				
General government	198,941	206,341	217,905	(11,564)
Public safety:				
Police	330,515	291,715	300,355	(8,640)
Fire	19,257	19,257	22,372	(3,115)
City Court	9,700	19,400	16,551	2,849
Streets and bridges	105,687	118,387	122,078	(3,691)
Health and sanitation	2,500	2,500	532	1,968
Capital outlay	71,712	77,712	81,594	(3,882)
TOTAL EXPENDITURES	<u>738,312</u>	<u>735,312</u>	<u>761,385</u>	<u>(26,073)</u>
Deficiency of revenues over expenditures	<u>(411,143)</u>	<u>(347,841)</u>	<u>(330,522)</u>	<u>17,318</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	0	28,000	0	(28,000)
Operating transfers in	425,000	335,000	356,000	21,000
Operating transfers out	(90,000)	(118,000)	(22,201)	95,799
TOTAL OTHER FINANCING SOURCES (USES)	<u>335,000</u>	<u>245,000</u>	<u>333,799</u>	<u>88,799</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$(76,143)</u>	<u>\$(102,841)</u>	3,278	<u>\$106,118</u>
FUND BALANCES AT BEGINNING OF YEAR			<u>63,965</u>	
FUND BALANCES AT END OF YEAR			<u>\$67,243</u>	

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, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$150,000	\$144,000	\$144,696	\$696
Miscellaneous	<u>30</u>	<u>30</u>	<u>22</u>	<u>(8)</u>
TOTAL REVENUES	<u>150,030</u>	<u>144,030</u>	<u>144,718</u>	<u>688</u>
EXPENDITURES				
General government:				
Collection Fee	2,300	2,300	1,844	456
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>1,844</u>	<u>456</u>
Excess (deficiency) of revenues over expenditures	<u>147,730</u>	<u>141,730</u>	<u>142,874</u>	<u>1,144</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>(150,000)</u>	<u>(150,000)</u>	<u>(152,000)</u>	<u>(2,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(150,000)</u>	<u>(150,000)</u>	<u>(152,000)</u>	<u>(2,000)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u><u>\$(2,270)</u></u>	<u><u>\$(8,270)</u></u>	(9,126)	<u><u>\$(856)</u></u>
FUND BALANCES AT BEGINNING OF YEAR			<u>28,642</u>	
FUND BALANCES AT END OF YEAR			<u><u>\$19,516</u></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, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Taxes	\$87,200	\$87,200	\$89,932	\$2,732
Intergovernmental	15,000	15,000	16,156	1,156
Miscellaneous	0	0	0	0
TOTAL REVENUES	<u>102,200</u>	<u>102,200</u>	<u>106,087</u>	<u>3,887</u>
<u>EXPENDITURES</u>				
Public safety:				
Fire	45,000	48,477	36,863	11,614
Capital outlay	40,000	40,000	35,023	4,977
TOTAL EXPENDITURES	<u>85,000</u>	<u>88,477</u>	<u>71,886</u>	<u>16,591</u>
Excess (deficiency) of revenues over expenditures	<u>17,200</u>	<u>13,723</u>	<u>34,201</u>	<u>20,478</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
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>\$17,200</u>	<u>\$(26,277)</u>	<u>(4,287)</u>	<u>\$21,990</u>
FUND BALANCES AT BEGINNING OF YEAR			<u>78,840</u>	
FUND BALANCES AT END OF YEAR			<u>\$74,553</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, 2018

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, 2018

	Municipal Employees Retirement System		
	June 30,		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability	0.35000%	0.3700%	0.2972%
Proportionate share of the net pension liability	\$ 301,541	\$ 303,965	\$ 201,995
Covered-employee payroll	\$ 219,552	\$ 258,679	\$ 193,385
Proportionate share of the net pension liability as a percentage of its covered employee payroll	137%	118%	104%
Plan fiduciary net position as a percentage of the total pension liability	62.49%	62.11%	68.71%

	Municipal Police Employees Retirement System		
	June 30,		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability	0.0001%	0.0001%	0.0039%
Proportionate share of the net pension liability	\$ 126,076	\$ 63,520	\$ 30,709
Covered-employee payroll	\$ -	\$ 43,112	\$ 18,984
Proportionate share of the net pension liability as a percentage of its covered employee payroll	N/A	147%	162%
Plan fiduciary net position as a percentage of the total pension liability	70.08%	66.04%	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, 2018

	Municipal Employees Retirement System		
	June 30,		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 29,090	\$ 24,178	\$ 18,414
Contributions in relation to the contractually required contribution	<u>\$ 29,090</u>	<u>\$ 24,178</u>	<u>\$ 18,414</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 219,552	\$ 258,679	\$ 193,835
Contributions as a percentage of covered-employee payroll	13.00%	11.00%	9.50%

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

	Final Budget	Actual	Variance - Favorable (Unfavorable)
<u>TAXES</u>			
Ad Valorem Taxes	\$36,600	\$36,420	\$(180)
TOTAL TAXES	36,600	36,420	(180)
<u>FRANCHISE FEES:</u>			
Cleco Franchise	72,400	72,340	(60)
Entex Franchise	10,400	10,482	82
Galaxy Cable Franchise Fee	12,400	11,262	(1,138)
Telephone Franchise Fee	5,200	4,719	(481)
TOTAL FRANCHISE FEES	100,400	98,803	(1,597)
<u>LICENSES AND PERMITS</u>			
Occupational Licenses	70,000	70,531	531
Building Permits	100	30	(70)
Liquor Permits	3,000	3,300	300
Moving Permits	10	50	40
TOTAL LICENSES AND PERMITS	73,110	73,911	801
<u>INTERGOVERNMENTAL</u>			
Beer taxes	4,900	4,567	(333)
Housing Authority	13,093	11,065	(2,028)
DOTD Road Maintenance	5,000	5,000	0
Video Poker Revenue	13,000	14,411	1,411
USDA Police Car	27,000	27,000	0
Misc Income	6,321	6,145	(176)
TOTAL INTERGOVERNMENTAL	69,314	68,189	(1,125)
<u>FINES AND FORFEITS:</u>			
Fines	75,000	66,064	(8,936)
Court Cost	10,500	11,446	946
City Court Revenue	150	1,023	873
TOTAL FINES AND FORFEITS	85,650	78,533	(7,117)
<u>MISCELLANEOUS:</u>			
Late Charges	56	33	(23)
Excise Tax Refund	1,800	2,083	283
Grass cutitng	1,800	1,995	195
Rental Income - Community Cen	8,800	8,825	25
Rental Income - Community Cen	900	900	0
Miscellaneous Income	5,318	6,321	1,003
Inter-Club Christmas Revenue	2,300	2,050	(250)
Donations	0	51,178	51,178
Accident Report	1,000	1,195	195
Miscellaneous Income	0	1	1
Park Family Fun	400	400	0
Interest Income	23	25	2
TOTAL MISCELLANEOUS	22,397	75,006	52,609
TOTAL REVENUES	\$387,471	\$430,863	\$43,392

**TOWN OF COTTONPORT, LOUISIANA
GENERAL FUND
DETAILED STATEMENT OF FUNCTIONAL EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance - Favorable (Unfavorable)
<u>GENERAL GOVERNMENT</u>			
G & A Salaries	\$82,900	\$80,001	\$2,899
G & A Payroll Taxes	6,300	6,088	212
G & A Employee Benefits	29,201	29,523	(322)
Legal & Auditing	17,700	17,457	243
Insurance	5,800	5,872	(72)
Assessor Fees	1,070	1,070	0
Miscellaneous Exp	7,000	3,250	3,750
Annex Building	500	3,397	(2,897)
Museum Expense	4,700	4,944	(244)
Office Supply & Postage	5,000	6,296	(1,296)
New Equipment	0	1,915	(1,915)
Publications & Printing	3,300	4,235	(935)
Dues & Subscriptions	3,200	2,214	986
Telephone Expense	5,800	5,639	161
Repairs & maintenance	0	1,015	(1,015)
Coroner's fees	0	2,055	(2,055)
Utilities	5,600	4,751	849
Community Center Expenses	8,800	9,012	(212)
Travel	4,200	4,222	(22)
Election Cost	0	6,413	(6,413)
Park Expenses	800	573	227
Xerox Copier Lease Payments	1,700	2,388	(688)
Xerox Copier Rental Payments	2,600	2,612	(12)
Christmas Decoration Expense	1,300	3,358	(2,058)
Christmas Fireworks Expense	3,000	3,000	0
Christmas Festival Misc Expen	1,000	917	83
Inter-Club Christmas Expense	2,000	1,801	199
Uniforms	70	81	(11)
Drug Testing	100	1,240	(1,140)
Janitorial expense	1,600	1,079	521
Park Family Fun Expense	1,100	1,461	(361)
Veteran's Memorial Expenses	0	27	(27)
TOTAL GENERAL GOVERNMENT	206,341	217,905	(11,564)
<u>PUBLIC SAFETY:</u>			
<u>POLICE</u>			
Salaries	150,000	150,637	(637)
Salaries	38,045	36,636	1,409
Payroll Taxes	15,500	15,274	226
Employee Benefits	22,000	22,040	(40)
Patrol Car Expenses	5,000	5,149	(149)
Uniforms	3,500	2,870	630
Insurance	27,000	36,654	(9,654)
Material & Supplies	1,500	2,121	(621)
Telephone Expense	3,400	3,921	(521)
Miscellaneous Expense	5,500	6,255	(755)
Utilities	2,070	0	2,070
Fuel/Oil	17,700	18,002	(302)
Training	500	795	(295)
TOTAL POLICE	291,715	300,355	(8,640)

**TOWN OF COTTONPORT, LOUISIANA
GENERAL FUND
DETAILED STATEMENT OF FUNCTIONAL EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance - Favorable (Unfavorable)
<u>PUBLIC SAFETY (CONTINUED)</u>			
FIRE			
Salaries	\$3,900	\$3,900	\$0
Payroll Taxes	298	298	0
Employee Benefits	429	517	(88)
Truck Expense	1,500	2,630	(1,130)
Insurance	6,000	5,905	95
Telephone Expense	2,100	1,942	158
Miscellaneous Expense	480	480	0
Appropriations - VFD	0	6,699	(6,699)
Utilities - CVFD	4,550	0	4,550
TOTAL FIRE	19,257	22,372	(3,115)
CITY COURT			
G&A Uniforms	100	87	13
Coroner's fees	2,200	0	2,200
Magistrate Fees	1,200	1,200	0
Prisoner Rations	7,000	5,831	1,169
Miscellaneous Expense	1,800	6,748	(4,948)
Police Travel Expense	1,800	0	1,800
Police Travel Expense	5,000	2,385	2,615
Bailiff's fee	300	300	0
TOTAL CITY COURT	19,400	16,551	2,849
<u>STREETS AND BRIDGES</u>			
Salaries	41,000	40,591	409
Payroll Taxes	2,900	2,995	(95)
Employee Benefits	6,000	6,700	(700)
Truck/Backhoe Expense	3,000	3,398	(398)
Tractor Expense	1,000	914	86
Materials & Supplies	3,000	4,234	(1,234)
Repairs & Maintenance	2,000	(0)	2,000
Vapor Lights	37,200	37,510	(310)
Misc Expense	1,000	513	487
Uniforms	687	1,427	(740)
Insurance	10,200	10,318	(118)
Inmates meals	3,800	3,267	533
Fuel/Oil - Streets	2,900	5,809	(2,909)
Diesel - Streets	1,300	1,930	(630)
Lawn Mower Misc	2,400	2,471	(71)
TOTAL STREETS AND BRIDGES	118,387	122,078	(3,691)

**TOWN OF COTTONPORT, LOUISIANA
GENERAL FUND
DETAILED STATEMENT OF FUNCTIONAL EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance - Favorable (Unfavorable)
<u>HEALTH AND SANITATION</u>			
Pest Control	\$800	\$233	\$567
Solid Waste Disposal	1,500	242	1,258
First Responder's Expense	200	58	142
TOTAL HEALTH AND SANITATION	2,500	532	1,968
<u>CAPITAL OUTLAY</u>			
Capital Outlay	25,000	25,000	0
Capital Outlay - Streets	30,400	30,416	(16)
Capital Outlay - Police	22,312	26,178	(3,866)
TOTAL CAPITAL OUTLAY	77,712	81,594	(3,882)
TOTAL EXPENDITURES	\$735,312	\$761,385	\$(26,073)

**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, 2018**

	Final Budget	Actual	Variance - Favorable (Unfavorable)
<u>WATER DEPARTMENT</u>			
Salaries	\$25,000	\$27,195	\$(2,195)
Payroll Taxes	1,800	2,080	(280)
Employee Benefits	9,000	9,306	(306)
Materials & Supplies	13,600	13,520	80
Chemicals	46,000	48,737	(2,737)
Trucks/Backhoes Expenses	300	99	201
Repairs & Maintenance	25,000	63,118	(38,118)
Water Tank Maintenance	2,400	0	2,400
Telephone Expense	6,600	6,807	(207)
Utilities	110,800	113,065	(2,265)
Insurance	23,860	23,891	(31)
Miscellaneous	9,236	9,168	68
Fuel/Oil	5,000	5,998	(998)
Uniforms	1,500	675	825
Engineering Fees	7,700	9,385	(1,685)
Analysis Fee	1,700	2,274	(574)
Test Wells	1,200	1,200	0
Diesel - Yellow Bayou Generator	600	0	600
LA One Call	360	434	(74)
Depreciation	51,679	65,436	(13,757)
TOTAL WATER DEPARTMENT	\$343,335	\$402,389	\$(59,054)
<u>SEWER DEPARTMENT</u>			
Salaries	\$47,500	\$48,974	\$(1,474)
Payroll Taxes	3,500	3,722	(222)
Employee Benefits	9,300	9,779	(479)
Materials & Supplies	4,300	4,879	(579)
Chemicals	16,000	16,178	(178)
Trucks/Backhoes Expense	11,000	713	10,287
Repairs & Maintenance	25,500	15,947	9,553
Insurance	15,100	15,176	(76)
Miscellaneous	6,200	7,155	(955)
Utilities	30,700	29,659	1,041
Fuel/Oil	3,000	2,679	321
Sludge removal	2,000	449	1,551
Uniforms	600	678	(78)
Engineering Fees	300	480	(180)
Analysis Fees	7,300	7,283	17
Depreciation	44,106	63,683	(19,577)
TOTAL SEWER DEPARTMENT	\$226,406	\$227,433	\$(1,027)
<u>GENERAL AND ADMINISTRATIVE</u>			
G & A Salaries	\$36,000	\$35,766	\$234
G & A Payroll Taxes	2,850	2,704	146
G&A Employee Benefits	10,921	10,989	(68)
Legal & Auditing	8,288	7,550	738
Uniforms	100	162	(62)
Office Supply & Postage	4,300	3,385	915
Miscellaneous	400	1,044	(644)
TOTAL GENERAL AND ADMINISTRATIVE	\$62,859	\$61,600	\$1,259

**TOWN OF COTTONPORT, LOUISIANA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018**

	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, 2018**

	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	9,360	92,478	22,201	162,526
TOTAL EXPENDITURES	38,487	9,360	92,478	22,201	162,526
Excess (deficiency) of revenues over expenditures	(38,487)	(9,360)	(92,478)	(22,201)	(162,526)
Operating transfers in	38,487	9,360	92,478	22,201	162,526
Operating transfers out	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	38,487	9,360	92,478	22,201	162,526
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, 2018, 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	4,800	12/31/20
Margaret Prater-Jenkins	4,800	12/31/20
Kenneth W. Friels	4,800	12/31/20
Luke L. Welch	4,800	12/31/20
Demple Prater	4,800	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, 2018
(Without Audit)**

Agency Head: William Scot III, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$9,600
Benefits:	
Retirement	1,056
Registration fees	0
Travel	771
	<u>\$11,427</u>

Agency Head: Chris Lemoine, Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary	\$2,400
Professional dues	580
	<u>\$2,980</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, 2018, 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 November 9, 2018.

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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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. 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.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control that might be material weaknesses, or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 18-01.

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 entity'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 entity'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
November 9, 2018

TOWN OF COTTONPORT, LOUISIANA
Summary of Findings, and Responses
For the Year Ended June 30, 2018

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(s) identified?	_____yes	___x___no
Reportable condition(s) identified not Considered to be material weakness(s)	_____yes	___x___no
Noncompliance material to financial statements noted?	_____yes	___x___no

Federal Awards

Not applicable for the fiscal year ended June 30, 2018.

Section II-Financial Statement Findings

There is one finding relative to compliance labeled 18-01 as discussed in detail in Section IV, which is the same comment labeled 17-01 in the prior year report.

Section III – Federal Award Findings and Questioned Costs

Not applicable for the fiscal year ended June 30, 2018.

TOWN OF COTTONPORT, LOUISIANA
Summary of Findings and Responses (Continued)
For the Year Ended June 30, 2018

Section IV – Summary of Current Year Audit Findings

Internal Control Deficiencies and Compliance Material to the Financial Statements

Finding 18-01: 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.

TOWN OF COTTONPORT, LOUISIANA
Status of Prior Audit Findings
For the Year Ended June 30, 2018

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

17-01	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	
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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, 2016 through June 30, 2018. 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 the Town's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Town does not have any written policies and procedures), as applicable:
 - 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***, including receiving, recording, and preparing deposits.
 - 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, and (5) monitoring card usage.
 - 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 Town's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Written policies and procedures in each of the areas noted above were obtained and reviewed for proper inclusion of appropriate financial/business functions of the Town with no exceptions noted.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the council minutes for the fiscal period, and:
 - a) Report whether the managing council met (with a quorum) at least monthly, or on a frequency in accordance with the council's enabling legislation, charter, or other equivalent document.
Verified all monthly meetings had a quorum and minutes adequately documented actions taken.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
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) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.
Monthly cash position summaries, accounts payable listings and other non-budgetary financial information is presented for approval by the Mayor and Council.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
The listing was provided by management.
- 4. Using the listing provided by management, select all of the Town's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
Each bank account selected was reconciled without exception.
 - b) Bank reconciliations include evidence that a member of management or a council member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
This procedure was in place for the year ended June 30, 2018.

If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Management has researched such items and cleared all with the exception of customer meter deposit refunds which are periodically turned over to unclaimed property as deemed necessary.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

The Town has only one collection location.

6. Using the listing provided by management, select all of the Town's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

All employees handling cash are bonded and do not share a drawer with any other employees. Employees collecting cash do make deposits but do not record the related transactions nor reconcile the bank account activity.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The Town Clerk does not collect or deposit any cash receipts and handles the reconciliations of receipts to the general ledger and reconciles the cash collections and bank account activity. The only deposits made by the Town Clerk are for Occupational Licenses, Liquor and Beer permits and Sales Tax remittances from the parish. (Exception)

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using Town collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

The majority of the time, deposits are made the same day. With a few exceptions, deposits were made within three days.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

No exceptions noted in this area for the items tested.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Town has a process specifically defined (identified as such by the Town) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

All recording and reconciling of cash collections and receipts is handled by the Town Clerk who is not responsible for any collection procedures.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for town disbursements. Obtain management's representation that the listing or general ledger population is complete.

The listing was provided by management.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the Town had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Purchase orders are used for fuel and supplies only. All other purchases are approved by the Mayor and Council for payment.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

This procedure is being followed with no exceptions noted.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

This procedure is being followed with no exceptions noted.

10. Using Town documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the Town's purchasing/disbursement system.

All new vendors are required to complete a W-9 and cannot be added to the system without approval from the Mayor.

11. Using Town documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The Mayor has final authorization for disbursements but does not record purchases and does not have access to print checks. All checks require two signatures.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review Town documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Checks are kept in a locked safe. Only the Town Clerk and deputy clerk have access to print and sign checks. All checks require two signatures.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The Town does not use signature stamps. Checks are maintained under the control of the signer until mailed.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the Town has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

No evidence of approval by anyone other than the card holder. However, all payments are approved by the Mayor and Council on a monthly basis after reviewing the charges.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

No finance charges or late fees were assessed.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

Receipts were attached for all purchases.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Appropriate documentation was attached for all purchases.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Not applicable.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Town's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

For each transaction tested the Town's written purchasing/disbursement policies were followed without exception.

- c) For each transaction, compare the Town's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No evidence of noncompliance noted for the transactions tested.

Travel and Expense Reimbursement

- 17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

The listing was provided by management.

- 18. Obtain the Town's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The Town reimburses actual meals and lodging and uses the standard IRS mileage rate for any travel reimbursements.

- 19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

All expense reimbursements tested were in accordance with the Town's written policy.

b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Itemized receipts were provided for all Travel and Expense reimbursements.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Appropriate documentation was provided as to the business purpose for each reimbursement tested.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Not applicable.

c) Compare the Town's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The Town's documentation of business/public purpose for tested expenses appeared to comply with the requirements of Article 7, Section 14 of the Louisiana Constitution.

d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Appropriate approval of each expense tested was noted without exception.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

The listing was provided by management.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Of the five largest vendor payments for the fiscal year, only one required a written contract.

b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

None of the contract payments were subject to the Louisiana Public Bid Law.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Quotations are obtained and documented on all applicable purchases.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

There were no contract amendments.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

All payments tested were in compliance.

- e) Obtain/review contract documentation and council minutes and report whether there is documentation of council approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Not required by policy.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

All five employees tested were paid in accordance with the approved pay rate.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Four out of the five tested had pay rate changes which were all properly approved and documented.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether 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.)

Daily attendance was properly document for all twenty-five selected other than the three council members who are not required to document daily attendance.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Approval for leave taken was properly documented.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

The Town maintains written leave records on all applicable employees.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

All leave was paid in accordance with policy for those employees tested.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

All payroll taxes and retirement contributions were reported timely to all agencies.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Of the five tested four had completed the ethics training, one was a new hire who had not yet completed the training but was scheduled to do so.

27. Inquire of management whether any alleged ethics violations were reported to the Town during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the Town's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management is not aware of any alleged or actual ethics violations during the fiscal year.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the Town, and report whether State Bond Commission approval was obtained.

The only debt issued for the fiscal period was lease purchase agreements not subject to approval by the State Bond Commission.

29. If the Town had outstanding debt during the fiscal period, obtain supporting documentation from the Town and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The Town is currently not subject to reserve or debt service payment requirements on any of its debt.

30. If the Town had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

The Town had no tax millages related to debt service.

Other

31. Inquire of management whether the Town had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the Town reported the misappropriation to the legislative auditor and the district attorney of the parish in which the Town is domiciled.

Management informed us that the Town did not have any misappropriation of public funds or assets during the fiscal year.

32. Observe and report whether the Town has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The notice is posted on its premises and the Town's website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

We did not observe or otherwise identify any exceptions regarding management's representations in the procedures above.

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
November 9, 2018