

TOWN OF COTTONPORT, LOUISIANA

Financial Report

Year Ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

* A Professional Accounting Corporation

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

Report on the Audit of Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Cottonport, Louisiana, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Cottonport, Louisiana's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-type activities	Unmodified
Discretely Presented Component Unit	Unmodified
General Fund	Qualified
Sales Tax Fund	Unmodified
Capital Projects Fund	Unmodified

Qualified Opinion on the Governmental Activities and General Fund

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the Governmental Activities and the General Fund of the Town of Cottonport, Louisiana, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Business-type Activities, Discretely Presented Component Unit, Sales Tax Fund, and Capital Projects Fund.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, Sales

Tax Fund, and Capital Projects Fund of the Town of Cottonport, Louisiana, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to the Qualified Opinion on the General Fund

Management of the Town of Cottonport, Louisiana, did not retain sufficient records and provide adequate audit evidence for us to express an opinion or provide assurance on the Governmental Activities and General Fund fines and forfeits revenue as reported in the statement of activities, and the statement of revenues, expenditures, and changes in fund balances. The amount by which this matter would affect the assets, deferred inflows of revenues, net position, fund balance, and revenues of Governmental Activities and the General Fund has not been determined.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Cottonport's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit 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 Town’s internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about the Town’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules, schedules of employer’s share of net pension liability, and employer contributions on pages 45 through 49 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.

The Town of Cottonport has omitted management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Cottonport, Louisiana’s basic financial statements. The schedule of compensation paid to council members, schedule of compensation, benefits, and other payments to agency head, justice system funding schedule – collecting/disbursing entity and the LCDBG program financial statements on pages 56 through 60 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation paid to council members, schedule of compensation, benefits, and other payments to agency head, justice system funding schedule – collecting/disbursing entity and the LCDBG program financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the General Fund budgetary comparison schedules and the Utility Fund departmental analysis of revenues and expenses but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2024 on our consideration of the Town of Cottonport, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Town of Cottonport, Louisiana's 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, Louisiana's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
December 17, 2024

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

TOWN OF COTTONPORT, LOUISIANA
Statement of Net Position
June 30, 2024

	Primary Government			Component Unit
	Governmental Business-Type		Total	Total
	Activities	Activities		
ASSETS				
Cash and cash equivalents	\$ 728,974	\$ 172,801	\$ 901,775	\$ 55,707
Due from other governmental units	182,880	-	182,880	-
Receivables, net	40,654	109,052	149,706	-
Other receivables	28,882	7,461	36,343	39
Accrued interest	-	1,240	1,240	-
Interfund balances	(34,698)	34,698	-	-
Prepaid items	7,981	3,151	11,132	-
Restricted assets:				
Cash and cash equivalents	2,445	515,357	517,802	-
Capital assets:				
Nondepreciable	371,459	1,052,311	1,423,770	-
Depreciable capital assets, net	<u>1,082,253</u>	<u>2,149,095</u>	<u>3,231,348</u>	<u>45,006</u>
Total assets	<u>2,410,830</u>	<u>4,045,166</u>	<u>6,455,996</u>	<u>100,752</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pension	<u>24,881</u>	<u>46,207</u>	<u>71,088</u>	<u>-</u>
LIABILITIES				
Accounts and other payables	13,274	150,666	163,940	-
Construction and retainage payable	201,168	-	201,168	-
Accrued interest payable	-	10,940	10,940	-
Customers deposits	-	79,770	79,770	-
Amount held in escrow	1,222	-	1,222	-
Long-term liabilities:				
Leased asset liabilities due within one year	60,878	-	60,878	-
Bonds payable due within one year	-	67,000	67,000	-
Leased asset liabilities due in more than one year	115,529	-	115,529	-
Bonds payable due in more than one year	-	547,000	547,000	-
Net pension liability	<u>71,440</u>	<u>132,673</u>	<u>204,113</u>	<u>-</u>
Total liabilities	<u>463,511</u>	<u>988,049</u>	<u>1,451,560</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pension	6,243	11,595	17,838	-
Unearned revenues	<u>470,047</u>	<u>-</u>	<u>470,047</u>	<u>-</u>
Total deferred inflows of resources	<u>476,290</u>	<u>11,595</u>	<u>487,885</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	1,076,137	2,991,454	4,067,591	45,006
Restricted for:				
Public safety and public works	177,732	-	177,732	-
Debt service	-	20,599	20,599	-
Unrestricted net position	<u>242,041</u>	<u>79,676</u>	<u>321,717</u>	<u>55,746</u>
Total net position	<u>\$ 1,495,910</u>	<u>\$ 3,091,729</u>	<u>\$ 4,587,639</u>	<u>\$ 100,752</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF COTTONPORT, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2024

Activities	Primary Government						Component Unit
	Expenses	Fees, Fines and Charges for Services	Capital Grants and Contributions	Net (Expense) Revenues and Change in Net Position			Total
				Governmental Activities	Business-Type Activities	Total	
Governmental activities:							
General government	\$ 323,689	\$ -	366,304	\$ 42,615	\$ -	\$ 42,615	
Public safety	483,139	31,133	-	(452,006)	-	(452,006)	
Public works	193,866	-	16,346	(177,520)	-	(177,520)	
Interest	9,391	-	-	(9,391)	-	(9,391)	
Total governmental activities	<u>1,010,085</u>	<u>31,133</u>	<u>382,650</u>	<u>(596,302)</u>	<u>-</u>	<u>(596,302)</u>	
Business-type activities:							
Water and Sewer	<u>1,130,981</u>	<u>843,634</u>	<u>27,575</u>	<u>-</u>	<u>(259,772)</u>	<u>(259,772)</u>	
Total	<u>\$ 2,141,066</u>	<u>\$ 874,767</u>	<u>\$ 410,225</u>	<u>(596,302)</u>	<u>(259,772)</u>	<u>(856,074)</u>	
Component unit	<u>\$ 129,479</u>	<u>\$ -</u>	<u>\$ -</u>				\$ (129,479)
General revenues:							
Taxes -							
Property taxes, levied for general purposes				51,725	-	51,725	-
Property taxes, levied for specific purposes				-	-	-	105,331
Sales and use taxes, levied for general purposes				483,735	-	483,735	-
Franchise taxes				104,275	-	104,275	-
Licenses and permits				102,339	-	102,339	-
Intergovernmental				28,810	-	28,810	29,127
Interest and investment earnings				19,497	26,241	45,738	-
Miscellaneous				102,019	-	102,019	3,296
Nonemployer pension contributions				2,838	5,270	8,108	-
Transfers				11,643	(11,643)	-	-
Total general revenues				<u>906,881</u>	<u>19,868</u>	<u>926,749</u>	<u>137,754</u>
Change in net position				310,579	(239,904)	70,675	8,275
Net position - beginning				<u>1,185,331</u>	<u>3,331,633</u>	<u>4,516,964</u>	<u>92,477</u>
Net position - ending				<u>\$ 1,495,910</u>	<u>\$ 3,091,729</u>	<u>\$ 4,587,639</u>	<u>\$ 100,752</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

TOWN OF COTTONPORT, LOUISIANA

Balance Sheet
Governmental Funds
June 30, 2024

	General	Sales Tax	Capital Projects	Totals
ASSETS				
Cash and cash equivalents	\$ 195,897	\$ 34,595	\$ -	\$ 230,492
Interest-bearing deposits	415,402	83,080	-	498,482
Receivables:				
Taxes	-	40,654	-	40,654
Due from other governmental agencies	-	-	182,880	182,880
Other	28,882	-	-	28,882
Prepaid items	7,981	-	-	7,981
Due from other funds	-	20,000	17,010	37,010
Cash - restricted	<u>1,222</u>	<u>-</u>	<u>1,223</u>	<u>2,445</u>
Total assets	<u>\$ 649,384</u>	<u>\$ 178,329</u>	<u>\$ 201,113</u>	<u>\$ 1,028,826</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 13,955	\$ 597	\$ 17,010	\$ 31,562
Construction and retainage payable	-	-	182,880	182,880
Due to other funds	71,708	-	-	71,708
Due to other governmental agencies	-	-	-	-
Amount held in escrow	<u>1,222</u>	<u>-</u>	<u>-</u>	<u>1,222</u>
Total liabilities	<u>86,885</u>	<u>597</u>	<u>199,890</u>	<u>287,372</u>
Deferred inflows of resources:				
Unearned grant revenues	<u>470,047</u>	<u>-</u>	<u>-</u>	<u>470,047</u>
Fund balances:				
Nonspendable	7,981	-	-	7,981
Restricted	-	177,732	1,223	178,955
Unassigned	<u>84,471</u>	<u>-</u>	<u>-</u>	<u>84,471</u>
Total fund balances	<u>92,452</u>	<u>177,732</u>	<u>1,223</u>	<u>271,407</u>
Total liabilities and fund balances	<u>\$ 649,384</u>	<u>\$ 178,329</u>	<u>\$ 201,113</u>	<u>\$ 1,028,826</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF COTTONPORT, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2024

Total fund balances for governmental funds		\$	271,407
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets, net			1,453,712
Long-term liabilities:			
Capital lease payable	\$	(176,407)	
Net pension liability		<u>(71,440)</u>	(247,847)
Deferred outflows of resources related to net pension liability			24,881
Deferred inflows of resources related to net pension liability			<u>(6,243)</u>
Net position at June 30, 2024		\$	<u><u>1,495,910</u></u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF COTTONPORT, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2024

	General	Sales Tax Fund	Capital Projects	Totals
Revenues:				
Taxes	\$ 156,000	\$ 483,735	\$ -	\$ 639,735
Licenses and permits	102,339	-	-	102,339
Intergovernmental	70,946	-	199,890	270,836
Fines and forfeits	31,133	-	-	31,133
Miscellaneous	258,332	3,808	-	262,140
Total revenues	618,750	487,543	199,890	1,306,183
Expenditures:				
Current -				
General government	305,186	7,057	-	312,243
Public safety:				
Police	344,723	-	-	344,723
Fire	25,403	-	-	25,403
Court	10,408	-	-	10,408
Public works	176,255	-	-	176,255
Capital outlay	187,796	-	199,890	387,686
Debt service -				
Principal	65,020	-	-	65,020
Interest	9,391	-	-	9,391
Total expenditures	1,124,182	7,057	199,890	1,331,129
Excess (deficiency) of revenues over expenditures	(505,432)	480,486	-	(24,946)
Other financing sources (uses):				
Transfers in	537,377	-	8,822	546,199
Transfers out	-	(526,957)	(7,599)	(534,556)
Total other financing sources (uses)	537,377	(526,957)	1,223	11,643
Net changes in fund balances	31,945	(46,471)	1,223	(13,303)
Fund balances, beginning	60,507	224,203	-	284,710
Fund balances, ending	\$ 92,452	\$ 177,732	\$ 1,223	\$ 271,407

The accompanying notes are an integral part of the basic financial statements.

TOWN OF COTTONPORT, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2024

Total net changes in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ (13,303)
Capital assets:		
Capital outlay	\$ 387,686	
Depreciation expense	<u>(133,539)</u>	254,147
Capital assets:		
Principal paid on capital lease		65,020
Effect of change in net pension liability and the related deferred inflows and outflows of resources:		
Nonemployer pension contributions recognized	2,838	
Change in pension expense	<u>1,877</u>	<u>4,715</u>
Total changes in net position per Statement of Activities		<u>\$ 310,579</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF COTTONPORT, LOUISIANA
Statement of Net Position
Proprietary Fund
June 30, 2024

	Water and Sewer
ASSETS	
Current asset:	
Cash and cash equivalents	\$ 172,801
Receivables:	
Accounts, net	109,052
Accrued interest	1,240
Other	7,461
Prepaid items	3,151
Due from other funds	<u>34,698</u>
Total current assets	<u>328,403</u>
Noncurrent assets:	
Restricted assets -	
Cash and cash equivalents	515,357
Capital assets:	
Nondepreciable	1,052,311
Depreciable capital assets, net	<u>2,149,095</u>
Total noncurrent assets	<u>3,716,763</u>
Total assets	<u>4,045,166</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pension	<u>46,207</u>
LIABILITIES	
Current liabilities:	
Accounts payable	150,666
Payable from restricted assets -	
Revenue bonds payable	67,000
Accrued interest payable	<u>10,940</u>
Total current liabilities	<u>228,606</u>
Noncurrent liabilities:	
Customers' deposits	79,770
Revenue bonds payable	547,000
Net pension liability	<u>132,673</u>
Total noncurrent liabilities	<u>759,443</u>
Total liabilities	<u>988,049</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pension	<u>11,595</u>
NET POSITION	
Net investment in capital assets	2,991,454
Restricted - debt service	20,599
Unrestricted net position	<u>79,676</u>
Total net position	<u>\$ 3,091,729</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF COTTONPORT, LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Position -
 Proprietary Fund
 For the Year Ended June 30, 2024

	<u>Water and Sewer</u>
Operating revenues:	
Charges for services -	
Water service charges	\$ 576,155
Sewer service charges	222,352
Installation and other charges	<u>45,127</u>
Total operating revenues	<u>843,634</u>
Operating expenses:	
Salaries and related benefits	215,910
Supplies	195,106
Maintenance and repairs	235,831
Gas and oil	16,466
Utilities and telephone	128,337
Depreciation expense	133,830
Other operating expenses	<u>180,319</u>
Total operating expenses	<u>1,105,799</u>
Operating loss	<u>(262,165)</u>
Nonoperating revenues (expenses):	
Grant revenues	27,575
Interest income	26,241
Non-employer pension contributions	5,270
Interest expense	<u>(25,182)</u>
Total nonoperating revenues (expenses)	<u>33,904</u>
Loss before transfers	<u>(228,261)</u>
Transfers in (out):	
Transfers in	7,599
Transfers out	<u>(19,242)</u>
Total transfers (out)	<u>(11,643)</u>
Change in net position	(239,904)
Net position, beginning	<u>3,331,633</u>
Net position, ending	<u><u>\$3,091,729</u></u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF COTTONPORT, LOUISIANA

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended June 30, 2024

	<u>Water and Sewer</u>
Cash flows from operating activities:	
Receipts from customers	\$ 863,527
Payments to suppliers	(669,320)
Payments to employees	(219,396)
Prepaid items	<u>(3,151)</u>
Net cash used by operating activities	<u>(28,340)</u>
Cash flows from noncapital financing activities:	
Transfers (to) from other funds	<u>(33,343)</u>
Cash flows from capital and related financing activities:	
Proceeds from grants	73,431
Interest and fiscal charges paid on revenue bonds	(25,182)
Principal paid on bonds	(64,000)
Capital purchases	<u>(91,532)</u>
Net cash used by capital and related financing activities	<u>(107,283)</u>
Cash flows from investing activities:	
Interest received on interest-bearing deposits	<u>26,221</u>
Net decrease in cash and cash equivalents	(142,745)
Cash and cash equivalents, beginning of period	<u>830,903</u>
Cash and cash equivalents, end of period	<u>\$ 688,158</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF COTTONPORT, LOUISIANA

Statement of Cash Flows (Continued)
 Proprietary Fund
 For the Year Ended June 30, 2024

	<u>Water and Sewer</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (254,566)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	133,830
Net pension liability	(33,769)
Deferred inflows of resources	9,478
Deferred outflows of resources	15,535
Nonemployer contributions	5,270
Change in assets:	
Accounts receivable	12,300
Prepaid Items	(3,151)
Other	(77)
Change in liabilities:	
Accounts payable	79,140
Customer deposits	<u>7,670</u>
Net cash used by operating activities	<u>\$ (28,340)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to statement of net position:	
Cash and cash equivalents, beginning of period -	
Cash and cash equivalents - unrestricted	\$ 206,237
Cash and cash equivalents- restricted	<u>624,666</u>
Total cash and cash equivalents, beginning of period	<u>830,903</u>
Cash and cash equivalents, end of period -	
Cash and cash equivalents - unrestricted	172,801
Cash and cash equivalents - restricted	<u>515,357</u>
Total cash and cash equivalents, end of period	<u>688,158</u>
Net decrease in cash and cash equivalents	<u>\$ (142,745)</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF COTTONPORT, LOUISIANA

Statement of Net Position
Discretely Presented Component Unit
June 30, 2024

	<u>Volunteer Fire Department</u>
Assets	
Cash and cash equivalents	\$ 55,707
Other receivables	39
Capital assets	
Depreciable, net	<u>45,006</u>
Total assets	<u>\$ 100,752</u>
Net Position	
Restricted - Public Safety - Fire	<u>\$ 100,752</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF COTTONPORT, LOUISIANA

Statement of Activities
Discretely Presented Component Unit
For the Year Ended June 30, 2024

	<u>Volunteer Fire Department</u>
Expenses	<u>\$ 129,479</u>
General Revenues	
Ad valorem taxes	105,331
Miscellaneous	<u>32,423</u>
Total general revenues	<u>137,754</u>
Change in Net Position	8,275
Net Position, Beginning	<u>92,477</u>
Net Position, Ending	<u>\$ 100,752</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF COTTONPORT, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Cottonport (hereinafter, “the Town”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Town of Cottonport was incorporated on March 28, 1896 and began operating under the provisions of the Lawrson Act on October 21, 1924. The Town operates under a Mayor-Town Council form of government and provides the following services: public safety (police and fire), highway and streets, sanitation, culture-recreation, public improvements, and general administrative services.

The financial reporting entity consist of (a) the primary government (the Town), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. This report includes all funds which are controlled by or dependent on the Town executive and legislative branches (the Mayor and Town Council). Control by or dependence on the Town is determined based on budget adoption, taxing authority, authority to issue debt, election or appointment of the governing body, and other general oversight responsibility.

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria established by GASB Statement No. 61, *The Financial Reporting Entity Omnibus – An Amendment of GASB Statements No. 14 and 34*, but do not meet the criteria for blending. They are reported in a separate column to emphasize that they are legally separate from the Town. Based on these criteria, the volunteer fire department, as a nonprofit organization, is considered a component unit of the Town and is included in the accompanying financial statements.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the Town as an economic unit. The government-wide financial statements report the Town’s ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and all business-type activities of the primary government.

TOWN OF COTTONPORT, LOUISIANA

Notes to Basic Financial Statements

Fund Financial Statements

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

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on the fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the Town are described below:

Governmental Funds –

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

The Sales Tax Fund accounts for the proceeds of two 1% sales and use taxes that are legally restricted to expenditures for specific purposes.

Capital Projects Fund

The Capital Projects Fund accounts for the accumulation of resources used to service the Town's current construction projects.

TOWN OF COTTONPORT, LOUISIANA

Notes to Basic Financial Statements

Proprietary Funds –

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon the determination of net income, financial position, and cash flows.

Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, 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 user 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 Water Sewer Fund comprises the Town's Enterprise Fund.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues, expenditures, expenses, and transfers – and assets, deferred outflows of resources, liabilities, and deferred inflows of resources – are recognized in the accounts and reported in the financial statements.

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net position.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

1. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

TOWN OF COTTONPORT, LOUISIANA

Notes to Basic Financial Statements

2. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statements of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or an economic asset is used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary funds use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

Program Revenues

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the Town’s taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town’s general revenues.

Allocation of Indirect Expenses

The Town reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the statement of activities. Depreciation expense is specifically identifiable by function and is included in the direct expense of each function. Interest on long-term debt related to business activities is reported in the statement of activities as direct expenses in the Water and Sewer function in the amount of \$25,182.

TOWN OF COTTONPORT, LOUISIANA

Notes to Basic Financial Statements

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash, cash equivalents and interest-bearing deposits.

For purposes of the statement of net position, cash and cash equivalents include all demand accounts, savings accounts, certificates of deposits, and interest-bearing deposits of the Town.

For the purposes of the proprietary fund statement of cash flows, cash and cash equivalents include all demand deposits, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and franchise fees. Business-type activities report customers' utility service receivables as their major receivables. Uncollectible amounts due from customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the receivable is uncollectible. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading billing and the end of the month, are recorded at year-end. The total allowance for doubtful accounts reported at June 30, 2024 is \$61,576.

Interfund Receivables and Payables

During operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those transactions related to goods and services are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables."

Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the special revenue funds and the proprietary fund that are legally restricted as to their use. The restricted assets recorded in the governmental funds are related to capital lease proceeds designated for the construction of a capital asset. The restricted assets in the proprietary fund are related to utility customer deposits and debt service on the 2010 and 2022 water revenue bonds.

TOWN OF COTTONPORT, LOUISIANA

Notes to Basic Financial Statements

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at acquisition cost or estimated cost if acquisition is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated acquisition cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Infrastructure	10 - 50 years
Utility system and improvements	10 - 50 years
Heavy equipment	10 - 20 years
Vehicles and movable equipment	7 - 15 years
Equipment, furniture and fixtures	5 - 10 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Compensated Absences

Employees of the Town earn both vacation and sick time based on years of service. Accumulated vacation time expires on January 31st of the following calendar year while accumulated sick time is eligible for carryover. However, employees are not paid for accumulated sick time at the time of resignation or termination. No compensated absences payable is recorded at June 30, 2024 due to the immaterial nature of the balance payable.

Unearned Revenues

Unearned Revenues arise when resources are received before the Town has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Town has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

TOWN OF COTTONPORT, LOUISIANA

Notes to Basic Financial Statements

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists of revenue bonds payable and capital lease payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) in the current period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) in the current period.

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

1. Net investment in capital assets - consists of net capital assets, reduced by the outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
2. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

TOWN OF COTTONPORT, LOUISIANA

Notes to Basic Financial Statements

3. Unrestricted net position – consists of all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance reports aggregate amounts for five classifications based on the constraints imposed on the use of these resources. As such, fund balances of the governmental funds are classified as follows:

1. Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Town’s Mayor and Board of Aldermen, which is the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by board members.
4. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes determined by a formal decision of the Mayor and Board of Aldermen.
5. Unassigned – all other spendable amounts.

It is the Town’s policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the Town uses committed, assigned, and unassigned amount.

Proprietary fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Revenues

The Town considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The Town generally defines the availability period for revenue recognition as received within sixty (60) days of year end. The Town’s major sources of revenues that meet this availability criterion are intergovernmental revenues, franchise fees, tax revenues, and charges for services.

TOWN OF COTTONPORT, LOUISIANA

Notes to Basic Financial Statements

There are two classifications of programmatic revenues for the Town, grant revenue and program revenue. Grant revenues are derived from federal, state, and private grant programs. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. Program revenues are derived directly from the program itself or from third parties outside of the Town's taxpayers or citizenry. Program revenues reduce the cost of the function to be financed by the Town's general revenues. The primary sources of program revenues consist of fees, fines, and charges paid by recipients for goods or services, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and income earned in connection with the operation of the Town's utility system.

Ad Valorem Revenues

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in October and are billed to taxpayers in November. Billed taxes become delinquent on March 1 of the following year. The Town has entered into an intergovernmental agreement with the Avoyelles Parish Law Enforcement District to bill and collect its own property taxes using the assessed values determined by the tax assessor of Avoyelles Parish. Property tax revenues are recognized when levied to the extent that they result in current receivables.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services.

Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gain on disposal of assets, and insurance recoveries on property loss. Operating expenses are expenses related to the production of revenue. Nonoperating expenses are not directly related to the production of revenue and include items such as interest expense and losses on the disposal of assets.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character
Proprietary Funds - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to the use of economic resources.

TOWN OF COTTONPORT, LOUISIANA

Notes to Basic Financial Statements

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 2
Water and sewer revenue	Debt service, utility operations, other lawful corporate purposes

G. Pensions

The net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense have been determined using the flow of economic resources measurement focus and full accrual basis of accounting. Non-employer contributions are recognized as revenues in the government-wide and proprietary fund financial statements. In the governmental fund financial statements contributions are recognized as expenditures when due.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

(2) Dedication of Proceeds and Flow of Funds – Sales and Use Taxes

Proceeds of the Town’s two 1% sales and use taxes are dedicated to the following purposes:

1. Paying the cost of constructing sewers and sewerage disposal works, waterworks facilities, public streets and drainage facilities as well as maintaining and operating the same; title to which shall be in the public name.

TOWN OF COTTONPORT, LOUISIANA

Notes to Basic Financial Statements

(3) Cash and Interest-Bearing Deposits

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 direct obligations of the United States government, bonds, debentures, notes, or other evidence of indebtedness issues or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of the state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Custodial credit risk for deposits is the risk that in case of the failure of a depository financial institution, the Town's deposits may not be recovered, or the Town will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. The Town does not have a policy for custodial credit risk; however, under state law, these deposits (or the resulting bank balances) 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 bank. These securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

Bank balances	<u>\$ 1,492,348</u>
Insurance	\$ 501,222
Uninsured and collateral held by custodial bank not in the Town's name	<u>991,126</u>
Total FDIC insurance and pledged securities	<u>\$ 1,492,348</u>

(4) Interfund Assets, Interfund Liabilities, and Transfers

A) Individual balances due from/to other funds are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Funds:		
General fund	\$ -	\$ 71,708
Sales tax fund	20,000	-
Capital projects fund	<u>17,010</u>	<u>-</u>
Total governmental funds	37,010	71,708
Enterprise funds:		
Water and sewer fund	<u>34,698</u>	<u>-</u>
Total	<u>\$ 71,708</u>	<u>\$ 71,708</u>

Balances at June 30, 2024, resulted from the routine lag between the dates that interfund goods or services are provided and reimbursable expenditures occur. Transactions are recorded in the accounting system and payments between funds are made to satisfy the balances.

TOWN OF COTTONPORT, LOUISIANA

Notes to Basic Financial Statements

B) Transfers consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General fund	\$ 537,377	\$ -
Sales tax fund	-	526,957
Capital projects fund	<u>8,822</u>	<u>7,599</u>
Total governmental funds	546,199	534,556
Enterprise funds:		
Water and sewer fund	<u>7,599</u>	<u>19,242</u>
Total	<u>\$ 553,798</u>	<u>\$ 553,798</u>

Transfers are used to 1) move revenues from the fund required by statute, voter-approved resolution, or budget to collect them to the fund required by statute or budget to expend them, and 2) use unrestricted revenues collected in the general fund to finance various program accounted for in other funds in accordance with budgetary authorizations.

(5) Restricted Assets

Restricted assets consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Capital lease escrow account	\$ 1,222	\$ -	\$ 1,222
Revenue bond reserve account	-	11,354	11,354
Revenue bond contingency account	-	20,185	20,185
Construction account	-	404,048	404,048
Capital projects account	1,223	-	1,223
Customer utility deposits	<u>-</u>	<u>79,770</u>	<u>79,770</u>
	<u>\$ 2,445</u>	<u>\$ 515,357</u>	<u>\$ 517,802</u>

TOWN OF COTTONPORT, LOUISIANA

Notes to Basic Financial Statements

(6) Capital Assets

Capital asset activity was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 136,031	\$ -	\$ -	\$ 136,031
Construction in progress	<u>23,648</u>	<u>211,780</u>	<u>-</u>	<u>235,428</u>
Total assets not being depreciated	<u>159,679</u>	<u>-</u>	<u>-</u>	<u>371,459</u>
Other capital assets:				
Buildings and improvements	1,181,345	175,906	-	1,357,251
Vehicles and tractors	1,079,592	-	-	1,079,592
Equipment, furniture and fixtures	<u>960,448</u>	<u>-</u>	<u>-</u>	<u>960,448</u>
Totals	<u>3,381,064</u>	<u>175,906</u>	<u>-</u>	<u>3,768,750</u>
Less accumulated depreciation:				
Buildings and improvements	754,731	19,099	-	773,830
Vehicles and tractors	652,012	77,772	-	729,784
Equipment, furniture and fixtures	<u>774,756</u>	<u>36,668</u>	<u>-</u>	<u>811,424</u>
Total accumulated depreciation	<u>2,181,499</u>	<u>133,539</u>	<u>-</u>	<u>2,315,038</u>
Governmental activities, capital assets, net	<u>\$ 1,199,565</u>	<u>\$ 42,367</u>	<u>\$ -</u>	<u>\$ 1,453,712</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 12,452
Police	30,898
Fire	71,707
Streets	<u>18,482</u>
Total depreciation expense	<u>\$ 133,539</u>

TOWN OF COTTONPORT, LOUISIANA

Notes to Basic Financial Statements

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 1,040,470	\$ 19,440	7,599	\$ 1,052,311
Other capital assets:				
Water system and equipment	3,096,120	30,650	20,815	3,105,955
Sewer system and equipment	<u>2,977,663</u>	<u>2,015</u>	<u>-</u>	<u>2,979,678</u>
Totals	<u>7,114,253</u>	<u>52,105</u>	<u>28,414</u>	<u>7,137,944</u>
Less accumulated depreciation:				
Water system and equipment	1,846,137	71,116	20,815	1,896,438
Sewer system and equipment	<u>1,977,386</u>	<u>62,714</u>	<u>-</u>	<u>2,040,100</u>
Total accumulated depreciation	<u>3,823,523</u>	<u>133,830</u>	<u>20,815</u>	<u>3,936,538</u>
Business-type activities, capital assets, net	<u>\$ 3,290,730</u>	<u>\$ (81,725)</u>	<u>\$ 7,599</u>	<u>\$ 3,201,406</u>

Depreciation expense was charged to business-type activities as follows:

Water	\$ 71,116
Sewer	<u>62,714</u>
Total depreciation expense	<u>\$ 133,830</u>

(7) Changes in Long-Term Liabilities

Debt outstanding at June 30, 2024 was comprised of the following:

	Governmental Activities	Business-Type Activities	Total
Direct borrowings/placements			
Water Revenue Bonds	\$ -	\$ 614,000	\$ 614,000
Finance leases	<u>176,407</u>	<u>-</u>	<u>176,407</u>
Total obligations	<u>\$ 176,407</u>	<u>\$ 614,000</u>	<u>\$ 790,407</u>

TOWN OF COTTONPORT, LOUISIANA

Notes to Basic Financial Statements

The following is a summary of debt transactions for the governmental activities of the Town:

	Beginning	Additions	Deletions	Ending	Due Within One Year
Governmental Activities					
Direct borrowings/placements					
Leased asset liabilities -					
2022 Police unit	\$ 48,395	\$ -	\$ 9,882	\$ 38,513	\$ 10,361
2019 Mini excavator	8,790	-	7,479	1,311	1,311
2021 Fire Pumper Truck	97,308	-	31,444	65,864	32,425
2022 Fire Fighter Equip.	86,934	-	16,215	70,719	16,781
Total	<u>\$ 241,427</u>	<u>\$ -</u>	<u>\$ 65,020</u>	<u>\$ 176,407</u>	<u>\$ 60,878</u>

Leased Asset Liabilities

The Town entered into a lease agreement on August 28, 2019 for the purchase of a 2019 mini excavator with an original purchase price of \$38,625. The lease agreement bears interest at 4.38% and requires sixty monthly installment payments of \$644 beginning in September 2019 and ending in August 2024.

The Town entered into a lease agreement on April 14, 2021 for the purchase of a 2021 fire pumper truck with an original purchase price of \$157,371. The lease agreement bears interest at 3.12% and requires five annual installment payments of \$34,480 beginning in April 2022 and ending in April 2026.

The Town entered into a lease agreement on March 18, 2022 for the purchase of fire fighter equipment with an original purchase price of \$151,851. The lease agreement bears interest at 3.38% and requires seven annual installment payments of \$19,248 beginning in April 2022 and ending in April 2028.

The Town entered into a lease agreement on October 5, 2022 for the purchase of a 2022 Dodge Durango PPV equipped with radio for the police department. The original purchase price is \$53,373. The lease agreement bears interest at 4.25% and requires sixty (60) month installment payments of \$997 beginning January 15, 2023 and ending December 15, 2027.

TOWN OF COTTONPORT, LOUISIANA

Notes to Basic Financial Statements

Leased asset liabilities are due as follows:

Year ending June 30,	Governmental Activities		
	Principal payments	Interest payments	Total
2025	\$ 60,878	\$ 6,132	\$ 67,010
2026	61,668	4,025	65,693
2027	29,361	1,850	31,211
2028	<u>24,500</u>	<u>731</u>	<u>25,231</u>
Total	<u>\$ 176,407</u>	<u>\$ 12,738</u>	<u>\$ 189,145</u>

The following is a summary of debt transactions for the business activities of the Town:

	Beginning	Additions	Deletions	Ending	Due Within One Year
Business-Type Activities					
Direct borrowings/placements					
Water Revenue bonds					
Series 2010	\$ 88,000	\$ -	\$ 43,000	\$ 45,000	\$ 45,000
Series 2022	<u>590,000</u>	<u>-</u>	<u>21,000</u>	<u>569,000</u>	<u>22,000</u>
	<u>\$ 678,000</u>	<u>\$ -</u>	<u>\$ 64,000</u>	<u>\$ 614,000</u>	<u>\$ 67,000</u>

Water Revenue Bonds

Series 2010

The Town issued the \$500,000 Water Revenue Bonds, Series 2010 in May 2010 to fund the construction of a new water well for its utility system. The bonds are due in fifteen annual principal and interest installments of \$37,407 to \$47,160. The bonds bear interest ranging from 2.25% to 4.80% on \$425,000 of principal while the remaining \$75,000 of principal is interest free.

The bond agreement requires the Town to maintain customer utility rates to provide net revenues equal to or greater than 110% of the principal and interest obligated to be paid in the current fiscal year. Failure to make punctual principal and interest payments, to perform or observe any other bond covenants, agreements, or conditions for a period of thirty (30) days after receiving written notice are considered events of default. Bondholders are entitled to exercise all rights and powers under Louisiana law in the event of a default, however, under no circumstances may the payment of principal or interest of any of the bonds be accelerated under the bond agreement.

TOWN OF COTTONPORT, LOUISIANA

Notes to Basic Financial Statements

Series 2022

The Town issued the \$600,000 Water Revenue Bonds, Series 2022 in August 2022 to fund the construction, extension, renovation, and replacement of its waterworks system. The Series 2022 bonds consist of the R-1 bond in the principal amount of \$450,000 and the R-2 bond in the principal amount of \$150,000. The R-1 bond bears interest at 4.00% and requires fifteen annual principal and interest payments of \$12,500 to \$57,200. The R-2 bond bears interest at 2.00% and requires ten annual principal and interest payments of \$6,250 to \$18,360.

The bond agreement requires the Town to maintain customer utility rates to provide net revenues equal to or greater than 110% of the principal and interest obligated to be paid in the current fiscal year. Failure to make punctual principal and interest payments, to perform or observe any other bond covenants, agreements, or conditions for a period of thirty (30) days after receiving written notice are considered events of default. Bondholders are entitled to exercise all rights and powers under Louisiana law in the event of a default, however, under no circumstances may the payment of principal or interest of any of the bonds be accelerated under the bond agreement.

Annual debt service requirements to maturity for the Town's water revenue bonds, are as follows:

Year ending June 30,	Direct Placement Debt Business-type Activities		
	Principal payments	Interest payments	Total
2025	\$ 67,000	\$ 22,240	\$ 89,240
2026	38,000	19,440	57,440
2027	39,000	18,240	57,240
2028	40,000	17,020	57,020
2029	42,000	15,760	57,760
2030-2034	229,000	57,720	286,720
2035-2038	159,000	12,880	171,880
Total	\$ 614,000	\$ 163,300	\$ 777,300

(8) Unearned Revenues

Unearned revenues consist of \$470,047 of grant funds received in advance under the American Rescue Plan Act. This federal stimulus funding is to aid public health and economic recovery from the COVID-19 pandemic.

TOWN OF COTTONPORT, LOUISIANA

Notes to Basic Financial Statements

(9) Pension Plans

Substantially all employees of the Town participate in one of two cost-sharing multiple employer public retirement systems. Each system is administered and controlled by a separate board of trustees.

A. Municipal Employees Retirement System of Louisiana (MERS) -

Plan Description: Employees of the Town are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan established in accordance with the provisions of Louisiana Revised Statute 11:1731 to provide retirement, disability, and survivor benefits to employees of all incorporated villages, towns, and cities throughout the State of Louisiana. MERS is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Town are members of Plan B. The system issues a publicly available financial report that may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Benefits Provided: The following is a description of the plan and its benefits which is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement: Any member of Plan B, who was hired before January 1, 2013, can retire providing the member meets one of the following criteria:

- a. Any age with thirty (30) or more years of creditable service.
- b. Age 60 with a minimum of ten (10) years of creditable service.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statute, the benefits are limited to specified amounts.

Any member of Plan B Tier 2 can retire providing they meet one of the following requirements:

- a. Age 67 with seven (7) or more years of creditable service.
- b. Age 62 with ten (10) or more years of creditable service.
- c. Age 55 with thirty (30) or more years of creditable service.
- d. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

The monthly amount of the retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to two percent of the member's final compensation multiplied by their years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in statutes, the benefits are limited to specific amounts.

TOWN OF COTTONPORT, LOUISIANA

Notes to Basic Financial Statements

Survivor Benefits: Upon death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides benefits for the surviving spouse and/or minor children as outlined in the statutes.

Any member of Plan B, who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Deferred Retirement Option Plan (DROP) Benefits: In lieu of terminating employment and accepting a service retirement allowance, any member of Plan B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable, but employee contributions cease. The monthly retirement benefits that would be payable had the person elected to cease employment and receive a service retirement allowance are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment, which made them eligible to become members of the System, has been terminated for at least one full year.

Upon termination of employment, prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment, if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in MERS.

Disability Benefits: For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of (1) an amount equal to two percent of his final compensation multiplied by his years of creditable service, but not less than thirty percent of his final compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

Cost of Living Increases: The System is authorized under state law to grant a cost-of-living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

TOWN OF COTTONPORT, LOUISIANA

Notes to Basic Financial Statements

Deferred Benefits: Plan B provides deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Contributions: According to state statute, contribution requirements for all employers are actuarially determined each year. For the year the actual employer contribution rate was 15.50% for Plan B. In accordance with state statute, the System also receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered for special funding situations. Total non-employer contributions recognized as income for the year were \$8,108. Contributions to the pension plan from the Town were \$37,164 for the year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The Town reported a liability of \$204,113 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers as actuarially determined. The Town's proportion was 0.255%, which was a decrease of 0.037% from the previous year.

The Town's MERS plan recognized a pension expense of \$71,440.

The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ 2,933	\$ -
Change in assumptions	-	-
Change in proportion and differences between the employer's contributions and the proportionate share of contributions	4,514	-
Net difference between projected and actual earnings on pension plan investments	26,477	17,838
Contributions subsequent to the measurement date	<u>37,164</u>	<u>-</u>
Total	<u>\$ 71,088</u>	<u>\$ 17,838</u>

Deferred outflows of resources of \$37,164 related to MERS resulting from the Town's contributions after the measurement date will be recognized as a reduction of the Net Pension Liability in the subsequent year.

TOWN OF COTTONPORT, LOUISIANA

Notes to Basic Financial Statements

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MERS will be recognized in pension expense (benefit) as follows:

Year Ended June 30:	
2025	\$ 4,003
2026	(4,108)
2027	17,313
2028	<u>(1,122)</u>
	<u>\$ 16,086</u>

Actuarial Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the System to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the System's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability of the System as were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018 and are as follows:

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Life	3 years
Actuarial Assumptions:	
Investment rate of return	6.85%, net of investment expense, including inflation
Inflation Rate	2.5%
Salary increases, including information and merit increases	1-4 years of service- 7.4% Plan B More than 4 years of service- 4.9% Plan B
Annuitant and beneficiary mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubG-2010(B) Disabled Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.

TOWN OF COTTONPORT, LOUISIANA

Notes to Basic Financial Statements

Discount Rate - 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 rates of return by the target asset allocation percentage and by adding inflation and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocations are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public equity	56%	2.44%
Public fixed income	29%	1.26%
Alternatives	<u>15%</u>	<u>0.65%</u>
Totals	<u>100%</u>	4.35%
Inflation		<u>2.50%</u>
Expected Arithmetic Nominal Return		<u>6.85%</u>

The discount rate used to measure the System's total pension liability was 6.85% for the year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected 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 System's net pension liability of the participating employers calculated using the discount rate of 6.85%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.85%, or one percentage point higher 7.85% than the current rate (assuming all other assumptions remain unchanged):

	<u>1% Decrease 5.85%</u>	<u>Current Discount Rate 6.85%</u>	<u>1% Increase 7.85%</u>
Net Pension Liability	\$ 288,413	\$ 204,113	\$ 132,808

TOWN OF COTTONPORT, LOUISIANA

Notes to Basic Financial Statements

B. Municipal Employees Police Retirement System of Louisiana (MPERS) –

Plan Description: The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the MPERS is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, provided he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the system in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. The System issues a publicly available financial report that may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809, or by calling (225) 929-7411.

Contributions: Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2023, contributions due for employers and employees was 31.25% and 10.00%, respectively. Contributions to the pension plan from the Town totaled \$0.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2024, the Town did not report a liability for its proportionate share of the Net Pension Liability of MPERS due to immateriality. The Net Pension Liability was measured as of June 30, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Town's proportion was 0.00036%, which was an increase of 0.00036% from the previous year.

The Town did not recognize any pension expense/benefit under the MPERS plan due to immateriality.

(10) Litigation and Claims

At June 30, 2024, the Town is a defendant in litigation which includes a case filed by the Municipal Police Employee's Retirement System alleging prior year retirement contributions are owed to the retirement system. While damages are alleged in the various cases filed against the Town, the outcome of the cases cannot be predicted with certainty

(11) Risk Management

The Town is exposed to risks of loss in the areas of general and auto liability, property hazards and workers' compensation. These risks are managed by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded insurance coverage for the past three years.

TOWN OF COTTONPORT, LOUISIANA

Notes to Basic Financial Statements

(12) Selected Disclosures for Discretely Presented Component Units

Financial reporting standards require note disclosures on discretely presented component units considering both the units' significance relative to the total discretely component units and the nature and significance of the units' relationship to the primary government (the Town). As such, the following disclosures are presented.

Deposits

Discretely presented component unit deposits (demand deposits and interest-bearing demand deposits) are recorded at cost, which approximates fair value. The carrying amounts of these deposits totaled \$55,707.

Under state law, these deposits must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market values of the pledged securities plus the federal deposit insurance (FDIC) must at all times equal the amount on deposit with the fiscal agent. The deposits were covered by FDIC insurance.

Capital Assets

A summary of depreciable assets for discretely presented component units is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Volunteer Fire Department:				
Equipment, furniture and fixtures	\$ 46,799	\$ 17,088	-	\$ 63,887
Less accumulated depreciation:				
Equipment, furniture and fixtures	<u>10,894</u>	<u>7,987</u>	-	<u>18,881</u>
Depreciable assets, net	<u>\$ 35,905</u>	<u>\$ 9,101</u>	<u>\$ -</u>	<u>\$ 45,006</u>

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF COTTONPORT, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 147,000	\$ 123,293	\$ 156,000	\$ 32,707
Licenses and permits	43,275	58,598	102,339	43,741
Intergovernmental	25,400	15,733	70,946	55,213
Fines and forfeits	57,150	25,283	31,133	5,850
Miscellaneous	30,462	53,687	258,332	204,645
Total revenues	<u>303,287</u>	<u>276,594</u>	<u>618,750</u>	<u>342,156</u>
Expenditures:				
General government -				
Finance and administrative	226,967	243,767	305,186	(61,419)
Public safety -				
Police	319,336	333,857	344,723	(10,866)
Fire	22,295	14,134	25,403	(11,269)
Court	12,500	9,467	10,408	(941)
Public works -				
Streets and sidewalks	126,050	151,711	176,255	(24,544)
Capital outlay	22,200	50,961	187,796	(136,835)
Debt service -				
Principal	-	-	65,020	(65,020)
Interest	-	-	9,391	(9,391)
Total expenditures	<u>729,348</u>	<u>803,897</u>	<u>1,124,182</u>	<u>(320,285)</u>
Deficiency of revenues over expenditures	<u>(426,061)</u>	<u>(527,303)</u>	<u>(505,432)</u>	<u>21,871</u>
Other financing sources (uses):				
Transfers in (out) -				
Transfers out	-	(14,705)	-	14,705
Transfers in	475,000	560,175	537,377	(22,798)
Total other financing sources (uses)	<u>475,000</u>	<u>545,470</u>	<u>537,377</u>	<u>(8,093)</u>
Net change in fund balance	48,939	18,167	31,945	13,778
Fund balance, beginning	<u>60,507</u>	<u>60,507</u>	<u>60,507</u>	<u>-</u>
Fund balance, ending	<u>\$ 109,446</u>	<u>\$ 78,674</u>	<u>\$ 92,452</u>	<u>\$ 13,778</u>

TOWN OF COTTONPORT, LOUISIANA
Sales Tax Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes -				
Sales	\$ 480,000	\$ 488,390	\$ 483,735	\$ (4,655)
Other	<u>30</u>	<u>688</u>	<u>3,808</u>	<u>3,120</u>
Total revenues	<u>480,030</u>	<u>489,078</u>	<u>487,543</u>	<u>(1,535)</u>
Expenditures:				
General government	<u>7,000</u>	<u>-</u>	<u>7,057</u>	<u>(7,057)</u>
Excess of revenues over expenditures	<u>473,030</u>	<u>489,078</u>	<u>480,486</u>	<u>(8,592)</u>
Other financing uses:				
Transfers out	<u>(200,000)</u>	<u>(546,957)</u>	<u>(526,957)</u>	<u>(1,150)</u>
Net change in fund balance	273,030	(57,879)	(46,471)	(8,592)
Fund balance, beginning	<u>224,203</u>	<u>224,203</u>	<u>224,203</u>	<u>-</u>
Fund balance, ending	<u>\$ 497,233</u>	<u>\$ 166,324</u>	<u>\$ 177,732</u>	<u>\$ (8,592)</u>

TOWN OF COTTONPORT, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2024

* Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System					
2024	0.255%	\$ 204,113	\$ 217,645	93.8%	73.25%
2023	0.292%	\$ 256,065	\$ 232,212	110.3%	69.56%
2022	0.273%	\$ 158,302	\$ 209,772	75.5%	79.14%
2021	0.266%	\$ 239,445	\$ 182,440	131.2%	66.26%
2020	0.247%	\$ 215,971	\$ 172,096	125.5%	66.14%
2019	0.300%	\$ 253,449	\$ 188,727	134.3%	65.60%
2018	0.349%	\$ 301,541	\$ 219,552	137.3%	63.49%
2017	0.367%	\$ 303,965	\$ 258,679	117.5%	62.11%

* The amounts presented have a measurement date of the previous fiscal year end.

TOWN OF COTTONPORT, LOUISIANA

Schedule of Employer Contributions
For the Year Ended June 30, 2024

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Municipal Employees' Retirement System					
2024	\$ 33,864	\$ 33,864	\$ -	\$ 239,766	14.12%
2023	\$ 33,735	\$ 33,735	\$ -	\$ 217,645	15.50%
2022	\$ 35,993	\$ 35,993	\$ -	\$ 232,212	15.50%
2021	\$ 32,515	\$ 32,515	\$ -	\$ 209,772	15.50%
2020	\$ 28,667	\$ 28,667	\$ -	\$ 172,096	16.66%
2019	\$ 26,422	\$ 26,422	\$ -	\$ 188,727	14.00%
2018	\$ 29,090	\$ 29,090	\$ -	\$ 219,552	13.25%
2017	\$ 24,178	\$ 24,178	\$ -	\$ 258,679	9.35%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TOWN OF COTTONPORT, LOUISIANA

Notes to the Required Supplementary Information
Year Ended June 30, 2024

(1) Retirement Systems

A. Changes in Benefit Terms

There were no changes in benefit terms.

B. Changes in Assumptions

<u>Year ended June 30,</u>	<u>Discount Rate</u>	<u>Investment Rate of Return</u>	<u>Inflation Rate</u>	<u>Expected Remaining Service lives</u>	<u>Projected Salary Increase</u>
* Municipal Employee's Retirement System of Louisiana (MERS)					
2017	7.500%	7.500%	2.875%	3	2.125%
2018	7.400%	7.400%	2.775%	3	2.225%
2019	7.275%	7.275%	2.600%	3	2.400%
2020	7.000%	7.000%	2.500%	3	4.5% - 6.4%
2021	6.950%	6.950%	2.500%	3	4.9% - 7.4%
2022	6.850%	6.850%	2.500%	3	4.9% - 7.4%
2023	6.850%	6.850%	2.500%	3	4.9% - 7.4%
2024	6.850%	6.850%	2.500%	3	4.9% - 7.4%

(2) Budget and Budgetary Accounting

The Town has established its fiscal year as the twelve-month period beginning July 1. The procedures detailed below are followed in establishing the budgetary data reflected in the financial statements.

The Mayor and the Town Clerk prepare a proposed budget based on an estimate of the revenues expected to be received in the next fiscal year and submit the proposal to the Board of Aldermen. A summary of the proposed budget is published, and the public is notified that the proposed budget is available for public inspection. As the same time, a public hearing is set.

A public hearing is held to discuss the proposed budget at least ten days after publication of the call for a hearing. After the public hearing is conducted and all actions necessary to finalize and implement the budget, the budget is adopted by ordinance prior to the commencement of the fiscal for which the budget is being adopted.

As required by state law, the budgets are amended whenever projected revenue fails to meet original expectations or when projected expenditures exceed original expectations. Budgetary amounts as amended and all budgetary appropriations lapse at the end of the fiscal year.

(3) Excess of Expenditures over Appropriations

The Town incurred expenditures in excess of appropriations in the General Fund and Sales Tax Fund.

OTHER SUPPLEMENTARY INFORMATION

OTHER INFORMATION

TOWN OF COTTONPORT, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Taxes:				
Ad valorem	\$ 36,200	\$ 37,619	\$ 51,725	\$ 14,106
Franchise -				
Electric	90,000	63,841	79,739	15,898
Gas	16,000	14,552	14,552	-
Telephone	2,800	1,487	3,405	1,918
Cable TV	2,000	5,794	6,579	785
Total taxes	<u>147,000</u>	<u>123,293</u>	<u>156,000</u>	<u>32,707</u>
Licenses and permits:				
Occupational licenses	40,000	56,683	98,949	42,266
Building permits	50	30	410	380
Liquor permits	<u>3,225</u>	<u>1,885</u>	<u>2,980</u>	<u>1,095</u>
Total licenses and permits	<u>43,275</u>	<u>58,598</u>	<u>102,339</u>	<u>43,741</u>
Intergovernmental:				
Federal grants -				
American Rescue Plan Act	-	-	25,790	25,790
State of Louisiana -				
State grants	13,000	12,726	16,346	3,620
Beer taxes	4,600	2,543	3,378	835
Video poker	14,000	8,040	12,932	4,892
Department of Transportation -				
Maintenance	<u>6,800</u>	<u>5,150</u>	<u>12,500</u>	<u>7,350</u>
Total intergovernmental	<u>25,400</u>	<u>15,733</u>	<u>70,946</u>	<u>42,487</u>
Fines and forfeits:				
Fines and court costs	<u>57,150</u>	<u>25,283</u>	<u>31,133</u>	<u>5,850</u>
Miscellaneous:				
Interest	22	-	15,689	15,689
Casino funds	-	6,396	6,011	(385)
Local funding	-	-	140,624	140,624
Other sources	<u>30,440</u>	<u>47,291</u>	<u>96,008</u>	<u>48,717</u>
Total miscellaneous	<u>30,462</u>	<u>53,687</u>	<u>258,332</u>	<u>204,645</u>
Total revenues	<u>\$ 303,287</u>	<u>\$ 276,594</u>	<u>\$ 618,750</u>	<u>\$ 329,430</u>

TOWN OF COTTONPORT, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
General government:				
Administration:				
Salaries	\$ 95,000	\$ 76,987	\$ 83,323	\$ (6,336)
Payroll taxes	7,000	6,052	6,358	(306)
Insurance	5,000	11,066	39,875	(28,809)
Legal and professional fees	13,700	60,891	59,696	1,195
Benefits	29,600	10,442	10,611	(169)
Other	<u>76,667</u>	<u>78,329</u>	<u>105,323</u>	<u>(26,994)</u>
Total general government	<u>226,967</u>	<u>243,767</u>	<u>305,186</u>	<u>(61,419)</u>
Public safety -				
Police:				
Salaries	196,636	241,448	244,668	(3,220)
Payroll taxes	16,000	18,403	18,709	(306)
Benefits	22,000	-	-	-
Automobile expense	32,800	44,155	43,421	734
Insurance	36,000	14,470	20,271	(5,801)
Other	<u>15,900</u>	<u>15,381</u>	<u>17,654</u>	<u>(2,273)</u>
Total police	<u>319,336</u>	<u>333,857</u>	<u>344,723</u>	<u>(10,866)</u>
Fire:				
Salaries	3,900	4,950	4,950	-
Payroll taxes	298	379	1,145	(766)
Miscellaneous	15,397	7,158	17,698	(10,540)
Truck expenses	<u>2,700</u>	<u>1,647</u>	<u>1,610</u>	<u>37</u>
Total fire	<u>22,295</u>	<u>14,134</u>	<u>25,403</u>	<u>(11,269)</u>
Court:				
Magistrate fees	1,200	2,900	2,800	100
Coroner's fees	1,000	2,233	3,970	(1,737)
Miscellaneous	<u>10,300</u>	<u>4,334</u>	<u>3,638</u>	<u>696</u>
Total court	<u>12,500</u>	<u>9,467</u>	<u>10,408</u>	<u>(941)</u>
Total public safety	<u>354,131</u>	<u>357,458</u>	<u>380,534</u>	<u>(23,076)</u>

(continued)

TOWN OF COTTONPORT, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
For the Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Streets and sidewalks -				
Salaries	45,000	65,710	66,919	(1,209)
Payroll taxes	3,500	4,943	5,035	(92)
Benefits	6,700	9,174	9,184	(10)
Street lights and power	37,500	30,614	42,544	(11,930)
Maintenance	9,600	21,902	35,353	(13,451)
Insurance	10,300	8,903	12,106	(3,203)
Other	13,450	10,465	5,114	5,351
Total streets and sidewalks	<u>126,050</u>	<u>151,711</u>	<u>176,255</u>	<u>(24,544)</u>
Capital outlay:				
General government	-	16,740	25,790	(9,050)
Public works	22,200	34,221	21,382	12,839
Recreation	-	-	140,624	(140,624)
Total capital outlay	<u>22,200</u>	<u>50,961</u>	<u>187,796</u>	<u>(9,050)</u>
Debt service:				
Principal	-	-	65,020	(65,020)
Interest	-	-	9,391	(9,391)
Total debt service	<u>-</u>	<u>-</u>	<u>74,411</u>	<u>(74,411)</u>
Total expenditures	<u>\$ 729,348</u>	<u>\$ 803,897</u>	<u>\$ 1,124,182</u>	<u>\$ (192,500)</u>

TOWN OF COTTONPORT, LOUISIANA
Enterprise Fund
Utility Fund

Departmental Analysis of Revenues and Expenses
Year Ended June 30, 2024

	Totals	General Administrative	Water	Sewer
Operating revenues:				
Water sales	\$ 576,155	\$ -	\$ 576,155	\$ -
Sewerage sales	222,352	-	-	222,352
Installation and other charges	45,127	-	45,127	-
Total operating revenues	<u>843,634</u>	<u>-</u>	<u>621,282</u>	<u>222,352</u>
Operating expenses:				
Salaries and related benefits	215,910	55,126	87,308	73,476
Depreciation	133,830	-	71,116	62,714
Maintenance and repairs	235,831	-	207,235	28,596
Supplies	195,106	-	155,411	39,695
Contractual services	55,822	55,822	-	-
Insurance	62,351	-	30,746	31,605
Truck and tractor expenses	5,660	-	5,567	93
Utilities and telephone	128,337	-	88,790	39,547
Gas and oil	16,466	-	9,077	7,389
Miscellaneous	56,486	15,346	32,341	8,799
Total operating expenses	<u>1,105,799</u>	<u>126,294</u>	<u>687,591</u>	<u>291,914</u>
Net operating income (loss)	<u>\$ (262,165)</u>	<u>\$ (126,294)</u>	<u>\$ (66,309)</u>	<u>\$ (69,562)</u>

TOWN OF COTTONPORT, LOUISIANA

Schedule of Compensation Paid to Council Members
Year Ended June 30, 2024

Town Council Members -	<u>Amount</u>
Curtis J Francisco, Mayor Pro-Tem	\$ 6,200
Margaret Prater-Jenkins	6,250
Kenneth W. Friels	6,250
Demple Prater	6,300
Spencer Guilbeau	<u>6,300</u>
	<u>\$ 31,300</u>

TOWN OF COTTONPORT, LOUISIANA

Schedule of Compensation, Benefits, and
Other Payments to Agency Head
June 30, 2024

Agency Head: William F. Scott, III, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 9,600
Benefits - retirement	2,352
	<u>\$ 11,952</u>

TOWN OF COTTONPORT
Cottonport, Louisiana

Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by ACT 87 of the 2020 Regular Legislative Session

Cash Basis Presentation
Year Ended June 30, 2024

	<u>First Six Month Period Ended 12/31/2023</u>	<u>Second Six Month Period Ended 06/30/2024</u>
Beginning balance of amounts collected	\$ -	\$ -
Add: Collections		
Criminal Court Costs/Fees	<u>12,429</u>	<u>3,881</u>
Total collections	<u>12,429</u>	<u>3,881</u>
Less: Disbursements to Governments and Nonprofits		
Louisiana Assoc. of Chief Police - Criminal Court Costs/Fees	-	-
Louisiana Commission on Law Enforcement - Crime Victims Reparation - Criminal Court Costs/Fees	150	207
Law Enforcement Training - Criminal Court Costs/Fees	-	-
Louisiana State Treasurer - CMIS Special Court - Criminal Court Costs/Fees	207	282
Louisiana Supreme Court - Louisiana Judicial College- Criminal Court Costs/Fees	26	41
Louisiana Dept. of Health - Traumatic Head and Spinal Cord Injury - Criminal Court Costs/Fees	185	408
Central Louisiana Juvenile Detention - Criminal Court Costs/Fees	405	453
Less: Amounts retained by collecting agency		
Criminal Court Costs/Fees	<u>11,456</u>	<u>2,490</u>
Total disbursements	<u>12,429</u>	<u>3,881</u>
Total ending balance of amounts collected but not disbursed	<u>\$ -</u>	<u>\$ -</u>

TOWN OF COTTONPORT, LOUISIANA

LDCBG Program - Balance Sheet
June 30, 2024

Project
#2000434902

ASSETS

Cash - restricted	\$ 1,223
Grant revenue receivable	<u>182,880</u>
Total assets	<u>184,103</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Construction and retainage payable	<u>182,880</u>
Fund balance:	
Restricted - capital outlay	<u>1,223</u>
Total liabilities and fund balance	<u>\$ 184,103</u>

TOWN OF COTTONPORT, LOUISIANA

LCDBG - Income Statement
For the Year Ended June 30, 2024

	Project #2000434902
Revenues:	
LCDBG program	<u>\$ 182,880</u>
Expenditures:	
Current -	
Administrative services	2,718
Project construction	<u>182,880</u>
Total expenditures	<u>185,598</u>
Deficiency of revenues over expenditures	(2,718)
Fund balance, beginning	<u>3,941</u>
Fund balance, ending	<u><u>\$ 1,223</u></u>

**INTERNAL CONTROL,
COMPLIANCE AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable William F. Scott, III, Mayor
and Members of the Town 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, discretely presented component unit, and each major fund of the Town of Cottonport, Louisiana as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Cottonport, Louisiana's basic financial statements and have issued our report thereon dated December 17, 2024.

Report on 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) as a basis for designing 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, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Cottonport, Louisiana's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2024-001, 2024-002, and 2024-003 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current and prior year audit findings and management’s corrective action plan as items 2024-004, 2024-005, and 2024-006.

Town of Cottonport, Louisiana’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Cottonport’s response to the findings identified in our audit and described in the accompanying schedule of current and prior year audit findings and management’s corrective action plan. The Town’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Town’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
December 17, 2024

TOWN OF COTTONPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2024

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2024-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The Town of Cottonport did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that the Town does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town concurs with the audit finding. Due to the size of staffing, the achievement of adequate segregation of duties is desirable, but cost prohibitive. All efforts are made to segregate duties where feasible. In an effort to establish sound controls, the Town Council monitors activity and account balances for all funds.

2024-002 Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: Unknown

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities in the financial statement preparation process.

TOWN OF COTTONPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2024

CRITERIA: The Town's internal control over financial reporting includes policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The cause of the condition results from a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related supporting transactions may reflect a departure from generally accepted accounting principles.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit of enhanced controls over financial reporting and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTIVE ACTION PLAN: We evaluated the cost vs. benefit of establishing enhanced controls over financial reporting and determined that it would not be cost effective to enhance these controls. Currently, our financial staff receives annual training related to their job duties and we carefully review the financial statements, related notes, and all proposed adjustments. All questions are adequately addressed by our auditors, which allows us to appropriately supervise these functions. We feel that we have taken appropriate steps to reduce the financial statement risk caused by this finding.

2024-003 Possible Excessive Overtime Pay

Fiscal year finding initially occurred: 2024

CONDITION: During the performance of our audit procedures, it was brought to our attention that excessive overtime payments to police department employees may have occurred during the current year.

CRITERIA: The Louisiana Attorney General (AG) has noted that time sheets or a similar form of documentation are required to document and substantiate time worked. Further, the AG has noted that payment for work that is not performed is a prohibited donation of public funds under Article VII, Section 14 of the Louisiana Constitution and may constitute public payroll fraud under Louisiana Revised Statute 14.138, *Public payroll fraud*.

CAUSE: While the Chief of Police reviewed and approved timesheets documenting hours worked by police department employees, there were no indications of time records being reviewed for reasonableness of hours worked prior to the submission of the timesheets for payroll processing.

TOWN OF COTTONPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2024

EFFECT: Failure of the Chief of Police to review police department employee time records for reasonableness of hours worked could lead to excessive overtime payments as well as payments for work that is not performed.

RECOMMENDATION: To ensure payroll expenditures are made only for work that is performed and to identify potential excessive overtime payments, all Town department supervisors should review time records for reasonableness of hours worked prior to submission of timesheets for payroll processing.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Payroll processing controls will be enhanced to include additional management review of time records to ensure reasonableness of hours worked prior to payroll processing and payment.

B. Compliance and Other Matters

2024-004 Local Government Budget Act Noncompliance

Fiscal year finding initially occurred: 2021

CONDITION: Actual expenditures in the General Fund and Sales Tax Fund exceeded budgeted expenditures by more than five percent.

CRITERIA: Louisiana State Statute RS 39:1311 *Budgetary Authority and Control*.

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to monitor expenditures in the General Fund and Sales Tax Fund.

EFFECT: The Town may not prevent and/or detect overspending in the General Fund, and Sales Tax Fund in a timely manner.

RECOMMENDATION: Management should periodically compare actual expenditures to budgeted expenditures in the General Fund and the Sales Tax Fund to identify the need for budget amendments in a timelier manner.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management has agreed to prepare actual vs budget reports for review on a periodic basis and propose budget amendments as required under Louisiana State Statute RS 39:1311.

TOWN OF COTTONPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2024

2024-005 Open Meeting Law – Written Minutes

Fiscal year finding initially occurred: 2023

CONDITION: The Town did not comply with LA R.S. 42:20, *Open Meeting Law – Written Minutes* by not keeping and making available within a reasonable time written minutes of all open public meetings held by the Town. It is also noted the Town failed to post its monthly board meeting minutes to its website in accordance with R.S. 42:21(2).

CRITERIA: LA R.S. 42:20 *Open Meeting Laws – Written Minutes*. Under Louisiana Revised Statute 42:21(2) *Written minutes*; if the public body has a website, the public body shall post on its website a copy of the minutes made available pursuant to Paragraph (1) of this Subsection and shall maintain the copy of these minutes on the website for at least three months after the posting.

CAUSE: The Town did not produce, make available and publish written minutes to its website of all public Town Council meetings during the current year.

EFFECT: The Town did not comply with the provisions of LA R.S. 42:20 and 42:21 (2) *Open Meeting Law – Written Minutes*.

RECOMMENDATION: The Town should ensure compliance with LA R.S. 42:20 and 42:2 (2) *Open Meeting Law – Written Minutes* by producing, maintaining, and publishing minutes to the Town's website for all open public meetings held by the Town.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town is working diligently to enhance policies and procedures that will ensure written minutes for all open public meetings are kept and made available to the public via posting on website in a timely manner.

2024-006 Control and Disposition of Traffic Citations

Fiscal year finding initially occurred: 2023

CONDITION: The Town was unable to provide a full accounting and final disposition of all traffic citations issued by the police department during the year under audit.

CRITERIA: The provisions of LA R.S. 39:398.2 *Disposition of Traffic Citations; Unlawful Acts; Records*, require the chief administrative officer of each traffic enforcement agency in the state, which in this case is the chief of police, require all traffic officers under his/her supervision return to him/her a copy of every traffic citation which is spoiled or issued by the officer for a violation of a traffic laws or ordinances. The chief administrative officer is also responsible for maintaining a record of the disposition of charges by the court in which the original or copy of the traffic citation was deposited.

TOWN OF COTTONPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2024

CAUSE: The Town failed to ensure that policies and procedures over traffic citation administration and processing were implemented resulting in possible violations of LA R.S. 39:398.2.

EFFECT: The collection of fines and fees related to traffic citations may not be properly accounted for and possible violations of LA R.S. 39:398.2 may occur.

RECOMMENDATION: Town management should ensure that all policies and procedures over maintaining, issuing, and accounting for the disposition of traffic citations are implemented and monitored to avoid the possibility of violations of state statutes.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town's management is working diligently to ensure all policies and procedures over maintaining, issuing, and accounting for the disposition of traffic citations are fully implemented and monitored in the future.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2023-001 Inadequate Segregation of Accounting Functions

CONDITION: The Town of Cottonport did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See Item 2024-001

2023-002 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: Management and staff lack the ability and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities in the financial statement preparation process.

RECOMMENDATION: Management should evaluate the added costs needed to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: Unresolved. See Item 2024-002

TOWN OF COTTONPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2024

2023-003 Reconciliations of Significant Accounts Balances

CONDITION: During the performance of our audit procedures, it was noted that reoccurring reconciliations performed over significant account balances were not being performed promptly, and in some cases had significant errors or omissions.

RECOMMENDATION: Management should review current internal controls and job duties of staff to ensure adequate time is available to properly complete and keep reconciliations of all significant account balances.

CURRENT STATUS: Resolved.

2023-004 Grant Program Cash Management

CONDITION: During the performance of our audit procedures, it was noted that the Town did not minimize the time elapsed between receipt of grant funds from the grantee and the actual disbursement of those funds.

RECOMMENDATION: Management should review and enhance current internal controls and job duties of staff to ensure compliance with all grant cash management requirements.

CURRENT STATUS: Resolved.

B. Compliance

2023-005 Budget noncompliance

Fiscal year finding initially occurred: 2021

CONDITION: Actual expenditure in the General Fund exceeded budgeted expenditures by more than five percent.

RECOMMENDATION: Management should periodically compare actual expenditures to budgeted expenditures in the General and Sales Tax Funds to identify the need for budget amendments in a timelier manner.

CURRENT STATUS: Unresolved. See Item 2024-004

TOWN OF COTTONPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2024

2023-006 Late Filing of Audit Report

Fiscal year finding initially occurred: 2022

CONDITION: The Town did not comply with the provisions of LA R.S. 24:513 *Powers and Duties of Legislative Auditor* by not submitting its audited financial statements to the Louisiana Legislative Auditor within six months after the fiscal year end.

RECOMMENDATION: The Town should ensure compliance with LA R.S. 24:513 *Powers and Duties of Legislative Auditor* by preparing and producing adequate financial information in a timely manner.

CURRENT STATUS: Resolved

2023-007 Open Meeting Law – Written Minutes

Fiscal year finding initially occurred: 2023

CONDITION: The Town did not comply with LA R.S. 42:20, *Open Meeting Law – Written Minutes* by not keeping and making available within a reasonable time written minutes of all open public meetings held by the Town.

RECOMMENDATION: The Town should ensure compliance with LA R.S. 42:20 *Open Meeting Law – Written Minutes* by producing, maintaining, and publishing minutes for all open public meetings held by the Town.

CURRENT STATUS: Unresolved See item 2024-005

2023-008 Control and Disposition of Traffic Citations

Fiscal year finding initially occurred: 2023

CONDITION: The Town was unable to provide a full accounting and final disposition of all traffic citations issued by the police department during the year under audit.

RECOMMENDATION: Town management should ensure that all policies and procedures over maintaining, issuing, and accounting for the disposition of traffic citations are implemented and monitored to avoid the possibility of violations of state statutes.

CURRENT STATUS: Unresolved See Item 2024-006

TOWN OF COTTONPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2024

2023-009 Preservation of Records

Fiscal year finding initially occurred: 2023

CONDITION: In the course of performing our audit, we noted that the Town was unable to provide sufficient supporting documentation for selected transactions upon our requests.

RECOMMENDATION: Policies and procedures should be developed and implemented to ensure proper documentation is maintained to support all transactions of the Town.

CURRENT STATUS: Resolved

2023-010 Bond Compliance – Debt Service Deposit Requirements

Fiscal year finding initially occurred: 2023

CONDITION: The Town did not make deposits into the Water Revenue Bond and Interest Sinking Fund as well as the Water Depreciation and Contingency Fund as required by the Water Revenue Bonds, Series 2022 bond agreement.

RECOMMENDATION: Policies and procedures should be developed and implemented to ensure that the Town complies with all covenants outlined in the Water Revenue Bonds, Serie 2022 bond agreement.

CURRENT STATUS: Resolved

Town of Cottonport
Cottonport, Louisiana

Statewide Agreed-Upon Procedures Report

Fiscal Period July 1, 2023 through June 30, 2024

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of the Town of Cottonport,
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2023 through June 30, 2024. The Town of Cottonport, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

The Town of Cottonport, Louisiana has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period July 1, 2023 through June 30, 2024. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii) ***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.
 - iii) ***Disbursements***, including processing, reviewing, and approving.

- iv) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- vi) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

We performed the procedures and discussed the results with management.

- xii) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

2) Board or Finance Committee

- A. Obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- i) Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- ii) For those entities reporting on the governmental accounting model, observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- iii) For governmental entities, obtained the prior year audit report and observed the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.
- iv) Observed whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3) Bank Reconciliations

- A. Obtained a listing of entity's bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for selected each account, and observed that:
 - i) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged).
 - ii) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged).
 - iii) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement's closing date, if applicable.

4) Collections (excluding electronic funds transfers)

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

- B. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
- i) Employees that are responsible for cash collections do not share cash drawers/registers.
 - ii) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - iii) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - iv) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash and observed the bond or insurance policy for theft was enforced during the fiscal period.
- D. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtained supporting documentation for each of the 10 deposits and:
- i) Observed that receipts are sequentially pre-numbered.
 - ii) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii) Traced the deposit slip total to the actual deposit per the bank statement.
 - iv) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v) Traced the actual deposit per the bank statement to the general ledger.
- 5) *Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***
-

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

- B. For each location selected under #5A above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed that job duties are properly segregated such that:
- i) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - ii) At least two employees are involved in processing and approving payments to vendors.
 - iii) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
 - iv) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
 - v) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under #5A above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
- i) Observed whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - ii) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly selected 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observed that each electronic disbursement was (a) approved only by those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month/or account for testing that does include electronic disbursements.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or

combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:

- i) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), 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.]
 - ii) Observed that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #6B above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

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

- A. Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- i) If reimbursed using a per diem, observed the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - ii) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - iii) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii.)
 - iv) Observed each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8) Contracts

- A. Obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source,*

such as an active vendor list. Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- i) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- ii) Observed whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- iii) If the contract was amended (e.g. change order), observed that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, that approval was documented).
- iv) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed the invoice and related payment agreed to the terms and conditions of the contract.

9) Payroll and Personnel

- A. Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtained attendance records and leave documentation for the pay period, and:
 - i) Observed all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - ii) Observed whether supervisors approved the attendance and leave of the selected employees or officials.
 - iii) Observed any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - iv) Observed the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- C. Obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly selected two employees or officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agreed the hours to the employee's or official's cumulative leave records, agreed the pay rates to the employee or official's authorized pay rates in the employee's or official's personnel files, and agreed the termination payment to entity policy.

- D. Obtained management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtained ethics documentation from management, and:
- i) Observed documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.
 - ii) Observed whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquired and/or observed whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11) Debt Service

- A. Obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Selected all debt instruments on the listing, obtained supporting documentation, and observed State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

12) Fraud Notice

- A. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observed the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

13) Information Technology Disaster Recovery/ Business Continuity

- A. Performed the following procedures and verbally discussed the results with management:
- i) Obtained and inspected the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observed that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii) Obtained and inspected the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquired of personnel responsible for testing/ verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.
 - iii) Obtained a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly selected 5 computers and observed while management demonstrated that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly selected 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observed evidence that the selected terminated employees have been removed or disabled from the network.
- C. Using the 5 randomly selected employee/officials from Payroll and Personnel procedure #9A, obtained cybersecurity training documentation from management, and observed that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
- a. Hired on or before June 9, 2020 – completed the training: and
 - b. Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

We performed the procedures and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtained sexual harassment training documentation from management, and observed that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observed that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

- C. Obtained the entity's annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed that the report includes the applicable requirements of R.S. 42:344:
- i) Number and percentage of public servants in the agency who have completed the training requirements.
 - ii) Number of sexual harassment complaints received by the agency.
 - iii) Number of complaints which resulted in a finding that sexual harassment occurred.
 - iv) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective actions.
 - v) The amount of time it took to resolve each complaint.

Findings:

No exceptions were found as a result of applying procedures listed above except:

Written Policies:

The Town of Cottonport, Louisiana did not have written policies and procedures addressing the following:

- **Payroll/Personnel**, (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board or Finance Committee:

The Town of Cottonport did not provide evidence that the board/finance committee met with a quorum for 5 of the 12 months in the fiscal year.

The Town Council meeting minutes provided by the Town of Cottonport did not include evidence of monthly budget-to-actual comparisons nor financial statements of major funds.

The Town Council meeting minutes provided by the Town of Cottonport did not include evidence of discussion of management's corrective action plan to resolve audit findings.

Bank Reconciliations:

Five out of five bank reconciliations selected for review did not show evidence that a member of management, that does not handle cash, reviewed the reconciliations.

Four of five reconciliations selected for review did not show evidence of items outstanding longer than twelve months having been researched.

Cash Collections:

The person responsible for collecting cash is also responsible for preparing/making bank deposits, posting collection entries to the general ledger or subsidiary ledgers, and reconciling cash collections to the general ledger by revenue source and/or agency fund additions.

Observed that the Town does not use sequentially pre-numbered receipts to support cash collections.

Deposits are not made within one business day of receipt at the collection location.

Non-payroll Disbursements:

The Town of Cottonport has no policy in place prohibiting employees responsible for processing payments from adding/modifying vendor files.

Credit/Debit/Fuel/Purchasing Cards:

The Town of Cottonport did not provide evidence that monthly statements and supporting documentation were reviewed and approved in writing by someone other than the authorized card holder.

Finance charges were assessed for the month selected for testing.

One of ten transactions tested was not supported by an original itemized receipt and written documentation of the business/public purpose.

Travel and Travel Related Expense Reimbursements:

The Town of Cottonport did not provide support for one of five reimbursements requested for testing.

Ethics:

For three of the five employees selected for review, the Town of Cottonport could not provide documentation to demonstrate that employees completed one hour of ethics training.

The Town of Cottonport does not have an individual appointed as an ethics designee.

Fraud Notice:

The Town of Cottonport did not have the fraud notice as required by R.S. 24:523.1 posted on its website.

Sexual Harassment:

For five of five employees selected for testing, sexual harassment training documentation was not provided to support that the employees completed at least one hour of sexual harassment training.

The Town of Cottonport’s sexual harassment policy is not posted on the Town’s website.

The Town of Cottonport did not prepare an annual sexual harassment report as required by R.S. 42:344.

Management’s Response:

The management of the Town of Cottonport, Louisiana concurs with the exceptions and is working to address the deficiencies identified.

We were engaged by the Town of Cottonport, Louisiana to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of the Town of Cottonport, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
December 17, 2024