

Town of Cottonport
Annual Financial Statements
As of and for the Year Ended
June 30, 2020

DUCOTE & COMPANY
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TOWN OF COTTONPORT, LOUISIANA
Annual Financial Statements
As of and for the year ended June 30, 2020
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Annual Financial Statements
As of and for the year ended June 30, 2020

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the Town of Cottonport, Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the Town's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cottonport, Louisiana, as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8; the budgetary comparison information on pages 40 through 42; and the schedule of proportionate share of the net pension liability and schedule of contributions related to the Municipal Employees' Retirement System and Municipal Police Employees Retirement System on pages 44 and 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

These schedules and combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules and the combining and individual non-major fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2020, on our consideration of the Town of Cottonport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grand agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Cottonport's internal control over financial reporting and compliance.

DUCOTE & COMPANY

Marksville, Louisiana
December 22, 2020

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

Town of Cottonport, Louisiana
*Management's
Discussion and Analysis
June 30, 2020*

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

Report Layout

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

Basic Financial Statements

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

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

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

Government-wide Financial Statements

A condensed version of the Statement of Net Assets at June 30, 2020 follows:

	Net Position at Year-end		
	Governmental Activities	Business-type Activities	Total Government
Cash and Investments	\$ 209,761	\$ 344,008	\$ 553,769
Other assets	162,849	112,435	275,284
Capital assets	<u>1,281,902</u>	<u>2,561,800</u>	<u>3,843,702</u>
Total assets	<u>\$ 1,654,512</u>	<u>\$ 3,018,243</u>	<u>\$ 4,672,755</u>
Deferred Outflow of Resources - Pensions	<u>\$ 50,519</u>	<u>\$ -</u>	<u>\$ 50,519</u>
Other liabilities	\$ 111,692	\$ 86,152	\$ 197,845
Long-term liabilities	<u>556,436</u>	<u>205,000</u>	<u>761,436</u>
Total liabilities	<u>668,127</u>	<u>291,151</u>	<u>959,280</u>
Deferred Inflow of Resources - Pensions	<u>103,928</u>	<u>-</u>	<u>103,928</u>
Net assets			
Investment in capital assets,			-
Net of related debt	941,437	2,356,800	3,298,237
Restricted	217,103	-	217,103
Unrestricted	<u>(225,564)</u>	<u>370,291</u>	<u>144,728</u>
Total net position	<u>\$ 932,976</u>	<u>\$ 2,727,091</u>	<u>\$ 3,660,066</u>

During the year ended June 30, 2020, the following changes affected the balance of net position: cash and investments increased by \$113,118 from the prior year. Total liabilities, including net pension liability decreased by a net amount of \$91,150. There were capital expenditures in the governmental activities funds in the amount of \$303,193 and \$13,713 in the enterprise fund.

A condensed version of the Statement Activities follows:

**Governmental and Proprietary Activities
For the year ended June 30, 2020**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Government</u>
<u>Revenues</u>			
Program Revenues:			
Charges for services	\$ 40,787	\$ 788,622	\$ 829,409
General Revenues:			
Taxes	498,764	-	498,764
Franchise fees	92,105	-	92,105
Licenses and permits	67,438	-	67,438
Intergovernmental	275,485	9,900	285,385
Unrestricted Investment earnings		2,089	2,089
Miscellaneous	66,500	-	66,500
Transfers	117,947	(117,947)	-
Total revenues and transfers	<u>1,159,026</u>	<u>682,664</u>	<u>1,841,690</u>
<u>Expenses</u>			
General government	230,846	-	230,846
Public safety	446,746	-	446,746
Streets and bridges	166,846	-	166,846
Health and sanitation	72	-	72
Utility services-Water and Sewer	-	667,696	667,696
Interest and fiscal charges	14,205	-	14,205
Total Expenses	<u>858,715</u>	<u>667,696</u>	<u>1,526,411</u>
Increase (Decrease) in net position	<u>\$ 300,312</u>	<u>\$ 14,968</u>	<u>\$ 315,281</u>

Governmental activities

Governmental program expenses were lower than prior year by roughly \$15,794. Revenues were higher by \$197,815. The net result is an overall \$213,792 increase in net position over the prior year resulting in a \$300,312 increase in net position for the current year.

Business-type activities

The water and sewer fund had an operating income of \$14,968 for the year after transfers out to other funds totaling \$117,947. Charges for services were down by \$72,141 and operating transfers out were down by \$132,948.

Budgetary Highlights

Over the course of the year the Town Council revised the budget only once resulting in an overall decrease in general fund revenues over expenditures of \$41,894. In total, the general fund's expenditures were \$36,281 more than budgeted and revenues were \$56,558 more than budgeted for a total net favorable budget variance of \$20,176. After net operating transfers in of \$332,927, the general fund finished the year with an overall favorable budget variance of \$142,150.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2020 the Town had \$3,843,702 invested in capital assets, including police and fire equipment, park and recreation facilities, buildings, and water and sewer lines. There were current year acquisitions or purchases of capital assets net of dispositions in the general fund totaling \$279,344. In the enterprise fund there were current year acquisitions of capital assets in the amount of \$13,713. Depreciation however, totaled a net of \$262,374 resulting in a net decrease in capital assets of \$30,683 (additions net of deletions and accumulated depreciation).

Capital Assets at Year-end

	Governmental Activities		Business-type Activities		Totals	
	2019	2020	2019	2020	2019	2020
Land and improvements	\$ 136,031	\$ 136,031			\$ 136,031	\$ 136,031
Construction in progress	-	225,640			-	225,640
Buildings and improvements	1,181,345	1,181,345			1,181,345	1,181,345
Furniture, fixtures and equipment	594,253	632,878			594,253	632,878
Vehicles and tractors	1,053,955	1,019,502			1,053,955	1,019,502
Water lines, wells, extensions and equipment			3,013,876	3,027,589	3,013,876	3,027,589
Treatment facility, lines and equipment			2,970,662	2,970,662	2,970,662	2,970,662
Subtotal	\$ 2,965,584	\$ 3,195,396	\$ 5,984,538	\$ 5,998,252	\$ 8,950,122	\$ 9,193,647
Accumulated depreciation	1,826,801	1,913,494	3,310,302	3,436,452	5,137,103	5,349,945
Capital assets, net	\$ 1,138,782	\$ 1,281,902	\$ 2,674,236	\$ 2,561,800	\$ 3,813,019	\$ 3,843,702

Debt Outstanding

At year-end, the Town had \$545,465 of outstanding long-term debt. This debt represents the balance owed on the Capital Lease purchase of a Police Car in the amount of \$8,50, the balance owed on the purchase of a new Fire Truck in the amount of \$37,596, the balance owed on the purchase of a mini excavator in the amount of \$29,368 and Street Improvement Bonds totaling \$265,000. In addition, a total of \$205,000 was owed on Revenue Bonds issued to fund the construction of a new water well. More detailed information on the Town's long-term liabilities is presented in the notes to the financial statements.

In accordance with GASB Statement No.68, Accounting and Financial Reporting for Pensions, the Town is reporting a net pension liability of \$215,971 on the statement of net position for governmental activities as of June 30, 2020. Additional information about the Town's net pension liability is presented in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Town is projecting excess expenditures in the General Fund of \$333,934 for the fiscal year ending June 30, 2021, before transfers in/out from/to other funds. After transfers totaling a net of \$170,953, the General Fund is projecting an excess of expenditures of \$162,981. The enterprise fund is projecting a net operating income of \$220,260, before any transfers in/out to the General Fund and debt payments on revenue bonds. After transfers the enterprise fund is projecting a shortage of \$33,819.

Financial Contact

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

BASIC FINANCIAL STATEMENTS

TOWN OF COTTONPORT, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and interest-bearing deposits	\$209,761	\$270,866	\$480,627
Receivables:			
Accounts	0	106,938	106,938
Taxes	30,373	0	30,373
Accrued Interest	0	1,219	1,219
Other	132,476	4,278	136,754
Restricted assets:			
Cash and interest-bearing deposits	0	73,142	73,142
Capital assets (net of accumulated depreciation)	<u>1,281,902</u>	<u>2,561,800</u>	<u>3,843,702</u>
TOTAL ASSETS	<u>\$1,654,512</u>	<u>\$3,018,243</u>	<u>\$4,672,755</u>
DEFERRED OUTFLOWS OF RESOURCES			
Resources related to pension	<u>50,519</u>	<u>0</u>	<u>50,519</u>
LIABILITIES			
Accounts Payable	\$99,199	\$49	\$99,248
Due to other funds	12,493	12,961	25,454
Payable from restricted assets -			
Customers' deposits	0	73,142	73,142
Capital lease payable	75,465	0	75,465
Bonds payable	265,000	205,000	470,000
Net pension liability	<u>215,971</u>	<u>0</u>	<u>215,971</u>
Total Liabilities	<u>668,127</u>	<u>291,152</u>	<u>959,279</u>
DEFERRED INFLOWS OF RESOURCES			
Resources related to pension	<u>103,928</u>	<u>0</u>	<u>103,928</u>
NET POSITION			
Investment in capital assets, net of related debt	941,437	2,356,800	3,298,237
Restricted	217,103	0	217,103
Unrestricted	<u>(225,564)</u>	<u>370,291</u>	<u>144,728</u>
TOTAL NET POSITION	<u>\$932,976</u>	<u>\$2,727,091</u>	<u>\$3,660,065</u>

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

**TOWN OF COTTONPORT, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

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

	Expenses	Charges for Services	Governmental Activities	Business- Type Activities	Total
ACTIVITIES					
Governmental activities:					
General government	\$230,846	\$0	\$(230,846)	\$0	\$(230,846)
Public safety:					
Police	307,798	40,787	(267,010)	0	(267,010)
Fire	135,121	0	(135,121)	0	(135,121)
City Court	3,827	0	(3,827)	0	(3,827)
Streets and bridges	166,846	0	(166,846)	0	(166,846)
Health and sanitation	72	0	(72)	0	(72)
Interest and fiscal charges	14,205	0	(14,205)	0	(14,205)
Total Governmental Activities	858,715	40,787	(817,927)	0	(817,927)
Business-type activities:					
Water and Sewer	667,696	788,622	0	120,926	120,926
Total Business-type Activities	667,696	788,622	0	120,926	120,926
Total Town of Cottonport	1,526,410	829,409	(817,927)	120,926	(697,001)
GENERAL REVENUES					
Taxes			498,764	0	498,764
Franchise Fees			92,105	0	92,105
Licenses and permits			67,438	0	67,438
Intergovernmental			275,485	9,900	285,385
Unrestricted investment earnings			0	2,089	2,089
Miscellaneous			66,500	0	66,500
Transfers, net			117,947	(117,947)	0
Total general revenues, special items and transfers			1,118,239	(105,958)	1,012,281
Change in net position			300,312	14,968	315,281
Net position beginning of year			632,664	2,712,122	3,344,786
Net position end of year			\$932,976	\$2,727,091	\$3,660,065

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

TOWN OF COTTONPORT, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUNDS AND
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

	General	Sales Tax	Volunteer Fire Department	Capital Projects	Non Major	Total Governmental
	Fund	Fund	Fund	Fund	Funds	Funds
ASSETS						
Cash and interest-bearing deposits	\$23,070	\$117,852	\$68,617	\$223	\$0	\$209,761
Receivables:						0
Taxes	0	30,373	0	0	0	30,373
Accrued interest	0	0	0	0	0	0
Other	33,239	0	38	99,199	0	132,476
Due from other funds	0	0	0	0	0	0
						0
TOTAL ASSETS	<u>\$56,309</u>	<u>\$148,225</u>	<u>\$68,655</u>	<u>\$99,422</u>	<u>\$0</u>	<u>\$372,610</u>
LIABILITIES						
Accounts Payable	\$0	\$0	\$0	\$99,199	\$0	\$99,199
Due to other funds	12,493	0	0	0	0	12,493
Total liabilities	<u>12,493</u>	<u>0</u>	<u>0</u>	<u>99,199</u>	<u>0</u>	<u>111,691</u>
FUND BALANCES						
Assigned	0	148,225	68,655	223	0	217,103
Unassigned	43,816	0	0	0	0	43,816
Total fund balances	<u>43,816</u>	<u>148,225</u>	<u>68,655</u>	<u>223</u>	<u>0</u>	<u>260,919</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$56,309</u>	<u>\$148,225</u>	<u>\$68,655</u>	<u>\$99,422</u>	<u>\$0</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

3,195,396

Less: accumulated depreciation

(1,913,494)

1,281,902

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

(340,465)

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

(215,971)

The net effect of deferred outflows of resources and deferred inflows of resources related to pensions do not require the use of current financial resources and therefore are not reported in the funds.

(53,409)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$932,976

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

**TOWN OF COTTONPORT, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Sales Tax Fund	Volunteer Fire Department Fund	Capital Projects Fund	Non Major Funds	Totals Gov't Funds
REVENUES						
Taxes	\$37,190	\$367,074	\$94,499	0	\$0	\$498,764
Franchise Fees	92,105	0	0	0	0	92,105
Licenses and permits	67,438	0	0	0	0	67,438
Intergovernmental	33,586	0	16,259	0	0	49,846
Fines and forfeits	40,787	0	0	0	0	40,787
Grants	0	0	0	225,640	0	225,640
Miscellaneous	90,240	109	0	0	0	90,349
TOTAL REVENUES	361,347	367,184	110,759	225,640	0	1,064,929
EXPENDITURES						
Current -						
General government	224,298	4,399	0	0	0	228,698
Public Safety:						
Police	285,057	0	0	0	0	285,057
Fire	19,377	0	52,757	0	0	72,133
City Court	3,827	0	0	0	0	3,827
Streets and bridges	132,171	0	0	0	0	132,171
Health and sanitation	72	0	0	0	0	72
Capital outlay	38,625	0	38,929	225,640	0	303,193
Debt Service -						
Principal retirement	0	0	0	0	163,927	163,927
Interest and fiscal charges	0	0	0	0	14,205	14,205
TOTAL EXPENDITURES	703,427	4,399	91,685	225,640	178,132	1,203,283
Excess (deficiency) of revenues over expenditures	(342,080)	362,784	19,074	0	(178,132)	(138,354)
OTHER FINANCING SOURCES (USES)						
Loan proceeds	34,625	0	0	0	0	34,625
Operating transfers in	344,000	0	0	0	178,132	522,132
Operating transfers out	(45,698)	(320,000)	(38,487)	0	0	(404,185)
TOTAL OTHER FINANCING SOURCES (USES)	332,927	(320,000)	(38,487)	0	178,132	152,572
Excess (deficiency) of revenues over expenditures and other sources (uses)	(9,153)	42,784	(19,414)	0	0	14,217
FUND BALANCES AT BEGINNING OF YEAR	52,969	105,441	88,069	223	0	246,702
FUND BALANCES AT END OF YEAR	\$43,816	\$148,225	\$68,655	\$223	\$0	\$260,919

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

**TOWN OF COTTONPORT, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Net change in fund balances - Governmental Funds \$14,217

The change in net position reported for governmental activities is in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital expenditures net of dispositions	279,344
Depreciation expense	(136,225)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal paid	163,927
Proceeds from long-term debt	(34,625)

Governmental funds report current year pension contributions as expenditures. However, in the statement of activities, the contributions of the Town's proportionate share of the plan's pension expense is reported in the Statement of Revenues and Expenditures as a reduction in the pension liability.

13,673

The Town's proportionate share of non-employer contributions to the pension plans do not provide current financial resources and are not reported as revenue in the governmental funds.

-

Change in net position of governmental activities \$300,312

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

**TOWN OF COTTONPORT, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2020**

	Business-type Activities
<u>ASSETS</u>	
Cash and interest-bearing bonds	\$270,866
Receivables:	
Accounts	106,938
Other receivables	4,278
Accrued interest	1,219
Restricted assets:	
Cash and interest-bearing deposits	73,142
Capital assets (net of accumulated depreciation)	2,561,800
TOTAL ASSETS	\$3,018,243
 <u>LIABILITIES</u>	
Accounts payable	\$49
Due to other funds	12,961
Payable from restricted assets -	
Customers' deposits	73,142
Revenue bonds payable	205,000
Total Liabilities	291,152
 NET POSITION	
Investment in capital assets, net of related debt	2,356,800
Unrestricted	370,291
TOTAL NET POSITION	\$2,727,091

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

**TOWN OF COTTONPORT, LOUISIANA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Enterprise Fund
<u>OPERATING REVENUES</u>	
Charges for services -	
Water services	\$585,133
Sewer services	193,947
LAWCO water line	9,542
TOTAL OPERATING REVENUES	788,622
<u>OPERATING EXPENSES</u>	
Water department	281,280
Sewer department	185,217
General and administrative	63,857
Depreciation	126,150
TOTAL OPERATING EXPENSES	656,503
OPERATING INCOME (LOSS)	132,119
<u>NONOPERATING REVENUES (EXPENSES):</u>	
Interest income	2,089
Interest expense	(11,193)
Grant revenues	9,900
TOTAL NONOPERATING REVENUES (EXPENSES)	796
INCOME (LOSS) BEFORE OPERATING TRANSFERS	132,915
<u>OPERATING TRANSFERS IN (OUT):</u>	
Operating transfers out	(117,947)
TOTAL OPERATING TRANSFERS	(117,947)
NET INCOME (LOSS)	14,969
NET POSITION AT BEGINNING OF YEAR	2,712,121
NET POSITION AT END OF YEAR	\$2,727,091

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

**TOWN OF COTTONPORT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Enterprise Fund
Cash flows from operating activities	
Receipts from customers	\$792,480
Payments to suppliers	(427,183)
Payments to employees for salaries and benefits	(104,154)
Net cash provided by operating activities	261,143
Cash flows from noncapital financing activities:	
Due (from) to other funds	8,385
Net increase (decrease) in bonds payable	(35,000)
Operating transfers to other funds	(117,947)
Net cash provided by/(used) for noncapital financing activities	(144,563)
Cash flows from capital and related financing activities	
Purchase of Capital Assets	(13,713)
Non-recurring grant revenues	9,900
Net cash provided by/(used) for capital and related financing activities	(3,813)
Cash flows from investing activities:	
Interest received from interest bearing deposits	2,089
Interest paid	(11,193)
Net cash provided by/(used) for investing activities	(9,104)
Net increase (decrease) in cash and cash equivalents	103,663
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	240,343
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$344,008
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$132,119
Adjustment to reconcile net income to net cash provided by operating activities:	
Depreciation	126,150
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(311)
(Increase) decrease in other receivables	(2,227)
Increase (decrease) in accounts payable	(983)
Increase (decrease) in customer deposits	6,396
Net cash provided by/(used) for operating activities	\$261,143

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

**TOWN OF COTTONPORT, LOUISIANA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and interest-bearing deposits	\$7,383
Due from other funds	<u>25,454</u>
TOTAL ASSETS	<u><u>\$32,837</u></u>
<u>LIABILITIES</u>	
Accounts payable	<u>\$32,837</u>
TOTAL LIABILITIES	<u>32,837</u>
NET POSITION	<u><u>\$0</u></u>

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

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

INTRODUCTION

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

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

Financial Reporting Entity.

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

A. Implementation of New Accounting Standards.

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

B. Basic Financial Statements.

Basic financial statements consist of the following:

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, and 2) grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town in general considers revenues available if they are collected within 180 days after year-end, except for property taxes, which the Town considers available if they are collected within 60 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when payment is due.

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

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

The Town reports the following major governmental funds:

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The Town reports the following major proprietary fund:

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets and Budgetary Accounting.

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

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

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

E. Deposits and Investments.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash Flow Presentation.

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

G. Bad Debts.

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. No allowance for uncollectible amounts was made due to the immateriality at June 30, 2020.

H. Due to and Due from Other funds

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

I. Long-Term Debt

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

J. Accumulated Unpaid Vacation and Other Employee Benefits.

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

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

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

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

At June 30, 2020, vested leave benefits have not been accrued as required by GASB Codification Section C60, "Accounting for Compensated Absences", due to immateriality.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets

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

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

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

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

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

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

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

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

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

L. Fund Equity of Fund Financial Statements

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

NOTE 2. CASH AND CASH EQUIVALENTS

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

At June 30, 2020, the Town had cash and cash equivalents (book balance) totaling \$561,152 as follows:

Demand deposits	\$469,648
Time deposits	<u>91,504</u>
Total	<u>\$561,152</u>

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

At June 30, 2020, the Town's deposit balance (bank balances) of \$470,455 was exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 453,281
Collateralized:	
Collateral held by pledging bank's trust department not in the Town's name	17,174
Uninsured and uncollateralized	<u>-</u>
Total Deposits	<u>\$ 470,455</u>

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

NOTE 3. INVESTMENTS

At June 30, 2020, the Town held investments totaling \$91,504 in 180 day certificates of deposit. These investments are stated at cost, which approximate market and are secured from risk by federal deposit insurance (see note 2).

NOTE 4. RECEIVABLES

Receivables totaling \$128,310 consist of the following at June 30, 2020:

	<u>General</u>	<u>Water and Sewer</u>	<u>Total</u>
Accounts	\$ -	\$ 106,938	\$ 106,938
Franchise Taxes:			-
Electric	13,195	-	13,195
Telephone	912	-	912
Cable	2,696	-	2,696
Other	4,567	-	4,567
	<u>\$ 21,371</u>	<u>\$ 106,938</u>	<u>\$ 128,310</u>

Due from other governmental agencies totaling \$42,241 consisted of the following at June 30, 2020:

	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Total</u>
Beer Tax	\$ 1,162	\$ -	\$ -	\$ 1,162
Sales Tax		30,373	-	30,373
DOTD	-	-	-	-
Volunteer Fire	-	-	-	-
Housing Authority	10,706	-	-	10,706
	<u>\$ 11,868</u>	<u>\$ 30,373</u>	<u>\$ -</u>	<u>\$ 42,241</u>

NOTE 5. INTERFUND RECEIVABLES, PAYABLES

The following is a summary of interfund receivable and payable balances at June 30, 2020:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$12,493
Enterprise Fund	-	12,961
Agency Funds	<u>25,454</u>	<u>-</u>
Totals	<u>\$ 25,454</u>	<u>\$ 25,454</u>

NOTE 6. RESTRICTED ASSETS – PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at June 30, 2020:

Customer Meter Deposits	<u>\$73,142</u>
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TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 7. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2020 are as follows:

	Balance 06/30/19	Additions	Deletions	Balance 06/30/20
Governmental activities:				
<u>Capital assets not being depreciated:</u>				
Land and Improvements	\$ 136,031	\$ -	\$ -	\$ 136,031
Construction in progress	-	225,640	-	225,640
Total capital assets not being depreciated	<u>\$ 136,031</u>	<u>\$ 225,640</u>	<u>\$ -</u>	<u>\$ 361,671</u>
<u>Capital assets being depreciated:</u>				
Buildings and Improvements	\$ 1,181,345	\$ -	\$ -	\$ 1,181,345
Furniture, Fixtures, and Equipment	594,253	38,625	-	632,878
Vehicles and Tractors	1,053,955	38,929	(73,382)	1,019,502
Total capital assets being depreciated	<u>\$ 2,829,553</u>	<u>\$ 77,554</u>	<u>\$ (73,382)</u>	<u>\$ 2,833,725</u>
<u>Less accumulated depreciation for:</u>				
Buildings and Improvements	\$ 658,908	\$ 28,877	\$ -	\$ 687,785
Furniture, Fixtures, and Equipment	488,946	41,916	-	530,862
Vehicles and Tractors	678,947	65,432	(49,533)	694,846
Total accumulated depreciation	<u>\$ 1,826,801</u>	<u>\$ 136,225</u>	<u>\$ (49,533)</u>	<u>\$ 1,913,494</u>
Total Capital assets being depreciated, net	<u>\$ 1,002,752</u>			<u>\$ 920,231</u>

For the year ended June 30, 2020, depreciation expense was \$136,225.

Business-type activities:

Water department:

Water lines, well and extensions and equipment	\$ 3,013,876	\$ 13,713.18	\$ -	\$ 3,027,589
Sewer department				
Treatment facility, lines and equipment	2,970,663	-	-	2,970,663
Total Capital assets	5,984,539	\$ -	-	5,998,252
Less accumulated depreciation	3,310,302	\$ 126,150	\$ -	3,436,452
Total business-type assets	<u>\$ 2,674,237</u>			<u>\$ 2,561,800</u>

For the year ended June 30, 2020, depreciation expense was \$126,150.

NOTE 8. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transaction for the Town for the year ended June 30, 2020:

	General Obligation	Revenue Bonds
Payable at June 30, 2019	\$ 469,767	\$ 240,000
Add: New Debt Issued	34,625	-
Less: Payments Made	(163,927)	(35,000)
Payable at June 30, 2020	<u>\$ 340,465</u>	<u>\$ 205,000</u>

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

NOTE 8. CHANGES IN LONG-TERM DEBT continued

Debt issues are comprised of the following:

General Obligations

Leases:

The Town of Cottonport entered into a lease agreement on March 21, 2016, as lessee for the financing of two police vehicles in the amount of \$73,382. The lease was paid off using insurance proceeds as a result of a casualty.

The Town of Cottonport entered into a lease agreement on December 20, 2016, as lessee for the financing of a police vehicle in the amount of \$26,178. The lease agreement qualifies as a capital lease for accounting purposes (lease contains an option to purchase the leased property) and therefore, has been recorded at the present value of the future minimum payments as of the date of its inception. The carrying value of these assets under the capital lease is \$6,108. The following is a schedule of future minimum lease payments under this capital lease and the present value of the net minimum lease payments as of June 30, 2020:

<u>Year Ending June 30</u>	
2021	5,888
2022	<u>2,943</u>
	8,831
Less: amount representing interest	<u>(330)</u>
Present value of future lease payments	<u>\$ 8,501</u>

The Town of Cottonport entered into a lease agreement on February 2, 2017, as lessee for the financing of a 2017 Rosenbauer Pumper Fire Truck in the amount of \$224,985. The lease agreement qualifies as a capital lease for accounting purposes (lease contains an option to purchase the leased property) and therefore, has been recorded at the present value of the future minimum payments as of the date of its inception. The carrying value of these assets under the capital lease is \$173,738. The following is a schedule of future minimum lease payments under this capital lease and the present value of the net minimum lease payments as of June 30, 2020:

<u>Year Ending June 30</u>	
2021	<u>38,487</u>
	38,487
Less: amount representing interest	<u>(891)</u>
Present value of future lease payments	<u>\$ 37,596</u>

The Town of Cottonport entered into a lease agreement on August 28, 2019, as lessee for the financing of a 2019 Caterpillar Mini Excavator. The lease agreement qualifies as a capital lease for accounting purposes (lease contains an option to purchase the leased property) and therefore, has been recorded at the present value of the future minimum payments as of the date of its inception. The carrying value of these assets under the capital lease is \$33,567. The following is a schedule of future minimum lease payments under this capital lease and the present value of the net minimum lease payments as of June 30, 2020:

<u>Year Ending June 30</u>	
2021	7,723
2022	7,723
2023	7,723
2024	7,723
2025	<u>1,287</u>
	32,179
Less: amount representing interest	<u>(2,811)</u>
Present value of future lease payments	<u>\$ 29,368</u>

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

General Obligation (Continued)-

Certificates of Indebtedness-

The Town of Cottonport executed \$800,000 of Certificates of Indebtedness for \$800,000, Series 2013, to fund the Street Improvement Project. The Certificates bear an interest rate of 2.85%. The annual requirements to amortize the debt including interest payments of \$15,247 are as follows:

<u>Year Ending June 30</u>	
2021	93,552
2022	93,101
2023	<u>93,594</u>
	<u>\$280,247</u>

Revenue Bonds-

The Town of Cottonport issued Water Revenue Bonds, Series 2010 on May 12, 2010, to fund the construction of a new water well. The bonds bear interest rates ranging from 2.25% to 4.8% on \$425,000 and no interest on \$75,000 of the bonds. The annual requirements to amortize the revenue bonds including interest payments of \$30,005 are as follows:

<u>Year Ending June 30</u>	
2021	\$46,588
2022	46,924
2023	47,130
2024	47,203
2025	<u>47,160</u>
	<u>\$235,005</u>

NOTE 9. CHANGES IN AGENCY FUND

The following is a summary of changes in assets and liabilities of the Agency Fund for the year ended June 30, 2020:

	<u>Balance</u> <u>7/1/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2020</u>
Assets				
Cash	\$ 6,376	\$ 898,233	\$ 897,226	\$ 7,383
Due from other funds	19,437	822,649	816,632	25,454
	<u>\$25,813</u>	<u>\$1,720,882</u>	<u>\$1,713,858</u>	<u>\$32,837</u>
Liabilities				
Accounts payable	\$25,813	\$ 644,305	\$ 637,281	\$ 32,837
Retirement payable	0	0	0	0
	<u>\$25,813</u>	<u>\$ 644,305</u>	<u>\$ 637,281</u>	<u>\$ 32,837</u>

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

NOTE 10. AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Avoyelles Parish. Ad valorem tax revenues are budgeted in the year billed. For the year ended June 30, 2020, taxes of 5.68 mills were levied on property with assessed valuations totaling \$6,599,990 and were dedicated as follows:

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

Total taxes levied were \$37,488. Taxes receivable at June 30, 2020, were \$2,724.

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

On October 21, 1995, the voters of the Town of Cottonport approved a one (1%) sales and use tax for a period of twenty-five years from April 1, 1996. The revenues derived from said sales and use tax are to be used for the purpose of constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage disposal works, waterworks, facilities, public streets and drainage facilities. On April 28, 2018, the voters approved an additional one (1%) sales and use tax effective July 1, 2018 for a period of ten (10) years. A special election was held on November 03, 2020 in which the 1% sales tax was renewed for a period of twenty-five years from April 1, 2021.

NOTE 12. WATER PURCHASE CONTRACTS

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

1. Louisiana Water Company (LAWCO) – Contract effective July 1, 2014, requiring the Town of Cottonport to supply water for resale in Mansura, Louisiana for a period of five (5) years at a rate of \$1.84 per 1,000 gallons with a minimum of \$500 per month. This contract was not renewed at expiration on July 1, 2020.
2. Louisiana Correctional Facilities Corporation – Verbal agreement requiring the Town of Cottonport to supply water for resale to the Medium Security Prison in Cottonport at a rate of \$1.42 per 1,000 gallons. The rate was increased to 1.70 per 1,000 gallons effective August 1, 2015.

NOTE 13. ROAD MAINTENANCE AGREEMENT

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

NOTE 14. SALES TAX COLLECTION AGREEMENT

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

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

NOTE 15. FRANCHISE AGREEMENTS

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

1. Central Louisiana Electric Company, Inc. (CLECO) – effective July 2013, for a period of thirty (30) years. Franchise fee is based on four percent (4%) of the gross receipts from the sale and delivery of electric energy for residential and commercial purposes billed on commercial and residential rates within the Town. Fees payable quarterly within thirty (30) days of the end of the quarter. Other franchise provisions are as follows:
 - A. Franchise payments will be reduced in an amount equal to the sum of any new or increased taxes of any nature whatsoever levied by the municipality and payable to CLECO (except uniform ad valorem taxes, based on property values).
 - B. CLECO will provide electric services to the Town and reduce street light rates.
2. Suddenlink Cable – effective June 10, 2009 for a period of fifteen (15) years. The franchise fee is based on five percent (5%) of gross subscription receipts, less sales taxes, federal excise tax and copyright fees, received by the company within the Town limits. Fees are payable to the Town quarterly, by the 10th of the following month.
3. Reliant Energy Entex (formerly Entex) – effective July 22, 2010, for a period of fifteen (15) years. Franchise fee is based on four percent (4%) of the gross receipts from the sale of gas for residential and commercial purposes billed on residential and commercial rates within the limits of the Town. Fees are payable on or before the 10th of each February.
4. CenturyTel (formerly Central Louisiana Telephone Company) - effective January 1, 1994, for a period of twenty-five (25) years. The franchise fee is based on five percent (5%) of the approved tariff rate for local access line telephone service provided by the Company within the corporate limits of the Town, and the Company shall provide free to the Town three (3) local access lines. Fees are payable no later than sixty (60) days after the end of each calendar quarter. This agreement expired on January 1, 2020, and was renewed on April 20, 2020 with renewal franchise fee of 4%.

NOTE 16. PENSION PLANS

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

Plan Descriptions:

Municipal Employees' Retirement System

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

Municipal Police Employees Retirement System

Eligible police officers of the Town of Cottonport are provided with pensions through the Municipal Police Employees Retirement System of Louisiana. This system is a multiple-employer (cost sharing), public employee retirement systems (MPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Municipal Police Employees Retirement System of Louisiana. For the fiscal year ended June 30, 2020, no officers participated in the retirement plan.

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

Benefits Provided:

Municipal Employees Retirement System

MERS provides retirement, disability, and survivor benefits. The monthly allowance for any member of Plan B consists of an amount equal to two percent of the member's monthly average final compensation multiplied by his (her) years of creditable service. Employees who were hired prior to January 1, 2013, are eligible to retire at any age with 30 years of creditable service and at age 60 with 10 or more years of creditable service. Employees who were hired after January 1, 2013, are eligible to retire at age 67 with 7 or more years of creditable service; at age 62 with 10 or more years of creditable service; at age 55 with 30 or more years of creditable service; or at any age with 25 years of creditable service, exclusive of military service and unused side leave. In lieu of termination employment and accepting a service retirement allowance, any member of Plan B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits.

Under Plan B, a member is eligible to retire and receive a disability benefit if he (she) has at least 10 years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of thirty percent of his (her) final average compensation or two percent of his (her) final average compensation multiplied by his (her) years of creditable service, whichever is greater; or an amount equal to two percent of the member's final average compensation multiplied by his (her) years of creditable service, projected to his earliest normal retirement age. Upon the death of any member of Plan B with 5 or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes. The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year.

Municipal Police Employees' Retirement System

MPERS provides regular retirement, early retirement, disability, and survivor benefits. Employees who were hired prior to January 1, 2013, are eligible to retire at any age with 25 years of creditable service; at age 50 with 20 years of creditable service; and at age 55 with 12 years of creditable service. An employee is eligible for early retirement with a reduced benefit at any age after 20 years of creditable service. Benefit rates are three and one-third percent of average final compensation multiplied by years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for benefits for the surviving spouse and minor children. The benefits range from forty to sixty percent of average final compensation to the surviving spouse and ten percent of average final compensation to minor children. Employees who were hired after January 1, 2013, are eligible for regular retirement, early retirement, disability, and survivor benefits based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, employees are eligible for regular retirement at any age with 25 years of creditable service and at age 55 with 12 years of creditable service. Under the Non Hazardous Duty sub plan, employees are eligible for regular retirement at any age with 30 years of creditable service; at age 55 with 25 years of creditable service; and at age 60 with 10 years of creditable service. Under both sub plans, an employee is eligible for early retirement with a reduced benefit at any age after 20 years of creditable service.

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

Municipal Police Employees' Retirement System (Continued)

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

Contributions:

Municipal Employees Retirement System

According to state statute, contribution requirements for all employers are actuarially determined each year. The Town of Cottonport's required contribution rate for the year ended June 30, 2020, was 14% of covered payroll. Contributions to the pension plan were \$28,667 for the year ended June 30, 2020. The system also receives ad valorem taxes and state revenue sharing funds that are recognized as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. The amount of non-employer contributions recognized as revenue in the government-wide governmental activities statement of activities was \$0 for the year ended June 30, 2020.

Municipal Police Employees' Retirement System

Employer contributions are actuarially determined each year as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay. The Town of Cottonport's required contribution rate for the year ended June 30, 2020, was 31.75% of covered payroll. There were no contributions since no one participated for the year ended June 30, 2020. The system also receives insurance premium taxes that are recognized as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. The amount of non-employer contributions recognized as revenue in the government-wide activities statement of activities was \$0 for the year ended June 30, 2020.

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

At June 30, 2020, the Town reported a total of \$215,971 for its proportionate share of the net pension liability of MERS and MPERS combined. The net pension liability was measured as of June 30, 2019, for both plans and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of that date. The Town's proportion of the net pension liability was based on projections of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

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

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

At June 30, 2019, the Town's proportion was .246877% for MERS which was a decrease of .052768% from its proportion measured as of June 30, 2018. At June 30, 2019, the Town's proportion was 0% for MPERS, which was a decrease of .0% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$28,667 for MERS and \$0 for MPERS. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>MERS</u>	<u>MPERS</u>	<u>Total</u>
Deferred Outflows of Resources:			
Net difference between projected and actual earnings			
on pension plan investments	\$ 22,746	\$ -	\$ 22,746
Difference between expected and Actual Experience	-	\$ -	-
Changes in assumptions	13,166	-	13,166
Changes in proportion	-	14,607	14,607
Employer contributions subsequent to measurement date	-	-	-
	<hr/>	<hr/>	<hr/>
Total Deferred Outflows of Resources	\$ 35,912	\$ 14,607	\$ 50,519
	<u>MERS</u>	<u>MPERS</u>	<u>Total</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ -	\$ -	\$ -
Changes in assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	9,579	-	9,579
Changes in proportion	38,484	55,865	94,349
	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Resources	\$ 48,063	\$ 55,865	\$ 103,928

\$28,667 reported as deferred outflows of resources related to pensions resulting from Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>MERS</u>	<u>MPERS</u>	<u>Total</u>
2020	\$ (11,866)	\$ (13,323)	\$ (25,189)
2021	(5,289)	(27,935)	(33,224)
2022	3,029	-	3,029
2023	1,976	-	1,976
	<hr/>	<hr/>	<hr/>
	\$ (12,150)	\$ (41,258)	\$ (53,408)

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

Actuarial Assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019, are as follows:

	<u>MERS</u>	<u>MPERS</u>
Inflation	2.500%	2.500%
Salary increases, including inflation and merit increases	1-4 Years - 6.4% Above 4 - 4.5%	1-2 Years of Service - 12.3% 3 & over - 4.7%
Investment rate of return	7.00%	7.125% investment expense

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

For MERS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation of 2.5% and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following tables:

MERS:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	50%	2.15%
Public Fixed Income	35%	1.51%
Alternatives	15%	0.64%
Total	<u>100%</u>	<u>4.30%</u>
Inflation		<u>2.70%</u>
Expected Arithmetic Nomial Return		<u>7.00%</u>

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

Actuarial Assumptions continued):

MPERS:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	49%	3.28%
Public Fixed Income	34%	0.80%
Alternatives	18%	1.06%
Other	0%	0.00%
Total	100%	5.14%
Inflation		2.75%
Expected Arithmetic Nomial Return		7.89%

Discount Rate:

The discount rate used to measure the total pension liability was 7.00% for MERS and 7.125% for MPERS. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by the Public Retirement Systems' Actuarial Committee, taking into consideration the recommendation of the system's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

MERS: The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.0%, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.0%) or one percentage-point higher (8.0%) than the current rate as of June 30, 2020:

	Changes in Discount Rate Plan B		
	1.0% Decrease (6.0%)	Current Discount Rate (7.0%)	1.0% Increase (8.0%)
Employer's proportionate share of the net pension liability	\$287,834	\$215,971	\$155,195

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

Actuarial Assumptions continued):

MPERS: The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.125%, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.125%) or one percentage-point higher (8.125%) than the current rate as of June 30, 2020:

	Changes in Discount Rate		
	1.0% Decrease (6.125%)	Current Discount Rate (7.125%)	1.0% Increase (8.125%)
Employer's proportionate share of the net pension liability	\$0	\$0	\$0

Pension Plan Fiduciary Net Position

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

NOTE 17. FUND BALANCES

The following are details of fund balance classifications:

	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Volunteer Fire Dept</u>	<u>Other Funds</u>	<u>Total</u>
Assigned	\$ -	\$ 148,225	\$ 68,655	\$ 223	\$ 217,103
Unassigned	43,816	-	-	-	43,816
Total fund balances	\$ 43,816	\$ 148,225	\$ 68,655	\$ 223	\$ 260,919

NOTE 18. SUBSEQUENT EVENTS

The Town of Cottonport has evaluated subsequent events through December 22, 2020, the date which the financial statements were made available.

NOTE 19. CONTINGENT LIABILITIES

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

(Concluded)

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

**TOWN OF COTTONPORT, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Taxes	\$36,500	\$36,500	\$37,190	\$690
Franchise fees	101,300	95,386	92,105	(3,281)
Licenses and permits	73,698	68,656	67,438	(1,218)
Intergovernmental	36,400	36,400	33,586	(2,814)
Fines and forfeits	50,050	40,454	40,787	333
Miscellaneous	18,945	27,393	90,240	62,847
TOTAL REVENUES	316,893	304,789	361,347	56,558
<u>EXPENDITURES</u>				
General government	207,697	226,555	224,298	2,257
Public safety:				
Police	280,445	275,639	285,057	(9,418)
Fire	14,464	14,464	19,377	(4,913)
City Court	7,200	7,200	3,827	3,373
Streets and bridges	104,900	120,638	132,171	(11,533)
Health and sanitation	350	350	72	278
Capital outlay	22,200	59,912	38,625	21,287
TOTAL EXPENDITURES	637,256	704,758	703,427	1,331
Deficiency of revenues over expenditures	(320,363)	(399,969)	(342,080)	57,888
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from long-term debt	0	28,000	34,625	6,625
Operating transfers in	425,000	335,000	344,000	9,000
Operating transfers out	(124,047)	(152,047)	(45,698)	106,349
TOTAL OTHER FINANCING SOURCES (USES)	300,953	210,953	332,927	121,974
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$(19,410)	\$(189,016)	(9,153)	\$179,862
FUND BALANCES AT BEGINNING OF YEAR			52,969	
FUND BALANCES AT END OF YEAR			\$43,816	

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

**TOWN OF COTTONPORT, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Taxes	\$250,000	\$250,000	\$367,074	\$117,074
Miscellaneous	30	30	109	79
TOTAL REVENUES	<u>250,030</u>	<u>250,030</u>	<u>367,184</u>	<u>117,154</u>
<u>EXPENDITURES</u>				
General government:				
Collection Fee	2,300	2,300	4,399	(2,099)
Miscellaneous	0	0	0	0
Total general government expenditure	<u>2,300</u>	<u>2,300</u>	<u>4,399</u>	<u>(2,099)</u>
Excess (deficiency) of revenues over expenditures	<u>247,730</u>	<u>247,730</u>	<u>362,784</u>	<u>115,054</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers out	<u>(160,000)</u>	<u>(160,000)</u>	<u>(320,000)</u>	<u>(160,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(160,000)</u>	<u>(160,000)</u>	<u>(320,000)</u>	<u>(160,000)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>\$87,730</u>	<u>\$87,730</u>	42,784	<u>\$(44,946)</u>
FUND BALANCES AT BEGINNING OF YEAR			<u>105,441</u>	
FUND BALANCES AT END OF YEAR			<u>\$148,225</u>	

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

**TOWN OF COTTONPORT, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
VOLUNTEER FIRE DEPARTMENT FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Taxes	\$89,000	\$89,000	\$94,499	\$5,499
Intergovernmental	15,000	15,000	16,259	1,259
Miscellaneous	1,200	1,200	0	(1,200)
TOTAL REVENUES	105,200	105,200	110,759	5,559
<u>EXPENDITURES</u>				
Public safety:				
Fire	40,000	43,477	52,757	(9,280)
Capital outlay	12,000	50,929	38,929	12,000
TOTAL EXPENDITURES	52,000	94,406	91,685	2,721
Excess (deficiency) of revenues over expenditures	53,200	10,794	19,074	8,280
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	0	0	0	0
Operating transfers out	(38,487)	(78,487)	(38,487)	40,000
TOTAL OTHER FINANCING SOURCES (USES)	(38,487)	(78,487)	(38,487)	40,000
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$14,713	\$(67,693)	(19,414)	\$48,280
FUND BALANCES AT BEGINNING OF YEAR			88,069	
FUND BALANCES AT END OF YEAR			\$68,655	

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

TOWN OF COTTONPORT, LOUISIANA
NOTES TO BUDGETARY COMPARISON SCHEDULES
For The Year Ended June 30, 2020

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

**TOWN OF COTTONPORT, LOUISIANA
SCHEDULE OF PROPORTIONATE SHARE OF
NET PENSION LIABILITY
June 30, 2020**

**Municipal Employees
Retirement System**

<u>June 30,</u>	<u>Proportion of the net pension liability</u>	<u>Proportionate share of the net pension liability</u>	<u>Covered- employee payroll</u>	<u>Proportionate share of the net pension liability as a percentage of its covered employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2020	0.2469%	\$ 215,971	\$ 172,096	125%	66.14%
2019	0.2996%	\$ 253,449	\$ 188,727	134%	65.60%
2018	0.3485%	\$ 301,541	\$ 219,552	137%	63.49%
2017	0.3667%	\$ 303,965	\$ 258,679	118%	63.34%

**Municipal Police Employees
Retirement System**

<u>June 30,</u>	<u>Proportion of the net pension liability</u>	<u>Proportionate share of the net pension liability</u>	<u>Covered- employee payroll</u>	<u>Proportionate share of the net pension liability as a percentage of its covered employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2020	0.0000%	\$ -	\$ -	N/A	71.01%
2019	0.0000%	\$ -	\$ -	N/A	71.89%
2018	0.0144%	\$ 126,076	\$ -	N/A	70.08%
2017	0.0068%	\$ 63,520	\$ 43,112	147%	66.04%

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

TOWN OF COTTONPORT, LOUISIANA
SCHEDULE OF CONTRIBUTIONS
June 30, 2020

	Municipal Employees Retirement System			
	June 30,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 28,667	\$ 26,422	\$ 29,090	\$ 24,178
Contributions in relation to the contractually required contribution	\$ 28,667	\$ 26,422	\$ 29,090	\$ 24,178
Contribution deficiency (excess)	-	-	-	-
Covered-employee payroll	\$ 172,096	\$ 188,727	\$ 219,552	\$ 258,679
Contributions as a percentage of covered-employee payroll	16.66%	14.00%	13.25%	9.35%

	Municipal Police Employees Retirement System			
	June 30,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ 13,688
Contributions in relation to the contractually required contribution	\$ -	\$ -	\$ -	\$ 13,688
Contribution deficiency (excess)	-	-	-	-
Covered-employee payroll	\$ -	\$ -	\$ -	\$ 43,112
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	31.75%

OTHER SUPPLEMENTAL INFORMATION

**TOWN OF COTTONPORT, LOUISIANA
GENERAL FUND
DETAILED STATEMENT OF REVENUES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	Final Budget	Actual	Variance - Favorable (Unfavorable)
<u>TAXES</u>			
Ad Valorem taxes	\$36,500	\$37,190	\$690
TOTAL TAXES	36,500	37,190	690
<u>FRANCHISE FEES:</u>			
Cleco Franchise	68,386	66,373	(2,013)
Entex Franchise	12,000	11,432	(568)
Galaxy Cable Franchise Fee	11,000	10,579	(421)
Telephone Franchise Fee	4,000	3,721	(279)
TOTAL FRANCHISE FEES	95,386	92,105	(3,281)
<u>LICENSES AND PERMITS</u>			
Occupational Licenses	65,458	65,133	(325)
Building Permits	30	30	0
Liquor Permits	3,148	2,235	(913)
Moving Permits	20	40	20
TOTAL LICENSES AND PERMITS	68,656	67,438	(1,218)
<u>INTERGOVERNMENTAL</u>			
Beer taxes	3,400	4,341	941
Housing Authority	13,000	10,706	(2,294)
DOTD Road Maintenance	5,000	5,000	0
Video Poker Revenue	15,000	13,540	(1,460)
TOTAL INTERGOVERNMENTAL	36,400	33,586	(2,814)
<u>FINES AND FORFEITS:</u>			
Fines	36,924	35,985	(939)
Court Cost	3,480	3,720	240
City Court Revenue	50	1,083	1,033
TOTAL FINES AND FORFEITS	40,454	40,787	333
<u>MISCELLANEOUS:</u>			
Late Charges	120	20	(100)
Excise Tax Refund	1,700	1,729	29
Misc Income	0	58,208	58,208
Grass cutting	1,600	415	(1,185)
Rental Income - Community Cen	5,900	6,300	400
Miscellaneous Income	13,448	19,835	6,387
Inter-Club Christmas Revenue	2,000	1,695	(305)
Accident Report	300	270	(30)
Rental Income - AAWS	900	915	15
Miscellaneous Income	1,000	20	(980)
Park Family Fun	400	800	400
Interest Income	25	32	7
TOTAL MISCELLANEOUS	27,393	90,240	62,847
TOTAL REVENUES	\$304,789	\$361,347	\$56,557

**TOWN OF COTTONPORT, LOUISIANA
GENERAL FUND
DETAILED STATEMENT OF FUNCTIONAL EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	Final Budget	Actual	Variance - Favorable (Unfavorable)
<u>GENERAL GOVERNMENT</u>			
G & A Salaries	\$94,000	\$82,850	\$11,150
Miscellaneous expense	0	2,604	(2,604)
G & A Payroll Taxes	6,400	6,317	83
G & A Employee Benefits	18,608	18,847	(239)
Legal & Auditing	19,401	19,986	(585)
Insurance	7,500	13,953	(6,453)
Assessor Fees	1,350	1,200	150
Miscellaneous Exp	3,300	4,832	(1,532)
Museum Expense	5,000	4,357	643
Engineering Fees	150	0	150
Office Supply & Postage	4,216	6,972	(2,756)
Publications & Printing	5,000	3,791	1,209
Dues & Subscriptions	3,000	3,322	(322)
Town Hall Expenses	0	285	(285)
Telephone Expense	9,133	9,451	(318)
Repairs & maintenance	8,800	8,391	409
Utilities	4,600	3,736	864
Community Center Expenses	7,000	7,138	(138)
Travel	6,000	4,745	1,255
Park Expenses	800	1,613	(813)
Xerox Copier Lease Payments	3,000	2,809	191
Xerox Copier Rental Payments	2,600	2,030	570
Christmas Decoration Expense	4,500	2,340	2,160
Christmas Fireworks Expense	3,000	3,000	0
Christmas Festival Misc Expen	2,000	522	1,478
Inter-Club Christmas Expense	2,000	1,588	412
Uniforms	70	30	40
Drug Testing	1,000	510	490
Janitorial expense	2,000	1,761	239
Park Family Fun Expense	600	1,011	(411)
Veteran's Memorial Expenses	27	0	27
Annex Building - Police	1,500	4,306	(2,806)
TOTAL GENERAL GOVERNMENT	226,555	224,298	2,257

**TOWN OF COTTONPORT, LOUISIANA
GENERAL FUND
DETAILED STATEMENT OF FUNCTIONAL EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	Final Budget	Actual	Variance - Favorable (Unfavorable)
<u>PUBLIC SAFETY</u>			
POLICE			
Salaries	145,194	146,808	(1,614)
Salaries	36,636	36,636	0
Payroll Taxes	16,000	14,735	1,265
Employee Benefits	560	723	(163)
Patrol Car Expenses	5,149	14,025	(8,876)
Uniforms	3,500	1,785	1,715
Insurance	35,500	31,704	3,796
Legal & professional fees	0	3,730	(3,730)
Material & Supplies	3,000	11,026	(8,026)
Telephone Expense	5,300	5,307	(7)
Miscellaneous Expense	6,500	2,414	4,086
Expense	0	12	(12)
Fuel/Oil	17,800	15,361	2,439
Training	500	790	(290)
TOTAL POLICE	275,639	285,057	(9,418)
FIRE			
Salaries	\$3,900	\$3,900	\$0
Payroll Taxes	298	298	0
Employee Benefits	546	546	0
Truck Expense	1,000	1,059	(59)
Telephone Expense	2,240	1,914	326
Repairs & maintenance	0	1,483	(1,483)
Miscellaneous Expense	480	3,934	(3,454)
Utilities - CVFD	6,000	6,243	(243)
TOTAL FIRE	14,464	19,377	(4,913)
CITY COURT			
Coroner's fees	2,000	0	2,000
Magistrate Fees	1,200	1,200	0
Prisoner Rations	300	0	300
Miscellaneous Expense	1,800	835	965
Police Donated	0	174	(174)
Police Travel	1,500	1,418	82
Uniforms	100	0	100
Bailiff's fee	300	200	100
TOTAL CITY COURT	7,200	3,827	3,373

**TOWN OF COTTONPORT, LOUISIANA
GENERAL FUND
DETAILED STATEMENT OF FUNCTIONAL EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	Final Budget	Actual	Variance - Favorable (Unfavorable)
<u>STREETS AND BRIDGES</u>			
Salaries	38,500	44,407	(5,907)
Payroll Taxes	2,300	3,378	(1,078)
Employee Benefits	2,359	2,359	0
Truck/Backhoe Expense	2,000	1,900	100
Tractor Expense	1,000	1,100	(100)
Materials & Supplies	2,323	6,379	(4,056)
Repairs & Maintenance	8,056	8,704	(648)
Vapor Lights	37,500	33,454	4,046
Misc Expense	1,300	666	634
Uniforms	1,200	2,011	(811)
Insurance	12,000	19,507	(7,507)
Inmates meals	200	159	41
Fuel/Oil - Streets	3,600	2,285	1,315
Diesel - Streets	2,000	1,810	190
Lawn Mower Misc	6,300	4,054	2,246
TOTAL STREETS AND BRIDGES	<u>120,638</u>	<u>132,171</u>	<u>(11,533)</u>
<u>HEALTH AND SANITATION</u>			
Pest Control	\$300	\$360	\$(60)
Solid Waste Disposal	0	(288)	288
First Responder's Expense	50	0	50
TOTAL HEALTH AND SANITATION	<u>350</u>	<u>72</u>	<u>278</u>
<u>CAPITAL OUTLAY</u>			
Capital Outlay	59,912	38,625	21,287
TOTAL CAPITAL OUTLAY	<u>59,912</u>	<u>38,625</u>	<u>21,287</u>
TOTAL EXPENDITURES	<u>\$704,758</u>	<u>\$703,427</u>	<u>\$1,331</u>

**TOWN OF COTTONPORT, LOUISIANA
 PROPRIETARY FUND TYPE
 ENTERPRISE FUND
 STATEMENT OF OPERATING EXPENSES BY DEPARTMENT
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2020**

	Final Budget	Actual	Variance - Favorable (Unfavorable)
<u>WATER DEPARTMENT</u>			
Cylinder rental	\$0	\$5,575	\$(5,575)
Salaries	39,777	24,514	15,263
Payroll Taxes	3,454	1,848	1,606
Employee Benefits	3,859	7,327	(3,468)
Materials & Supplies	28,175	33,593	(5,418)
Chemicals	35,600	24,838	10,762
Trucks/Backhoes Expenses	2,000	365	1,635
Repairs & Maintenance	40,000	46,856	(6,856)
Utility Bill Printing	0	14	(14)
Telephone Expense	2,733	2,733	0
Utilities	76,198	75,783	415
Insurance	25,500	26,576	(1,076)
Miscellaneous	8,000	587	7,413
Legal & Auditing	5,883	1,485	4,398
Fuel/Oil	4,000	2,371	1,629
Uniforms	1,000	812	188
Engineering Fees	2,000	12,791	(10,791)
Analysis Fee	5,310	6,891	(1,581)
Licenses & fees	0	3,797	(3,797)
Test Wells	1,200	1,200	0
2010 Revenue Wa	0	1,186	(1,186)
Diesel - Yellow Bayou Generator	0	466	(466)
Equipment rental	0	(810)	810
LA One Call	360	481	(121)
TOTAL WATER DEPARTMENT	\$285,049	\$281,280	\$3,769
<u>SEWER DEPARTMENT</u>			
Salaries	\$36,000	\$34,133	\$1,867
Payroll Taxes	2,400	2,587	(187)
Employee Benefits	10,600	10,945	(345)
Materials & Supplies	2,200	5,944	(3,744)
Chemicals	23,346	24,102	(756)
Trucks/Backhoes Expense	2,000	923	1,077
Repairs & Maintenance	10,500	13,477	(2,977)
Insurance	19,600	20,647	(1,047)
Miscellaneous	6,200	11,038	(4,838)
Utilities	22,292	22,108	184
Fuel/Oil	5,196	4,223	973
Utility Bill Printing	0	(296)	296
Sludge removal	500	3,622	(3,122)
Uniforms	726	933	(207)
Engineering Fees	0	26,900	(26,900)
Analysis Fees	2,459	2,018	441
Wastwater NEW	0	1,915	(1,915)
TOTAL SEWER DEPARTMENT	\$144,019	\$185,217	\$(41,198)
<u>GENERAL AND ADMINISTRATIVE</u>			
G & A Salaries	\$35,700	\$45,507	\$(9,807)
G & A Payroll Taxes	2,704	3,460	(756)
G&A Employee Benefits	2,800	5,338	(2,538)
Legal & Auditing	7,500	5,883	1,617
Office supplies	3,300	3,381	(81)
Uniforms	100	30	70
Miscellaneous	0	257	(257)
TOTAL GENERAL AND ADMINISTRATIVE	\$52,104	\$63,857	\$(11,753)

**TOWN OF COTTONPORT, LOUISIANA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020**

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

**TOWN OF COTTONPORT, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Debt Service Fund - Fire Truck	Debt Service Fund - Backhoe Lease	Debt Service Fund - Street Improvements	Debt Service Fund - Police Cars	Total Non-Major Governmental Funds
REVENUES					
Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	0	0
Miscellaneous	0	0	0	0	0
TOTAL REVENUES	0	0	0	0	0
EXPENDITURES					
General government	0	0	0	0	0
Capital outlay	0	0	0	0	0
Debt service	38,487	6,436	93,947	39,262	178,132
TOTAL EXPENDITURES	38,487	6,436	93,947	39,262	178,132
Excess (deficiency) of revenues over expenditures	(38,487)	(6,436)	(93,947)	(39,262)	(178,132)
Operating transfers in	38,487	6,436	93,947	39,262	178,132
Operating transfers out	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	38,487	6,436	93,947	39,262	178,132
Excess (deficiency) of revenues and other sources					
FUND BALANCES AT BEGINNING OF YEAR	0	0	0	0	0
FUND BALANCES AT END OF YEAR	\$0	\$0	\$0	\$0	\$0

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

A detail of compensation paid to individual elected officials for the year ended June 30, 2020, follows:

	<u>Compensation</u>	<u>Term Expires/Expired</u>
William F. Scott, III, Mayor	\$ 9,600	12/31/20
Council Members:		
Curtis J. Francisco, Mayor Pro-Tem	4,800	12/31/20
Margaret Prater-Jenkins	4,800	12/31/20
Kenneth W. Friels	4,800	12/31/20
Luke L. Welch	4,800	12/31/20
Demple Prater	4,800	12/31/20
Ernest J. Anderson, Chief of Police	36,636	12/31/20

**TOWN OF COTTONPORT, LOUISIANA
SCHEDULE 1**

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

**June 30, 2020
(Without Audit)**

Agency Head: William Scot III, Mayor

Purpose	Amount
Salary	\$9,600
Benefits:	
Retirement	1,056
Registration fees	0
Travel	0
	\$10,656

Agency Head: Chris Lemoine, Fire Chief

Purpose	Amount
Salary	\$2,400
Retirement	120
	\$2,520

OTHER REPORTS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cottonport, Louisiana, as of and for the year ended June 30, 2020, 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 22, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Cottonport, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which we described in the accompanying schedule of findings and responses as items 20-01.

Town of Cottonport's Response to Findings

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

Purpose of this Report

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

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

DUCOTE & COMPANY

Marksville, Louisiana
December 22, 2020

TOWN OF COTTONPORT, LOUISIANA
Summary of Findings, and Responses
For the Year Ended June 30, 2020

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

Not applicable for the fiscal year ended June 30, 2020.

Section II-Financial Statement Findings

There is one finding relative to compliance labeled 20-01 as discussed in detail in Section IV, which is the same comment labeled 19-01 in the prior year report.

Section III – Federal Award Findings and Questioned Costs

Not applicable for the fiscal year ended June 30,2020.

TOWN OF COTTONPORT, LOUISIANA
Summary of Findings and Responses (Continued)
For the Year Ended June 30, 2020

Section IV – Summary of Current Year Audit Findings

Internal Control Deficiencies and Compliance Material to the Financial Statements

Finding 20-01: Lack of sufficient accounting expertise to prepare financial statements.

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

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

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

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

TOWN OF COTTONPORT, LOUISIANA
Status of Prior Audit Findings
For the Year Ended June 30, 2020

<u>Ref No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Date Planned Corrective Action/ Partial Corrective Action Taken</u>
<u>Section I – Internal Control and Compliance Material to the Financial Statements</u>				
19-01	Lack of sufficient accounting expertise to prepare financial statements.	GAAP financial statements were prepared with the assistance of the auditor due to the lack of sufficient accounting expertise by management.	No	
19-02	Customer consumption of water on inactive water meters.	An inactive meter was turned on and the customer used water for approximately 42 months without paying a deposit, connection fee or water bill.	Yes	

Section II – Internal Control and Compliance Material to Federal Awards

None reported in prior year.

Section III – Management Letter

None reported in prior year.