

TOWN OF COUSHATTA, LOUISIANA

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

**MARSHA O. MILLICAN
A PROFESSIONAL ACCOUNTING CORPORATION
SHREVEPORT, LOUISIANA**

TOWN OF COUSHATTA, LOUISIANA

Table of Contents

December 31, 2019

	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-8
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet - Governmental Funds	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Activities	14
Proprietary Fund:	
Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Net Position	16
Statement of Cash Flows	17
Notes to Financial Statements	18-47
Required Supplementary Information:	
Budgetary Comparison Schedules:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis) - Governmental Funds - General Fund	48
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis) - Governmental Funds - Sales Tax	49

TOWN OF COUSHATTA, LOUISIANA

Table of Contents (Continued)

December 31, 2019

Page

Required Supplementary Information: (Continued)

Schedule of Revenues, Expenditures, and Changed in Fund Balances - Budget and Actual (GAAP) Basis - Economic Development Fund	50
Schedule of Employer's Share of Net Pension Liability - MERS	51
Schedule of Employer Contributions - MERS	52
Notes to Retirement System Schedules - MERS	53
Schedule of Employer's Share of Net Pension Liability - LAMPERS	54
Schedule of Employer Contributions - LAMPERS	55
Notes to Retirement System Schedules - LAMPERS	56

Other Supplementary Information:

Schedule of Compensation Paid to Mayor and Town Council	57
Schedule of Compensation, Benefits, and Other Payments To Agency Head	58
NonMajor Governmental Funds	
Combining Balance Sheet	59
Combining Statement of Revenues, Expenses and Changes in Fund Balance	60
Component Unit (discretely presented):	
Discretely Presented Component Unit - Statement of Net Position	61
Discretely Presented Component Unit - Statement of Activities	62

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	63-64
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Corrective Action Taken on Prior Year Findings	65
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Schedule of Findings	66-67
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Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT AUDITOR'S REPORT

The Honorable Dr. Johnny Cox, Mayor
and Members of the Town Council
Town of Coushatta, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Coushatta as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise 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.

Auditor's Responsibility

My responsibility is to express my opinion on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Town's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, the schedule of proportionate share of net position liability, and the schedule of contributions 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 (GASB), who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

My audit was conducted for the purpose of forming my opinion on the financial statements that collectively comprise the Town's basic financial statements. The schedule of mayor and aldermen compensation and the schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other supplementary information is 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*, I have also issued my report dated September 21, 2020 on my consideration of the Town's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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's internal control over financial reporting and compliance.

Martha D. Mulcairn

Certified Public Accountant
September 21, 2020

TOWN OF COUSHATTA, LOUISIANA
P O BOX 531
COUSHATTA, LOUISIANA 71019

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

The Management's Discussion and Analysis of the Town of Coushatta's financial performance presents a narrative overview of the Town of Coushatta's financial activities for the year ended December 31, 2019. The document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the Town's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Governmental Activities

- 1) Town of Coushatta had cash and investments of \$1,479,842 at December 31, 2019, which represents a decrease of \$18,580 from prior year end.
- 2) Town of Coushatta had accounts receivable of \$240,003 at December 31, 2019, which represents a decrease of \$148,814 from prior year end.
- 3) Town of Coushatta had accounts payable and accruals of \$28,144 at December 31, 2019, which represents an increase of \$10,827 from the prior year end.
- 4) Town of Coushatta had total revenues of \$1,313,446 for the year ended December 31, 2019, which represents a decrease of \$698 from the prior year end.
- 5) Town of Coushatta had total expenses of \$1,289,682 for the year ended December 31, 2019, which represents an increase of \$97,427 from the prior year end.

Town of Coushatta had capital improvements of \$165,188 for the year ended December 31, 2019.

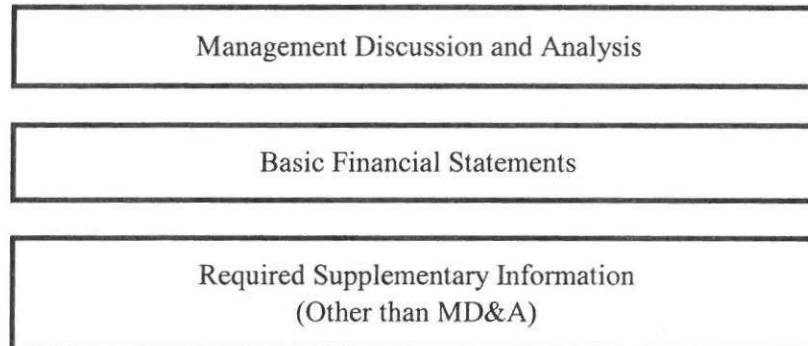
Business-Type Activities

- 1) Town of Coushatta had cash and investments of \$526,506 for the year ended December 31, 2019 which represents a decrease of \$29,315 from the prior year end.
- 2) Town of Coushatta had accounts receivable of \$77,552 for the year ended December 31, 2019, which represents an increase of \$6,731 from the prior year end.
- 3) Town of Coushatta had accounts payable and accruals of \$39,121 for the year ended December 31, 2019, which represents a decrease of \$656 from prior year.
- 4) Town of Coushatta had total revenues of \$802,270 for the year ended December 31, 2019, which represents an increase of \$42,155 from prior year.
- 5) Town of Coushatta had total expenses of \$847,074 for the year ended December 31, 2019, which represents a decrease of \$129,900 from prior year.
- 6) Town of Coushatta had capital asset improvements of \$144,363 for the year ended December 31, 2019.

TOWN OF COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for the Town of Coushatta as established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of the Town of Coushatta as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds.

Reporting the Town as a Whole

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the Town's finances is, "Is the Town as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

TOWN OF COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

These two statements report the Town's net position and changes in them. You can think of the Town's net position, the difference between assets and liabilities, as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activities:

Governmental Activities

Most of the Town's basic services are reported here including the police and general administration. Taxes, license and permits, fines, interest income and state and federal grants finance most of these activities.

Business-Type Activities

The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water and sewer systems are reported here.

Reporting the Town's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town Council may establish other funds to help it control the money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The Town's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental Funds

Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short term view of the Town's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's activities as well as what remains for future spending.

Proprietary Funds

When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the Town's enterprise funds are the same as the business-type activities we reported in the government-wide statements but provide more detail and additional information, such as cash flows.

TOWN OF COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Position at Year End

	Governmental	Business	Governmental	Business
	Activities	Activities	Activities	Activities
	2019	2019	2018	2018
Current and other assets	\$ 1,721,167	605,383	\$ 1,888,564	\$ 627,967
Capital assets, net	574,962	1,101,106	435,356	1,082,783
Total Assets	2,296,129	1,706,489	2,323,920	1,710,750
Deferred outflow of resources	137,431	60,462	152,991	845,487
Accounts Payable and Accruals	34,560	39,121	31,270	39,810
Net pension liability	749,479	324,378	756,535	330,728
Customer Deposits	-	59,067	-	57,112
Total Liabilities	784,039	422,566	787,805	427,650
Deferred inflows of resources	164,356	16,142	200,683	21,661
Net Position				
Investments in capital assets,				
Net of related debt	574,962	1,101,106	435,356	1,082,783
Restricted Net Position	1,136,960	-	1,132,433	-
Unrestricted	(226,757)	227,137	(79,366)	263,243
Total Net Position	\$ 1,485,165	\$ 1,328,243	\$ 1,488,423	\$ 1,346,026

Net position of the Town of Coushatta decreased by \$3,257 and decreased by \$17,783 in the Governmental Activities and Business-Type Activities, respectively. These changes are the result of operating and other expenses being less than/exceeding operating and nonoperating revenues during the fiscal year ended 2019 (See table below).

Statement of Activities As of Year End

	Government	Business	Government	Business
	2019	2019	2018	2018
General Government Expenses	\$ (1,316,703)	\$ (847,074)	\$ (1,192,255)	\$ (976,974)
Program revenues				
Charges for services	7,450	745,343	14,957	718,214
Operating and capital grants and Contributions	-	50,000	-	35,812
Subtotal	(1,309,253)	(51,731)	(1,177,298)	(222,948)
General revenues and transfers	1,305,996	33,948	1,202,072	103,194
Change in net position	\$ (3,257)	\$ (17,783)	\$ 24,774	\$ (119,754)

TOWN OF COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019

Capital Assets (Net) at Year End

	Governmental Activities	Business-Type Activities
	2019	2019
Land	\$ 54,000	\$ 31,140
Construction in Progress	219,129	
Buildings and other improvements	48,206	-
Distribution system	-	1,069,966
Streets	153,135	
Equipment and other assets	100,492	-
Total	<u>\$ 574,962</u>	<u>\$ 1,101,106</u>

Additions for the year ended December 31, 2019 are as follows:

This years major additions included:

	Governmental Activities	Business-Type Activities
	2019	2019
Distribution system	\$ -	\$ 144,363
Construction in Progress	139,818	
Equipment and other assets	25,370	-
Total	<u>\$ 165,188</u>	<u>\$ 144,363</u>

Debt

Town of Coushatta had long-term liabilities payable at year end as follows:

	Governmental Activities	Business-Type Activities
Pension Liability	\$ 749,479	\$ 324,378

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

General Fund actual revenues were \$88,192 less than budgeted amounts.

General Fund actual expenditures were \$19,745 more than budgeted amounts.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town of Coushatta's elected officials considered the following factors and indicators when setting next year's budget, rates and fees. These factors and indicators include:

- 1) Taxes
- 2) Intergovernmental revenues (state and local grants)
- 3) License and permits
- 4) Fines

Town of Coushatta does not expect any significant changes in next year's results as compared to the current year.

CONTACTING TOWN OF COUSHATTA'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town of Coushatta's finances and to show the Town of Coushatta's accountability for the money it receives. If you have questions about this report or need additional information, contact Dr. Johnny Cox, Mayor of the Town of Coushatta, Post Office Box 531, Coushatta, Louisiana 71019.

TOWN OF COUSHATTA, LOUISIANA

Statement of Net Position
December 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 1,277,494	\$ 15,977	\$ 1,293,471	\$ 159,553
Investments, at cost	202,345	451,462	653,807	-
Receivables (net of allowance account)	240,003	77,552	317,555	-
Other assets	1,325	1,325	2,650	-
Total current assets	<u>1,721,167</u>	<u>546,316</u>	<u>2,267,483</u>	<u>159,553</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	-	59,067	59,067	-
Capital assets, net of accumulated depreciation	574,962	1,101,106	1,676,068	112,077
Total noncurrent assets	<u>574,962</u>	<u>1,160,173</u>	<u>1,735,135</u>	<u>112,077</u>
Total assets	<u>2,296,129</u>	<u>1,706,489</u>	<u>4,002,618</u>	<u>271,630</u>
Deferred Outflow of resources	<u>137,431</u>	<u>60,462</u>	<u>197,893</u>	<u>-</u>
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	28,144	39,121	67,265	-
Payroll taxes payable	6,416	-	6,416	-
Other Liabilities	-	-	-	-
Total current liabilities	<u>34,560</u>	<u>39,121</u>	<u>73,681</u>	<u>-</u>
Noncurrent liabilities:				
Net pension liability	749,479	324,378	1,073,857	-
Deposits	-	59,067	59,067	-
Total liabilities	<u>784,039</u>	<u>422,566</u>	<u>1,206,605</u>	<u>-</u>
Deferred inflows of resources	<u>164,356</u>	<u>16,142</u>	<u>180,498</u>	<u>-</u>
<u>Net Position</u>				
Invested in capital assets, net of related debt	574,962	1,101,106	1,676,068	112,077
Restricted	1,136,960	-	1,136,960	-
Unrestricted	(226,757)	227,137	380	159,553
Total net position	<u>\$ 1,485,165</u>	<u>\$ 1,328,243</u>	<u>\$ 2,813,408</u>	<u>\$ 271,630</u>

The notes to the financial statements are an integral part of this statement.

TOWN COUSHATTA, LOUISIANA

Statement of Activities
For the Year Ended December 31, 2019

Functions	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit
Primary Government:								
Governmental Activities:								
General government	\$ 790,625	\$ -	\$ -	\$ -	\$ (790,625)	\$ -	\$ (790,625)	\$ -
Public safety	499,057	7,450	-	-	(491,607)	-	(491,607)	-
Interest on debt	-	-	-	-	-	-	-	-
Total governmental activities	<u>1,289,682</u>	<u>7,450</u>	<u>-</u>	<u>-</u>	<u>(1,282,232)</u>	<u>-</u>	<u>(1,282,232)</u>	<u>-</u>
Business-type Activities:								
Utility	847,074	745,343	50,000	-	-	(51,731)	(51,731)	-
Total Primary Government	<u>\$ 2,136,756</u>	<u>\$ 752,793</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ (1,282,232)</u>	<u>\$ (51,731)</u>	<u>\$ (1,333,963)</u>	<u>\$ -</u>
Component Unit:								
Component Unit:	<u>\$ -</u>	<u>\$ 7,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,500</u>
General Revenues:								
Taxes					818,961	-	818,961	-
Licenses and permits					160,758	-	160,758	-
Interest					-	1,947	1,947	-
Intergovernmental					255,058	-	255,058	-
Nonemployer pension revenue					15,014	-	15,014	-
Miscellaneous					56,205	4,980	61,185	-
Transfers					<u>(27,021)</u>	<u>27,021</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>1,278,975</u>	<u>33,948</u>	<u>1,312,923</u>	<u>-</u>
Change in net position					<u>(3,257)</u>	<u>(17,783)</u>	<u>(21,040)</u>	<u>7,500</u>
Net position, beginning of year					<u>1,488,422</u>	<u>1,346,026</u>	<u>2,929,419</u>	<u>264,130</u>
Net position, end of year					<u>\$ 1,485,165</u>	<u>\$ 1,328,243</u>	<u>\$ 2,813,408</u>	<u>\$ 271,630</u>

The notes to the financial statements are an integral part of this statement

TOWN COUSHATTA, LOUISIANA

Balance Sheet
 Governmental Funds
 For the Year Ended December 31, 2019

	General	Sales Tax	Economic Development	NonMajor Funds	Total
ASSETS					
Cash	\$ 533,129	\$ 44,269	\$ 535,582	\$ 164,514	\$ 1,277,494
Investments	10,000	93,630	-	98,715	202,345
Receivables	55,004	53,663	111,614	19,722	240,003
Due from Other Funds	-	-	-	-	-
Prepaid Expenses	1,325	-	-	-	1,325
Total Assets	<u>599,458</u>	<u>191,562</u>	<u>647,196</u>	<u>282,951</u>	<u>1,721,167</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	28,144	-	-	-	28,144
Accrued Payroll Liabilities	6,416	-	-	-	6,416
Other Liabilities	21,813	-	-	-	21,813
Due to Other Funds	-	-	-	-	-
Total Liabilities	<u>56,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,373</u>
Fund Balance:					
Nonspendable					
Prepaid Expenses	1,325	-	-	-	1,325
Assigned	-	191,562	647,196	282,951	1,121,709
Unassigned	541,760	-	-	-	541,760
Total Fund Balance	<u>543,085</u>	<u>191,562</u>	<u>647,196</u>	<u>282,951</u>	<u>1,664,794</u>
Total Liabilities and Fund Balances	<u>\$ 599,458</u>	<u>\$ 191,562</u>	<u>\$ 647,196</u>	<u>\$ 282,951</u>	<u>\$ 1,721,167</u>

The accompanying notes are an integral part of this statement.

TOWN OF COUSHATTA, LOUISIANA

Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Position of
Governmental Activities on the Statement of Net Position
Year Ended December 31, 2019

Fund Balances - Total Governmental Funds \$ 1,664,794

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

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

Add: Capital Assets 2,987,537
Deduct: Accumulated Depreciation (2,412,575)

Certain liabilities, such as debt and pension liability are not due
and payable in the current period and therefore are not reported
in the funds.

Deduct: Long term debt -
Pension liability (749,479)

Other long term assets are not available to pay for current period
expenditures and are deferred in the funds. 21,813

Deferred outflows of resources related to net pension liability
are not available resources and, therefore, are not reported in the funds. 137,431

Deferred inflows of resources related to net pension liability
are not payable from current expendable resources, and,
therefore, are not reported in the funds. (164,356)

Net Position of Governmental Activities \$ 1,485,165

The notes to the financial statements are an integral part of this statement.

TOWN OF COUSHATTA, LOUISIANA

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Funds
For the Year Ended December 31, 2019

	General Fund	Sales Tax	Economic Development	NonMajor Funds	Totals
<u>REVENUES</u>					
Taxes:					
Property	\$ 78,588	\$ -	\$ -	\$ 57,569	\$ 136,157
Sales	-	559,393	-	-	559,393
Franchise	123,411	-	-	-	123,411
Intergovernmental	205,058	-	-	50,000	255,058
Licenses and Permits	160,758	-	-	-	160,758
Charges for Services	-	-	-	-	-
Fines	7,450	-	-	-	7,450
Donations	-	-	-	4,155	4,155
Miscellaneous	47,443	49	4,085	473	52,050
Total Revenues	622,708	559,442	4,085	112,197	1,298,432
<u>EXPENDITURES</u>					
Current:					
General Government	684,126	9,332	-	-	693,458
Public Safety	551,829	-	-	3,600	555,429
Highways and Streets	-	-	-	178,839	178,839
Culture & Recreation	-	-	-	14,372	14,372
Debt Service	-	-	-	-	-
Total Expenditures	1,235,955	9,332	-	196,811	1,442,098
Excess (deficiency) of revenues over expenditures	(613,247)	550,110	4,085	(84,614)	(143,666)
<u>OTHER FINANCING SERVICES (USES)</u>					
Operating transfers in	453,284	-	-	69,363	522,647
Operating transfers out	-	(549,668)	-	-	(549,668)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(159,963)	442	4,085	(15,251)	(170,687)
<u>FUND BALANCES</u>					
Beginning of year	703,048	191,120	643,111	298,202	1,835,481
End of year	\$ 543,085	\$ 191,562	\$ 647,196	\$ 282,951	\$ 1,664,794

The accompanying notes are an integral part of this statement.

TOWN OF COUSHATTA, LOUISIANA

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Funds
For the Year Ended December 31, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds \$(170,687)

Governmental Funds report capital outlays as expenditures.

However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$165,188) exceeds depreciation (\$25,582)

139,606

Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability:

Decrease in pension expense

12,810

Nonemployer pension contribution revenue

15,014

Change in Net Position of Governmental Activities

\$ (3,257)

The accompanying notes are an integral part of this statement.

TOWN OF COUSHATTA, LOUISIANA

Statement of Net Position
 Proprietary Fund
 December 31, 2019

<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 15,977
Receivables	77,552
Prepaid expenses	1,325
Total current assets	<u>94,854</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	59,067
Investments	451,462
Property, plant and equipment (net)	1,101,106
Total noncurrent assets	<u>1,611,635</u>
Total assets	<u>1,706,489</u>
Deferred outflows of resources	<u>60,462</u>
<u>Liabilities</u>	
Current liabilities (payable from current assets):	
Accounts payable	39,121
Total current liabilities (payable from current assets)	<u>39,121</u>
Current liabilities (payable from restricted assets):	
Deposits	59,067
Long term liabilities	
Net pension liability	324,378
Total liabilities	<u>422,566</u>
Deferred inflows of resources	<u>16,142</u>
<u>Net Position</u>	
Invested in capital assets, net of related debt	1,101,106
Unrestricted	227,137
Total net position	<u>\$ 1,328,243</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF COUSHATTA, LOUISIANA

Statement of Revenues, Expenses and
Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2019

Operating revenues:	
Charges for services	\$ 745,343
Other	-
Total operating revenues	<u>745,343</u>
Operating expenses:	
Personal services	287,391
Repairs and maintenance	116,243
Supplies and materials	5,173
Depreciation	126,034
Insurance	3,802
Utilities	56,724
Other	251,707
Total operating expenses	<u>847,074</u>
Operating income	<u>(101,731)</u>
Non-operating revenues:	
Interest income	1,947
NEC income	4,980
Cooperative Endeavor Agreement	50,000
Total non-operating revenues	<u>56,927</u>
Net income before contributions and transfers	(44,804)
Transfers:	
Transfers in	27,021
Transfers out	-
Change in net position	(17,783)
Total net position- beginning	<u>1,346,026</u>
Total net position - ending	<u>\$ 1,328,243</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF COUSHATTA, LOUISIANA

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended December 31, 2019

	Business-type Activities Enterprise Fund
	Water Fund
	<u> </u>
Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 738,612
Payments to suppliers	(707,519)
Net Cash Used by Operating Activities	<u>31,093</u>
Cash Flows from Noncapital Financing Activities:	
Transfers from other funds	27,021
Net Cash Provided by Noncapital Financing Activities	<u>27,021</u>
Cash Flows from Capital and Related Financing Activities:	
Cooperative Endeavor Agreement	50,000
Acquisition and construction of capital assets	(144,363)
Net Cash Provided by Capital and Related Financing Activities	<u>(94,363)</u>
Cash Flows from Investing Activities:	
Change in investments	458
NEC revenue	4,980
Interest received	1,947
Net Cash Provided by Investing Activities	<u>7,385</u>
Net Increase (Decrease) in Cash and Cash Equivalents:	(28,864)
Cash and Cash Equivalents, Beginning of Year (including restricted cash of \$57,112)	<u>103,908</u>
Cash and Cash Equivalents, End of Year (including restricted cash of \$59,067)	<u>\$ 75,044</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF COUSHATTA, LOUISIANA

Statement of Cash Flows (Continued)
 Proprietary Fund
 For the Year Ended December 31, 2019

	Business-type Activities Enterprise Fund
	Water Fund
	<hr/>
	<hr/>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income	\$ (101,731)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	126,034
Increase in customer deposits	1,955
Increase in accounts receivable	(6,731)
Increase in prepaid expenses	-
Decrease in deferred outflows of resources	24,125
Decrease in accounts payable	(689)
Decrease in net pension liability	(6,351)
Decrease in deferred inflows of resources	(5,519)
	<hr/>
Total adjustments	132,824
	<hr/>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 31,093</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF COUSHATTA, LOUISIANA

Notes to the Financial Statements

December 31, 2019

Introduction:

The Town of Coushata, Louisiana (Town) was incorporated in 1945 under the provisions of special home rule charter. The Town operates under a Mayor-Council form of government. Elected officials of the Town consist of the mayor and five (5) aldermen who are each elected to four-year terms. The affairs of the Town are conducted and managed by the Mayor and the Town Council.

The accompanying financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to the governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements. GAAP as applicable to governments also conforms to the requirements of Louisiana R.S. 24:517 and the guides set forth in the *Louisiana Municipal Audit and Accounting Guide* and to the industry guide, *Audits of State and Local Government Units*, published by the American Institute of Certified Public Accountants.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions of this Statement, the Town is considered a primary government since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes of set rates or charges, or issue bonded debt.

I. Summary of Significant Accounting Policies:

The accounting and reporting framework and the more significant accounting policies of the Town are described as follows:

Reporting Entity -

In evaluating the Town as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Town may be financially accountable and, as such, should be included within the Town's financial statements. The Town (primary government) is financially accountable if it appoints a voting majority of the organizations governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Town. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town has oversight of other component units that are discretely presented in a separate column in the government-wide financial statements.

TOWN OF COUSHATTA, LOUISIANA

Notes to the Financial Statements
December 31, 2019

1. *Summary of Significant Accounting Policies (Continued):*

Reporting Entity - (Continued):

Discretely Presented Component Units

Coushatta Industrial Development Corporation

Coushatta Industrial Development Corporation is a component unit of Town of Coushatta. All members of the Corporation's board are appointed by the Mayor and Town Council of the Town of Coushatta.

Basis of Presentation

The accompanying basic financial statements of the Town have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Town's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Fund Accounting

The Town uses funds to maintain its financial records during the year. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

The funds of the Town are classified into two categories: governmental and proprietary.

Governmental Funds:

Governmental funds account for all or most of the Town's general activities. These funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between the governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources, which may be used to finance future period programs or operations. The following are the Town's governmental funds:

General Fund - The General Fund is the primary operating fund of the Town. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

TOWN OF COUSHATTA, LOUISIANA

Notes to the Financial Statements

December 31, 2019

1. *Summary of Significant Accounting Policies (Continued):*

Fund Accounting - (Continued):

Special Revenue Funds - The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Sales Tax Fund accounts for the collection of sales tax revenue. The Economic Development Fund accounts for revenue which can only be spent for economic development.

Capital Project Fund (LCDBG Fund) - The Capital Project Fund accounts for all financial resources used for the acquisition or construction of projects primarily financed by a Community Development Block Grant.

Enterprise Funds:

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges or (b) where the governing body has decided that the 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's enterprise fund is:

Water Fund - The Water fund is used to account for the provision of water services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-Wide Financial Statements (GWFS)

The statement of net position and the statement of activities display information about the Town and its component unit. These statements include all the financial activities of the Town. Information contained in these statements reflects the "economic resources" measurement focus and the accrual basis of accounting. Governmental activities, which are normally supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-

TOWN OF COUSHATTA, LOUISIANA

Notes to the Financial Statements

December 31, 2019

1. Summary of Significant Accounting Policies (Continued):

Measurement Focus, Basis of Accounting and Financial Statement Presentation - (Continued)

exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment of the Town's activities is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. The town does not allocate indirect expenses to functions in the statement of activities. Program revenues reduce the cost of the function to be financed from the Town's general revenues. Program revenues included in the statement of activities are (1) derived directly from charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function, (2) operating grants and contributions, and (3) capital grants and contributions. For identifying to which function program revenue pertains, the determining factor for charges for services is which functions the revenues are restricted. Revenues not classified as program revenues are presented as general revenues, which include ad valorem taxes, sales taxes, franchise taxes, interest, and other items not properly included in program revenues.

Fund Financial Statements (FFS)

The fund financial statements report financial information by major and nonmajor funds. The emphasis of fund financial statements is on major governmental funds, each of which is displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent (10%) of the corresponding total for all funds of that category or type.
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least five percent (5%) of the corresponding total for all government and enterprise funds combined.
- c. The Town's management believes that the fund is particularly important to the financial statement users.

The Town considers the General Fund, the Special Revenue fund, and the Water Fund to be "major funds".

TOWN OF COUSHATTA, LOUISIANA

Notes to the Financial Statements

December 31, 2019

1. *Summary of Significant Accounting Policies (Continued):*

Measurement Focus, Basis of Accounting and Financial Statement Presentation - (Continued)

Fund Financial Statements (FFS) (Continued)

Governmental Fund Financial Statements- The amounts reflected in the governmental fund financial statements are accounted for using the "current financial resources" measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. When the "current financial resources" measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. Furthermore, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as an other financing source and repayment of long-term debt is reported as expenditure. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Town's operations.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined; and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenues available if they are collectible within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred.

The governmental funds use the following practices in recording revenues and expenditures:

Sales tax revenues are recorded in the period in which the underlying exchange has occurred.

Fines, forfeitures and fees are recognized in the period they are collected by the Town.

Interest earnings on deposits are recorded when credited to the town.

Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are generally collected in December of the year assessed and January and February of the ensuing year.

Revenue from federal and state grants is recognized when all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the year when use is first permitted; matching

TOWN OF COUSHATTA, LOUISIANA

Notes to the Financial Statements
December 31, 2019

1. *Summary of Significant Accounting Policies (Continued):*

Measurement Focus, Basis of Accounting and Financial Statement Presentation - (Continued)

Fund Financial Statements (FFS) (Continued)

requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which resources are provided to the Town on a reimbursement basis.

The revenues susceptible to accrual are sales taxes, property taxes, franchise taxes, grants and charges for services. Substantially all other revenues, including fines, permits, and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Expenditures are generally recognized under the modified accrual basis when a liability is incurred.

Salaries and related benefits are recorded when employee services are provided to the Town.

Purchases of various operating supplies are recorded as expenditures in the accounting period in which they are purchased.

Commitments under construction contracts are recognized as expenditures when carried by the contractor.

Purchases of capital assets in the governmental funds are recorded as expenditures when purchased. Governmental fund capital assets are reported at cost, net of accumulated depreciation, only in the government-wide financial statements.

Transfers between funds that are not expected to be repaid, sales of assets, proceeds from the sale of bonds, capitalized leases, compensation for the loss of assets, and the proceeds from accrued interest on the sale of bonds are accounted for as other financing sources (uses) in the statement of revenues, expenditures, and changes in fund balance. These other financing sources (uses) are recognized at the time the underlying events occur.

Proprietary Fund Financial Statements - The financial statements of the proprietary fund are reported using the "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows.

TOWN OF COUSHATTA, LOUISIANA

Notes to the Financial Statements

December 31, 2019

I. *Summary of Significant Accounting Policies (Continued):*

The amounts reflected in the proprietary fund financial statements use the accrual basis of accounting. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. 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. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund equity is classified as net assets.

Cash and Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, amounts in demand deposits and short term, highly liquid investments with original maturities of 90 days or less when purchased. Investments are interest-bearing time deposits with original maturity dates in excess of 90 days when purchased. Investments are stated at cost, which approximates market value.

The Town's investments comply with Louisiana Statutes (I.S.A R.S. 33:2955). Under state law, the Town may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local Louisiana governments are authorized to invest in the Louisiana Asset Management Pool (LAMP)., a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana which operates a local government investment pool.

Receivables

In the government-wide financial statement, receivables consist of all revenues earned at year-end and not yet received. Major receivables for the governmental activities include sewer fees, franchise taxes, sales and use taxes, interest, and property tax revenues. Receivables for the proprietary fund consist of charges for customer services and interest. The Town uses the allowance method to account for bad debts for property taxes and customer water service receivables. Under this method, an estimate is made of the expected bad debts included in the year-end receivables. The provision for bad debts is recorded as a current expenditure with a corresponding increase to the allowance for doubtful accounts. Accounts receivable are reported in the financial statements net of the allowance account. Subsequent charge-offs or recoveries of specific accounts respectively decrease or increase the allowance account.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2019 are recorded as prepaid expenses.

TOWN OF COUSHATTA, LOUISIANA

Notes to the Financial Statements

December 31, 2019

1. *Summary of Significant Accounting Policies (Continued):*

Interfund Balances (Due from/to Other Funds)

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and service type transactions are classified as "due to and due from other funds". These receivables and payables are classified as due from/to other funds in the fund financial statements.

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide statement of net assets.

Resources belonging to particular funds are commonly shared with other funds that need to access to additional resources. When resources are provided without the expectation of repayment, the transaction is reported as a transfer and is treated as a source of income by the recipient fund and as an expenditure by the providing fund.

Capital Assets

Capital assets which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, lighting, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair value at the date of donation. The Town maintains a threshold level of \$1,500 or more for capitalizing assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

In accordance with GASB Statement No. 34, because of the costs involved in retroactively capitalizing infrastructure, the Town has elected an exception for local governments with annual revenues of less than \$10 million and will prospectively capitalize infrastructure from the date of implementation of GASB Statement 34 forward and will not retroactively capitalize infrastructure. The Town does not capitalize historical treasures or works of art.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives depending upon the expected durability of the particular asset:

Description	Estimated Lives
Buildings	20-40 years
Equipment	5-20 years
Sewer improvements	40 years

TOWN OF COUSHATTA, LOUISIANA

Notes to the Financial Statements

December 31, 2019

1. *Summary of Significant Accounting Policies (Continued):*

Refundable Deposits

The Water Fund of the Town requires customers to place a deposit before service is rendered. These monies are considered restricted and are held until the customer discontinues service.

Deferred Revenues

Deferred revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the Town receives resources before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria have been met or the Town has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Compensated Absences

The Town of Coushatta has the following policy relating to vacation and sick leave:

Vacation - Employees are entitled to five days after one continuous year of service; ten days after two continuous years of service and thereafter. Vacation days must be used in the calendar year of entitlement. Unused days lapse as of December 31 each year and do not accrue.

Sick leave - limited to ten days at full pay. Days must be used within the calendar year and do not accrue.

The cost of current leave privileges is recognized as current-year expenditure in the governmental funds, when leave is actually taken.

Restricted Assets

The Enterprise Fund restricts customer deposits. These amounts have been restricted by contractual agreement as security for services provided by the Town to the water customers. Upon termination of service, the town is required to refund the deposits to the customer.

Fund Equity

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

- a. Invested in capital assets, net of related debt - consist of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

TOWN OF COUSHATTA, LOUISIANA

Notes to the Financial Statements

December 31, 2019

1. *Summary of Significant Accounting Policies (Continued):*

- b. Restricted net position - consists of net position with constraints placed on the use by external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - consists of all other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the event that the Town, for the same function or purpose, receives restricted and unrestricted monies, the policy is to first apply restricted resources when an expenditure is incurred.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved (portions of fund equity not available for appropriation or are legally restricted by outside parties for a specified purpose) or unreserved, with unreserved segregated between designated (portions of fund balance which represents management's plans which are subject to change) and undesignated. Proprietary fund equity is classified the same as in the government-wide financial statements.

Statements of Cash Flows

For the purposes of the statement of cash flows, the Town considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

Interfund Transactions

Quasi-external transactions, if any, are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions to expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as operating transfers.

Property Taxes

The Town levies taxes on real and business personal property located within its boundaries. Property taxes are levied by the Town on property values assessed by the Red River Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

Property taxes levied for the current year are recognized as revenues, even though a portion is collectible in the period subsequent to the levy, when levied in the government-wide financial statements and are recognized to the extent that they result in current financial resources in the fund financial statements.

TOWN OF COUSHATTA, LOUISIANA

Notes to the Financial Statements

December 31, 2019

1. *Summary of Significant Accounting Policies (Continued):*

Property Tax Calendar

Assessment date	January 1, 2019
Levy date	Not later than June 1, 2019
Tax bills mailed	November 15, 2019
Total taxes are due	December 31, 2019
Penalties and interest are added	January 1, 2020
Lien date	No set policy
Tax sale - delinquent property	No set policy

The Red River Parish Tax Assessor establishes assessed values each year on a uniform basis at the following ratios to fair market value:

10%	Land
10%	Residential Improvements
15%	Industrial Improvements
15%	Machinery
15%	Commercial Improvements
25%	Public Service Properties - excluding land

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Accrual results could differ from those estimates.

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Town carries commercial insurance for the risk of loss, including automobile liability, general liability, property damage, workers compensation, errors and omissions, and surety bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

TOWN OF COUSHATTA, LOUISIANA

Notes to the Financial Statements

December 31, 2019

2. *Cash and Cash Equivalents and Investments:*

Cash and Cash Equivalents:

At December 31, 2019, the Town had cash and cash equivalents (book balances) totaling \$1,512,091 as follows:

Cash on hand	\$ 800
Demand deposits	<u>1,511,291</u>
	<u>\$ 1,512,091</u>

Investments:

At December 31, 2019, the Town had investments (bank balances) totaling \$653,807 as follows:

Time deposits	<u>\$ 653,807</u>
---------------	-------------------

These deposits with financial institutions are stated at cost, which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance 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.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Town's name.

The cash equivalents and investments of the Town are subject to the following risks:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Town will not be able to recover its deposits. At year end, the Town had bank balances of \$2,524,325 which were protected by \$1,111,474 of federal depository insurance and deposits of \$1,412,851 were secured by securities held in the Town's name.

Credit Risk: The Town's investments comply with Louisiana Statutes (LSA R.S. 33:2955. Under state law, the Town may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

TOWN OF COUSHATTA, LOUISIANA

Notes to the Financial Statements

December 31, 2019

3. *Property Taxes:*

For the year ended December 31, 2019, taxes of 12.43 mills were levied on property with assessed valuations totaling \$11,272,160 and were dedicated as follows:

General	7.18 mills
Recreation	3.15 mills
Street	1.05 mills
Fire	1.05 mills

Total taxes levied were \$140,114.

4. *Receivables:*

As of December 31, 2019, receivables consisted of the following:

	Government Funds	Revenue Fund	Utility Fund	Total
Property taxes	\$ 46,746	\$ -	\$ -	\$ 46,746
Sales tax	53,663	-	-	53,663
Franchise taxes	27,980	-	-	27,980
Charges for services	-	-	77,552	77,552
Economic development	111,614			111,614
Other	-		-	-
Total	<u>\$ 240,003</u>	<u>\$ -</u>	<u>\$ 77,552</u>	<u>\$ 317,555</u>

5. *Operating Transfers:*

In the ordinary course of business, the Town routinely transfers resources between its funds. Transfers are used to (1) move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them, and (2) use unrestricted revenues to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Net Transfers	Amount
General Fund	\$ 453,284
Special Revenue fund	(549,668)
Proprietary Fund	27,021
Non Major Funds	69,363
Total	<u>\$ -</u>

TOWN OF COUSHATTA, LOUISIANA

Notes to the Financial Statements

December 31, 2019

6. *Capital Assets:*

Capital assets and depreciation activity as of and for the year ended December 31, 2019 for the Town is as follows:

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 54,000	\$ -	\$ -	\$ 54,000
Construction in Progress	79,311	139,818	-	219,129
Total capital assets not being depreciated	133,311	139,818	-	273,129
Capital assets being depreciated:				
Buildings and structures	608,705	-	-	608,705
Streets	1,332,521	-	-	1,332,521
Equipment	747,812	25,370	-	773,182
Total capital assets being depreciated	2,689,038	25,370	-	2,714,408
Less accumulated depreciation for:				
Buildings and structures	(546,344)	(14,155)	-	(560,499)
Streets	(1,179,150)	(236)	-	(1,179,386)
Equipment	(661,499)	(11,191)	-	(672,690)
Total accumulated depreciation	(2,386,993)	(25,582)	-	(2,412,575)
Total capital assets, net	\$ 435,356	\$139,606	\$ -	\$ 574,962

TOWN OF COUSHATTA, LOUISIANA

Notes to the Financial Statements

December 31, 2019

6. *Capital Assets (Continued):*

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Business-type activities:				
Capital assets not being depreciated:				
Construction in Progress	\$ 10,782	\$ -	\$ -	\$ 10,782
Land	20,358	-	-	20,358
Total capital assets not being depreciated	<u>31,140</u>	<u>-</u>	<u>-</u>	<u>31,140</u>
Capital assets being depreciated:				
Buildings and structures	70,207	-	-	70,207
Equipment	180,303	-	-	180,303
Water system	3,625,293	144,363	-	3,769,656
Total capital assets being depreciated	<u>3,875,803</u>	<u>144,363</u>	<u>-</u>	<u>4,020,166</u>
Less accumulated depreciation for:				
Buildings and structures	(70,207)	-	-	(70,207)
Equipment	(148,955)	(11,564)	-	(160,519)
Water system	(2,605,004)	(114,470)	-	(2,719,474)
Total accumulated depreciation	<u>(2,824,166)</u>	<u>(126,034)</u>	<u>-</u>	<u>(2,950,200)</u>
Total capital assets, net	<u>\$ 1,082,777</u>	<u>\$ 18,329</u>	<u>\$ -</u>	<u>\$ 1,101,106</u>
	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Component Unit:				
Capital assets not being depreciated:				
Land	\$ 112,077	\$ -	\$ -	\$ 112,077
Buildings and Improvements	280,525	-	-	280,525
Total capital assets being depreciated	<u>392,602</u>	<u>-</u>	<u>-</u>	<u>392,602</u>
Less: accumulated depreciation	<u>(280,525)</u>	<u>-</u>	<u>-</u>	<u>(280,525)</u>
Total capital assets, net	<u>\$ 112,077</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,077</u>

TOWN OF COUSHATTA, LOUISIANA

Notes to the Financial Statements
December 31, 2019

7. ***Commitments and Contingencies:***

Lawsuits

There are no pending lawsuits against the Town at December 31, 2019.

Grant Audit

The Town participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

8. ***On-Behalf Payments:***

Police employees received a total of \$16,483 in police supplemental pay from the State of Louisiana. The Town is responsible for withholding taxes from these employees and paying the Town's matching portion of social security taxes for the amount of supplemental pay received. The Town must recognize this supplemental pay received by the employees as revenues and expenditures. The revenue is reported in the general fund under intergovernmental revenues and the expenditure is reported in law enforcement expenditures.

9. ***Pension Plans:***

Municipal Employees Retirement System of Louisiana (MERS)

Plan Description

The Town contributes to MERS, Plan A, which is a cost-sharing, multiple employer defined benefit pension plan. MERS was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated towns and cities within the state, which did not have their own retirement system and which elected to be members of MERS.

Act 569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in MERS, effective on or after June 30, 1970. Effective October 1, 1978, under Act 788, the "regular Plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while the Town participates in only the original plan.

Membership is mandatory as a condition of employment beginning on the date employed if the employees on a permanent basis working at least 35 hours per week. Individuals paid jointly by a employer and the parish are not eligible for membership in the System with exceptions as statutes. MERS issues an annual publicly available financial report that includes financial statements and the required supplementary information for the System, which can be obtained at www.la.state.us.

TOWN OF COUSHATTA, LOUISIANA

Notes to the Financial Statements
December 31, 2019

9. *Pension Plans: (continued)*

Benefits Provided

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

Retirement

Any member of Plan A who was hired prior to January 1, 2014 can retire providing he/she meets one the following criteria:

- | | |
|-------------|---|
| -At any age | after 25 years of creditable service |
| -At age 60 | after 10 years of creditable service |
| -At any age | after 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit |

Any member of Plan B who was hired before January 1, 2014 can retire providing he/she meets one of the following criteria:

- | | |
|-------------|--------------------------------------|
| -At any age | after 30 years of creditable service |
| -At age 60 | after 10 years of creditable service |

Any member of Plan A who was hired on or after January 1, 2013 can retire providing he/she meets one of the following criteria:

- | | |
|-------------|--|
| -At age 67 | after 7 years of creditable service |
| -At age 62 | after 10 years of creditable service |
| -At age 55 | after 30 years of creditable service |
| -At any age | after 25 years of creditable service, exclusive of military service and unused side leave, with an actuarially early benefit |

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of amount equal to three percent of the member's monthly average final compensation multiplied by years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Generally, the monthly amount of the retirement allowance of any member of Plan B shall consist of amount equal to two percent of the member's monthly average final compensation multiplied by years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

TOWN OF COUSHATTA, LOUISIANA

Notes to the Financial Statements
December 31, 2019

9. *Pension Plans: (continued)*

Deferred Retirement Option Plan (DROP)

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

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

Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if they have at least five years of creditable service, are not eligible for normal retirement and have been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of A shall be paid a disability benefit equal to the lesser of forty-five percent of his/her final average compensation or three percent of the member's final average compensation multiplied by his/her years creditable service, whichever is greater, or an amount equal to three percent of the member's final compensation multiplied by his/her years of creditable service projected to his earliest normal retirement age.

For Plan B, a member shall be eligible to retire and receive a disability benefit if they have at least ten years of creditable service: in which he/she would receive a regular retirement under retirement provisions. A member shall be eligible to retire and receive a disability benefit if he/she has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of thirty percent of his final average compensation or two percent or the member's final average compensation multiplied by his/her years creditable service, whichever is greater, or an amount equal to two percent of the member's final compensation multiplied by his/her years of creditable service, projected to his/her earliest normal retirement age.

TOWN OF COUSHATTA, LOUISIANA

Notes to the Financial Statements
December 31, 2019

9. *Pension Plans: (continued)*

Survivor's Benefits

Upon the death of any member of Plan A or Plan B with five (5) or more years of creditable service, eligible for normal retirement, the plan provides for benefits for the surviving spouse and/or minor children, as outlined in the statutes.

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

Cost-of Living Increases

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

Deferred Benefits

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

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending December 31, 2019, the actual employer contribution rate ranged from 26% to 27.75% for Plan A and 14.00% for Plan B.

In accordance with state statute, MERS receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support non-employer contributing entities, but are not considered special funding situations.

The Town's contractually required composit contribution rate for the year ended December 31, was 26.88% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Town were \$72,626 for the year ended December 31, 2019.

TOWN OF COUSHATTA, LOUISIANA

Notes to the Financial Statements
December 31, 2019

9. *Pension Plans: (continued)*

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

At December 31, 2019, the Town reported a liability of \$596,644 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Town's proportion was .142305%, which was an increase of .00459% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized pension expense of \$133,426 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$5,467.

At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 14,509
Changes in assumption	15,026	-
Net difference between projected and actual earnings on pension plan investments	58,976	-
Changes in employer's proportion of beginning net pension liability	10,805	8,404
Differences between employer contributions and proportionate share of employer contributions	-	6,678
Subsequent Measurement Contributions	26,030	-
Total	\$ 110,837	\$ 29,591

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 26,874
2021	15,860
2022	7,531
2023	4,951
Total	\$ 55,216

TOWN OF COUSHATTA, LOUISIANA

Notes to Financial Statements
December 31, 2019

9. *Pension Plans: (continued)*

Actuarial Assumptions

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

Valuation Date: June 30, 2019

Actuarial Cost Method: Entry Age Normal

Actuarial Assumptions:

Expected Remaining
Service Lives: Plan A - 3 years; Plan B - 4 years

Investment Rate of Return: 7.0% net of investment expense

Mortality: RP-2000 Employee Mortality Table was selected for active members. RP-2000 Healthy Annuitant Mortality Table was selected for Healthy annuitants. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

Experience study performed on plan data for the period July 1, 2006 through June 30, 2010

Cost of Living Adjustments: The present value of retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not authorized by the Board of Trustees.

The discount rate used to measure the total pension liability was 7% for Plans A and B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at 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 actuary. Based on those assumptions, MERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF COUSHATTA, LOUISIANA

Notes to Financial Statements
December 31, 2019

9. *Pension Plans: (continued)*

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 rates of return by the target asset allocation percentage and by adding expected inflation of 2.70% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rates of return is 7.0% for the year ended June 30, 2019. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	50%	2.15%
Public Fixed Income	35%	1.51%
Alternatives	15%	64.00%
Total	100%	4.30%
Inflation		2.70%
Expected Arithmetic Nominal Return		7.00%

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

The following presents the Town's proportionate share of the Net Pension Liability using the discount rate of 7.0%, as well as what the Town'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:

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

The following presents the Town's proportionate share of the Net Pension Liability using the discount rate of 7.0, as well as what the Town'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:

	1.0% Decrease (6.0%)	Current Discount Rate (7.0%)	1.0% Increase (8.0%)
Employer's proportionate share of net pension liability	\$ 775,310	\$ 570,221	\$ 431,709

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Municipal Employee's Retirement System of Louisiana Financial Report www.lia.state.la.us.

TOWN OF COUSHATTA, LOUISIANA

Notes to Financial Statements
December 31, 2019

9. *Pension Plans: (continued)*

Municipal Police Employees' Retirement System of Louisiana (LAMPERS)

Plan Description

The Town contributes to LAMPERS, which is a cost-sharing multiple employer defined benefit pension plan. LAMPERS was established by Act 189 of the 1973 regular session of the Legislature of the State of Louisiana to provide retirement, disability and survivor benefits to municipal police officers in Louisiana.

Benefit provisions are authorized within Act 189 of 1973 and amended by Louisiana Revised Statutes 11:2211 - 11:2233, which should be reviewed for more complete information

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. LAMPERS issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be www.lampers.or; or www.la.state.la.us.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes participants should refer to the appropriate statutes for more complete information.

Retirement

Any member prior to January 1, 2013 can retire provided he/she meets one of the following criteria:

At any age	after 25 years of creditable service
At age 55	after 12 years of creditable service
At age 50	after 20 years of creditable service
At any age	after 20 years of creditable service, with an actuarially reduced benefit

Any member after January 1, 2013, under Hazardous Duty sub-plan, can retire providing he/she meets one of the following criteria:

At any age	after 25 years of creditable service
At age 55	after 12 years of creditable service
At any age	after 20 years of creditable service, with an actuarially reduced benefit from age 55

TOWN OF COUSHATTA, LOUISIANA

Notes to Financial Statements
December 31, 2019

9. Pension Plans: (continued)

Any member after January 1, 2013, under Non- Hazardous Duty sub-plan, can retire providing he/she meets one of the following criteria:

At any age	after 30 years of creditable service
At age 60	after 10 years of creditable service
At age 55	after 25 years of creditable service
At any age	after 20 years of creditable service, with an actuarially reduced benefit from age 55

Benefit rates for membership prior to January 1, 2013, are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Benefit rates for membership after January 1, 2013, are based on Hazardous Duty and Non-Hazardous Duty sub plans. 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 (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Deferred Retirement Option Plan (DROP)

A member is eligible to elect to enter DROP when he/she is eligible for regular retirement based on the member's sub plan participation. Upon filing the application for the program, the employee's membership in the System is terminated. At the entry date into DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefits based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter Drop subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

TOWN OF COUSHATTA, LOUISIANA

Notes to Financial Statements
December 31, 2019

9. Pension Plans: (continued)

Disability Benefits

The Board of Trustees may award benefits to those eligible members who have been certified as disabled by the State Medical Disability Board. The application must be filed with the Board of Trustees through the office of the Director prior to the date of termination of employment. Please see specific procedures for disability retirement as described and provided for in R.S. 11:208, R.S. 11:216 through R.S. 11:224 and R.S. 11:2223.

Survivor's Benefits

Upon the death of an active contributing member (membership prior to January 1, 2013), or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200/month, whichever is greater.

Upon the death of an active contributing member (membership after January 1, 2013), or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200/month, whichever is greater. If the deceased member had less than ten years of service, the beneficiary will receive a refund of employee contributions only.

Cost -of-Living Increases

The Board of Trustees is authorized to provide annual cost-of-living adjustments (COLA) computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility. No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a COLA until they reach retirement age.

Initial Benefit Option Plan

In 1999, the State Legislature authorized the System to establish and Initial Benefit Option program. Initial Benefit Option 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 months if regular monthly retirement benefits, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on the same criteria as DROP.

TOWN OF COUSHATTA, LOUISIANA

Notes to Financial Statements
December 31, 2019

9. Pension Plans: (continued)

Contributions

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay.

For the year ended December 31, 2019, total contributions due for employers and employees were 32.5% and 10.00%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013, were 32.25% and 10%, respectively. The employer and employee contribution rates for all Non Hazardous Duty members hired after January 1, 2013 were 32.5% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 34.27% and 7.5%, respectively.

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue, but are not considered special funding situations.

The Town's contractually required composite contribution rate for the year ended December 31, 2019 was 32.50% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Town were \$51,795 for the year ended December 31, 2019.

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

At December 31, 2019, the Town reported a liability of \$479,213 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation of that date. The Town's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Town's proportion was 0.052767%, which was a decrease of .00839 from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized pension expense of \$51,795 plus or minus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$5,807.

At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF COUSHATTA, LOUISIANA

Notes to Financial Statements
December 31, 2019

9. *Pension Plans: (continued)*

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,006	\$ 14,743
Changes in assumption	26,854	-
Net difference between projected and actual earnings on pension plan investments	31,134	-
Changes in employer's proportion of beginning net pension liability	-	135,300
Differences between employer contributions and proportionate share of employer contributions	2,032	864
Subsequent Measurement Contributions	26,030	-
Total	\$ 87,056	\$ 150,907

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ (52,765)
2021	(40,355)
2022	(4,534)
2023	7,775
Total	\$ (89,879)

Actuarial Assumptions

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

Valuation Date:	June 30, 2019
Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives:	4 years
Investment Rate of Return:	7.125 net of investment expense

TOWN OF COUSHATTA, LOUISIANA

Notes to Financial Statements
December 31, 2019

9. *Pension Plans: (continued)*

Mortality: The mortality rate assumption used was based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

Salary Increases, including inflation (2.7%) and merit	Years of Service	Salary Growth Rate
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%

The discount rate used to measure the total pension liability was 7.125%. 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 actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The forecasted 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 rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2019 are summarized in the following table:

TOWN OF COUSHATTA, LOUISIANA

Notes to Financial Statements
December 31, 2019

9. *Pension Plans: (continued)*

Asset Class	Target Asst Allocation	Expected Portfolio Real Rate of Return
Fixed Income	34%	0.80%
Equity	48%	3.28%
Alternatives	18%	1.06%
Other	0%	0.00%
Total	100%	5.14%
Inflation		2.75%
Expected Arithmetic Nominal Return		7.89%

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

The following presents the Town's proportionate share of the Net Pension Liability using the rate of 7.125%, as well as what the Town'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:

	1.0 % Decrease (6.125)	Current Discount Rate (7.125%)	1.0% Increase (8.125%)
Employer's proportionate share of net pension liability	\$ 667,701	\$ 479,213	\$ 321,090

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Municipal Police Employees' Retirement System of Louisiana Annual Financial Report at www.lampers.org or on www.lla.state.la.us.

Payables to the Pension Plan

These financial statements include a payable to the pension plan of \$5,304 which is the legally required contributions due at December 31, 2019. This amount is recorded in accrued expenses.

TOWN OF COUSHATTA, LOUISIANA

Notes to Financial Statements
December 31, 2019

10. *Subsequent Events:*

On March 13, 2020, President Trump declared a national emergency relating to the COVID-19 pandemic. As of the date of this report, the pandemic is ongoing. Future potential impacts may include disruptions or restrictions on employees' ability to work. The future effects of this issue are unknown.

TOWN OF COUSHATTA, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balance of
 Governmental Funds - Budget (GAAP) and Actual - General Fund
 For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 200,000	\$ 204,800	\$ 201,999	\$ (2,801)
Licenses & Permits	150,000	160,000	160,758	758
Intergovernmental	230,000	230,000	205,058	(24,942)
Fines	5,000	10,000	7,450	(2,550)
Grants	20,000	-	-	-
Miscellaneous	125,500	106,100	47,443	(58,657)
Total revenues	<u>730,500</u>	<u>710,900</u>	<u>622,708</u>	<u>(88,192)</u>
Expenditures:				
General government	804,295	758,800	684,126	74,674
Public Safety	501,400	496,900	551,829	(54,929)
Debt Service	-	-	-	-
Total Expenditures	<u>1,305,695</u>	<u>1,255,700</u>	<u>1,235,955</u>	<u>19,745</u>
Net Change in Fund Balances before Other Financing Sources	(575,195)	(544,800)	(613,247)	(68,447)
Other Financing Sources				
Transfers from Other Funds	615,000	535,000	453,284	(81,716)
Transfers to Other Funds	-	-	-	-
Net Change in Fund Balance	39,805	(9,800)	(159,963)	(150,163)
Fund Balances, Beginning	<u>703,048</u>	<u>703,048</u>	<u>703,048</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 742,853</u>	<u>\$ 693,248</u>	<u>\$ 543,085</u>	<u>\$ (150,163)</u>

TOWN OF COUSHATTA, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balance of
Governmental Funds - Budget (GAAP Basis) and Actual - Sales Tax Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 550,000	\$ 550,000	\$ 559,393	\$ 9,393
Licenses & Permits	-	-	-	-
Service Charges	-	-	-	-
Intergovernmental	-	-	-	-
Miscellaneous	100	100	49	(51)
Total revenues	<u>550,100</u>	<u>550,100</u>	<u>559,442</u>	<u>9,342</u>
Expenditures:				
General government	7,000	7,000	9,332	(2,332)
Sanitation	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>7,000</u>	<u>7,000</u>	<u>9,332</u>	<u>(2,332)</u>
				-
Net Change in Fund Balances before Other Financing Sources	543,100	543,100	550,110	7,010
Other Financing Sources				
Proceeds from borrowing	-	-	-	-
Transfers from Other Funds	<u>(520,000)</u>	<u>(527,000)</u>	<u>(549,668)</u>	<u>(22,668)</u>
Net Change in Fund Balance	23,100	16,100	442	(15,658)
Fund Balances, Beginning	<u>191,120</u>	<u>191,120</u>	<u>191,120</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 214,220</u>	<u>\$ 207,220</u>	<u>\$ 191,562</u>	<u>\$ (15,658)</u>

TOWN OF COUSHATTA, LOUISIANA

Statement of Revenues, Expenditure and Changes in Fund Balance of
 Governmental Funds - Budget (GAAP) and Actual -
 Economic Development Fund
 For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses & Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines	-	-	-	-
Miscellaneous	3,000	3,000	4,085	1,085
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>4,085</u>	<u>1,085</u>
Expenditures:				
General government	-	-	-	-
Public Safety	-	-	-	-
Debt Service	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances before Other Financing Sources	3,000	3,000	4,085	1,085
Other Financing Sources				
Transfers from Other Funds	-	-	-	-
Transfers to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	3,000	3,000	4,085	1,085
Fund Balances, Beginning	<u>643,111</u>	<u>643,111</u>	<u>643,111</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 646,111</u>	<u>\$ 646,111</u>	<u>\$ 647,196</u>	<u>\$ 1,085</u>

TOWN OF COUSHATTA, LOUISIANA
Schedule of Employer's Share of Net Pension Liability
Municipal Employee's Retirement of Louisiana
Year Ended December 31, 2019

Year Ended Jun 30	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.148739%	\$ 516,578	\$ 246,822	209.29%	72.45%
2016	0.136886%	561,055	253,337	221.47%	62.11%
2017	0.150000%	607,157	259,486	233.98%	62.49%
2018	0.137710%	570,221	243,700	234.00%	63.94%
2019	0.142300%	594,644	270,410	220.00%	66.14%

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

TOWN OF COUSHATTA, LOUISIANA

Municipal Employee's Retirement of Louisiana
 Schedule of Employer Contributions
 Year Ended December 31, 2019

<u>Year Ended December 31</u>	<u>Contractually Required Contribution</u>	<u>Contribution in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2015	\$ 48,747	\$ 48,747	\$ -	\$ 246,822	19.7500%
2016	54,001	54,001	-	253,337	21.32%
2017	61,596	61,596	-	259,486	23.74%
2018	63,163	63,163	-	243,684	25.92%
2019	53,154	53,154	-	270,410	19.66%

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

TOWN OF COUSHATTA, LOUISIANA

Note to Retirement System Schedules
Municipal Employees Retirement System of Louisiana
Year Ended December 31, 2019

Changes of benefit terms - There were no changes of benefit terms for the year ended December 31, 2019.

Changes of assumptions - There were no changes of benefit assumptions for the year ended December 31, 2019.

TOWN OF COUSHATTA, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
Municipal Police Employees Retirement System of Louisiana
Year Ended December 31, 2019

Year Ended June 30	Employer Proportion of th Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.098669%	\$ 772,969	\$ 258,599	298.91%	99.90%
2016	0.941280%	882,246	268,267	328.87%	66.40%
2017	0.072775%	635,357	183,538	346.17%	70.08%
2018	0.061116%	517,042	147,896	286.04%	71.89%
2019	0.052770%	479,213	159,985	300.00%	71.00%

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

TOWN OF COUSHATTA, LOUISIANA

Municipal Police Employees Retirement System of Louisiana
 Schedule of Employer Contributions
 Year Ended December 31, 2019

<u>Year Ended December 31</u>	<u>Contractually Required Contribution</u>	<u>Contribution in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2015	\$ 78,824	\$ 78,824	\$ -	\$ 258,599	30.48%
2016	82,206	82,206	-	268,267	30.64%
2017	55,050	55,050	-	183,538	29.99%
2018	57,432	57,432	-	147,896	38.87%
2019	51,795	51,795	-	159,985	32.38%

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

TOWN OF COUSHATTA, LOUISIANA

Municipal Police Employees Retirement System of Louisiana
Notes to Retirement System Schedules
Year Ended December 31, 2019

Changes of benefit terms - There were no changes of benefit terms for the year ended December 31, 2019.

Changes of assumptions - There were no changes of benefit assumptions for the year ended December 31, 2019.

TOWN OF COUSHATTA, LOUISIANA

Schedule of Compensation Paid to Mayor and Town Council

For the Year Ended December 31, 2019

Honorable Dr. Johnny Cox, Mayor	\$ 34,000
Peter Drake	7,200
Brian Nash	7,200
Edna Webb	7,200
Reginald Prealow, Jr.	7,200
Janice Lewis	<u>7,200</u>
	<u>\$ 70,000</u>

TOWN OF COUSHATTA, LOUISIANA

Schedule of Compensation, Reimbursements, Benefits, and Other Payments
to Agency Head
For the Year Ended December 31, 2019

Agency Head: Honorable Dr' Johnny Cox, Mayor

Salary	<u>\$ 34,000</u>
Payroll Taxes	<u>\$ 2,601</u>
Insurance	<u>\$ 10,908</u>

TOWN OF COUSHATTA, LOUISIANA
Balance Sheet

NonMajor Governmental Funds- Special Revenue Funds
December 31, 2019

	Fire	Recreation	Streets	Total
Assets				
Cash	\$ 81,711	\$ 59,800	\$ 23,003	\$ 164,514
Investments	63,616	35,099	-	98,715
Taxes Receivable	3,952	11,818	3,952	19,722
Deposits	-	-	-	-
Total Assets	\$ 149,279	\$ 106,717	\$ 26,955	\$ 282,951
 Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total Liabilities	-	-	-	-
 Fund Balances				
Assigned	149,279	106,717	26,955	282,951
Total Fund Balances	149,279	106,717	26,955	282,951
Total Liabilities and Fund Balances	\$ 149,279	\$ 106,717	\$ 26,955	\$ 282,951

TOWN OF COUSHATTA, LOUISIANA

Combining Statement of Program Revenues, Expenditures
and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended December 31, 2019

	Fire	Recreation	Streets	Totals
<u>REVENUES</u>				
Revenues:				
Taxes	\$ 11,493	\$ 34,583	\$ 11,493	\$ 57,569
Intergovernmental	-	50,000	-	50,000
Charges for services	-	-	-	-
Donations	-	4,155	-	4,155
Other revenues	307	166	-	473
	11,800	88,904	11,493	112,197
 <u>EXPENDITURES</u>				
Current:				
General government	-	-	-	-
Public Safety	3,600	-	-	3,600
Culture & Recreation	-	178,839	-	178,839
Streets	-	-	14,372	14,372
	3,600	178,839	14,372	196,811
Excess (deficiency) of revenues over expenditures	8,200	(89,935)	(2,879)	(84,614)
 <u>OTHER FINANCING SERVICES (USES)</u>				
Operating transfers in	-	69,363	-	69,363
Operating transfers out	-	-	-	-
	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	8,200	(20,572)	(2,879)	(15,251)
 <u>FUND BALANCES</u>				
Beginning of year	141,079	127,289	29,834	298,202
End of year	\$ 149,279	\$ 106,717	\$ 26,955	\$ 282,951

TOWN OF COUSHATTA, LOUISIANA

Discretely Presented Component Unit -
Coushatta Industrial Development Corporation
Statement of Net Position
December 31, 2019

<u>Assets</u>	
Current assets:	
Cash	\$ 159,553
Receivables	-
Total current assets	<u>159,553</u>
Noncurrent assets:	
Property, plant and equipment (net of accumulated depreciation)	112,077
Total assets	<u>271,630</u>
<u>Net Position</u>	
Invested in capital assets, net of related debt	112,077
Unrestricted	159,553
Total net position	<u>\$ 271,630</u>

TOWN OF COUSHATTA, LOUISIANA

Discretely Presented Component Unit -
Coushatta Industrial Development Corporation
Statement Activities
For the Year Ended December 31, 2019

Program Expenses	<u>\$ -</u>
General Revenues	
Rent	<u>7,500</u>
Change in Net Position	7,500
Net position, beginning of year	<u>264,130</u>
Net position, end of year	<u><u>\$ 271,630</u></u>



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

The Honorable Dr. Johnny Cox, Mayor
and Members of the Town Council
Town of Coushatta, Louisiana

I 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, business-type activities, each major fund, and the remaining aggregate fund information of Town of Coushatta, Louisiana as of December 31, 2019, and related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued my report dated September 21, 2020.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Town of Coushatta's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. However, as described in the accompanying schedule of findings, I identified a certain deficiency in internal control that I consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected 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. I consider the deficiency described in the accompanying schedule of findings to be a significant deficiency, and is described as Finding #2019-1.

As part of obtaining reasonable assurance about whether Town of Coushatta's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Coushatta's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is reported in the schedule of findings as Finding #2019-2.

Town of Coushatta's Response to the Findings

Town of Coushatta's response to the findings in my audit is described in the accompanying schedule of findings. Town of Coushatta's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.



Certified Public Accountant
September 21, 2020

TOWN OF COUSHATTA, LOUISIANA

Corrective Action Taken on Prior Year Findings
Year Ended December 31, 2019

FINDING 2018-1: The segregation of duties is inadequate to provide effective internal control.

STATUS: No action was recommended and none was taken.

FINDING 2018-2: The Town is not in compliance with the state budget law.

STATUS: Unresolved.

TOWN OF COUSHATTA, LOUISIANA

Schedule of Findings

Year Ended December 31, 2019

Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. One significant deficiency is reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. One instance of noncompliance material to the financial statements was disclosed during the audit.

FINDING #2019-1: The segregation of duties is inadequate to provide effective internal control.

Criteria: Effective internal control requires the segregation of duties.

Condition: The segregation of duties is inadequate to provide effective internal control. Employees perform interrelated duties.

Cause: The condition is due to economic and space limitations.

Effect: Unknown.

Recommendation: Whether or not it would be cost effective to correct a deficiency is not a factor in reporting requirements under accounting standards generally accepted in the United States of America. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all deficiencies reported under accounting standards generally accepted in the United States of America. In this case, both management and the auditor do not believe that correcting the condition described above is cost effective or practical, and, accordingly, do not believe that any corrective action is necessary.

Management's Response: We concur with the finding. We will make every effort to segregate duties as allowed by space and economic limitations.

TOWN OF COUSHATTA, LOUISIANA

Schedule of Findings (Continued)

Year Ended December 31, 2019

FINDING #2019-2: The Town is not in compliance with the state budget law.

Criteria: State law requires the budget to be amended whenever actual revenues fail to meet budgeted amounts by 5% or more or when actual expenditures exceed budgeted amounts by 5% or more.

Condition: Although the budgets were amended, actual revenue failed to meet budgeted amounts by more than 5% in the general fund. Actual expenditures exceeded budgeted amounts by more than 5% in the sales tax fund.

Cause:

Unknown.

Effect:

The Town is not in compliance with the state budget law.

Recommendation:

I recommend the Town comply with the state budget law.

Management's Response and Corrective Action Plan:

We agree with the finding. We will comply with the state budget law in the future.



Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING STATEWIDE AGREED-UPON PROCEDURES

The Honorable Dr. Johnny Cox, Mayor
and Members of the Town Council
Town of Coushatta, Louisiana

I have performed the procedures enumerated below, which were agreed to by the Mayor and Town Council of the Town of Coushatta (the Town) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed Upon Procedures (SAUPs) for the fiscal year January 1 through December 31, 2019. The Town's management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, I make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

My procedures and associated findings are enumerated below.

Written Policies and Procedures

(The following written policies and procedures were not reviewed since there were no exceptions for the prior year, with the exception of the new policy added for Year 3, Disaster Recovery/Business Recovery/Business Continuity).

1. I obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g. determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Procedure Results - I noted no exceptions.

Board or Finance Committee

(The following procedures were not performed since there were no exceptions in the prior year.)

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

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
- c) For governmental entities, obtain the prior year audit and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Bank Reconciliations

(The following procedures were not performed since there were no exceptions in the prior year.)

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 individual accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliation include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/ board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections

(The following procedures were not performed since there were no exceptions in the prior year.)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledger, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the five bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

(The following procedures were not performed since there were no exceptions in the prior year.)

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

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Travel and Expense Reimbursement

(The following procedures were not performed since there were no exceptions in the prior year.)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

(The following procedures were not performed since there were no exceptions in the prior year.)

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly, select 5 contracts (or all contracts if less than 5) from the listing and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change orders, observe that the original contract terms provided for such an amendment.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

(The following procedures were not performed since there were no exceptions in the prior year.)

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employee's/official, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly, select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employees/officials' authorized pay rates in the employees/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

(The following procedures were not performed since there were no exceptions in the prior year.)

20. Using the 5 randomly selected employees/officials from procedure #16 under 'Payroll and Personnel' above, obtain ethics documentation from management, and:
 - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

(The following procedures were not performed since the Town has no bonds or notes payable.)

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

Other

(The following procedures were not performed since there were no exceptions in the prior year.)

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

I was not engaged and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the Statewide Agreed-Upon Procedures. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the Town and the LLA, and is not intended to be, and should not be, used by anyone other than the specified parties.

Marsha D. Milligan

Certified Public Accountant

September 21, 2020