

OFFICIAL
FILE COPY
DO NOT SEND OUT
(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

RECEIVED
LEGISLATIVE AUDITOR
APR 26 AM 10:24

99901166

2237

**TOWN OF COUSHATTA, LOUISIANA
FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 1998**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date APR 28 1999

TOWN OF COUSHATTA, LOUISIANA
DECEMBER 31, 1998
TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>SCHEDULE</u>	<u>PAGE</u>
General Purpose Financial Statements	-	-	1
Independent Auditors' Report	-	-	2
Combined Statements - Overview	-	-	3
Combined Balance Sheet - All Fund Types and Account Groups	A	-	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types	B	-	6
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - All Governmental Fund Types	C	-	7
Comparative Statements of Revenues, Expenses, and Changes in Retained Earnings - Proprietary Fund Type	D	-	9
Comparative Statements of Cash Flows - Proprietary Fund Type	E	-	10
Notes to the Financial Statements	-	-	11
Supplemental Information Schedules	-	-	25
Special Revenue Funds:	-	-	26
Combining Balance Sheet	-	1	27
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	-	2	28
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual	-	3	29
Agency Fund:	-	-	32
Comparative Balance Sheets	-	4	33
Statement of Changes in Assets and Liabilities	-	5	33
Schedule of Expenditures - Governmental Fund Types - General Fund	-	6	34
Schedule of Compensation Paid to Members of the Town Council	-	7	36
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	-	-	37
Summary Schedule of Prior Audit Findings	-	8	38
Corrective Action Plan for Current Year Audit Findings	-	9	39
Management Letter	-	-	40

GENERAL PURPOSE FINANCIAL STATEMENTS

HINES, JACKSON & HINES

CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 2188 • 133 EAST FIFTH STREET
NATCHITOCHES, LA 71457

Telephone (318) 352-6458
FAX (318) 352-0404
hjhcpa@worldnetla.net

A. NEILL JACKSON, JR., CPA
(Retired)

FRANK S. HINES, CPA
LEWIS C. HINES, CPA
E. MERLIN SQUYRES, CPA
JAY H. SHEFFIELD, CPA

INDEPENDENT AUDITORS' REPORT

The Honorable Archie Worsham, Mayor
and Members of the Town Council
Post Office Box 531
Coushatta, Louisiana 71019

We have audited the accompanying general purpose financial statements of the Town of Coushatta, Louisiana, as of and for the year ended December 31, 1998, as listed in the table of contents. These financial statements are the responsibility of the Town of Coushatta's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Coushatta, Louisiana, as of December 31, 1998, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated April 6, 1999, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the Town of Coushatta, Louisiana, taken as a whole. The accompanying supplemental information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The financial information for the year ended December 31, 1997, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion dated May 9, 1998, on the general purpose financial statements of the Town of Coushatta, Louisiana.

Hines, Jackson & Hines

Natchitoches, Louisiana
April 6, 1999

COMBINED STATEMENTS - OVERVIEW

EXHIBIT A

TOWN OF COUSHATTA, LOUISIANA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 1998

	Governmental Fund Types						Fiduciary		Account Groups			Total	
	Special		Proprietary		Enterprise		Agency		General		Long-Term		(Memorandum Only)
	General	Revenue	Fund Type	Fund Type	Fund Type	Fund Type	Agency	Fixed Assets	Debt	1998	1997		
Cash and cash equivalents	\$ 30,496	\$ 810,427	\$ 81,295	\$ 17,169	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 939,387	\$ 153,669		
Investments	65,000	176,677	97,615	0	0	0	0	0	0	339,292	342,651		
Accounts receivable													
Trade	0	0	34,222	0	0	0	0	0	0	34,222	18,262		
Ad valorem taxes	0	0	0	28,591	0	0	0	0	0	28,591	8,621		
Interest	38	271	716	0	0	0	0	0	0	1,025	1,027		
Other	15,660	0	0	0	0	0	0	0	0	15,660	16,058		
Prepaid expenditures	6,307	0	1,856	0	0	0	0	0	0	8,163	20,345		
Due from other funds	32,206	16,261	0	0	0	0	0	0	0	48,467	9,481		
Due from other governmental units	14,491	21,613	0	0	0	0	0	0	0	36,104	43,092		
Property, plant & equipment, net of accumulated depreciation	0	0	739,435	0	0	1,364,181	0	0	0	2,103,616	1,794,271		
Amount to be provided for retirement of general long-term debt	0	0	0	0	0	0	0	271,799	0	271,799	5,956		
Total Assets	\$ 164,198	\$ 1,025,249	\$ 955,139	\$ 45,760	\$ 1,364,181	\$ 271,799	\$ 3,826,326	\$ 2,413,433					

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

EXHIBIT A

TOWN OF COUSHATTA, LOUISIANA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)
 DECEMBER 31, 1998

	Governmental Fund Types		Proprietary Fund Type		Fiduciary Fund Type		Account Groups			Total	
	Special Revenue		Enterprise		Agency		General			(Memorandum Only)	
	General	Revenue	Enterprise	Agency	Fixed Assets	Long-Term Debt	1998	1997			
LIABILITIES AND FUND EQUITY											
Liabilities											
Accounts payable	\$ 15,071	\$ 2,429	\$ 4,054	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,554	\$ 80,624		
Payroll, payroll taxes and benefits	12,901	0	4,661	0	0	0	0	17,562	12,156		
Customers' deposits	0	0	53,212	0	0	0	0	53,212	52,017		
Due to other funds	0	0	2,707	45,760	0	0	0	48,467	9,481		
Due to other governmental units	0	0	0	0	0	0	217,000	217,000	0		
Notes payable	0	0	0	0	0	0	50,000	50,000	0		
Accumulated unpaid vacation	0	0	2,878	0	0	0	4,799	7,677	9,680		
Total Liabilities	27,972	2,429	67,512	45,760	0	271,799	415,472	163,958			
Fund Equity											
Contributed capital	0	0	1,199,074	0	0	0	0	1,199,074	1,199,074		
Investment in general fixed assets	0	0	0	0	1,364,181	0	0	1,364,181	1,000,456		
Retained earnings - unreserved	0	0	(311,447)	0	0	0	0	(311,447)	(295,306)		
Fund balances											
Reserved for prepaid expenditures	6,307	0	0	0	0	0	0	6,307	16,691		
Reserved for public improvements	0	0	0	0	0	0	0	0	1,398		
Reserved for sewerage improvements	0	0	0	0	0	0	0	0	1,289		
Unreserved	129,919	1,022,820	0	0	0	0	0	1,152,739	325,875		
Total Fund Equity	136,226	1,022,820	887,627	0	1,364,181	0	3,410,854	2,249,475			
Total Liabilities and Fund Equity	\$ 164,198	\$ 1,025,249	\$ 955,139	\$ 45,760	\$ 1,364,181	\$ 271,799	\$ 3,826,326	\$ 2,413,433			

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

TOWN OF COUSHATTA, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED DECEMBER 31, 1998

	General	Special Revenue	Totals (Memorandum Only)	
			1998	1997
REVENUES				
Taxes	\$ 121,215	\$ 303,866	\$ 425,081	\$ 406,720
Licenses and permits	101,150	0	101,150	97,519
Intergovernmental	40,965	0	40,965	14,841
Charges for services	116,234	0	116,234	108,696
Rents	35,814	0	35,814	25,201
Fines and forfeitures	7,531	0	7,531	7,210
Grants	42,818	780,000	822,818	38,948
Miscellaneous	<u>105,367</u>	<u>11,361</u>	<u>116,728</u>	<u>30,603</u>
Total Revenues	571,094	1,095,227	1,666,321	729,738
EXPENDITURES				
General government	609,388	10,607	619,995	422,262
Public safety	199,046	7,200	206,246	208,591
Public works	68,428	0	68,428	51,408
Sanitation	199,405	0	199,405	182,053
Highways and streets	0	5,552	5,552	7,672
Culture and recreation	0	19,535	19,535	24,653
Debit service	<u>96,757</u>	<u>0</u>	<u>96,757</u>	<u>0</u>
Total Expenditures	<u>1,173,024</u>	<u>42,894</u>	<u>1,215,918</u>	<u>896,639</u>
Excess of Revenues Over/(Under) Expenditures	(601,930)	1,052,333	450,403	(166,901)
OTHER FINANCING SOURCES/(USES)				
Proceeds from issuance of long-term debt	363,390	0	363,390	0
Transfer to other funds	0	(272,827)	(272,827)	(264,900)
Transfer from other funds	<u>272,827</u>	<u>0</u>	<u>272,827</u>	<u>264,900</u>
Total Other Financing Sources/(Uses)	<u>636,217</u>	<u>(272,827)</u>	<u>363,390</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	34,287	779,506	813,793	(166,901)
FUND BALANCES, Beginning of year	<u>101,939</u>	<u>243,314</u>	<u>345,253</u>	<u>512,154</u>
FUND BALANCES, End of year	<u>\$ 136,226</u>	<u>\$ 1,022,820</u>	<u>\$ 1,159,046</u>	<u>\$ 345,253</u>

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

TOWN OF COUSHATTA, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED DECEMBER 31, 1998

	General Fund		
	Budget	Actual	Variance Fav./Unfav.
REVENUES			
Taxes	\$ 123,845	\$ 121,215	\$ (2,630)
Licenses and permits	101,335	101,150	(185)
Intergovernmental	37,298	40,965	3,667
Charges for services	130,000	116,234	(13,766)
Rents	36,508	35,814	(694)
Fines and forfeitures	8,000	7,531	(469)
Grants	39,670	42,818	3,148
Miscellaneous	<u>114,487</u>	<u>105,367</u>	<u>(9,120)</u>
Total Revenues	591,143	571,094	(20,049)
EXPENDITURES			
General government	641,477	609,388	32,089
Public safety	208,245	199,046	9,199
Public works	70,906	68,428	2,478
Sanitation	210,575	199,405	11,170
Highways and streets	0	0	0
Culture and recreation	0	0	0
Debit service	<u>96,757</u>	<u>96,757</u>	<u>0</u>
Total Expenditures	<u>1,227,960</u>	<u>1,173,024</u>	<u>54,936</u>
Excess of Revenues Over/(Under) Expenditures	(636,817)	(601,930)	34,887
OTHER FINANCING SOURCES/(USES)			
Proceeds from issuance of long-term debt	363,390	363,390	0
Transfer to other funds	0	0	0
Transfer from other funds	<u>276,600</u>	<u>272,827</u>	<u>(3,773)</u>
Total Other Financing Sources/(Uses)	<u>639,990</u>	<u>636,217</u>	<u>(3,773)</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	3,173	34,287	31,114
FUND BALANCES, Beginning of year	<u>101,939</u>	<u>101,939</u>	<u>0</u>
FUND BALANCES, End of year	<u>\$ 105,112</u>	<u>\$ 136,226</u>	<u>\$ 31,114</u>

EXHIBIT C

<u>Special Revenue Fund Types</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Fav./(Unfav.)</u>
\$ 313,150	\$ 303,866	\$ (9,284)
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
780,000	780,000	0
<u>10,487</u>	<u>11,361</u>	<u>874</u>
1,103,637	1,095,227	(8,410)
11,023	10,607	416
7,200	7,200	0
0	0	0
0	0	0
9,522	5,552	3,970
24,682	19,535	5,147
<u>0</u>	<u>0</u>	<u>0</u>
<u>52,427</u>	<u>42,894</u>	<u>9,533</u>
1,051,210	1,052,333	1,123
0	0	0
(276,600)	(272,827)	3,773
<u>0</u>	<u>0</u>	<u>0</u>
<u>(276,600)</u>	<u>(272,827)</u>	<u>3,773</u>
774,610	779,506	4,896
<u>243,314</u>	<u>243,314</u>	<u>0</u>
<u>\$ 1,017,924</u>	<u>\$ 1,022,820</u>	<u>\$ 4,896</u>

TOWN OF COUSHATTA, LOUISIANA
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE
YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>Enterprise</u>	
	<u>1998</u>	<u>1997</u>
OPERATING REVENUES		
Charges for services		
Water sales	\$ 230,320	\$ 175,843
Connect fees	3,965	3,075
Service fees, maintenance charge, other	<u>5,745</u>	<u>6,396</u>
Total Operating Revenues	240,030	185,314
OPERATING EXPENSES		
Bad debt expense	0	0
Contractual services	3,863	3,944
Depreciation	54,530	55,856
Dues	421	2,011
Insurance	14,822	10,978
Insurance - employees	7,326	9,885
Maintenance and repairs	23,843	22,102
Miscellaneous	2,074	1,095
Office supplies and expense	7,036	5,028
Operating supplies and tools	13,779	13,619
Payroll taxes	815	191
Professional services	6,425	8,313
Rent	968	1,129
Retirement	3,291	3,816
Salaries	83,727	83,238
Telephone	4,822	3,709
Travel	658	269
Utilities	<u>32,604</u>	<u>26,125</u>
Total Operating Expenses	<u>261,004</u>	<u>251,308</u>
Operating income/(loss)	(20,974)	(65,994)
Nonoperating revenues/(expenses)		
Interest income	<u>4,833</u>	<u>5,176</u>
Net income/(loss)	(16,141)	(60,818)
Retained earnings - Unreserved, Beginning of year	<u>(295,306)</u>	<u>(234,488)</u>
Retained earnings - Unreserved, End of year	<u>\$ (311,447)</u>	<u>\$ (295,306)</u>

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

TOWN OF COUSHATTA, LOUISIANA
COMPARATIVE STATEMENTS OF CASH FLOWS - PROPRIETARY FUND TYPE
YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>Enterprise</u>	
	<u>1998</u>	<u>1997</u>
Cash Flows Provided By/(Used In) Operating Activities		
Operating loss	\$ (20,974)	\$ (65,994)
Adjustments to reconcile operating loss to net cash provided by/(used in) operating activities		
Depreciation	54,530	55,856
Bad debt expense	0	(619)
(Increase)/decrease in operating assets		
Accounts Receivable		
Trade	(15,960)	1,815
Other	3	(795)
Prepaid expenses	1,798	0
Increase/(decrease) in operating liabilities		
Accounts Payable		
Trade	2,185	(4,588)
Payroll taxes and retirement payable	(322)	(88)
Other	2,067	(18,988)
Customer deposits	1,195	964
Accumulated unpaid vacation	<u>(846)</u>	<u>470</u>
Net Cash Provided By/(Used In) Operating Activities	23,676	(31,967)
Cash Flows Provided By/(Used In) Capital And Related Financing Activities		
Purchase of equipment	(150)	(1,872)
Receipts from capital grants	<u>0</u>	<u>0</u>
Net Cash Provided By/(Used In) Capital And Related Financing Activities	(150)	(1,872)
Cash Flows Provided By/ (Used In) Investing Activities		
Purchase of investments	(812)	0
Receipts of interest	<u>4,833</u>	<u>5,176</u>
Net Cash Provided By/(Used In) Investing Activities	<u>4,021</u>	<u>5,176</u>
Increase/(Decrease) in Cash And Cash Equivalents	27,547	(28,663)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>53,748</u>	<u>82,411</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 81,295</u>	<u>\$ 53,748</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, 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Coushatta was incorporated on April 22, 1872, under the provisions of a special home rule charter. The Town operates under a Mayor-Council form of government. The Town's major operations include public safety, fire protection, streets, sanitation, recreation and parks, utilities, and general administrative services.

The accounting and reporting policies of the Town of Coushatta conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial principles. Such accounting and reporting procedures also conform to the requirements set forth in the Louisiana Governmental Audit Guide and to the industry audit guide, Audits of State and Local Governmental Units.

A. Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Oversight responsibility by the Town is determined on the basis of the following criteria:

1. Financial interdependency. When a separate agency produces a financial benefit for or imposes a financial burden on a unit of government, that agency is a part of the reporting entity. Manifestations of financial interdependency include responsibility for financial deficits, entitlements to surpluses, and guarantees of, or "moral responsibility" for debt.
2. Selection of governing authority. An authoritative appointment is one where the entity's chief elected official maintains a significant continuing relationship with the appointed officials with respect to carrying out important public functions.
3. Designation of management. When management is appointed by and held accountable to a governing authority that is included in the entity, the activity being managed falls within the entity.
4. Ability to significantly influence operations. This ability includes, but is not limited to, the authority to review and approve budgetary requests, adjustments, and amendments.
5. Accountability for fiscal matters. Fiscal authority normally includes the authority for final approval over budgetary appropriations, responsibility for funding deficits and operating deficiencies, disposal of surplus funds, control over the collection and disbursement of funds, and maintenance of title to assets.

There may be, however, factors other than oversight that are so significant that exclusion of a particular agency from a reporting entity's financial statements would be misleading. These factors include:

1. Scope of Public Service. Aspects to be considered include who the activity benefits and whether it is conducted *within the entity's geographic boundaries and generally available to its citizens*.
2. Special Financing Relationship. Such a relationship may have been created to benefit the entity by providing for the issuance of debt on behalf of the entity.

TOWN OF COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Based on the application of these criteria, the financial statements of the Town of Coushatta, Louisiana, consist only of the funds and account groups of the Town since the Town has no oversight responsibility for any other governmental entity.

B. Fund Accounting

The accounts of the Town of Coushatta are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. The individual funds account for the government resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The various funds are grouped in this report into generic fund types and broad fund categories as follows:

Governmental Fund Types - Governmental funds account for all or most of the Town of Coushatta's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations.

General Fund - is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. General tax revenues and other sources of revenue used to finance the fundamental operations of the Town are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.

Special Revenue Funds - are used to account for the proceeds of specific revenue sources other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specific purposes. The Town's special revenue funds consist of the sales tax, street tax, fire tax, recreation tax and economic development funds.

Proprietary Fund Types - Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The Town of Coushatta applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Enterprise Fund - is used to account for operations a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or b) where the governing body has decided the periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

TOWN OF COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

Fiduciary Fund Types - These funds account for assets held by the Town as a trustee or agent for individuals, private organizations, other units of governments, and/or other funds.

Agency Fund - is used to account for the collection of property taxes and the subsequent distribution to other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups - An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net expendable available financial resources.

General fixed assets account group - This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes and excludes fixed assets in the Enterprise Fund.

General long-term debt account group - This is not a fund but rather an account group that is used to account for the outstanding principal balances of general obligation bonds and other long-term debt not reported in the proprietary funds.

C. General Fixed Assets and Long-term Debt

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. Public domain ("infrastructure") general fixed assets consisting of certain improvements, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at cost.

Long-term liabilities expected to be financed from governmental fund types are accounted for in the General Long-Term Debt Account Group.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Property, plant, and equipment acquired for proprietary funds is capitalized in the respective funds to which it applies.

The proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity is included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

TOWN OF COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. General Fixed Assets and Long-term Debt (Continued)

Depreciation of all exhaustible fixed assets used by the enterprise fund is charged as an expense against its operations. Accumulated depreciation is reported on the enterprise fund balance sheet. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

	<u>Years</u>
Buildings	20
Wells	30
Transmission and Distribution Mains	20
Storage tanks	30
Pumping equipment	10-20
Meters	10-20
Hydrants	15-30
Power tools	3
Office furniture and equipment	5

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds as well as the agency fund, are accounted for using 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 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 be used to pay liabilities of the current period. Ad valorem taxes are recorded as revenue when levied because they are considered to be both measurable and available even though a portion of the taxes are collected in subsequent years.

Those revenues susceptible to accrual are ad valorem taxes, franchise taxes, interest revenue, intergovernmental revenues, and charges for services. Fines, permits, licenses, penalties and interest, and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Anticipated refunds of taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that principal and interest on general long-term debt is recognized when due. Purchase of various operating supplies are regarded as expenditures at the time purchased.

All proprietary funds are accounted for by using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sales of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources or uses. These other financing sources or uses are recognized at the time the underlying events occur.

TOWN OF COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control. Annual operating budgets are adopted each fiscal year and amended as required.

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

1. Prior to November 1, the town clerk submits to the town council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for inspection. A public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. The budget is legally enacted through passage of an ordinance.
5. The town clerk is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the town council.
6. All budgetary appropriations lapse at the end of the fiscal year.
7. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The Town's procedures with respect to its budget are designed to meet the requirements of applicable Louisiana Revised Statutes. The Town prepares budgets for its General Fund and Special Revenue Funds on a basis consistent with generally accepted accounting principles.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town of Coushatta.

G. Cash and Cash Equivalents

Consistent with GASB Statement 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting", the Town defines cash and cash equivalents as follows:

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

TOWN OF COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Cash and Cash Equivalents (Continued)

Cash equivalents - all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

H. Investments

Investments, which consist of certificates of deposit, are stated at lower of cost or market. Discounts and premiums on the purchase of investments are amortized over the life of the investment remaining from the date of purchase to the date of maturity.

I. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the enterprise fund are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

J. Bad Debts

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

K. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables" and are recorded by all funds affected in the period in which transactions are executed.

L. Interest Receivable

Interest on investments and certain receivables are recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

M. Compensated Absences

Vacation earned is recorded as an expenditure of the governmental fund that it relates to when it is paid. Vacation leave of the enterprise fund is recorded as an expense and liability of that fund as the benefits accrue to employees. The cost of current leave privileges, computed in accordance with GASB Codification C 60, is recognized as a current year expenditure in the governmental funds when leave is actually taken. The cost of leave privileges not requiring current resources is recorded in the General Long-Term Debt Account Group. Compensated absences associated with employees of the Enterprise Fund are recorded as a fund liability and operating expense.

TOWN OF COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distribution. Reserved retained earnings for proprietary funds represent the net assets that have been legally identified for specific purposes. Specific reservations of the fund balance accounts are summarized below.

Reserve for prepaids - This reserve was created to represent the portion of the fund balance that is not available for expenditures because the Town expects to use these resources within the next budgetary period.

Contributed capital is recorded in the Enterprise Fund for capital grants restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

O. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 and expenditures during the reporting period. Actual results could differ from those estimates.

P. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Certain amounts from prior year financial statements have been reclassified to conform with current classifications.

Q. Total Columns on Combined Statements - Overview

Total columns on the general purpose financial statements are captioned "(Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Louisiana Revised Statutes authorize the Town to invest in United States bonds, treasury notes or certificates, or to deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Deposits are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost. Current fair market value of the capital stock of the Coushatta Industrial Development Corporation is not available.

TOWN OF COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

At December 31, 1998, the Town of Coushatta had cash and cash equivalents totaling \$159,387 as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Agency</u>	<u>Total</u>
Petty cash	\$ 200	\$ 0	\$ 300	\$ 0	\$ 500
Demand deposits	0	783,178	0	17,169	800,347
Interest-bearing demand deposits	<u>30,296</u>	<u>27,249</u>	<u>80,995</u>	<u>0</u>	<u>138,540</u>
Totals	<u>\$ 30,496</u>	<u>\$ 810,427</u>	<u>\$ 81,295</u>	<u>\$ 17,169</u>	<u>\$ 939,387</u>

The Town of Coushatta has investments totaling \$339,292 as of December 31, 1998. These investments consist of \$284,292 in certificates of deposit and \$55,000 in capital stock in the Coushatta Industrial Development Corporation.

Under state law, these deposits must be secured by Federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a custodial bank that is mutually acceptable to both parties. At December 31, 1998, the Town had \$1,230,977 in bank deposits of which \$420,467 were secured by federal deposit insurance, \$358,726 (market value) of pledged securities held by the custodial banks in the name of the fiscal agent (GASB category 3) and \$451,784 were unsecured. See the accompanying management letter for a description of the finding.

Even though the pledged securities are considered collateralized under the provisions of GASB Statement 3, Louisiana Revised Statutes require the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified by the Town of Coushatta that the pledging bank has failed to pay deposited funds upon demand.

NOTE 3 INTERFUND RECEIVABLES AND PAYABLES

A summary of interfund receivables and payables at December 31, 1998, is as follows:

	<u>Due From</u>	<u>Due To</u>
General fund	\$ 32,206	\$ 0
Special revenue funds		
Street tax fund	3,319	0
Fire tax fund	3,319	0
Recreation tax fund	9,623	0
Agency fund/Property tax fund	0	45,760
Enterprise fund	<u>0</u>	<u>2,707</u>
Totals	<u>\$ 48,467</u>	<u>\$ 48,467</u>

Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Property tax fund	\$ 29,499
General Fund	Enterprise fund	2,707
Street tax fund	Property tax fund	3,319
Fire tax fund	Property tax fund	3,319
Recreation tax fund	Property tax fund	<u>9,623</u>
Totals		<u>\$ 48,467</u>

TOWN OF COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 4 AD VALOREM TAXES

The Town of Coushatta levies taxes on real and business personal property located within its boundaries. The Red River Parish Tax Assessor assesses the property values and prepares the Town's property tax roll. The Town bills and collects its own property taxes.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes levied on October 31, are payable upon receipt of notice. All ad valorem tax revenues are recognized in compliance with NCGA Interpretation -3 and GASB Codification Section P70 (Revenue Recognition - Property Taxes) which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due and receivable within the current period and collected no longer than 60 days after the close of the current period.

For the year ended December 31, 1998, taxes of 11.97 mills were levied on property with assessed valuations totaling \$6,638,530 and were dedicated as follows:

General alimony	6.76 mills	Street improvements	1.04 mills
Fire department	1.04 mills	Recreation department	3.13 mills

Total taxes levied were \$79,596. At December 31, 1998, taxes receivable were \$28,591, net of estimated uncollectible taxes of \$82.

NOTE 5 DEDICATION OF PROCEEDS AND FLOW OF FUNDS

A. 1% Sales Tax

Proceeds of the 1% sales tax levied by the Town of Coushatta (1998 collections - \$270,672; 1997 collections - \$251,377) are dedicated to the following purposes:

Constructing, acquiring, extending, improving and/or maintaining drainage facilities, streets, street lighting facilities, bridges, sidewalks, waterworks, sewers and sewer disposal works, recreational facilities, public parks, public buildings and fire department stations and equipment, payment of salaries of municipal employees, maintaining and operating the municipal police department and garbage collection and disposal facilities including the purchase of equipment therefor, or for any one or more of said purposes, title to which improvements shall be in the public.

B. 1.04 Mills Street Improvement Tax

Proceeds of the 1.04 mills street improvement tax (1998 revenue - \$6,639; 1997 revenue \$7,076) are dedicated to the following purpose:

Improvement and maintenance of streets.

C. 1.04 Mills Fire Department Tax

Proceeds of the 1.04 mills fire department tax (1998 revenue - \$6,639; 1997 revenue - \$7,076) are dedicated to the following purpose:

Paying and liquidating all maturing indebtedness and general operating expenses of Fire District No. 1.

TOWN OF COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 5 DEDICATION OF PROCEEDS AND FLOW OF FUNDS (CONTINUED)

D. 3.13 Mills Recreation Tax

Proceeds of the 3.13 mills recreation tax (1998 revenue - \$19,916; 1997 revenue - \$21,296) are dedicated to the following purpose:

Payment of maintenance and operating expenses of the public buildings and other works of permanent public improvements used for recreation purposes.

NOTE 6 CHANGES IN FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, 1998	Additions	Deletions	Balance December 31, 1998
Land	\$ 113,000	\$ 0	\$ 0	\$ 113,000
Buildings	203,647	328,673	0	532,320
Improvements other than buildings	489,735	24,436	0	514,171
Equipment, furniture & fixtures	194,074	10,616	0	204,690
Total General Fixed Assets	<u>\$ 1,000,456</u>	<u>\$ 363,725</u>	<u>\$ 0</u>	<u>\$ 1,364,181</u>

A summary of proprietary fund type property, plant and equipment at December 31, 1998 follows:

	Straight Line	Cost	Accumulated Depreciation	Net	Depreciation This Year
Land	-	\$ 10,782	\$ 0	\$ 10,782	\$ 0
Buildings	20 yrs	74,497	(57,974)	16,523	3,863
Improvements other than buildings	20-30 yrs	1,062,612	(373,772)	688,840	43,496
Equipment	3-30 yrs	241,868	(219,159)	22,709	6,904
Furniture and fixtures	5 yrs	23,511	(22,930)	581	267
Totals		<u>\$ 1,413,270</u>	<u>\$ (673,835)</u>	<u>\$ 739,435</u>	<u>\$ 54,530</u>

	Cost	Accumulated Depreciation	Net
Changes during the year			
Balance, Beginning of year	\$ 1,413,120	\$ (619,305)	\$ 793,815
Additions			
Furniture and fixtures	150	0	150
Depreciation	0	(54,530)	(54,530)
Balance, End of year	<u>\$ 1,413,270</u>	<u>\$ (673,835)</u>	<u>\$ 739,435</u>

NOTE 7 COMPENSATED ABSENCES

At December 31, 1998, employees of the Town of Coushatta, Louisiana have accumulated and vested \$7,677 of employee leave benefits, which were computed in accordance with GASB Codification Section C 60. \$4,799 is recorded within the General Long-Term Debt Account Group and \$2,878 is recorded as a liability within the Enterprise Fund.

TOWN OF COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 7 COMPENSATED ABSENCES (CONTINUED)

The following is a summary of changes in accumulated unpaid vacation of the Town for the year ended December 31, 1998:

Accumulated Unpaid Vacation, January 1, 1997	\$	9,680
Increase/(Decrease) in Unpaid Vacation		<u>(2,003)</u>
Accumulated Unpaid Vacation, December 31, 1998		<u>\$ 7,677</u>

NOTE 8 LONG-TERM DEBT

The following is a summary of other long-term debt transactions of the Town for the year ended December 31, 1998:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Economic Development loan	4.00%	2008	\$ 217,000	\$ 217,000
Bank of Coushatta loan	6.00%	2003	<u>50,000</u>	<u>50,000</u>
Total			<u>\$ 267,000</u>	<u>\$ 267,000</u>

The annual requirements to amortize the outstanding loans as of December 31, 1998, including interest payments are as follows:

<u>Year Ending December 31,</u>	<u>Economic Development</u>	<u>Bank of Coushatta</u>	<u>Total</u>
1999	\$ 26,754	\$ 11,870	\$ 38,624
2000	26,754	11,870	38,624
2001	26,754	11,870	38,624
2002	26,754	11,870	38,624
2003	26,754	11,870	38,624
Thereafter	<u>133,770</u>	<u>0</u>	<u>133,770</u>
Total	<u>\$ 267,540</u>	<u>\$ 59,350</u>	<u>\$ 326,890</u>

NOTE 9 RETIREMENT COMMITMENTS

The Town participates in two cost-sharing multiple employer statewide retirement systems (PERS) for its employees. Each retirement system is administered and controlled by a separate board of trustees.

Following is a brief description of each retirement system in which the Town participates:

A. Louisiana Municipal Employees' Retirement System

The Louisiana Municipal Employees' Retirement System was established by Act 356 of the 1954 Legislature to provide retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and elect to become members of the System.

Membership is mandatory as a condition of employment if the employee is on a permanent basis working at least thirty-five hours per week, not participating in another public funded retirement system, and under age sixty (60) at the date of employment. Those individuals paid jointly by the participating employer and the parish are not eligible for

TOWN OF COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 9 RETIREMENT COMMITMENTS (CONTINUED)

A. Louisiana Municipal Employees' Retirement System (Continued)

membership in the System.

The System has two retirement plans available for its members; Plan "A" and Plan "B". Plan "A" combines the original plan and the supplemental plan for those members, participating in both plans, while Plan "B" is available for those members, participating in only the original plan. These plans have different contribution rates and provide different retirement benefits. All employees of the Town of Coushatta, Louisiana, who participate in this System are covered by Plan "A". Any member of Plan "A" can retire providing he meets one of the following criteria:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Under age 60 and five (5) years of creditable service and eligible for disability benefits.
5. Survivor's benefits require five (5) years creditable service at death of member.

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

Upon the death of any member of Plan "A" with five (5) or more years of creditable service, who is not eligible for retirement, benefits are provided for the surviving spouse and minor children as outlined in the statutes. The surviving spouse of an employee eligible for normal retirement at the time of death shall receive benefits for life.

A member of Plan "A" with five (5) years of creditable service is eligible for disability benefits. A disabled member receives a normal retirement allowance if eligible or, if age sixty, receives a benefit based on years of creditable service without regard to the minimum service requirement. If the member is under age sixty and is not eligible for a normal retirement allowance, he receives a disability benefit consisting of an amount equal to three percent of his final compensation multiplied by his years of creditable service projected to his earliest normal retirement age not to exceed sixty percent of his final compensation. Disability benefits are converted to a normal retirement allowance upon the member's attainment of his earliest normal retirement age based on his final compensation and creditable service.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing or calling the Louisiana Municipal Employees' Retirement System.

Plan members are required by state statute to contribute 9.25% of earnable compensation for Plan A. Employer contributions for the year were 5.75% of members' earnings, for Plan A as set by the Public Retirement Systems' Actuarial Committee. The employees' contributions are deducted from the employees' salaries and are remitted by the Town on a quarterly basis. The Town of Coushatta's contributions to the System for the year ended December 31, 1998, was \$13,583, equal to the required contributions for the year.

B. Municipal Police Employees' Retirement System

The Municipal Police Employees Retirement System was established by Act 189 of 1973 to provide retirement benefits to employees of any municipality in the State which employs a full-time police officer, empowered to make arrests, or

TOWN OF COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 9 RETIREMENT COMMITMENTS (CONTINUED)

B. Municipal Police Employees' Retirement System

which has an elected Chief of Police whose salary is at least \$100 per month.

Eligible employees include any full-time police officer, empowered to make arrests, employed by a municipality of the State and engaged in law enforcement, earning at least \$375 per month excluding state supplemental pay, or an elected Chief of Police whose salary is at least \$100 per month. City or Ward Marshals, elected Councilmen and Mayors are excluded from membership. Persons who were members on September 7, 1977, must remain members of the System and persons hired on or after that date must become members of the System as a condition of employment if they are under age 50 and are not covered by the Social Security System.

All full-time police officers of the Town of Coushatta, Louisiana, are eligible to participate in this System. Benefit provisions are authorized within Act 189 of 1973 & amended by LRS 11:2211-11:2233.

Employees attaining the age of 50 completing 20 or more years of service, or the age of 55 and completing 12 years of service, are entitled to a yearly benefit of 3 1/3% of their average final compensation, as defined in the plan, times years of creditable service. Active employees who become disabled after 1985 due to total and permanent disability, with at least 5 years of creditable service, receive a benefit of 3% of average final compensation multiplied by the years of creditable service, but not less than 40% nor more than 60% of average final compensation. Upon reaching retirement age, disability pensioners receive the greater of disability benefits or accrued benefits earned to date of disability. Prior to the enactment of Act 81 of 1985, other disability rules may be applicable as described in the plan. The system also provides for death benefits as described in the plan.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing or calling the Louisiana Municipal Police Employees' Retirement System.

Plan members are required by state statute to contribute 7.5% of earnable compensation. Employer contributions for the current year are 9.0% of covered employees' earnable compensation excluding overtime but including state supplemental pay. The employees' contributions are deducted from the employees' salaries and are remitted by the Town on a monthly basis. The Town of Coushatta's contributions to the System for the year ended December 31, 1998, was \$13,088, equal to the required contribution for the year.

NOTE 10 LEASE OBLIGATIONS

The Town of Coushatta was not obligated under any capital or operating lease commitments at December 31, 1998.

NOTE 11 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 maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

TOWN OF COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 12 LITIGATION

The Town is currently a defendant in two lawsuits. Although the outcome of these lawsuits are not determinable at this stage of the proceedings, the potential losses not covered by applicable insurance is not considered to be significant in relation to the Town's overall financial condition.

NOTE 13 CLAIMS AND JUDGMENTS

The Town participates in federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. The Town believes that *disallowed expenditures, if any, based on subsequent audits* will not have a material effect on any of the individual governmental funds or the overall financial position of the Town.

NOTE 14 FUND DEFICIT

The Enterprise fund (Utility fund) of the Town of Coushatta has a deficit in the unreserved fund balance of \$311,447 at December 31, 1998. Combining contributed capital with the deficit in the unreserved fund balance results in total fund equity of \$887,627.

Management plans to eliminate the deficit in the unreserved fund balance through a combination of actions:

- 1) Management has implemented strict cost control procedures to reduce expenses.
- 2) Management implemented a rate increase during 1998 and will consider further increases as necessary.

Management feels that these actions will relieve the existing deficit in the Enterprise fund.

SUPPLEMENTAL INFORMATION SCHEDULES

SPECIAL REVENUE FUNDS

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

Sales Tax Fund

To account for the revenues and expenditures of the sales tax fund. Proceeds of the 1% sales tax are dedicated to the following purposes:

Constructing, acquiring, extending, improving and/or maintaining drainage facilities, streets, street lighting facilities, bridges, sidewalks, waterworks, sewers and sewer disposal works, recreational facilities, public parks, public buildings and fire department stations and equipment, payment of salaries of municipal employees, maintaining and operating the municipal police department and garbage collection and disposal facilities including the purchase of equipment therefor, or for any one or more said purposes, title to which improvements shall be in the public.

Street Tax Fund

To account for the receipt and subsequent expenditure of proceeds of the Town's 1.04 mills street improvement tax, dedicated to the improvement and maintenance of Town streets.

Fire Tax Fund

To account for the receipt and subsequent expenditure of proceeds of the Town's 1.04 mills fire department tax, dedicated to the payment of all maturing indebtedness and general operating expenses of the Fire Department District No. 1 of the Town.

Recreation Tax Fund

To account for the receipt and subsequent expenditure of proceeds of the Town's 3.13 mills recreation tax, dedicated to payment of the maintenance and operating expenses of the public buildings and other works of permanent public improvements used for recreation purposes in the Town.

Economic Development Fund

To account for the receipts and expenditures of an economic development grant to fund a revolving loan program for the purpose of aiding and benefiting economic development and job creation in Red River Parish.

SCHEDULE 1

TOWN OF COUSHATTA, LOUISIANA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 1998

	<u>Sales</u>	<u>Street</u>	<u>Fire</u>	<u>Recreation</u>	<u>Economic</u>		<u>Totals</u>
	<u>Tax</u>	<u>Tax</u>	<u>Tax</u>	<u>Tax</u>	<u>Development</u>		<u>1998</u>
							<u>1997</u>
ASSETS							
Cash and cash equivalents	\$ 1,114	\$ 2,064	\$ 9,719	\$ 17,530	\$ 780,000	\$	\$ 810,427
Investments	106,201	0	44,084	26,392	0	\$	173,244
Accrued interest receivable	61	0	110	100	0	\$	271
Due from property tax fund	0	3,319	3,319	9,623	0	\$	16,261
Due from other governmental units	21,613	0	0	0	0	\$	21,613
Total Assets	\$ 128,989	\$ 5,383	\$ 57,232	\$ 53,645	\$ 780,000	\$	\$ 1,025,249
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 1,040	\$ 0	\$ 0	\$ 1,389	\$ 0	\$	\$ 2,429
Fund balances							
Unreserved	127,949	5,383	57,232	52,256	780,000	\$	1,022,820
Total Liabilities and Fund Balances	\$ 128,989	\$ 5,383	\$ 57,232	\$ 53,645	\$ 780,000	\$	\$ 1,025,249

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

SCHEDULE 2

TOWN OF COUSHATTA, LOUISIANA

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 1998

	<u>Sales Tax</u>	<u>Street Tax</u>	<u>Fire Tax</u>	<u>Recreation Tax</u>	<u>Economic Development</u>	<u>Totals</u>
	<u>1998</u>	<u>1998</u>	<u>1998</u>	<u>1998</u>	<u>1998</u>	<u>1997</u>
REVENUES						
Taxes						
Ad valorem taxes	\$ 0	\$ 6,639	\$ 6,639	\$ 19,916	\$ 0	\$ 35,448
Sales taxes	270,672	0	0	0	0	251,377
Grants	0	0	0	0	780,000	0
Interest income	4,607	0	2,337	1,799	0	7,943
Miscellaneous	427	0	91	2,100	0	1,768
Total Revenues	275,706	6,639	9,067	23,815	780,000	296,536
EXPENDITURES						
General government	5,474	150	4,983	0	0	7,731
Public safety	0	0	7,200	0	0	7,200
Highways and street	0	5,552	0	0	0	7,672
Culture and recreation	0	0	0	19,535	0	24,653
Total Expenditures	5,474	5,702	12,183	19,535	0	47,256
Excess of Revenues over/(under) Expenditures	270,232	937	(3,116)	4,280	780,000	249,280
OTHER FINANCING SOURCES/(USES)						
Operating transfers in/(out)	(272,827)	0	0	0	0	(264,900)
Excess of revenues and other financing sources over/(under) expenditures and other financing uses	(2,595)	937	(3,116)	4,280	780,000	(15,620)
FUND BALANCES, Beginning of year	130,544	4,446	60,348	47,976	0	258,934
FUND BALANCES, End of year	\$ 127,949	\$ 5,383	\$ 57,232	\$ 52,256	\$ 780,000	\$ 243,314

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

SCHEDULE 3

TOWN OF COUSHATTA, LOUISIANA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED DECEMBER 31, 1998

	Sales Tax Fund			Street Tax Fund		
	Budget	Actual	Variance Fav./(Unfav.)	Budget	Actual	Variance Fav./(Unfav.)
REVENUES						
Taxes						
Ad valorem taxes	\$ 0	\$ 0	\$ 0	\$ 7,000	\$ 6,639	\$ (361)
Sales taxes	279,150	270,672	(8,478)	0	0	0
Grants	0	0	0	0	0	0
Interest income	3,250	4,607	1,357	18	0	(18)
Miscellaneous	200	427	227	0	0	0
Total Revenues	282,600	275,706	(6,894)	7,018	6,639	(379)
EXPENDITURES						
General government	6,000	5,474	526	0	150	(150)
Public safety	0	0	0	0	0	0
Highways and street	0	0	0	9,522	5,552	3,970
Culture and recreation	0	0	0	0	0	0
Total Expenditures	6,000	5,474	526	9,522	5,702	3,820
Excess of revenues over/ (under) expenditures	276,600	270,232	(6,368)	(2,504)	937	3,441
OTHER FINANCING SOURCES/(USES)						
Operating transfers in/(out)	(276,600)	(272,827)	3,773	0	0	0
Excess of revenues and other financing sources over/(under) expenditures and other financing uses	0	(2,595)	(2,595)	(2,504)	937	3,441
FUND BALANCES, Beginning of year	130,544	130,544	0	4,446	4,446	0
FUND BALANCES, End of year	\$ 130,544	\$ 127,949	\$ (2,595)	\$ 1,942	\$ 5,383	\$ 3,441

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

SCHEDULE 3

TOWN OF COUSHATTA, LOUISIANA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 1998

	Fire Tax Fund			Recreation Tax Fund		
	Budget	Actual	Variance Fav./(Unfav.)	Budget	Actual	Variance Fav./(Unfav.)
REVENUES						
Taxes						
Ad valorem taxes	\$ 7,000	\$ 6,639	\$ (361)	\$ 20,000	\$ 19,916	\$ (84)
Sales taxes	0	0	0	0	0	0
Grants	0	0	0	0	0	0
Interest income	909	2,337	1,428	2,000	1,799	(201)
Miscellaneous	64	91	27	4,046	2,100	(1,946)
Total Revenues	7,973	9,067	1,094	26,046	23,815	(2,231)
EXPENDITURES						
General government	5,023	4,983	40	0	0	0
Public safety	7,200	7,200	0	0	0	0
Highways and street	0	0	0	0	0	0
Culture and recreation	0	0	0	24,682	19,535	5,147
Total Expenditures	12,223	12,183	40	24,682	19,535	5,147
Excess of revenues over/(under) expenditures	(4,250)	(3,116)	1,134	1,364	4,280	2,916
OTHER FINANCING SOURCES/(USES)						
Operating transfers in/(out)	0	0	0	0	0	0
Excess of revenues and other financing sources over/(under) expenditures and other financing uses	(4,250)	(3,116)	1,134	1,364	4,280	2,916
FUND BALANCES, Beginning of year	60,348	60,348	0	47,976	47,976	0
FUND BALANCES, End of year	\$ 56,098	\$ 57,232	\$ 1,134	\$ 49,340	\$ 52,256	\$ 2,916

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

TOWN OF COUSHATTA, LOUISIANA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 1998

	<u>Economic Development Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Fav./Unfav.</u>
REVENUES			
Taxes			
Ad valorem taxes	\$ 0	\$ 0	\$ 0
Sales taxes	0	0	0
Grants	780,000	780,000	0
Interest income	0	0	0
Miscellaneous	0	0	0
Total Revenues	780,000	780,000	0
EXPENDITURES			
General government	0	0	0
Public safety	0	0	0
Highways and street	0	0	0
Culture and recreation	0	0	0
Total Expenditures	0	0	0
Excess of revenues over/(under) expenditures	780,000	780,000	0
OTHER FINANCING SOURCES/(USES)			
Operating transfers in/(out)	0	0	0
Excess of revenues and other financing sources over/(under) expenditures and other financing uses	780,000	780,000	0
FUND BALANCES, Beginning of year	0	0	0
FUND BALANCES, End of year	<u>\$ 780,000</u>	<u>\$ 780,000</u>	<u>\$ 0</u>

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

AGENCY FUND

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

Property Tax Fund

This fund is used to account for the collection and distribution of property taxes to other funds.

SCHEDULE 4

TOWN OF COUSHATTA, LOUISIANA
AGENCY FUND
PROPERTY TAX FUND
COMPARATIVE BALANCE SHEETS
DECEMBER 31, 1998 AND 1997

	1998	1997
ASSETS		
Cash and cash equivalents	\$ 17,169	\$ 218
Taxes receivable - ad valorem (net of estimated uncollectible taxes of \$82 and \$218 in 1998 and 1997, respectively)	28,591	8,621
Total Assets	\$ 45,760	\$ 8,839
LIABILITIES		
Due to other funds		
General fund	\$ 29,499	\$ 7,821
Street tax fund	3,319	269
Fire tax fund	3,319	269
Recreation tax fund	9,623	480
Total Liabilities	\$ 45,760	\$ 8,839

SCHEDULE 5

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED DECEMBER 31, 1998

	Balance January 1, 1998	Additions	Deductions	Balance December 31, 1998
ASSETS				
Cash and cash equivalents	\$ 218	\$ 58,964	\$ 42,013	\$ 17,169
Taxes receivable Ad valorem, net	8,621	79,597	59,627	28,591
Total Assets	\$ 8,839	\$ 138,561	\$ 101,640	\$ 45,760
LIABILITIES				
Due to other funds				
General fund	\$ 7,821	\$ 46,403	\$ 24,725	\$ 29,499
Street tax fund	269	6,639	3,589	3,319
Fire tax fund	269	6,639	3,589	3,319
Recreation tax fund	480	19,916	10,773	9,623
Total Liabilities	\$ 8,839	\$ 79,597	\$ 42,676	\$ 45,760

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

TOWN OF COUSHATTA, LOUISIANA
SCHEDULE OF EXPENDITURES - ALL GOVERNMENTAL
FUND TYPES - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1998

EXPENDITURES	
General government	\$ 1,177
Advertising	3,308
Building inspector	355,854
Capital outlay	15,000
Consultant	2,954
Contractual services	451
Dues and subscriptions	35,964
Insurance	19,765
Insurance - employee	3,317
Miscellaneous	38
Printing	14,152
Professional services	1,495
Rentals	25,453
Repairs and maintenance	10,292
Retirement	88,678
Salaries	17,275
Sunbeam-utilities	6,797
Supplies	284
Taxes	2,558
Telephone and communications	2,221
Travel	2,355
Utilities	<u>2,355</u>
Total General Government	609,388
Public safety	2,065
Capital outlay	18,673
Contractual services	255
Criminal justice institute, CMIS	245
Dues and subscriptions	7,559
Insurance	13,894
Insurance - employee	3,470
Juvenile detention, prevention, NLCL	214
Printing	308
Professional services	2,729
Repairs and maintenance	13,088
Retirement	125,584
Salaries	5,304
Supplies	137
Telephone and communications	<u>5,521</u>
Travel	<u>5,521</u>
Total Public Safety	\$ 199,046

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

TOWN OF COUSHATTA, LOUISIANA
SCHEDULE OF EXPENDITURES - ALL GOVERNMENTAL
FUND TYPES - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1998

EXPENDITURES (CONTINUED)

Public works	\$	3,037
Capital outlay		780
Contractual services		15
Dues and subscriptions		1,586
Insurance		1,445
Insurance - employee		1,962
Permits		493
Professional services		354
Rentals		7,499
Repairs and maintenance		37,106
Salaries		6,122
Supplies		165
Telephone and communications		1,048
Travel		6,816
Utilities		<u>6,816</u>
Total Public Works		68,428
 Sanitation department		
Contractual services		72,274
Dues and subscriptions		135
Insurance		6,511
Insurance - employee		9,754
Rentals		112
Repairs and maintenance		10,110
Salaries		73,242
Supplies		6,232
Telephone and communications		50
Travel		2,808
Utilities		<u>18,177</u>
Total Sanitation Department		199,405
 Debit service		
Principal		96,390
Interest		<u>367</u>
Total Debit Service		<u>96,757</u>
 TOTAL EXPENDITURES		<u>\$ 1,173,024</u>

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

TOWN OF COUSHATTA, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO MEMBERS OF THE TOWN COUNCIL
YEAR ENDED JULY 31, 1998

<u>Members</u>	<u>Number of Meetings Attended</u>	<u>Compensation</u>
Rose Byrd	20	\$ 3,600
Ben R. Jowers	19	3,600
H. D. Lafield	21	3,600
James R. Lindsey	14	3,600
James Nettles	19	3,600
		<u>\$ 18,000</u>

Compensation Paid Board Members

The schedule of compensation paid to the members of the Town Council of the Town of Coushatta, Louisiana, is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the Councilmen is included in the general government expenditures of the general fund.

HINES, JACKSON & HINES

CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 2188 • 133 EAST FIFTH STREET
NATCHITOCHES, LA 71457

Telephone (318) 352-6458
FAX (318) 352-0404
hjhcpa@worldnetla.net

A. NEILL JACKSON, JR., CPA
(Retired)

FRANK S. HINES, CPA
LEWIS C. HINES, CPA
E. MERLIN SQUYRES, CPA
JAY H. SHEFFIELD, CPA

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Archie Worsham, Mayor
and Members of the Town Council
P. O. Box 531
Coushatta, Louisiana 71019

We have audited the general purpose financial statements of the Town of Coushatta, Louisiana, as of and for the year ended December 31, 1998, and have issued our report thereon dated April 6, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Coushatta's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Coushatta's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of the Town of Coushatta and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Hines, Jackson & Hines

Natchitoches, Louisiana

April 6, 1999

TOWN OF COUSHATTA, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED
DECEMBER 31, 1998

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
1	12/31/97	The actual revenues of the special revenue funds were \$40,264 (11.95 percent) more than budgeted amounts in 1997. Likewise, actual expenditures for the general and special revenue funds were \$152,786 (21.93 percent) and \$8,001 (20.38 percent) more than the budgeted amounts, respectively, in 1997.	Yes	This finding was resolved.

TOWN OF COUSHATTA, LOUISIANA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED
DECEMBER 31, 1998

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Correct Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
1	The bank deposit balances of the Town of Coushatta exceeded federal deposit insurance corporation (FDIC) coverage and the depositing banks did not pledge sufficient securities to cover the amount exceeding the FDIC's coverage.	The amount of securities being pledged to secure bank deposits will be reviewed quarterly with each financial institution.	Willie Robinson, Town Clerk	05/01/99

HINES, JACKSON & HINES

CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 2188 • 133 EAST FIFTH STREET
NATCHITOCHES, LA 71457

Telephone (318) 352-6458
FAX (318) 352-0404
hjhcpa@worldnetia.net

FRANK S. HINES, CPA
LEWIS C. HINES, CPA
E. MERLIN SQUYRES, CPA
JAY H. SHEFFIELD, CPA

A. NEILL JACKSON, JR., CPA
(Retired)

The Honorable Archie Worsham, Mayor
and Members of the Town Council
Post Office Box 531
Coushatta, Louisiana 71019

We are writing this letter as a follow-up to our recent audit of the general purpose financial statements of the Town of Coushatta, Louisiana as of December 31, 1998, and for the year then ended.

We offer the following observations and recommendations, which are intended to help improve record keeping procedures and general operations of the Town and are intended to be constructive in nature:

Existing Conditions

At December 31, 1998, the amount of bank deposits of the Town of Coushatta exceeded the federal deposit insurance corporation (FDIC) limit. This resulted in bank deposits not being secured against loss because the depositing banks did not pledge sufficient securities at a third part custodian to cover the excess deposits.

LSA-RS 39:1225 requires that the amount of security maintained on bank deposits shall at all times be equal to one hundred percent of the amount of bank deposits except that portion of the deposits insured by the FDIC.

Recommended Action

We suggest the management of the Town of Coushatta review on a quarterly basis the amount of securities being pledged at each institution that deposits are maintained to ensure that proper security is being maintained over the funds as required by LSA-RS 39:1225.

Management's Response

The amount of securities being pledged to secure bank deposits will be reviewed quarterly with each financial institution.

These comments and recommendations are not all inclusive and are not intended to be critical of anyone. We would like to thank the Town of Coushatta's management and staff for their courtesy and cooperation during our engagement. If you have any questions or concerns, please let us know.

Hines, Jackson & Hines

Natchitoches, Louisiana
April 6, 1999