

**Ouachita Council of Governments
Monroe, Louisiana**

**Annual Financial Report
As of and For the Year Ended June 30, 2001**

**Ouachita Council of Governments
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INDEPENDENT AUDITORS' REPORT

Board Members
Ouachita Council of Governments
Monroe, Louisiana

We have audited the accompanying general-purpose financial statements of the Ouachita Council of Governments, Monroe, Louisiana, as of and for the year ended June 30, 2001. These general-purpose financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose 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 in the first paragraph present fairly, in all material respects, the financial position of the Council, as of June 30, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated December 7, 2001, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying supplemental information, as listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the general-purpose financial statements of the Council. 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.

Also, the accompanying other information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of the Council. Such information has not been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, accordingly, we express no opinion on it.

Allen, Green & Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
December 7, 2001

OUACHITA COUNCIL OF GOVERNMENTS

Combined Balance Sheet - All Fund Types
June 30, 2001

Statement A

*****GOVERNMENTAL FUNDS*****

	GENERAL FUND	SPECIAL REVENUE FUNDS	TOTAL (MEMORANDUM ONLY)
ASSETS			
Cash and cash equivalents	\$ 4,906	\$ 0	\$ 4,906
Receivables	63,014	47,689	110,703
Interfund receivable	0	17,075	17,075
TOTAL ASSETS	67,920	64,764	132,684
LIABILITIES AND EQUITY			
Liabilities:			
Accounts payable	30,748	64,764	95,512
Interfund payable	17,075	0	17,075
Deferred revenue	2,154	0	2,154
Total Liabilities	49,977	64,764	114,741
Fund Equity:			
Fund Balances:			
Unreserved - undesignated	17,943	0	17,943
TOTAL LIABILITIES AND EQUITY	\$ 67,920	\$ 64,764	\$ 132,684

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

OUACHITA COUNCIL OF GOVERNMENTS

**Combined Statement of Revenues, Expenditures, and Changes
in Fund Balances - All Governmental Funds
For the Year Ended June 30, 2001**

Statement B

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
REVENUES			
Intergovernmental revenues:			
Federal sources	\$ 0	\$ 156,262	\$ 156,262
Local sources	107,143	39,066	146,209
Interest earnings	980	0	980
	<hr/>	<hr/>	<hr/>
Total Revenues	108,123	195,328	303,451
EXPENDITURES			
Current:			
General government - finance and administrative	4,520	0	4,520
Intergovernmental	110,530	195,328	305,858
	<hr/>	<hr/>	<hr/>
Total Expenditures	115,050	195,328	310,378
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(6,927)	0	(6,927)
FUND BALANCES AT BEGINNING OF YEAR	<hr/> 24,870	<hr/> 0	<hr/> 24,870
FUND BALANCES AT END OF YEAR	<hr/> \$ 17,943	<hr/> \$ 0	<hr/> \$ 17,943

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

OUACHITA COUNCIL OF GOVERNMENTS

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended June 30, 2001**

Statement C

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Intergovernmental revenues:			
Local sources	\$ 105,143	\$ 107,143	\$ 2,000
Interest earnings	0	980	980
	<hr/>	<hr/>	<hr/>
Total Revenues	105,143	108,123	2,980
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
General government - finance and administrative	0	4,520	(4,520)
Intergovernmental	105,143	110,530	(5,387)
	<hr/>	<hr/>	<hr/>
Total Expenditures	105,143	115,050	(9,907)
	<hr/>	<hr/>	<hr/>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	(6,927)	(6,927)
FUND BALANCES AT BEGINNING OF YEAR	<hr/> 24,870	<hr/> 24,870	<hr/> 0
FUND BALANCES AT END OF YEAR	<hr/> \$ 24,870	<hr/> \$ 17,943	<hr/> \$ (6,927)

(CONTINUED)

OUACHITA COUNCIL OF GOVERNMENTS

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget (GAAP Basis) and Actual - Special Revenue Funds
For the Year Ended June 30, 2001**

Statement C

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Intergovernmental revenues:			
Federal sources	\$ 156,262	\$ 156,262	\$ 0
Local sources	39,066	39,066	0
Total Revenues	<u>195,328</u>	<u>195,328</u>	<u>0</u>
EXPENDITURES			
Intergovernmental	<u>195,328</u>	<u>195,328</u>	<u>0</u>
Total Expenditures	<u>195,328</u>	<u>195,328</u>	<u>0</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	0	0
FUND BALANCES AT BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES AT END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

(CONCLUDED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Ouachita Council of Governments
Notes to the General-Purpose Financial Statements

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Ouachita Council of Governments
Notes to the General-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying general-purpose financial statements of the Ouachita Council of Governments have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY The Ouachita Council of Governments was created by the Commission Council of the City of Monroe, the Mayor and Board of Aldermen of the City of West Monroe, the Ouachita Parish Police Jury, the Monroe City School Board, and the Ouachita Parish School Board on September 23, 1968, under the authority of Louisiana Revised Statutes 33:1321-1332. On February 26, 1973, the articles of the agreement were amended to provide for two classes of membership on the Council - regular members and associate members. The regular membership consists of: (1) two members from the City of Monroe Commission Council (one of whom may be the Mayor) appointed by the Commission Council; (2) two members from the membership of the Mayor and Board of Aldermen of the City of West Monroe (one of whom may be the Mayor) appointed by the Mayor and Board of Aldermen; and (3) two members from the Ouachita Parish Police Jury (one of whom may be the President) appointed by the Ouachita Parish Police Jury. Any other unit of government situated within Ouachita Parish, or having an operating office in Ouachita Parish, is eligible for associate membership. Regular and associate members serve without benefit of compensation.

In creating the Ouachita Council of Governments, the members included in the articles of the agreement the following functions and purposes of the Council:

1. To carry on a continuing comprehensive planning program that supplements and coordinates but does not duplicate the programs of the member units.
2. To study such area governmental problems common to two or more members of the Council as it deems appropriate, including but not limited to matters affecting health, safety, welfare, education, economic conditions and regional development.
3. To promote cooperative arrangements and coordinate action among its members.
4. To make recommendations for review and action to the members and other public agencies that perform functions within the region.
5. To serve as a clearinghouse, for the benefit of the member governments, of information concerning their common problems and concerning state and federal services available to assist in the solution of these problems.

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the Council members are solely accountable for fiscal matters, which include (1) budget authority, (2) responsibility for funding deficits and operating deficiencies, and (3) fiscal management for controlling the collection and disbursement of funds, and because of the scope of public service provided by the Council, the Council is a separate governmental reporting entity. The Council includes all funds, account groups, activities, et cetera, that are within the oversight responsibility of the Council. The Council has no *component* units, defined by GASB Statement 14 as other legally separate organizations for which the elected Council members are financially accountable. There are no other primary governments with which the Council has a significant relationship.

B. FUNDS AND ACCOUNT GROUPS The accounts of the Council are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The funds of the Council are classified into the governmental category. In turn, this category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds Governmental funds are used to account for the Council's general government 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 debt. Governmental funds include:

Ouachita Council of Governments
Notes to the General-Purpose Financial Statements

General fund — the primary operating fund of the Council. It accounts for all financial resources of the Council, except those required to be accounted for in another fund.

Special revenue funds — account for revenue sources that are legally restricted to expenditures for specified purposes (not including expendable trusts or major capital projects).

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "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 government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Intergovernmental revenues are recognized in the amounts earned, to the extent that they are both measurable and available.

Interest income is recorded when the time deposits have matured and the income is available.

Expenditures

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

D. BUDGETS The Council follows these procedures in establishing the budgetary data reflected in the combined financial statements: State statute requires budgets be adopted for the general fund and all special revenue funds. Each year, prior to the beginning of the fiscal year, the executive director submits to the Council proposed annual budgets for the general fund and special revenue funds budgets. Public hearings are conducted, prior to the Council's approval, to obtain taxpayer comments. Grant funds are included in special revenue funds and their budgets are adopted after the grant applications are approved by the grantor. The operating budgets include proposed expenditures and the means of financing them.

The Council adopted budgets for the general fund and all special revenue funds.

All appropriations (unexpended budget balances) lapse at year end.

Encumbrances are not recognized within the accounting records for budgetary control purposes.

All governmental funds budgets are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are as originally adopted or as amended by the Council. Legally, the Council must adopt a balanced budget, that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the Council to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures plus projected expenditures within a fund are expected to exceed budgeted expenditures by five percent or more. The Council approves budgets at the function level and management can transfer amounts between line items within a function.

Formal budget integration (within the accounting records) is employed as a management control device. The budget is established and controlled by the Council at the functional level of expenditure and budget amendments are adopted by the Council as necessary.

Ouachita Council of Governments
Notes to the General-Purpose Financial Statements

E. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits and interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Council may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as interfund receivables/payables on the balance sheet. Short-term interfund loans are also classified as interfund receivables/payables.

G. USE OF 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 statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

H. MEMORANDUM ONLY - TOTAL COLUMNS The 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 or results of operations in accordance with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - CASH At June 30, 2001, the Council had cash (book balances) totaling \$4,906 in a demand deposit.

At year-end, the Council's carrying amount of deposits was \$4,906 and the bank balance was \$4,728. Of the bank balance, \$4,728 was covered by federal depository insurance (GASB Category 1).

NOTE 3 - RECEIVABLES The receivables at June 30, 2001, are as follows:

<u>Class of Receivable</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Local sources			
Ouachita Parish Policy Jury	\$15,500	\$0	\$15,500
City of Monroe	47,514	-	47,514
Intergovernmental Revenues:			
Federal sources	-	47,689	47,689
Total	<u>\$63,014</u>	<u>\$47,689</u>	<u>\$110,703</u>

NOTE 4 - ACCOUNTS PAYABLE The accounts payable at June 30, 2001, are as follows:

<u>Accounts</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Accounts	<u>\$30,748</u>	<u>\$64,764</u>	<u>\$95,512</u>

NOTE 5 - INTERFUND RECEIVABLES/PAYABLES Interfund receivables/payables at June 30, 2001, are as follows:

Due from/to other funds:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General		\$17,075
Special revenue:		
Federal Transit Authority 80-X009	\$ 6,156	
Federal Highway Administration 736-37-0021	10,919	
Total	<u>\$17,075</u>	<u>\$17,075</u>

Ouachita Council of Governments
Notes to the General-Purpose Financial Statements

NOTE 6 - INTERGOVERNMENTAL EXPENDITURES The Ouachita Council of Governments receives contributions from its member agencies to pass through to other agencies in the region. Additionally, federal program funds are received from the Louisiana Department of Transportation and Development and transferred to other agencies. For the year ended June 30, 2001, the Council received and distributed the following:

	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Total</u>
North Delta Regional Planning & Development District	\$58,450	\$195,328	\$253,778
Ouachita Multi-Purpose CAP	4,108	-	4,108
Opportunities Industrialization Center	2,366	-	2,366
Senior Adult Academic Program	2,066	-	2,066
LA Department of Veterans Affairs	10,725	-	10,725
RSVP of Ouachita Parish	1,438	-	1,438
Northeast LA Health Education and Planning	4,312	-	4,312
Ouachita Council on Aging	9,655	-	9,655
Deaf Action Center	3	-	3
Association for Retarded Citizens/Ouachita	9,094	-	9,094
Monroe Sheltered Workshop	6,325	-	6,325
Triad	1,988	-	1,988
Total	<u>\$110,530</u>	<u>\$195,328</u>	<u>\$305,858</u>

NOTE 7 - DUAL ROLES OF STAFF The Executive Secretary of the Council also serves as Executive Director of North Delta Regional Planning and Development District. The Council has contracted with North Delta to provide technical assistance in carrying out federal and local program activities. For the year ended June 30, 2001, the Council made payments to North Delta totaling \$253,778 which represents eighty-three percent of the Council's total intergovernmental expenditures for the year.

NOTE 8 - LITIGATION AND CLAIMS

Litigation The Ouachita Council of Governments is not involved in any litigation at June 30, 2001, nor is it aware of any unasserted claims.

Grant Disallowance The Council participates in a number of federal awards programs. The programs are not subject to compliance audits under the single audit approach. These programs are still subject to financial and compliance audits and resolution of previously identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Council expects such amounts, if any, to be immaterial.

NOTE 9 - ECONOMIC DEPENDENCY The three regular members of the Council, the City of Monroe, the City of West Monroe and the Ouachita Parish Police Jury, fund the local activities of the Council and also fund the 20 percent match for federal grants. Each governmental unit's percentage is based on the federal census. For the year ended June 30, 2001, the three governmental units contributed forty-seven percent of the Council's total revenues.

NOTE 10 - RISK MANAGEMENT The Council is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Council is self-insured for all losses regarding liability. The Council currently reports all of its risk management activities in the general fund.

Ouachita Council of Governments

Special Revenue Funds

FEDERAL TRANSIT AUTHORITY To assist in development of cost effective transportation improvement programs to include planning, engineering, and designing of federal transit projects and other technical studies in a program for a unified or officially coordinated federal transit system.

FEDERAL HIGHWAY ADMINISTRATION To assist in the development of an integrated, interconnected transportation system by constructing and rehabilitating the interstate highway system and the national highway system for transportation improvements to all public roads except those classified as local or rural minor collectors, to provide aid for the repair of federal-aid roads following disasters, to foster safe highway design, to replace or rehabilitate deficient or obsolete bridges, and to provide for other special purposes.

OUACHITA COUNCIL OF GOVERNMENTS

**Combining Balance Sheet - Special Revenue Funds
June 30, 2001**

Exhibit 1

	FEDERAL TRANSIT AUTHORITY 80X009	FEDERAL HIGHWAY ADMINISTRATION 736-37-0021	TOTAL
ASSETS			
Receivables	\$ 4,011	\$ 43,678	\$ 47,689
Interfund receivable	<u>6,156</u>	<u>10,919</u>	<u>17,075</u>
TOTAL ASSETS	<u>10,167</u>	<u>54,597</u>	<u>64,764</u>
LIABILITIES AND EQUITY			
Liabilities:			
Accounts payable	10,167	54,597	64,764
Interfund payable	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>10,167</u>	<u>54,597</u>	<u>64,764</u>
Fund Equity:			
Fund Balances:			
Unreserved - undesignated	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 10,167</u>	<u>\$ 54,597</u>	<u>\$ 64,764</u>

OUACHITA COUNCIL OF GOVERNMENTS

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - Special Revenue Funds
For the Year Ended June 30, 2001**

Exhibit 2

	FEDERAL TRANSIT AUTHORITY 80X009	FEDERAL HIGHWAY ADMINISTRATION 736-37-0021	TOTAL
REVENUES			
Intergovernmental revenues:			
Federal sources	\$ 23,730	\$ 132,532	\$ 156,262
Local sources	5,933	33,133	39,066
	<u>29,663</u>	<u>165,665</u>	<u>\$ 195,328</u>
Total Revenues			
EXPENDITURES			
Intergovernmental	<u>29,663</u>	<u>165,665</u>	<u>\$ 195,328</u>
Total Expenditures	<u>29,663</u>	<u>165,665</u>	<u>\$ 195,328</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	0	\$ 0
FUND BALANCES AT BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES AT END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>

OUACHITA COUNCIL OF GOVERNMENTS

**Combining Schedule of Cash Receipts, Disbursements,
and Changes in Cash Balances - Special Revenue Funds
For the Year Ended June 30, 2001**

Exhibit 3

	FEDERAL TRANSIT AUTHORITY 80X009	FEDERAL HIGHWAYS ADMINISTRATION 736-37-0021	TOTAL
RECEIPTS			
Intergovernmental revenues:			
Federal funds	\$ 15,371	\$ 127,420	\$ 142,791
Local funds	5,933	33,133	39,066
Total Receipts	<u>21,304</u>	<u>160,553</u>	<u>181,857</u>
DISBURSEMENTS			
Payments to North Delta	<u>21,304</u>	<u>160,553</u>	<u>181,857</u>
Total Disbursements	<u>21,304</u>	<u>160,553</u>	<u>181,857</u>
EXCESS (Deficiency) OF RECEIPTS OVER DISBURSEMENTS	0	0	0
CASH BALANCES AT BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>0</u>
CASH BALANCES AT END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>



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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board Members
Ouachita Council of Governments
Monroe, Louisiana

We have audited the general-purpose financial statements of Ouachita Council of Governments as of and for the year ended June 30, 2001, and have issued our report thereon dated December 7, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Council's general-purpose 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 Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted one instance involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Council's ability to record, process, summarize and report financial data consistent with the assertions of management in the general-purpose financial statements. This reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as items 01-F1.

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 general-purpose 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe that the reportable condition described above is not a material weakness.

This report is intended for the information of the Council members, management, the Louisiana Department of Transportation and Development, the U. S. Department of Transportation and Development, and other applicable federal agencies, and is not intended to be and should not be used by anyone other than the specified parties.

Allen, Green & Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
December 7, 2001

**Ouachita Council of Governments
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2001**

PART I - Summary of the Auditors' Results

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There was a reportable condition required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States, which was considered not to be a material weakness.
- iii. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

**Ouachita Council of Governments
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2001**

PART II - Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

Reference # and title: 01-F1 Inadequate Segregation of Duties

Criteria or specific requirement: Separation of duties is needed to provide a strong system of internal control which should reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general-purpose financial statements being audited would be detected within a timely period by employees in the normal course of performing their assigned functions.

Condition found: All accounting functions for the Council, with the exception of signing checks, is performed by one individual. This individual makes deposits, post receipts, prepares, posts and mails disbursements, and also reconciles the bank statements.

Possible asserted effect (cause and effect):

Cause: The Council has no employees. The accounting functions are performed by an employee of the City of Monroe.

Effect: Inadequate segregation of duties.

Recommendations to prevent future occurrences: Due to the size of the Council and its limited revenues, it is not economically feasible to correct this deficiency.

**Ouachita Council of Governments
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2001**

Finding reference # and title: **00-F1** **Louisiana Local Government Budget Act**

Initially occurred: Fiscal year ended June 30, 2000.

Condition: Ouachita Council of Governments exceeded their general fund budget by more than five percent at June 30, 2000.

	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
General Fund	\$103,825	\$125,641	\$21,816

Ouachita Council of Governments inadvertently paid an unusually large expenditure. The invoice had an original due date of September 14, 1992. The description on the invoice was for a road program, which was described as an outside entity service. Ouachita Council of Governments is attempting to recoup the money.

Corrective action taken: Ouachita Council of Governments has ensured the budget is being monitored more closely.

Reference # and title: **00-F2** **Inadequate Segregation of Duties**

Initially occurred: Fiscal year ended June 30, 2000.

Condition: All accounting functions for the Council, with the exception of signing checks, is performed by one individual. This individual makes deposits, post receipts, prepares, posts and mails disbursements, and also reconciles the bank statements.

Corrective action taken: See current-year finding 01-F1 in the Schedule of Findings and Questioned Costs.

**Ouachita Council of Governments
Corrective Action Plan for Current-Year Findings and Questioned Costs
For the Year Ended June 30, 2001**

Reference # and title: **01-F1** **Inadequate Segregation of Duties**

Condition: All accounting functions for the Council, with the exception of signing checks, is performed by one individual. This individual makes deposits, post receipts, prepares, posts and mails disbursements, and also reconciles the bank statements.

Corrective action planned: The Council concurs with the auditors that it is not feasible to correct this deficiency.

Person responsible for corrective action:

David Creed, Executive Director
Ouachita Council of Governments
1913 Stubbs Avenue
Monroe, LA 71201

Telephone: (318) 387-2572
Fax: (318) 387-9054

Anticipated completion date: Not applicable.