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**Town of Cottonport**  
**Financial Statements**  
**For the Year Ended**  
**June 30, 2001**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 JAN 9 2002

**DUCOTE & COMPANY**  
**Certified Public Accountants**  
**219 North Main Street**  
**P. O. Box 309**  
**Marksville, LA 71351**

**TOWN OF COTTONPORT, LOUISIANA  
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**INDEPENDENT AUDITORS' REPORT**

The Honorable Cleveland J. Carmouche, Mayor  
And Members of the Council  
Town of Cottonport, Louisiana

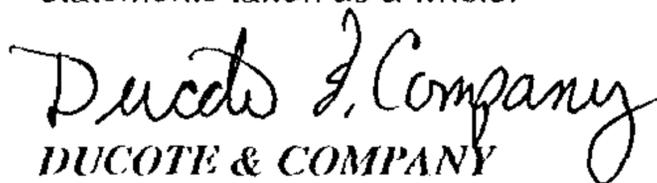
We have audited the accompanying general-purpose financial statements of the Town of Cottonport, Louisiana, as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 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 general purpose 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 Cottonport, Louisiana, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types 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 November 26, 2001, on our consideration of the Town of Cottonport, Louisiana's internal control over financial reporting and our tests on its compliance with certain provisions of laws, regulations and contracts. 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.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as supplementary information 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 Town of Cottonport, Louisiana. 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 presented in all material respects in relation to the financial statements taken as a whole.

  
**DUCOTE & COMPANY**  
Marksville, Louisiana  
November 26, 2001

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

The Honorable Cleveland Carmouche, Mayor  
And the Members of the Council  
Town of Cottonport, Louisiana

We have audited the general-purpose financial statements of the Town of Cottonport, Louisiana, for the year ended June 30, 2001, and have issued our report thereon dated November 26, 2001. We conducted our audit in accordance with generally accepted auditing standards, and standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Town of Cottonport, Louisiana'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 instances of noncompliance that are required to be reported under Government Auditing Standards, which are described in the accompanying summary schedule of audit findings as items 01-01, 01-02, 01-03 and 01-04.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Cottonport, Louisiana'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. 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 of misstatements in amounts that would be material in relation to the general purpose financial statement 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 and use of the Mayor and Members of the Council and management of the Town of Cottonport, Louisiana, and for filing with the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

  
**DUCOTE & COMPANY**  
Marksville, Louisiana  
November 26, 2001

**GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS – OVERVIEW)**

TOWN OF COTTONPORT, LOUISIANA  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2001

	Governmental Fund Types						Account Groups				Totals	
	General	Special Revenue	Debt Service	Capital Projects	Proprietary		Fiduciary	General		Long-Term Debt		Memorandum Only
					Fund Type	Fund Type		Fixed Assets	Debt			
Cash and interest-bearing deposits	\$134,557	\$157,165	\$5,094	\$98	\$281,021	\$6,080	\$0	\$0	\$0	\$0	\$584,015	
Receivables:												
Taxes	0	17,722	0	0	0	0	0	0	0	0	17,722	
Accounts	0	0	0	68,318	51,729	0	0	0	0	0	120,046	
Due from other funds	62,183	0	0	0	0	269	0	0	0	0	62,451	
Due from other governmental agencies	0	0	0	0	0	0	0	0	0	0	0	
Accrued interest	690	534	0	0	3,246	0	0	0	0	0	4,469	
Other	41,654	0	0	0	286	164	0	0	0	0	42,104	
Restricted assets:												
Cash and interest-bearing deposits	0	0	0	0	33,190	0	0	0	0	0	33,190	
Land	0	0	0	0	0	0	68,047	0	0	0	68,047	
Buildings and improvements	0	0	0	0	0	0	651,295	0	0	0	651,295	
Construction in progress	0	0	0	0	0	0	590,268	0	0	0	590,268	
Furniture, fixtures and equipment	0	0	0	0	0	0	222,307	0	0	0	222,307	
Automobiles, trucks and tractors	0	0	0	0	0	0	406,356	0	0	0	406,356	
Utility, property, plant and equipment	0	0	0	0	3,452,454	0	0	0	0	0	3,452,454	
Accumulated depreciation	0	0	0	0	(1,490,858)	0	0	0	0	0	(1,490,858)	
Amount available in debt service fund	0	0	0	0	0	0	0	0	5,094	0	5,094	
Amount to be provided for retirement of general long-term debt	0	0	0	0	0	0	0	0	87,906	0	87,906	
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$239,084</b>	<b>\$175,421</b>	<b>\$5,094</b>	<b>\$68,416</b>	<b>\$2,331,069</b>	<b>\$6,513</b>	<b>\$1,938,273</b>	<b>\$93,000</b>	<b>\$0</b>	<b>\$4,856,869</b>		

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



**TOWN OF COTTONPORT, LOUISIANA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED JUNE 30, 2001**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Totals Memorandum Only
<b>REVENUES:</b>					
Taxes	\$34,810	\$153,454	\$0	\$0	\$188,264
Franchise fees	95,635	0	0	0	95,635
Licenses and permits	57,400	0	0	0	57,400
Intergovernmental	95,548	7,765	0	557,862	661,175
Fines and forfeits	26,439	0	0	0	26,439
Miscellaneous	16,836	7,063	196	0	24,095
<b>TOTAL REVENUES</b>	<b>326,668</b>	<b>168,281</b>	<b>196</b>	<b>557,862</b>	<b>1,053,008</b>
<b>EXPENDITURES:</b>					
Current -					
General government	152,117	1,664	22	0	153,802
Public safety:					
Police	170,489	0	0	0	170,489
Fire	43,117	6,437	0	0	49,555
City Court	1,573	0	0	0	1,573
Streets and bridges	165,851	0	0	0	165,851
Health and sanitation	2,346	0	0	0	2,346
Capital outlay	29,329	10,696	0	564,792	604,817
Debt service -					
Principal retirement	2,150	0	11,000	0	13,150
Interest and fiscal charges	0	0	5,569	0	5,569
<b>TOTAL EXPENDITURES</b>	<b>566,972</b>	<b>18,797</b>	<b>16,591</b>	<b>564,792</b>	<b>1,167,152</b>
Excess (deficiency) of revenues over expenditures	(240,304)	149,484	(16,395)	(6,930)	(114,144)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	229,953	0	16,426	6,930	253,309
Operating transfers out	0	(106,426)	0	0	(106,426)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>229,953</b>	<b>(106,426)</b>	<b>16,426</b>	<b>6,930</b>	<b>146,883</b>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(10,350)	43,058	31	0	32,738
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>222,765</b>	<b>112,137</b>	<b>5,063</b>	<b>98</b>	<b>340,063</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$212,415</b>	<b>\$155,195</b>	<b>\$5,094</b>	<b>\$98</b>	<b>\$372,801</b>

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

**TOWN OF COTTONPORT, LOUISIANA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**CERTAIN GOVERNMENTAL FUND TYPES**  
**YEAR ENDED JUNE 30, 2001**

	General Fund				Special Revenue Funds				Debt Service Fund				
	Budget		Actual		Budget		Actual		Budget		Actual		
		Variance Favorable (Unfavorable)		Variance Favorable (Unfavorable)		Variance Favorable (Unfavorable)		Variance Favorable (Unfavorable)		Variance Favorable (Unfavorable)		Variance Favorable (Unfavorable)	
<b>REVENUES:</b>													
Taxes	\$33,000	\$1,810	\$34,810	\$139,400	\$153,454	\$14,054	0	0	0	0	0	0	\$0
Franchise fees	86,500	9,135	95,635	0	0	0	0	0	0	0	0	0	0
Licenses and permits	44,380	13,020	57,400	0	0	0	0	0	0	0	0	0	0
Intergovernmental	93,232	2,316	95,548	9,000	7,765	(1,235)	0	0	0	0	0	0	0
Fines and forfeits	25,500	939	26,439	0	0	0	0	0	0	0	0	0	0
Miscellaneous	14,100	2,736	16,836	3,000	7,063	4,063	200	196	200	196	(4)	(4)	(4)
<b>TOTAL REVENUES</b>	<b>296,712</b>	<b>29,956</b>	<b>326,668</b>	<b>151,400</b>	<b>168,282</b>	<b>16,882</b>	<b>200</b>	<b>196</b>	<b>200</b>	<b>196</b>	<b>(4)</b>	<b>(4)</b>	<b>(4)</b>
<b>EXPENDITURES:</b>													
General government	162,486	10,369	152,117	1,510	1,664	(154)	2	22	2	22	(20)	(20)	(20)
Public safety:													
Police	169,300	(1,189)	170,489	0	0	0	0	0	0	0	0	0	0
Fire	27,900	(15,217)	43,117	5,000	6,437	(1,437)	0	0	0	0	0	0	0
City court	1,900	327	1,573	0	0	0	0	0	0	0	0	0	0
Streets and bridges	171,700	5,849	165,851	0	0	0	0	0	0	0	0	0	0
Health and sanitation	3,280	935	2,346	0	0	0	0	0	0	0	0	0	0
Capital outlay	34,000	4,671	29,329	10,000	10,696	(696)	0	0	0	0	0	0	0
Debt service	2,150	0	2,150	0	0	0	16,828	16,569	16,830	16,591	259	239	239
<b>TOTAL EXPENDITURES</b>	<b>572,716</b>	<b>5,744</b>	<b>566,972</b>	<b>16,510</b>	<b>13,797</b>	<b>(2,287)</b>	<b>16,830</b>	<b>16,591</b>	<b>16,830</b>	<b>16,591</b>	<b>239</b>	<b>239</b>	<b>239</b>
Excess (deficiency) of revenues over expenditures	(276,004)	35,700	(240,304)	134,890	149,485	14,595	(16,630)	(16,395)	(16,630)	(16,395)	235	235	235
<b>OTHER FINANCING SOURCES (USES)</b>													
Operating transfers in	230,000	(47)	229,953	0	0	0	16,426	16,426	16,426	16,426	0	0	0
Operating transfers out	0	0	0	(106,426)	(106,426)	0	0	0	0	0	0	0	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>230,000</b>	<b>(47)</b>	<b>(229,953)</b>	<b>(106,426)</b>	<b>(106,426)</b>	<b>0</b>	<b>16,426</b>	<b>16,426</b>	<b>16,426</b>	<b>16,426</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$(46,004)	\$35,654	(10,350)	\$28,464	43,059	\$14,595	\$204	31	\$204	31	\$235	\$235	\$235
<b>FUND BALANCES AT BEGINNING OF YEAR</b>			<b>222,765</b>		<b>112,136</b>			<b>5,063</b>					
<b>FUND BALANCES AT END OF YEAR</b>			<b>\$212,415</b>		<b>\$155,195</b>			<b>\$5,094</b>					

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

**TOWN OF COTTONPORT, LOUISIANA  
 COMBINED STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN RETAINED EARNINGS - PROPRIETARY FUND TYPE  
 YEAR ENDED JUNE 30, 2001**

	<u>Enterprise Funds</u>
<b><u>OPERATING REVENUES:</u></b>	
Charges for services -	
Water services	\$314,662
Sewer services	98,797
LAWCO water line	<u>109,643</u>
<b>TOTAL OPERATING REVENUES</b>	<u>523,103</u>
<b><u>OPERATING EXPENSES:</u></b>	
Water department	235,911
Sewer department	162,946
General and administrative	49,515
Depreciation	<u>83,854</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>532,226</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(9,123)</u>
<b><u>NONOPERATING REVENUES (EXPENSES):</u></b>	
Grant Revenues	40,000
Interest income	16,305
Loss on disposal of assets	<u>(509)</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>55,796</u>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<u>46,673</u>
<b><u>OPERATING TRANSFERS IN (OUT):</u></b>	
Operating transfers in	61,000
Operating transfers out	<u>(207,883)</u>
<b>TOTAL OPERATING TRANSFERS</b>	<u>(146,883)</u>
<b>NET INCOME (LOSS)</b>	<u>(100,210)</u>
Add: Depreciation of fixed assets acquired by funds externally restricted for capital acquisitions and construction that reduces contributed capital	65,718
<b>RETAINED EARNINGS AT BEGINNING OF YEAR</b>	<u>534,309</u>
<b>RETAINED EARNINGS AT END OF YEAR</b>	<u>\$499,816</u>

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

**TOWN OF COTTONPORT, LOUISIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE  
YEAR ENDED JUNE 30, 2001**

	<u>Enterprise Fund</u>
<b>Cash flows from operating activities:</b>	
Net income (loss)	\$(9,123)
<b>Adjustment to reconcile net income to net cash provided by operating activities:</b>	
Depreciation	83,854
<b>Changes in assets and liabilities:</b>	
(Increase) decrease in accounts receivable	(4,183)
(Increase) decrease in other receivables	(229)
Increase (decrease) in accounts payable	4,958
Increase (decrease) in customer deposits	1,330
Increase (decrease) in due to (from) other funds	<u>(305)</u>
<b>Net cash provided by/(used) for operating activities</b>	<u>76,302</u>
<b>Cash flows from noncapital financing activities:</b>	
Operating transfers out to other funds	<u>(146,883)</u>
<b>Cash flows from capital and related financing activities:</b>	
Proceeds from water and sewer grants	40,000
Purchase of property and equipment	<u>(23,012)</u>
<b>Net cash provided by/(used) for capital and related financing activities</b>	<u>16,988</u>
<b>Cash flows from investing activities:</b>	
Interest received from interest bearing deposits	16,305
Net (increase) decrease in restricted cash	<u>(1,330)</u>
<b>Net cash provided by/(used) for investing activities</b>	<u>14,975</u>
Net increase (decrease) in cash and cash equivalents	(38,618)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>319,639</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$281,021</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**TOWN OF COTTONPORT, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2001**

**INTRODUCTION**

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

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES**

A. The Basis of Presentation.

Accompanying financial statements of the Town of Cottonport, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

B. Financial Reporting Entity.

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

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

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

C. Fund Accounting.

The Town uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, 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.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Funds of the municipality are classified into three categories: governmental, proprietary, and fiduciary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follows:

**Governmental Funds**

*Governmental funds are used to account for all or most of the Town'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 debt. Governmental funds include:*

General Fund-

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

Special Revenue Funds-

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

Debt Service Funds-

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

Capital Projects Funds-

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

**Proprietary Funds**

Proprietary funds are used to 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.

Enterprise Funds-

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

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fiduciary Funds**

Fiduciary funds account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Town. Fiduciary funds include:

Agency Funds-

Agency funds account for assets held by the Town on behalf of others as its agent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Fixed Assets and Long-Term Liabilities**

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 fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

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. The Town has elected not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings including roads, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

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

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

The estimated useful lives, in years, are as follows:

	<u>Water and Sewer System</u>
Water wells	40
Lines and meters	40
Pumps, motors and compressors	40
Service vehicles and moveable equipment	5
Office furniture and fixtures	5

All fixed assets are stated at historical cost (cash plus trade-in allowances, if applicable). Donated fixed assets, if any, are stated at their estimated fair value on the trade donated.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. Basis of Accounting.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental fund and agency funds. Revenues are recognized as revenue in the year for which such taxes are billed and collected. Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, charges for services, franchise fees, and interest on investments. Licenses and permits are recognized when received because they are not objectively measurable. Anticipated refunds of such 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 as a expenditure when due.

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. These funds use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

The Town follows the policy of capitalizing interest as a component of the cost of property, plant, and equipment constructed for its own use. For the fiscal year ended June 30, 2001, there were no interest charges capitalized on fixed assets acquired or constructed. Depreciation expense on fixed assets used by proprietary funds for the fiscal year ended June 30, 2001 was \$83,854.

E. Budgets and Budgetary Accounting.

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

1. The Town Clerk prepares a proposed budget and submits it to the Mayor and Council not later than fifteen days prior to the beginning of each fiscal year.
2. A notice is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Budgets and Budgetary Accounting (Continued).

5. Budgetary amendments involving the transfer of funds from one department, program of function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Town Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Town Council. Such amendments were not material in relation to the original appropriations.

F. Cash and Cash Equivalents.

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

Under state law, the Town may invest in United States bonds, treasury notes, or certificate. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost, which approximates market.

G. Cash Flow Presentation.

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

H. Bad Debts

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. No allowance for uncollectible amounts was made due to the immateriality at June 30, 2001.

I. Due to and Due from Other funds

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

J. Long-Term Debt

Long-Term obligations of the Town reported in the General Long-Term Debt Account Group consists of a Certificate of Indebtedness, Series 1998, at June 30, 2001.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Accumulated Unpaid Vacation and Other Employee Benefits.**

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

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

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

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

At June 30, 2001, vested leave benefits have not been accrued as required by GASB Statement No. 16 "Accounting for Compensated Absences", due to immateriality.

**L. Total Columns on Combined Statements.**

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 2. CASH AND CASH EQUIVALENTS**

At June 30, 2001, the Town had cash and cash equivalents (book balance) totaling \$617,205 as follows:

Demand deposits	\$235,462
Time deposits	<u>381,743</u>
Total	<u>\$617,205</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balance) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2001, the Town had \$627,921 in deposits (collected bank balances) including investments listed in note 3. These deposits (including investments) are secured from risk by \$215,966 of federal deposits insurance and \$401,239 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though pledged securities are considered uncollateralized (Category 3) under the provisions of GASB statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirements on the custodial

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

**NOTE 3. INVESTMENTS**

At June 30, 2001, the Town held investments totaling \$381,743 in 180 day certificates of deposit. These investments are stated at cost, which approximate market, and are secured from risk by federal deposit insurance (see note 2).

**NOTE 4. RECEIVABLES**

Receivables totaling \$41,654 in the general fund consisted of the following at June 30, 2001:

Other Receivables		
Franchise Fees		\$ 18,073
Ad Valorem Taxes		600
NSF Check Receivable		<u>45</u>
Total		<u>\$18,718</u>
Due from other governments		
Video Poker Revenue		\$ 3,956
Casino Gaming Revenue		10,714
Beer Tax		2,450
Housing Authority in lieu of taxes		3,514
DOTD Maintenance fees		<u>2,302</u>
Total		<u>\$22,936</u>

In the enterprise fund unbilled utility receivables were immaterial at June 30, 2001. Billed receivables balances at June 30, 2001 consisted of the following:

	<u>Water and Sewer System</u>
<u>Utility Billings</u>	
Current billings	\$ 49,344
Over 30 days	<u>2,385</u>
	<u>\$ 51,729</u>

**NOTE 5. INTERFUND RECEIVABLES, PAYABLES**

The following is a summary of interfund receivable and payable balances at June 30, 2001:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 62,182	\$ -
Special Revenue Funds	-	20,000
Enterprise Funds	-	42,451
Agency Funds	<u>269</u>	<u>-</u>
Totals	<u>\$ 62,451</u>	<u>\$ 62,451</u>

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

**NOTE 6. RESTRICTED ASSETS – PROPRIETARY FUND TYPE**

Restricted assets were applicable to the following at June 30, 2001:

Customer Meter Deposits \$33,190

**NOTE 7. CHANGES IN FIXED ASSETS**

A summary in changes in general fixed assets as follows:

	<u>Balance 7/01/00</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/01</u>
Land and Improvements	\$ 68,047	\$ -	\$ -	\$ 68,047
Buildings and Improvements	651,295	-	-	651,295
Construction in Progress	-	590,268	-	590,268
Furniture, Fixtures, and Equipment	207,783	14,524	-	222,307
Vehicles and Tractors	<u>380,765</u>	<u>25,591</u>	<u>-</u>	<u>406,356</u>
<b>Totals</b>	<b><u>\$1,307,890</u></b>	<b><u>\$ 630,383</u></b>	<b><u>\$ -</u></b>	<b><u>\$1,938,273</u></b>

A summary of proprietary fund type property, plant and equipment at June 30, 2001 follows:

<i>Water department:</i>	
Water lines, well and extensions	\$ 1,267,602
Meters and pumps	18,767
Service vehicles	65,421
Office equipment	8,177
Building and fences	37,513
Other equipment	18,166
 <i>Sewer department:</i>	
Treatment facility, lines and equipment	<u>2,036,808</u>
	3,452,454
Less: Accumulated depreciation	<u>(1,490,858)</u>
 Net Utility Fund Property, Plant and Equipment	 <u>\$ 1,961,596</u>

**NOTE 8. CHANGES IN LONG-TERM DEBT**

One June 15, 1998, the Town of Cottonport issued \$126,000 of Certificates of Indebtedness, Series 1998. These Certificates are due May 1 and November 1 of each year, beginning November 1, 1998 through May 1, 2008 and are secured by excess annual revenues of the Town. The interest rate ranges from 4.65 to 5.10 percent.

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

**NOTE 8. CHANGES IN LONG-TERM DEBT(Continued)**

The annual requirements to amortize the certificates of indebtedness outstanding as of June 30, 2001, including interest payments of \$19,609, are as follows:

<u>Year Ending June 30</u>	<u>Certificates of Indebtedness</u>
2002	15,625
2003	16,092
2004	16,509
2005	15,872
2006	16,223
2007-2008	<u>32,288</u>
 Total	 <u>\$ 112,609</u>

**NOTE 9 CHANGES IN AGENCY FUND**

The following is a summary of changes in assets and liabilities of the Agency Fund for the year ended June 30, 2001:

	<u>Balance 7/1/00</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/01</u>
<b>Assets</b>				
Cash	\$5,562	\$ 722,175	\$ 721,657	\$6,080
Due from other funds	-	418,553	418,284	269
Other receivables	<u>934</u>	<u>1,702</u>	<u>2,472</u>	<u>164</u>
	<u>\$6,496</u>	<u>\$1,142,430</u>	<u>\$1,142,413</u>	<u>\$6,513</u>
<b>Liabilities</b>				
Due to other funds	\$ 318	\$ -	\$ 318	\$ -
Payroll taxes payable	874	129,633	129,045	1,462
Retirement payable	5,180	22,091	22,767	4,504
Other liabilities	<u>124</u>	<u>537</u>	<u>114</u>	<u>547</u>
	<u>\$6,496</u>	<u>\$ 152,261</u>	<u>\$ 152,244</u>	<u>\$6,513</u>

**NOTE 10. CONTRIBUTED CAPITAL**

Amounts contributed to the Enterprise Fund for acquisition or construction of fixed assets is recognized as contributed capital. The sources of contributed capital used to acquire and construct facilities of the Enterprise Fund are as follows:

	<u>Municipality</u>	<u>State Grants</u>	<u>Federal Grants</u>	<u>Total</u>
Contributed capital At July 1, 2000	\$ 460,454	\$ 908,327	\$1,569,279	\$2,938,060
Add : Capital contributed	-	-	-	-
Less: Accumulated Amortization	<u>-</u>	<u>-</u>	<u>1,203,712</u>	<u>1,203,712</u>
Contributed Capital At June 30, 2001	<u>\$ 460,454</u>	<u>\$ 908,327</u>	<u>\$ 365,567</u>	<u>\$1,734,348</u>

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

**NOTE 11. AD VALOREM TAXES**

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Avoyelles Parish. Ad valorem tax revenues are budgeted in the year billed.

For the year ended June 30, 2001, taxes of 6.14 mills were levied on property with assessed valuations totaling \$5,690,380 and were dedicated as follows:

General corporate purposes	6.14 mills
----------------------------	------------

Total taxes levied were \$34,939. Taxes receivable at June 30, 2001, were \$600.

**NOTE 12. DEDICATION OF PROCEEDS AND FLOW OF FUNDS – SALES AND USE TAX LEVY**

On October 21, 1995, the voters of the Town of Cottonport approved a one (1%) sales and use tax for a period of twenty-five years from April 1, 1996. The revenues derived from said sales and use tax are to be used for the purpose of constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage disposal works, waterworks, facilities, public streets and drainage facilities.

**NOTE 13. WATER PURCHASE CONTRACTS**

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

1. Louisiana Water Company (LAWCO) – Contract dated July 1, 1995, requiring the Town of Cottonport to supply water for resale in Mansura, Louisiana for a period of twenty (20) years at a rate of \$1.28 per 1,000 gallons with a minimum of \$500 per month
2. Ward 3 Avoyelles Water District – Contract date January 23, 1995, requiring the Town of Cottonport to supply water for resale to Ward 3 of Avoyelles Parish for Twenty (20) years at a rate of \$1.12 per 1,000 gallons with a minimum rate of \$500 per month.
3. Village of Plaquemine – Contract dated February 1, 2001, requiring the Town of Cottonport to supply water for resale to Plaquemine, Louisiana for a term of one (1) year at a rate of \$1.12 per 1,000 gallons per month.
4. Louisiana Correctional Facilities Corporation – Verbal agreement requiring the Town of Cottonport to supply water for resale to the Medium Security Prison in Cottonport at a rate of \$1.12 per 1,000 gallons.

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

**NOTE 14. FRANCHISE AGREEMENTS**

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

1. Central Louisiana Electric Company, Inc. (CLECO) – effective October 9, 1985, for a period of thirty (30) years. Franchise fee is based on four percent (4%) of the gross receipts from the sale and delivery of electric energy for residential and commercial purposes billed on commercial and residential rates within the Town. Fees payable quarterly within thirty (30) days of the end of the quarter. Other franchise provisions are as follows:
  - A. Franchise payments will be reduced in an amount equal to the sum of any new or increased taxes of any nature whatsoever levied by the municipality and payable to CLECO (except uniform ad valorem taxes, based on property values).
  - B. CLECO will provide free electric services to the Town and reduce street light rates until November 1988. Thereafter, prevailing commercial rates shall apply and street light rates will increase.
2. Classic Communication, Inc. (formerly Galaxy Cablevision) – effective June 8, 1981 for a period of fifteen (15) years. The franchise fee is based on five percent (5%) of gross subscription receipts, less sales taxes, federal excise tax and copyright fees, received by the company within the Town limits. Fees are payable to the Town quarterly, by the 10<sup>th</sup> of the following month. On May 11, 1994, the Town transferred this franchise agreement for Galaxy Cablevision to Friendship Cable and extended the agreement for an additional thirteen (13) years after expiration of the original franchise.
3. Reliant Energy Entex (formerly Entex) – effective July 12, 1995, for a period of fifteen (15) years. Franchise fee is based on four percent (4%) of the gross receipts from the sale of gas for residential and commercial purposes billed on residential and commercial rates within the limits of the Town. Fees are payable on or before the 10<sup>th</sup> of each February.
4. CenturyTel (formerly Central Louisiana Telephone Company) - effective January 1, 1994, for a period of twenty-five (25) year. The franchise fee is based on five percent (5%) of the approved tariff rate for local access line telephone service provided by the Company within the corporate limits of the Town and the Company shall provide free to the Town three (3) local access lines. Fees are payable no later than sixty (60) days after the end of each calendar quarter.

**NOTE 15. ROAD MAINTENANCE AGREEMENT**

On July 1, 1998 the Town of Cottonport entered into a maintenance agreement with the Department of Transportation and Development for one-year period whereby the Town will maintain its municipal streets and roads, including mowing and litter pickup, and the Department of Transportation and Development will reimburse the Town with semi-annual payments totaling \$4,605, which was determined at a rate of \$921 per mile for five miles of undivided streets per year. This contract is renewed on an annual basis.

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

**NOTE 16. SALES TAX COLLECTION AGREEMENT**

On June 5, 1992, the Town of Cottonport entered into an intergovernmental agreement with the Avoyelles Parish School Board for a one year period commencing on July 1, 1992, whereby the School Board will collect the sales and use taxes, including interest, penalties, fees and cost, levied by the Town of Cottonport under the Town's ordinances for a monthly fee of 1.5 percent of the gross tax revenues collected by the School Board. The School Board will remit collections to the Town on a monthly basis no later than the 10<sup>th</sup> day of each month after reasonable and necessary cost and expenses of collection in administration of the taxes have been deducted, including the collection fee. This contract automatically renewed for an additional consecutive one-year period commencing July 1, 2000.

**NOTE 17. PENSION PLANS**

Eligible employees of the Town participate in the Municipal Employees' Retirement System, a multiple-employer public employee retirement system which is controlled and administered by a separate board of trustees. Police officers are eligible to participate in the Municipal Police Retirement System, a multiple-employer public employee retirement system. For the current year, however, no one in the police department chose to participate.

**Municipal Employee's Retirement System**

Plan members are required to contribute 5.00% of their annual covered salary to the system while the Town is required to contribute at the statutory rate of 4.5% of the total annual covered salary. The Town's contributions to the system for the year ended June 30, 2001, was \$10,975, equal to the required contribution for the year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Employee's Retirement System, 7937 Office Park Bldg., Baton Rouge, Louisiana 70809.

**NOTE 18. COMPENSATION OF TOWN OFFICIALS**

A detail of compensation paid to the Mayor, Council, and Police Chief for the year ended June 30, 2001, follows:

	<u>Compensation</u>	<u>Term Expires</u>
Paul Gauthier, Mayor	\$ 5,944	12/31/00
Cleveland Carmouche, Jr, Mayor	3,000	12/31/04
Council Members:		
Curtis Francisco, Mayor Pro-Tem	2,400	12/31/04
Rickey Brouillette	1,200	12/31/00
Luke L. Welch	1,200	12/31/00
Lonis A. Laurent	1,200	12/31/00
Sarah A. Williams	1,200	12/31/00
Kenneth Friels	1,200	12/31/04
Louie Laborde	1,200	12/31/04
Margaret Prater	1,200	12/31/04
Cynthia Rozas Moreau	1,200	12/31/04
Gerald Mayeux, Police Chief	<u>25,648</u>	12/31/04
 Total	 <u>\$46,592</u>	

**SUPPLEMENTARY INFORMATION**

**General Fund** - To account for resources traditionally associated with governments which are not requires to be accounted for in another fund.

**TOWN OF COTTONPORT, LOUISIANA  
GENERAL FUND  
DETAILED STATEMENT OF REVENUES COMPARED TO BUDGET (GAAP BASIS)  
YEAR ENDED JUNE 30, 2001**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>TAXES:</u></b>			
Ad valorem	\$33,000	\$34,810	\$1,810
<b><u>FRANCHISE FEES:</u></b>			
Electric	48,800	50,329	1,529
Gas	11,700	13,978	2,278
Cable TV	15,000	19,058	4,058
Telephone	11,000	12,270	1,270
<b>TOTAL FRANCHISE FEES</b>	<u>86,500</u>	<u>95,635</u>	<u>9,135</u>
<b><u>LICENSES AND PERMITS:</u></b>			
Occupational licenses	42,000	54,790	12,790
Building, liquor and moving permits	2,380	2,610	230
<b>TOTAL LICENSES AND PERMITS</b>	<u>44,380</u>	<u>57,400</u>	<u>13,020</u>
<b><u>INTERGOVERNMENTAL:</u></b>			
State of Louisiana:			
Beer taxes	5,000	5,067	67
Tobacco taxes	2,683	0	(2,683)
D O T D road maintenance fees	4,605	4,605	0
Video poker revenue	11,000	14,451	3,451
Grant revenue	13,044	12,210	(834)
Housing authority in lieu of taxes	4,900	9,266	4,366
Casino revenue	52,000	49,950	(2,050)
<b>TOTAL INTERGOVERNMENTAL</b>	<u>93,232</u>	<u>95,548</u>	<u>2,316</u>
<b><u>FINES AND FORFEITS:</u></b>			
Fines and court cost	25,500	26,439	939
<b><u>MISCELLANEOUS:</u></b>			
Late charges, copies and impounding fees	100	254	154
Excise tax refund	1,300	2,867	1,567
Grass cutting	500	919	419
Rental income- community center	700	1,810	1,110
Miscellaneous income	2,000	1,558	(442)
Inter-club Christmas revenue	4,500	3,164	(1,336)
Interest income	5,000	6,264	1,264
<b>TOTAL MISCELLANEOUS</b>	<u>14,100</u>	<u>16,836</u>	<u>2,736</u>
<b>TOTAL REVENUES</b>	<u>\$296,712</u>	<u>\$326,668</u>	<u>\$29,956</u>

**TOWN OF COTTONPORT, LOUISIANA  
GENERAL FUND  
DETAILED STATEMENT OF FUNCTIONAL EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)  
YEAR ENDED JUNE 30, 2001**

	Budget	Actual	Variance - Favorable (Unfavorable)
<b><u>GENERAL GOVERNMENT</u></b>			
Salaries	\$70,000	\$66,618	\$3,382
Payroll taxes	5,600	5,173	427
Employee benefits	10,000	8,363	1,637
Legal and auditing	5,800	5,642	159
Insurance	9,000	8,298	702
Assessor fees	850	827	23
Miscellaneous expense	5,000	2,603	2,397
Museum expense	0	804	(804)
Engineering fees	1,500	1,493	7
Office supplies and postage	10,000	9,490	510
Publications and printing	3,000	2,831	169
Dues and subscriptions	1,600	1,394	206
Town hall expense	5,000	4,083	917
Telephone expense	5,000	4,678	322
Utilities	7,500	6,907	593
Property rent	500	500	0
Community center expenses	3,800	3,559	241
Travel	5,500	2,649	2,851
Election cost	0	4,090	(4,090)
Bank service charges	100	171	(71)
Park expenses	1,000	781	219
Xerox copier rental payments	1,836	1,661	175
Christmas decorations expense	1,500	1,460	40
Christmas fireworks expense	3,000	3,000	0
Christmas festival misc expense	2,000	2,008	(8)
Inter-club Christmas expense	3,000	2,942	58
Uniforms	400	92	308
<b>TOTAL GENERAL GOVERNMENT</b>	<b>162,486</b>	<b>152,117</b>	<b>10,369</b>
<b><u>PUBLIC SAFETY:</u></b>			
<b><u>POLICE</u></b>			
Salaries	87,000	85,327	1,673
Salaries - police chief	25,000	25,628	(628)
Payroll taxes	9,800	9,668	132
Employee benefits	9,050	8,666	384
Patrol car expenses	16,400	19,743	(3,343)
Uniforms	1,300	393	907
Insurance	14,500	15,248	(748)
Material and supplies	3,700	3,250	450
Telephone expense	550	544	6
Miscellaneous expense	2,000	2,022	(22)
<b>TOTAL POLICE</b>	<b>169,300</b>	<b>170,489</b>	<b>(1,189)</b>

(CONTINUED)

**TOWN ON COTTONPORT, LOUISIANA  
GENERAL FUND  
DETAILED STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)  
(CONTINUED)  
YEAR ENDED JUNE 30, 2001**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<b><u>PUBLIC SAFETY (CONTINUED)</u></b>			
<b>FIRE</b>			
Salaries	\$3,900	\$3,900	\$0
Payroll taxes	320	305	15
Employee benefits	180	176	4
Truck expense	3,000	3,435	(435)
Materials and supplies	3,000	1,656	1,344
Insurance	10,700	12,746	(2,046)
Telephone expense	800	686	114
Miscellaneous expense	700	434	266
Appropriations - VFD	0	15,000	(15,000)
Utilities - CVFD	5,300	4,779	521
<b>TOTAL FIRE</b>	<u>27,900</u>	<u>43,117</u>	<u>(15,217)</u>
<b>CITY COURT</b>			
Magistrate fees	600	600	0
Prisoner rations	700	600	100
Miscellaneous	600	373	227
<b>TOTAL CITY COURT</b>	<u>1,900</u>	<u>1,573</u>	<u>327</u>
<b><u>STREETS AND BRIDGES</u></b>			
Salaries	95,000	83,325	11,675
Payroll taxes	7,500	6,514	986
Employee benefits	3,000	2,820	180
Truck/backhoe expense	6,000	7,734	(1,734)
Tractor expense	5,000	4,951	49
Materials and supplies	12,000	11,590	410
Engineering fees	500	1,965	(1,465)
Vapor lights	19,500	23,262	(3,762)
Fountain expense	1,500	1,261	239
Animal control expense	1,500	363	1,137
Miscellaneous expense	5,000	6,108	(1,108)
Uniforms	1,200	1,125	75
Insurance	14,000	14,833	(833)
<b>TOTAL STREETS AND BRIDGES</b>	<u>171,700</u>	<u>165,851</u>	<u>5,849</u>
<b><u>HEALTH AND SANITATION</u></b>			
Pest control	280	302	(22)
Solid waste disposal	3,000	2,044	956
<b>TOTAL HEALTH AND SANITATION</b>	<u>3,280</u>	<u>2,346</u>	<u>934</u>

(CONTINUED)

**TOWN ON COTTONPORT, LOUISIANA**  
**GENERAL FUND**  
**DETAILED STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)**  
**(CONTINUED)**  
**YEAR ENDED JUNE 30, 2001**

	Budget	Actual	Variance - Favorable (Unfavorable)
<b><u>CAPITAL OUTLAY</u></b>			
General government	2,000	330	1,670
Police	28,000	24,219	3,781
Fire	2,000	0	2,000
Streets and bridges	2,000	4,779	(2,779)
<b>TOTAL CAPITAL OUTLAY</b>	34,000	29,329	4,671
<b><u>DEBT SERVICE</u></b>			
Tar machine lease payments	2,150	2,150	0
<b>TOTAL DEBT SERVICE</b>	2,150	2,150	0
<b>TOTAL EXPENDITURES</b>	\$572,716	\$566,972	\$5,744

(CONCLUDED)

## **SPECIAL REVENUE FUNDS**

**Sales Tax Fund** – To account for the receipt and use of proceeds of the Town's 1% sales and use tax. These taxes are dedicated for the constructing, acquiring, extending, improving, operating and maintaining the following:

- A. Sewers and Sewerage Disposal Facilities
- B. Waterworks Facilities
- C. Public Streets
- D. Drainage Facilities

**Volunteer Fire Department Fund** – To account for the receipt and use of proceeds of an ad valorem tax. These taxes are dedicated for the purchase of equipment or supplies, salaries of firemen, repair of equipment training aides, fire station building and/or maintenance, and/or any other fire protection related expenses with in the sub-district, pursuant to Article 8 of the Avoyelles Fire Protection District #2 for the Cottonport Volunteer Fire Department.

TOWN OF COTTONPORT, LOUISIANA  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS  
 JUNE 30, 2001

	Sales Tax Fund	Volunteer Fire Department Fund	Totals Memorandum Only
<b><u>ASSETS</u></b>			
Cash and interest-bearing deposits	\$136,028	\$21,136	\$157,165
Receivables:			
Sales taxes	17,722	0	17,722
Accrued Interest	534	0	534
Total assets	\$154,284	\$21,136	175,421
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	226	0	226
Due to other funds	20,000	0	20,000
Total liabilities	20,226	0	20,226
Fund balances:			
Unreserved, undesignated	134,058	21,136	155,195
Total liabilities and fund balances	\$154,284	\$21,136	\$175,421

**TOWN OF COTTONPORT, LOUISIANA  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2001**

	Sales Tax Fund				Volunteer Fire Department Fund				Totals			
	Budget		Actual		Budget		Actual		Budget		Actual	
									Variance Favorable (Unfavorable)	Variance Favorable (Unfavorable)		
<b>REVENUES</b>												
Taxes	\$113,000	\$122,338	\$9,338	\$26,400	\$31,116	\$4,716	\$139,400	\$153,454	\$14,054			
Intergovernmental	0	0	0	9,000	7,765	(1,235)	9,000	7,765	(1,235)			
Miscellaneous	3,000	4,933	1,933	0	2,130	2,130	3,000	7,063	4,063			
<b>TOTAL REVENUES</b>	<b>116,000</b>	<b>127,270</b>	<b>11,270</b>	<b>35,400</b>	<b>41,011</b>	<b>5,611</b>	<b>151,400</b>	<b>168,281</b>	<b>16,881</b>			
<b>EXPENDITURES</b>												
General government:												
Collection fee	1,510	1,660	(150)	0	0	0	1,510	1,660	(150)			
Miscellaneous	0	4	(4)	0	0	0	0	4	(4)			
Total general government	1,510	1,664	(154)	0	0	0	1,510	1,664	(154)			
Public safety - fire:												
Continuing education/Training	0	0	0	0	1,121	(1,121)	0	1,121	(1,121)			
Maintenance and materials	0	0	0	5,000	5,132	(132)	5,000	5,132	(132)			
Miscellaneous	0	0	0	0	184	(184)	0	184	(184)			
Total public safety- fire	0	0	0	5,000	6,437	(1,437)	5,000	6,437	(1,437)			
Capital outlay	0	0	0	10,000	10,696	(696)	10,000	10,696	(696)			
<b>TOTAL EXPENDITURES</b>	<b>1,510</b>	<b>1,664</b>	<b>(154)</b>	<b>15,000</b>	<b>17,134</b>	<b>(2,134)</b>	<b>16,510</b>	<b>18,797</b>	<b>(2,287)</b>			
Excess (deficiency) of revenues over expenditures	114,490	125,607	11,117	20,400	23,877	3,477	134,890	149,484	14,594			
<b>OTHER FINANCING SOURCES (USES)</b>												
Operating transfers out	(90,000)	(90,000)	0	(16,426)	(16,426)	0	(106,426)	(106,426)	0			
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(90,000)</b>	<b>(90,000)</b>	<b>0</b>	<b>(16,426)</b>	<b>(16,426)</b>	<b>0</b>	<b>(106,426)</b>	<b>(106,426)</b>	<b>0</b>			
Excess (deficiency) of revenues over expenditures and other sources (uses)	\$24,490	35,607	\$11,117	\$3,974	7,451	\$3,477	\$28,464	43,058	\$14,594			
<b>FUND BALANCES AT BEGINNING OF YEAR</b>		98,452			13,686			112,138				
<b>FUND BALANCES AT END OF YEAR</b>		\$134,058			\$21,137			\$155,196				

## **ENTERPRISE FUND**

**UTILITY FUND**- To account for the provision of water and sewerage services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

**TOWN OF COTTONPORT, LOUISIANA  
 PROPRIETARY FUND TYPE  
 ENTERPRISE FUND  
 STATEMENT OF OPERATING EXPENSES BY DEPARTMENT  
 BUDGET (GAAP BASIS) AND ACTUAL  
 YEAR ENDED JUNE 30, 2001**

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
<b><u>WATER DEPARTMENT:</u></b>			
Salaries	\$30,000	\$28,285	\$1,716
Payroll taxes and employee benefits	6,000	3,414	2,586
Materials and supplies	35,000	36,217	(1,217)
Chemicals	19,000	17,354	1,647
Truck and backhoe expenses	6,500	5,684	816
Repairs and maintenance	6,000	4,473	1,527
Utilities and telephone	110,200	109,911	289
Insurance	14,000	12,124	1,876
Uniforms	600	368	232
Depreciation	42,000	38,866	3,134
Bad debts	200	30	170
Engineering fees	23,870	15,085	8,785
Miscellaneous	2,500	2,967	(467)
<b>TOTAL WATER DEPARTMENT</b>	<b><u>\$295,870</u></b>	<b><u>\$274,777</u></b>	<b><u>\$21,093</u></b>
<b><u>SEWER DEPARTMENT:</u></b>			
Salaries	\$35,000	\$35,246	\$(246)
Payroll taxes and employee benefits	4,200	3,865	335
Materials and supplies	30,000	28,056	1,944
Chemicals	33,500	35,399	(1,899)
Truck and backhoe expenses	6,500	5,222	1,278
Repairs and maintenance	25,000	22,325	2,675
Utilities	18,000	17,542	458
Insurance	5,300	5,608	(308)
Uniforms	500	511	(11)
Depreciation	39,500	44,987	(5,487)
Bad debts	200	13	187
Engineering fees	500	625	(125)
Miscellaneous	9,000	8,534	466
<b>TOTAL SEWER DEPARTMENT</b>	<b><u>\$207,200</u></b>	<b><u>\$207,933</u></b>	<b><u>\$(733)</u></b>
<b><u>GENERAL AND ADMINISTRATIVE:</u></b>			
Salaries	\$33,000	\$33,877	\$(877)
Payroll taxes and employee benefits	6,700	7,360	(660)
Professional fees	3,500	3,001	500
Office supplies and postage	6,000	4,668	1,332
Uniforms	450	293	157
Miscellaneous	50	317	(267)
<b>TOTAL GENERAL AND ADMINISTRATIVE</b>	<b><u>\$49,700</u></b>	<b><u>\$49,515</u></b>	<b><u>\$185</u></b>

*APPENDIX A*

**REPORTS REQUIRED BY  
OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133**

The following pages contain reports on the Schedule of Expenditures of Federal Awards and on compliance with requirements applicable to each Major Program and internal control over compliance in accordance with OMB Circular A-133

**REPORT ON SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS**

The Honorable Cleveland Carmouche, Mayor  
And the Members of the Council  
Town of Cottonport, Louisiana

We have audited the general purpose financial statements of the Town of Cottonport, Louisiana, for the year ended June 30, 2001, and have issued our report thereon dated November 26, 2001. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is 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.

*Ducote & Company*  
**DUCOTE & COMPANY**  
Marksville, Louisiana  
November 26, 2001

**TOWN OF COTTONPORT, LOUISIANA**  
**Schedule of Expenditures of Federal Awards**  
**For Year Ended June 30, 2001**

<u>Federal Grantor/ Pass-Through Grantor/ Program Name</u>	<u>Federal CFDA Number</u>	<u>Identifying Number</u>	<u>Program Expenditures</u>
<b><u>U. S. Department Housing and Urban Development</u></b> Passed through Louisiana Office of Community Development: Louisiana Community Development Block Grant (LCDBG)	14.228	107-900441	<u>\$564,792</u>
<b>Total Federal Expenditure Awards</b>			<u>\$564,792</u>

See accompanying notes to the schedule.

**TOWN OF COTTONPORT, LOUISIANA**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For Year Ended June 30, 2001**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Cottonport, Louisiana and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

**NOTE 2 - SUBRECIPIENTS**

Of the federal expenditures presented in the schedule, the Town of Cottonport, Louisiana provided no federal awards to subrecipients.

REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Cleveland Carmouche, Mayor  
And the Members of the Council  
Town of Cottonport, Louisiana

### Compliance

We have audited the compliance of the Town of Cottonport, Louisiana with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2001. The Town of Cottonport, Louisiana's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Town of Cottonport's management. Our responsibility is to express an opinion on Town of Cottonport's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Cottonport's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Town of Cottonport's compliance with those requirements.

In our opinion, the Town of Cottonport, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

**Internal Control Over Compliance**

The management of the Town of Cottonport, Louisiana is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Cottonport's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Town of Cottonport's Mayor and Council Members and the its management of the and Federal granting agencies, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

  
**DUCOTE & COMPANY**  
Marksville, Louisiana  
November 26, 2001

**TOWN OF COTTONPORT, LOUISIANA**  
**Schedule of Audit Results, Findings, and Questioned Costs**  
**For the Year Ended June 30, 2001**

**Section I – Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:  
 Material weakness(es) identified? \_\_\_\_\_ yes      x   no  
 Reportable condition(s) identified not  
 Considered to be material weakness(es) \_\_\_\_\_ yes      x   no

Noncompliance material to financial statements noted?   x   yes    \_\_\_\_\_ no

**Federal Awards**

Internal Control over major programs:  
 Material weakness(es) identified? \_\_\_\_\_ yes      x   no  
 Reportable condition(s) identified not  
 Considered to be material weakness(es) \_\_\_\_\_ yes      x   none reported

Type of auditors' report issued on compliance  
 For major programs: Unqualified

Any audit findings disclosed that are required  
 To be reported in accordance with  
 Circular A-133, Section .510(a) \_\_\_\_\_ yes      x   no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.228	LCDBG

Dollar threshold used to distinguish between  
 Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee   x   yes    \_\_\_\_\_ no

**Section II-Financial Statement Findings**

There are no findings applicable to internal control and four findings relative to compliance. These are reported as 01-01, 01-02, 01-03 and 01-04 in the summary of current year audit findings.

**Section III – Federal Award Findings and Questioned Costs**

There are no findings related to internal controls or compliance applicable to federal awards and there are no questioned costs.

**TOWN OF COTTONPORT, LOUISIANA**  
**Schedule of Audit Results, Findings, and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2001**

***Section IV – Summary of Current Year Audit Findings***

**Finding 01-01- Town funds used to pay for Thanksgiving and Christmas parties**

On 11/22/00, a Thanksgiving Dinner was hosted for the employees and town officials at a cost of \$165, which was paid for with town funds. On 12/15/00 a Christmas party was catered for fifty people at a cost of \$635, which was paid for with town funds. Both of these payments were in Violation of Article 7, Section 14 of the Louisiana constitution, which prohibits donating anything of value to any person. If the town hosts dinners or parties, public funds can not be used to pay for the costs.

**Finding 01-02- Town funds used to pay for personal items for which reimbursement occurred five months later.**

On 7/10/00 an item was ordered for a personal friend of the Mayor from a vendor using the Town's account. The purchase, which totaled \$105 was not reimbursed until 12/11/00. Sales tax was not paid on the item since the Town's account was used for the purchase. The delay in reimbursement constitutes an inappropriate use of town funds. The inappropriate use of the town's sale tax exemption constitutes an inappropriate donation. Both were in violation of Article 7, Section 14 of the Louisiana constitution. No one should be allowed to use town accounts for making personal purchases.

**Finding 01-03- Donated items not properly accounted for.**

Items donated to the Town for use in a future museum were unaccounted for when the new administration took office in January of 2001. Items had not been inventoried as required by LRS 24:515(B)(1). In addition, disposition was not properly documented. All items donated should be tagged and accounted for in general fixed assets. Disposition of any property owned by the town should only be made in accordance with state law.

**Finding 01-04- Town funds used to pay for water and sewer extensions outside of city limits.**

Expenses were incurred in June 2000 for extension of sewer lines and installation of a waterline and fire hydrants outside of the city limits of the town. Minutes of the Council meeting did not reflect approval of this action and there was no reimbursement made from residents who were served by the extensions. These extensions were in violation of the town ordinance and were not properly approved. In the future, expenses of this nature should not be incurred without reimbursement from those served outside the city limits and/or proper approval by the Mayor and Council.

**TOWN OF COTTONPORT, LOUISIANA**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2001**

<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>
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**Section I – Internal Control and Compliance Material to the Financial Statements**

00-1 C	1999	Deposits in one financial institution were undersecured in the amount of \$24,444 on June 30, 2000.	Yes	Additional securities have been pledged and is being monitored for adequacy.
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**Section II – Internal Control and Compliance Material to Federal Awards**

None reported in prior year.

**Section III – Management Letter**

No management letter issued in prior year.

**TOWN OF COTTONPORT, LOUISIANA**  
**Corrective Action Plan for Current Year Audit Findings**  
**For the Year Ended June 30, 2001**

<u>Ref No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
<b>Section I – Internal Control and Compliance Material to the Financial Statements</b>				
01-01	Town funds used to pay for Thanksgiving and Christmas parties.	The current administration promises to discontinue this practice in the future. Both of the violations noted were under a previous administration.	Mayor Carmouche	November 2001
01-02	Town funds used to pay for a personal item for which reimbursement occurred five months later.	This instance occurred under the prior Mayor's administration. The current Mayor assured that the Town's account will not be used for personal purchases in the future.	Mayor Carmouche	November 2001
01-03	Donated items not properly accounted for.	All donated items will be inventoried and accounted for in general fixed assets in the future. The current administration is attempting to locate one of these items and reclaim it as town property.	Mayor Carmouche	December 2001
01-04	Town funds used to pay for water and sewer extensions outside of city limits.	The current administration did not authorize these extensions and has no intention to incur such cost in the future without requesting reimbursement or seeking appropriate approval when applicable.	Mayor Carmouche	November 2001

**Section II – Internal Control and Compliance Material to Federal Awards**

None

**Section III – Management Letter Comments**

No management letter comments were issued for the current year.