

**TOWN OF ELTON, LOUISIANA**

Financial Report

Year Ended December 31, 2019

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Roger D. Laughlin, Mayor  
and Members of the Board of Aldermen  
Town of Elton, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Elton, Louisiana (the Town), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

## ***Opinions***

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

## ***Emphasis of Matter***

As discussed in Note 19 to the financial statements, as a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen that may negatively affect the financial position, changes in financial position, and cash flows of the Town. Our opinions are not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 38 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The comparative statement of utility fund operating expenses and the various schedules included in other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The comparative statement of utility fund operating expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the comparative statement of utility fund operating expenses is fairly stated in all material respects in relation to the basic financial statements as a whole.

The prior year comparative information included in this information has been derived from the Town of Elton, Louisiana's 2018 basic financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, was fairly presented in all material respects in relation to the basic financial statements from which they were derived.

The budgetary comparison schedules, schedule of the number of utility customers, and the schedule of insurance in force have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2020, on our consideration of the Town of Elton, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Elton, Louisiana's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Oberlin, Louisiana  
July 24, 2020

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

TOWN OF ELTON, LOUISIANA

Statement of Net Position  
December 31, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest-bearing deposits	\$ 873,033	\$ 214,477	\$1,087,510
Receivables, net	53,483	55,569	109,052
Due from other governmental units	102,622	-	102,622
Prepaid items	9,175	-	9,175
Restricted assets:			
Cash and interest-bearing deposits	-	22,020	22,020
Capital assets:			
Land	77,858	10,000	87,858
Capital assets, net	<u>601,265</u>	<u>2,451,848</u>	<u>3,053,113</u>
Total assets	<u>1,717,436</u>	<u>2,753,914</u>	<u>4,471,350</u>
LIABILITIES			
Accounts and other payables	36,159	27,251	63,410
Due to other governmental units	-	2,774	2,774
Customer deposits	-	22,020	22,020
Long-term liabilities:			
Due within one year	23,996	-	23,996
Due after one year	<u>38,207</u>	<u>-</u>	<u>38,207</u>
Total liabilities	<u>98,362</u>	<u>52,045</u>	<u>150,407</u>
NET POSITION			
Net investment in capital assets	616,920	2,461,848	3,078,768
Restricted - sales tax dedications	292,026	-	292,026
Restricted - grant provisions	657,098	-	657,098
Unrestricted	<u>53,030</u>	<u>240,021</u>	<u>293,051</u>
Total net position	<u>\$1,619,074</u>	<u>\$2,701,869</u>	<u>\$4,320,943</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF ELTON, LOUISIANA

Statement of Activities  
For the Year Ended December 31, 2019

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 253,346	\$ 55,873	\$ -	\$ -	\$ (197,473)	\$ -	\$ (197,473)
Public safety:							
Police	415,853	41,564	28,766	-	(345,523)	-	(345,523)
Fire	21,443	-	21,443	-	-	-	-
Highways and streets	182,259	-	-	-	(182,259)	-	(182,259)
Parks and recreation	5,954	-	-	-	(5,954)	-	(5,954)
Education	50,034	-	50,034	-	-	-	-
Animal control	10,723	-	-	-	(10,723)	-	(10,723)
Interest on long-term debt	2,652	-	-	-	(2,652)	-	(2,652)
Total governmental activities	<u>942,264</u>	<u>97,437</u>	<u>100,243</u>	<u>-</u>	<u>(744,584)</u>	<u>-</u>	<u>(744,584)</u>
Business-type activities:							
Water	156,008	158,957	-	-	-	2,949	2,949
Sewer	184,365	56,845	-	-	-	(127,520)	(127,520)
Sanitation	105,205	105,697	-	-	-	492	492
Total business-type activities	<u>445,578</u>	<u>321,499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(124,079)</u>	<u>(124,079)</u>
Total	<u>\$ 1,387,842</u>	<u>\$ 418,936</u>	<u>\$ 100,243</u>	<u>\$ -</u>	<u>(744,584)</u>	<u>(124,079)</u>	<u>(868,663)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					24,534	-	24,534
Sales and use taxes, levied for general purposes					236,578	-	236,578
Franchise taxes					54,632	-	54,632
Grants and contributions not restricted to specific programs -							
State sources					21,276	-	21,276
Community grant revenue					285,911	-	285,911
Interest and investment earnings					1,002	2,230	3,232
Miscellaneous					13,313	23,010	36,323
Transfers					161,651	(161,651)	-
Total general revenues and transfers					<u>798,897</u>	<u>(136,411)</u>	<u>662,486</u>
Change in net position					54,313	(260,490)	(206,177)
Net position - January 1, 2019					<u>1,564,761</u>	<u>2,962,359</u>	<u>4,527,120</u>
Net position - December 31, 2019					<u>\$ 1,619,074</u>	<u>\$ 2,701,869</u>	<u>\$ 4,320,943</u>

The accompanying notes are an integral part of the basic financial statements.

**FUND FINANCIAL STATEMENTS (FFS)**

## **MAJOR FUND DESCRIPTIONS**

### **General Fund**

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

### **Special Revenue Fund**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

#### **Coushatta Tribe Community Grant Fund**

To assist in the construction, maintenance and repair of Elton public schools and to assist with the purchase of books, equipment and supplies to further the educational needs of students attending Elton public schools; to provide fire protection to the reservation of the Coushatta Tribe of Louisiana; to assist in the furnishing of municipal police services; to assist in the construction, maintenance and repair of municipal infrastructure and housing.

#### **1991 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 to the maintenance, repairs, and upkeep of streets in the Town of Elton, Louisiana.

#### **1975 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 to the opening, constructing, paving, resurfacing and improving streets, sidewalks and bridges, constructing and purchasing street lighting facilities; constructing and improving drains, drainage canals and sub-surface drainage; constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment; constructing and purchasing garbage disposal and health and sanitation equipment and facilities; constructing public buildings; purchasing, constructing and improving public parks and recreational facilities and acquiring the necessary equipment and furnishing thereof; purchasing equipment for civil defense; improving any work of permanent public improvement; and purchasing and acquiring all equipment and furnishings for the public works, buildings, improvements and facilities of the Town of Elton, Louisiana.

### **Enterprise Fund**

#### **Utility Fund -**

To account for the provision of water, sewer, and sanitation (garbage) 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 related debt service, and billing and collection.

TOWN OF ELTON, LOUISIANA

Balance Sheet - Governmental Funds  
December 31, 2019

	<u>General</u>	Coushatta Tribe Community Grant	<u>1991 Sales Tax</u>	<u>1975 Sales Tax</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and interest-bearing deposits	\$ 12,271	\$ 595,038	\$ 244,359	\$ 21,365	\$ 873,033
Receivables -					
Taxes	37,381	-	8,051	8,051	53,483
Due from other funds	9,854	-	10,200	-	20,054
Due from other governmental units	<u>13,275</u>	<u>89,347</u>	<u>-</u>	<u>-</u>	<u>102,622</u>
Total assets	<u>\$ 72,781</u>	<u>\$ 684,385</u>	<u>\$ 262,610</u>	<u>\$ 29,416</u>	<u>\$1,049,192</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 11,218	\$ 17,433	\$ -	\$ -	\$ 28,651
Accrued liabilities	7,508	-	-	-	7,508
Due to other funds	<u>10,200</u>	<u>9,854</u>	<u>-</u>	<u>-</u>	<u>20,054</u>
Total liabilities	<u>28,926</u>	<u>27,287</u>	<u>-</u>	<u>-</u>	<u>56,213</u>
Deferred inflows of resources:					
Unavailable revenue	<u>2,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,159</u>
Fund balances -					
Restricted - sales tax dedications	-	-	262,610	29,416	292,026
Restricted - grant provisions	-	657,098	-	-	657,098
Unassigned	<u>41,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,696</u>
Total fund balances	<u>41,696</u>	<u>657,098</u>	<u>262,610</u>	<u>29,416</u>	<u>990,820</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 72,781</u>	<u>\$ 684,385</u>	<u>\$ 262,610</u>	<u>\$ 29,416</u>	<u>\$1,049,192</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF ELTON, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
December 31, 2019

Total fund balances for governmental funds at December 31, 2019		\$ 990,820
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 77,858	
Buildings and improvements, net of \$434,487 accumulated depreciation	107,660	
Infrastructure, net of \$1,005,950 accumulated depreciation	317,746	
Equipment, furniture, and fixtures, net of \$649,735 accumulated depreciation	<u>175,859</u>	679,123
Difference between prepaid expenses on modified accrual basis versus accrual basis		9,175
Some of the Town's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources at the fund level.		
Unavailable revenue:		
Delinquent ad valorem taxes		2,159
Some liabilities are not due and payable from current financial resources and are, therefore not reported in the funds. These liabilities consist of the following:		
Capital lease		<u>(62,203)</u>
Total net position of governmental activities at December 31, 2019		<u>\$ 1,619,074</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF ELTON, LOUISIANA

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

	General	Coushatta Tribe Community Grant	1991 Sales Tax	1975 Sales Tax	Total
Revenues:					
Taxes	\$ 79,531	\$ -	\$ 118,289	\$ 118,289	\$ 316,109
Licenses and permits	48,623	-	-	-	48,623
Intergovernmental	50,042	-	-	-	50,042
Community grant revenue	-	357,388	-	-	357,388
Fines and forfeits	41,564	-	-	-	41,564
Miscellaneous	20,592	554	397	22	21,565
Total revenues	<u>240,352</u>	<u>357,942</u>	<u>118,686</u>	<u>118,311</u>	<u>835,291</u>
Expenditures:					
Current -					
General government	211,031	2,887	13,093	2,484	229,495
Public safety:					
Police	376,624	5,534	-	-	382,158
Fire	-	21,443	-	-	21,443
Highways and streets	149,484	-	-	-	149,484
Parks and recreation	3,158	-	-	-	3,158
Education	-	50,034	-	-	50,034
Animal control	10,723	-	-	-	10,723
Capital outlay	57,953	2,746	-	-	60,699
Debt service	19,913	-	-	-	19,913
Total expenditures	<u>828,886</u>	<u>82,644</u>	<u>13,093</u>	<u>2,484</u>	<u>927,107</u>
Excess (deficiency) of revenues over expenditures	<u>(588,534)</u>	<u>275,298</u>	<u>105,593</u>	<u>115,827</u>	<u>(91,816)</u>
Other financing sources (uses):					
Transfers in	613,781	-	-	-	613,781
Transfers out	-	(163,609)	(168,521)	(120,000)	(452,130)
Total other financing sources (uses)	<u>613,781</u>	<u>(163,609)</u>	<u>(168,521)</u>	<u>(120,000)</u>	<u>161,651</u>
Net change in fund balance	25,247	111,689	(62,928)	(4,173)	69,835
Fund balances, beginning	<u>16,449</u>	<u>545,409</u>	<u>325,538</u>	<u>33,589</u>	<u>920,985</u>
Fund balances, ending	<u>\$ 41,696</u>	<u>\$ 657,098</u>	<u>\$ 262,610</u>	<u>\$ 29,416</u>	<u>\$ 990,820</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF ELTON, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
 Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended December 31, 2019

Total net changes in fund balances for the year ended December 31, 2019 per the statement of revenues, expenditures and changes in fund balances	\$ 69,835
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay which is considered expenditures on statement of revenues, expenditures and changes in fund balances	\$ 60,700
Depreciation expense for the year ended December 31, 2019	<u>(97,451)</u> (36,751)
Difference between prepaid expenses on modified accrual basis verses accrual basis	4,333
Bond and capital lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal and capital leases are recorded as expenditures in the governmental funds but reduce liability in the statement of net position. Also, governmental funds report the effects of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:	
Repayment of long-term debt	17,261
Some of the Town's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures, and therefore, are reported as deferred inflows of resources at the fund level.	
Net change in unavailable revenues - Delinquent ad valorem taxes	<u>(365)</u>
Total changes in net position for the year ended December 31, 2019 per the statement of activities	<u>\$ 54,313</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF ELTON, LOUISIANA

Statement of Net Position  
 Proprietary Fund  
 December 31, 2019

	<u>Enterprise Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and interest-bearing deposits	\$ 27,932
Certificates of deposit	186,545
Receivables -	
Accounts, net	<u>55,569</u>
Total current assets	<u>270,046</u>
Noncurrent assets:	
Restricted assets-	
Customers' deposits -	
Cash	22,020
Land	10,000
Capital assets, net	<u>2,451,848</u>
Total noncurrent assets	<u>2,483,868</u>
Total assets	<u>2,753,914</u>
<b>LIABILITIES</b>	
Current liabilities (payable from current assets):	
Accounts payable	26,895
Accrued liabilities	356
Due to other governmental units	<u>2,774</u>
Total	30,025
Current liabilities (payable from restricted assets):	
Customer deposits	<u>22,020</u>
Total liabilities	<u>52,045</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,461,848
Unrestricted	<u>240,021</u>
Total net position	<u>\$2,701,869</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF ELTON, LOUISIANA

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

	<u>Enterprise Fund</u>
Operating revenues:	
Charges for services -	
Water charges	\$ 158,957
Sewer charges	56,845
Sanitation charges	105,697
Miscellaneous	<u>23,010</u>
Total operating revenues	<u>344,509</u>
Operating expenses:	
Water department	156,008
Sewer department	184,365
Sanitation department	<u>105,205</u>
Total operating expenses	<u>445,578</u>
Operating loss	(101,069)
Nonoperating revenues:	
Interest income	<u>2,230</u>
Loss before transfers	(98,839)
Transfers:	
Transfers in (out)	<u>(161,651)</u>
Change in net position	(260,490)
Net position, beginning	<u>2,962,359</u>
Net position, ending	<u>\$2,701,869</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF ELTON, LOUISIANA

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

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 314,382
Payments to suppliers	(327,618)
Payments to employees	(29,977)
Other receipts	<u>23,010</u>
Net cash used by operating activities	<u>(20,203)</u>
Cash flows from noncapital financing activities:	
Net decrease in customer deposits payable	(5,091)
Net transfers received from other funds	<u>26,878</u>
Net cash provided by noncapital financing activities	<u>21,787</u>
Cash flows from capital and related financing activities:	
Net purchase of capital assets	<u>(3,200)</u>
Cash flows from investing activities:	
Net maturities (purchases) of investments	(2,174)
Interest received on interest-bearing deposits	<u>2,230</u>
Net cash provided by investing activities	<u>56</u>
Net decrease in cash and cash equivalents	(1,560)
Cash and cash equivalents, beginning of period	<u>51,512</u>
Cash and cash equivalents, end of period	<u>\$ 49,952</u>

(continued)

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

	<u>Enterprise Fund</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (101,069)
Adjustments to reconcile operating loss to net cash used by operating activities -	
Depreciation	94,557
Changes in current assets and liabilities:	
Increase accounts receivable	(7,117)
Increase in accounts payable	(4,043)
Increase in due to other governmental units	(2,565)
Decrease in accrued liabilities	34
Net cash used by operating activities	<u>\$ (20,203)</u>
 Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash and interest-bearing deposits - unrestricted	\$ 24,401
Cash and interest-bearing deposits - restricted	27,111
Certificates of deposit - unrestricted	184,371
Less: Certificates of deposit with a maturity greater than three months when purchased	<u>(184,371)</u>
Total cash and cash equivalents	<u>51,512</u>
 Cash and cash equivalents, end of period -	
Cash and interest-bearing deposits - unrestricted	27,932
Cash and interest-bearing deposits - restricted	22,020
Certificates of deposit - unrestricted	186,545
Less: Certificates of deposit with a maturity greater than three months when purchased	<u>(186,545)</u>
Total cash and cash equivalents	<u>49,952</u>
 Net decrease	 <u>\$ (1,560)</u>

The accompanying notes are an integral part of the basic financial statements.

## TOWN OF ELTON, LOUISIANA

### Notes to Basic Financial Statements

#### (1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Elton, Louisiana (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting policies of the Town also conform to the requirements of Louisiana Revised Statute 24:513, the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*. The accounting and reporting framework and the more significant accounting policies are described below.

##### A. Financial Reporting Entity

The Town was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

As the municipal governing authority, for reporting purposes, the Town of Elton is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, and (d) organizations that are closely related to, or financially integrated with the primary government.

Section 2100 of the 2011 Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, "Defining the Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the primary government's governing authority (Mayor and Board of Aldermen) appoints a majority of board members of the potential component unit and is able to impose its will on the potential component unit or whether the potential component unit is fiscally dependent on the primary government.
3. Financial benefit/burden relationship between the primary government and the potential component unit.
4. The nature and significance of the relationship between the potential component unit with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

## TOWN OF ELTON, LOUISIANA

### Notes to Basic Financial Statements (Continued)

The Town is a primary government and has no component units. The accompanying financial statements present information only on the funds maintained by the Town and do not present information on any other governmental unit.

#### B. Basis of Presentation

##### Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the Town as an economic unit. The government-wide financial statements report the Town's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and all business-type activities of the primary government.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

##### Fund Financial Statements

The accounts of the Town are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses, and transfers. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the Town. The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major funds, each displayed in a separate column.

Major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the totals for all governmental or enterprise funds and at least five percent of the aggregate amount for all governmental and enterprise funds for the same item or funds designated as major at the discretion of the Town. The General Fund is always a major fund. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The Town uses the following funds, grouped by fund type.

## TOWN OF ELTON, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Governmental Funds:

Governmental Funds are those through which most governmental functions of the Town are financed. The acquisition, use, and balances of the Town's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

#### 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 Revenues Funds are used to account for the proceeds of government grants or other specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects of the Town. The following are the Town's major Special Revenue Funds:

The Coushatta Tribe Community Grant Special Revenue Fund is used to account for funds collected for assisting in the construction, maintenance and repair of Elton public schools, purchasing books, equipment and supplies to further the education needs of students attending Elton public schools; providing fire protection to the reservation of the Coushatta Tribe of Louisiana; assisting in the furnishing of municipal police services; and assisting in the construction, maintenance and repair of municipal infrastructure and housing.

The 1991 Sales Tax Special Revenue Fund is used to account for the proceeds of a one percent (1%) sales and use tax that is legally restricted to expenditures for specific purposes.

The 1975 Sales Tax Special Revenue Fund is used to account for the proceeds of a one percent (1%) sales and use tax that is legally restricted to expenditures for specific purposes.

#### Proprietary Fund -

Proprietary funds are used to account for the Town's ongoing operations and activities which are similar to those often found in the private sector where the intent is that costs of providing goods and services be recovered through user charges. The proprietary fund maintained by the Town is an enterprise fund.

## TOWN OF ELTON, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Enterprise Fund

Enterprise funds are proprietary funds that are used to report activities for which a fee is charged to external users. These funds account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided 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's enterprise fund is the Utility Fund.

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

The measurement focus determines the accounting and financial reporting treatment applied to a fund. The governmental and business-type activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income, net position, and cash flows.

The fund financial statements use either the current financial resources measurement focus, or the economic resources measurement focus as appropriate. Governmental funds use the current financial resources measurement focus. The measurement focus is based upon the receipt and disbursement of current available financial resources rather than upon net income. The measurement focus of the proprietary fund types, the flow of economic resources, is based upon determination of net income, net position and cash flows.

The accrual basis of accounting is used throughout the government-wide statements; conversely, the financial statements of the governmental funds have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. An exception to this is grants collected on a reimbursement basis. Those reimbursable grants are recognized as revenue when reimbursable expenditures are incurred. The Town considers reimbursement amounts received within one year as available. The Town accrues intergovernmental revenue, ad valorem and sales tax revenue, franchise fees, charges for services, and investment income based upon this concept. Expenditures are generally recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported as other financing sources, and principal and interest on long-term debt are recorded as expenditures when paid.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursement for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the Town. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the Town and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The financial statements of the enterprise funds have been prepared in accordance with the accrual basis of accounting. Accordingly, revenues are recorded when earned, and expenses and related liabilities are recorded when incurred.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town. Under state law, the Town may invest in United States bonds, treasury notes, or certificates.

For the purpose of the proprietary fund statement of cash flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit with an original maturity of three months or less.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans are reported as “advances to and from other funds.” Interfund receivables and payables, advances to and from other funds, as well as due to and from other funds are eliminated in the statement of net position.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes, ad valorem taxes, and amounts due from other governmental units. Business-type activities report customer utility service receivables as the major receivables. Uncollectible amounts due for customer utility receivables are recognized as bad debts through the establishment of an allowance for uncollectible accounts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectible accounts at December 31, 2019 was \$55,903. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month totaled \$14,499 at year end.

Prepaid Items

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

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20 years
Infrastructure	10-30 years
Equipment	5-15 years
Utility system and improvements	30-70 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in the government-wide statements.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the utility meter deposits.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. All of the Town's long-term debt is used in governmental fund operations.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of a capital lease payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund financial statements as it is in the government-wide statements.

Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Vacation must be taken in the year accrued and cannot be carried over. Sick leave is accumulated by employees at a rate dependent upon number of years of employment. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment. At December 31, 2019, the Town had no material accumulated leave benefits required to be reported.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2019, the Town had no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. At December 31, 2019, the Town reported deferred inflows of resources related to unavailable delinquent ad valorem tax revenue totaling \$2,159 in the General Fund.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Equity Classifications

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

- a. Net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by external groups, such as creditors, grantors, and contributors, laws or regulations of other governments; or law through constitutional provisions or enabling legislation. It is the Town's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred. At December 31, 2019, the Town reported \$949,124 of restricted net position, of which \$292,026 was restricted by enabling legislation.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily upon the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories and their purposes are:

- a. Nonspendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requiring they maintain intact.
- b. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, contributors or amounts constrained due to constitutional provisions or enabling legislation or the laws or regulations of other governments.
- c. Committed includes fund balance amounts that can be used only for specific purposes that are internally imposed by the Town through formal legislative action of the Board of Aldermen and does not lapse at year end. A committed fund balance constraint can only be established, modified or rescinded by passage of an Ordinance (Law) by the Board of Aldermen.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

- d. Assigned includes fund balance amounts that are constrained by the Town's intent to be sued for specific purposes, that are neither restricted nor committed. The assignment of fund balance is authorized by a directive from the Mayor and approval of a Resolution by the Board of Aldermen.
- e. Unassigned includes fund balance amounts which have not been classified within the above-mentioned categories.

It is the Town's policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the Town uses committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made.

Proprietary fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Revenues

The Town considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The Town generally defines the availability period for revenue recognition as received within sixty (60) days of year-end. The Town's major revenue sources that meet this availability criterion are intergovernmental revenues, franchise fees, tax revenue, and charges for services.

There are three classifications of programmatic revenues for the Town, grant and contributions revenue (operating and capital) and charges for services. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. Program revenues are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole. Programs revenues reduce the cost of the function to be financed from the Town's general revenues. The primary sources of program revenue are fees, fines, and charges paid by recipients of goods or services, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and earned income in connection with the operation of the Town's utility system.

Interest income is recorded as earned in the fund holding the interest-bearing asset.

Substantially all other revenues are recorded when received.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Operating Revenues and Expenses

In the proprietary funds, operating revenues are those revenues produced as a result of providing services and producing and delivering goods and/or services. Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gains on disposal of assets and insurance recoveries on property loss. Operating expenses are those expenses related to the production of revenue. Nonoperating expenses are those expenses not directly related to the production of revenue and include items such as interest expense and losses on disposal of assets.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, expenditures are classified as follows:

- Governmental Funds - By Character
- Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 3

The Town uses unrestricted resources only when restricted resources are fully depleted.

G. Capitalization of Interest Expense

It is the policy of the Town of Elton to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At December 31, 2019 there were no borrowings for assets under construction and no capitalized interest expense recorded.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

H. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

(2) 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 November or December. Billed taxes become delinquent on January 1 of the following year. The Town billed and collected its own property taxes using the assessed values determined by the Tax Assessors of Jefferson Davis and Allen Parishes through October 2019. Beginning with the 2019 assessment in October 2019, property taxes are collected and remitted by the Jefferson Davis Parish Tax Collector at the Jefferson Davis Parish Sheriff's office. Town property tax revenues are budgeted in the year billed.

For the year ended December 31, 2019, taxes of 5.96 mills were levied on property with assessed valuations totaling \$4,100,270 and were dedicated for general corporate purposes.

Total taxes levied were \$24,438. Taxes receivable at December 31, 2019 were \$16,677.

(3) Dedication of Sales Tax Proceeds

Proceeds of a 1 percent sales and use tax (accounted for in the 1975 Sales Tax Fund – a special revenue fund) levied by the Town of Elton (2019 collections \$118,289) are dedicated to the following purposes:

Opening, constructing, paving, resurfacing, and improving streets, sidewalks and bridges, constructing and purchasing street lighting facilities; constructing and improving drains, drainage canals and sub-surface drainage; constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment; constructing and purchasing garbage disposal and health and sanitation equipment and facilities; constructing public buildings; purchasing, constructing and improving public parks and recreational facilities and acquiring the necessary equipment and furnishings therefore; purchasing equipment and furnishings therefore; purchasing equipment for civil defense; improving any work of permanent public improvement; and purchasing and acquiring all equipment and furnishings for the public works, buildings, improvements and facilities of the Town of Elton, Louisiana, title to which all shall be in the public.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Proceeds of a 1 percent sales and use tax (accounted for in the 1991 Sales Tax Fund – a special revenue fund) levied by the Town of Elton (2019 collections \$118,289) are dedicated to the following purpose:

Maintenance, repair, and upkeep of the streets in the Town of Elton, Louisiana.

(4) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2019, the Town had cash and interest-bearing deposits (book balances) totaling \$1,109,530 as follows:

Demand deposits	\$ 62,223
Money market accounts	860,762
Time deposits	<u>186,545</u>
Total	<u>\$ 1,109,530</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town’s deposits may not be recovered, or the Town will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. The following is a summary of deposit balances (bank balances) at December 31, 2019, and the related federal insurance and pledged securities:

Bank balances	<u>\$1,119,233</u>
Federal deposit insurance	\$ 250,006
Pledged securities	<u>869,227</u>
Total	<u>\$1,119,233</u>

Deposits in the amount of \$869,227 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution’s trust department or agent, but not in the Town’s name. The Town does not have a policy for custodial credit risk.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(5) Receivables

Receivables at December 31, 2019 of \$109,052 consisted of the following:

	<u>General</u>	<u>Sales Tax Funds</u>	<u>Utility</u>	<u>Total</u>
Accounts, net	\$ -	\$ -	\$ 55,569	\$ 55,569
Taxes:				
Ad valorem	16,677	-	-	16,677
Franchise	20,704	-	-	20,704
Sales	-	16,102	-	16,102
Totals	<u>\$ 37,381</u>	<u>\$ 16,102</u>	<u>\$ 55,569</u>	<u>\$ 109,052</u>

(6) Due from Other Governmental Units

The amount due from other governmental units of \$102,622 consisted of the following at December 31, 2019:

Governmental activities:	
State of Louisiana - road maintenance receivable	\$ 1,525
State of Louisiana - beer tax revenues receivable	250
State of Louisiana - LGAP grant	11,500
Coushatta Tribe of Louisiana - gaming revenues receivable	<u>89,347</u>
Total	<u>\$102,622</u>

(7) Restricted Assets - Proprietary Fund Type

Restricted assets of \$22,020 at December 31, 2019 consisted of amounts owed for customer utility deposits.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Accounts and Other Payables

The accounts and other payables of \$63,410 consisted of the following at December 31, 2019:

	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 28,651	\$ 26,895	\$ 55,546
Accrued liabilities	<u>7,508</u>	<u>356</u>	<u>7,864</u>
Totals	<u>\$ 36,159</u>	<u>\$ 27,251</u>	<u>\$ 63,410</u>

(9) Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance 01/01/19	Additions	Deletions	Balance 12/31/19
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 77,858	\$ -	\$ -	\$ 77,858
Other capital assets:				
Buildings	542,147	-	-	542,147
Infrastructure	1,323,696	-	-	1,323,696
Equipment, furniture and fixtures	<u>895,431</u>	<u>60,700</u>	<u>130,537</u>	<u>825,594</u>
Totals	<u>2,761,274</u>	<u>60,700</u>	<u>130,537</u>	<u>2,691,437</u>
Less accumulated depreciation				
Buildings	420,182	14,305	-	434,487
Infrastructure	975,707	30,243	-	1,005,950
Equipment, furniture and fixtures	<u>727,369</u>	<u>52,903</u>	<u>130,537</u>	<u>649,735</u>
Total accumulated depreciation	<u>2,123,258</u>	<u>97,451</u>	<u>130,537</u>	<u>2,090,172</u>
Governmental activities, capital assets, net	<u>\$ 715,874</u>	<u>\$ (36,751)</u>	<u>\$ -</u>	<u>\$ 679,123</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 23,851
Police	38,028
Highways and streets	32,776
Parks and recreation	<u>2,796</u>
Total depreciation expense	<u>\$ 97,451</u>

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

	Balance 01/01/19	Additions	Deletions	Balance 12/31/19
Business-type activities:				
Capital assets not being depreciated:				
Land - water system	\$ 10,000	\$ -	\$ -	\$ 10,000
Other capital assets:				
Water system -				
Plant and lines	1,363,657	-	-	1,363,657
Equipment	39,135	-	-	39,135
Autos and trucks	9,224	-	-	9,224
Office equipment	18,356	-	7,943	10,413
Sewer system -				
Plant and lines	3,278,090	-	-	3,278,090
Equipment	179,472	3,200	-	182,672
Autos and trucks	2,900	-	-	2,900
Office equipment	715	-	715	-
Totals	<u>4,891,549</u>	<u>3,200</u>	<u>8,658</u>	<u>4,886,091</u>
Less accumulated depreciation				
Water system	928,227	22,188	7,943	942,472
Sewer system	<u>1,420,117</u>	<u>72,369</u>	<u>715</u>	<u>1,491,771</u>
Total accumulated depreciation	<u>2,348,344</u>	<u>94,557</u>	<u>8,658</u>	<u>2,434,243</u>
Business-type activities, capital assets, net	<u>\$ 2,553,205</u>	<u>\$ (91,357)</u>	<u>\$ -</u>	<u>\$ 2,461,848</u>

Depreciation expense was charged to business-type activities as follows:

Water	\$ 22,188
Sewer	<u>72,369</u>
Total depreciation expense	<u>\$ 94,557</u>

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(10) Segment Information for the Enterprise Fund

The Town of Elton maintains one enterprise fund with three departments which provide water, sewerage, and sanitation services. Segment information for the year ended December 31, 2019, was as follows:

	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Enterprise Fund</u>
Operating revenues	<u>\$170,462</u>	<u>\$ 60,987</u>	<u>\$ 113,060</u>	<u>\$ 344,509</u>
Operating expenses:				
Depreciation	22,188	72,369	-	94,557
Other	<u>133,820</u>	<u>111,996</u>	<u>90,227</u>	<u>336,043</u>
Total operating expenses	<u>156,008</u>	<u>184,365</u>	<u>105,205</u>	<u>445,578</u>
Operating income (loss)	<u>\$ 14,454</u>	<u>\$(123,378)</u>	<u>\$ 7,855</u>	<u>\$(101,069)</u>

(11) Changes in Long-Term Liabilities

The following is a summary of long-term liability transactions of the Town for the year ended December 31, 2019:

	<u>Balance 1/1/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2019</u>	<u>Amount due in one year</u>
Long-term debt:					
Capital lease	<u>\$ 79,464</u>	<u>\$ -</u>	<u>\$ 17,261</u>	<u>\$ 62,203</u>	<u>\$ 23,996</u>

Capital lease payable at December 31, 2019 consisted of the following:

	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Balance Outstanding</u>
Law enforcement vehicles	<u>\$ 97,271</u>	04/23/22	4.795%	<u>\$ 62,203</u>

<u>Year ending December 31,</u>	<u>Governmental Activities Law enforcement vehicles</u>
2020	\$ 26,551
2021	26,551
2022	13,275
Less: Amount representing interest	<u>(4,174)</u>
Present value of future minimum lease payments	<u>\$ 62,203</u>

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Vehicles under capital lease are included in capital assets at December 31, 2019 as follows:

Vehicles	\$ 97,271
Less: Accumulated depreciation	<u>(24,318)</u>
Net	<u>\$ 72,953</u>

Depreciation of vehicles under capital lease in the amount of \$19,454 for the year ended December 31, 2019 is included in depreciation expense.

(12) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended December 31, 2019 follows:

Mayor Roger D. Laughlin	<u>\$ 17,400</u>
Aldermen:	
Avella Ackless	3,125
Michael Bellon	875
Anthony Guillory	3,125
Shirley Johnson	2,000
Brandilyn Soileau	3,125
Kesia Lemoine	<u>3,125</u>
	<u>15,375</u>
	<u>\$ 32,775</u>

(13) Compensation, Benefits and Other Payments to Mayor

A detail of compensation, benefits, and other payments made to Mayor Roger D. Laughlin for the year ended December 31, 2019 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 17,400
Travel	<u>1,713</u>
	<u>\$ 19,113</u>

(14) Pending Litigation

There was pending litigation against the Town of Elton at December 31, 2019.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(15) Water Contract

Under a contract dated January 1, 2017, the Town of Elton is required to purchase its water from the East Allen Parish Waterworks District until December 31, 2019. During the fiscal year ended December 31, 2019, the Town's water purchases amounted to \$107,394. These purchases included \$9,915 owed at December 31, 2019 for water purchased during the month of December.

(16) Interfund Receivables/Payables

A. A summary of interfund receivables and payables at December 31, 2019 follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major governmental funds:		
General Fund	\$ 9,854	\$ 10,200
Coushatta Tribe Community Grant Fund	-	9,854
1991 Sales Tax Fund	<u>10,200</u>	<u>-</u>
Total	<u>\$ 20,054</u>	<u>\$ 20,054</u>

The amounts of interfund receivables and payables listed above are for short-term loans.

B. Transfers consisted of the following at December 31, 2019:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 613,781	\$ -
Coushatta Tribe Community Grant Fund	-	163,609
1991 Sales Tax Fund	-	168,521
1975 Sales Tax Fund	-	120,000
Proprietary Fund:		
Enterprise Fund	<u>-</u>	<u>161,651</u>
Total	<u>\$ 613,781</u>	<u>\$ 613,781</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the different funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(17) Risk Management

The Town is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage for each of those risks of loss. Management believes coverage is sufficient to preclude any significant uninsured losses to the Town. There have been no significant reductions in the insurance during the year, nor have settlements exceeded coverage for the past three years.

(18) On-Behalf Payment of Salaries

The State of Louisiana paid the Town's police officers \$28,766 of supplemental pay during the year ended December 31, 2019. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(19) Subsequent Events

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, changes in financial position, and cash flows of the Town during fiscal year 2020. Additionally, on March 23, 2020 as a result of a public health emergency declared by the State of Louisiana on March 11, 2020, the Town announced a temporary closure of the Town Hall lobby to the public through May 15, 2020. The duration of these uncertainties and the ultimate financial effects on the Town cannot be reasonably estimated at this time.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

TOWN OF ELTON, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended December 31, 2019

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 73,000	\$ 75,039	\$ 79,531	\$ 4,492
Licenses and permits	43,000	50,163	48,623	(1,540)
Intergovernmental	36,450	33,782	50,042	16,260
Fines and forfeits	31,000	34,773	41,564	6,791
Miscellaneous	<u>13,530</u>	<u>14,285</u>	<u>20,592</u>	<u>6,307</u>
Total revenues	<u>196,980</u>	<u>208,042</u>	<u>240,352</u>	<u>32,310</u>
<b>Expenditures:</b>				
Current -				
General government	191,175	193,577	211,031	(17,454)
Public safety - police	342,500	362,791	376,624	(13,833)
Highways and streets	147,800	153,077	149,484	3,593
Parks and recreation	9,700	3,897	3,158	739
Animal control	13,100	11,594	10,723	871
Capital outlay	20,000	57,417	57,953	(536)
Debt service	-	20,000	19,913	87
Total expenditures	<u>724,275</u>	<u>802,353</u>	<u>828,886</u>	<u>(26,533)</u>
Deficiency of revenues over expenditures	(527,295)	(594,311)	(588,534)	5,777
<b>Other financing sources (uses):</b>				
Transfers in	<u>525,000</u>	<u>722,417</u>	<u>613,781</u>	<u>(108,636)</u>
Net change in fund balance	(2,295)	128,106	25,247	(102,859)
Fund balance, beginning	<u>16,449</u>	<u>16,449</u>	<u>16,449</u>	<u>-</u>
Fund balance, ending	<u>\$ 14,154</u>	<u>\$ 144,555</u>	<u>\$ 41,696</u>	<u>\$ (102,859)</u>

The accompanying notes are an integral part of this schedule.

TOWN OF ELTON, LOUISIANA  
Coushatta Tribe Community Grant Fund

Budgetary Comparison Schedule  
For the Year Ended December 31, 2019

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Community grant revenue	\$ 360,000	\$ 340,143	\$ 357,388	\$ 17,245
Miscellaneous - interest	350	463	554	91
Total revenues	<u>360,350</u>	<u>340,606</u>	<u>357,942</u>	<u>17,336</u>
<b>Expenditures:</b>				
Current -				
General government:				
Professional fees	6,500	6,780	2,780	4,000
Miscellaneous	-	607	107	500
Total general government	<u>6,500</u>	<u>7,387</u>	<u>2,887</u>	<u>4,500</u>
Public safety - police:				
Insurance	-	-	5,534	(5,534)
Public safety - fire:				
Appropriation to Fire District - fire protection	<u>27,000</u>	<u>25,005</u>	<u>21,443</u>	<u>3,562</u>
Education:				
Public schools	<u>58,000</u>	<u>49,700</u>	<u>50,034</u>	<u>(334)</u>
Capital outlay -				
Public safety:				
Equipment - police	-	-	2,746	(2,746)
Total expenditures	<u>91,500</u>	<u>82,092</u>	<u>82,644</u>	<u>(552)</u>
Excess of revenues over expenditures	268,850	258,514	275,298	16,784
<b>Other financing uses:</b>				
Transfers to General Fund	<u>(270,000)</u>	<u>(197,417)</u>	<u>(163,609)</u>	<u>33,808</u>
Net change in fund balance	(1,150)	61,097	111,689	50,592
Fund balance, beginning	<u>545,409</u>	<u>545,409</u>	<u>545,409</u>	<u>-</u>
Fund balance, ending	<u>\$ 544,259</u>	<u>\$ 606,506</u>	<u>\$ 657,098</u>	<u>\$ 50,592</u>

The accompanying notes are an integral part of this schedule.

TOWN OF ELTON, LOUISIANA  
1991 Sales Tax Fund

Budgetary Comparison Schedule  
For the Year Ended December 31, 2019

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 104,000	\$ 115,819	\$ 118,289	\$ 2,470
Miscellaneous - interest	400	399	397	(2)
Total revenues	104,400	116,218	118,686	2,468
Expenditures:				
Current -				
General government:				
Professional fees	6,500	5,275	2,775	2,500
Collection fees	2,500	2,500	2,484	16
Repairs & Maintenance	20,000	16,824	7,834	8,990
Miscellaneous	-	2,559	-	2,559
Total expenditures	29,000	27,158	13,093	14,065
Excess of revenues over expenditures	75,400	89,060	105,593	16,533
Other financing uses:				
Transfers to General Fund	(150,000)	(320,000)	(168,521)	151,479
Net change in fund balance	(74,600)	(230,940)	(62,928)	168,012
Fund balance, beginning	325,538	325,538	325,538	-
Fund balance, ending	\$ 250,938	\$ 94,598	\$ 262,610	\$ 168,012

The accompanying notes are an integral part of this schedule.

TOWN OF ELTON, LOUISIANA  
1975 Sales Tax Fund

Budgetary Comparison Schedule  
For the Year Ended December 31, 2019

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 104,000	\$ 115,819	\$ 118,289	\$ 2,470
Miscellaneous - interest	25	24	22	(2)
Total revenues	104,025	115,843	118,311	2,468
Expenditures:				
Current -				
General government:				
Professional fees	1,200	1,000	-	1,000
Collection fees	2,500	2,500	2,484	16
Miscellaneous	50	-	-	-
Total expenditures	3,750	3,500	2,484	1,016
Excess of revenues over expenditures	100,275	112,343	115,827	3,484
Other financing uses:				
Transfers to General Fund	(105,000)	(130,000)	(120,000)	10,000
Net change in fund balance	(4,725)	(17,657)	(4,173)	13,484
Fund balance, beginning	33,589	33,589	33,589	-
Fund balance, ending	\$ 28,864	\$ 15,932	\$ 29,416	\$13,484

The accompanying notes are an integral part of this schedule.

TOWN OF ELTON, LOUISIANA

Notes to Required Supplementary Information

(1) Budget and Budgetary Accounting

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

1. Prior to December 15, the Town Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following January 1.
2. A summary of the proposed budget is published, and the public 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 an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
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 Board of Aldermen. Such amendments were not material in relation to the original appropriations.

(2) Excess of Expenditures over Appropriations

The General Fund and the Coshatta Tribe Community Grant Fund incurred expenditures in excess of appropriations totaling \$26,533 and \$552, respectively, for the year ended December 31, 2019.

**OTHER SUPPLEMENTARY INFORMATION**

**OTHER FINANCIAL INFORMATION**

TOWN OF ELTON, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Revenues  
For the Year Ended December 31, 2019  
With Comparative Actual Amounts for the Year Ended December 31, 2018

	2019		Actual	Variance with Final Budget Positive (Negative)	2018 Actual
	Budget				
	Original	Final			
Taxes:					
Ad valorem	\$ 21,000	\$ 21,294	\$ 24,899	\$ 3,605	\$ 23,415
Franchise tax	52,000	53,745	54,632	887	62,431
Total taxes	<u>73,000</u>	<u>75,039</u>	<u>79,531</u>	<u>4,492</u>	<u>85,846</u>
Licenses and permits:					
Occupational licenses	<u>43,000</u>	<u>50,163</u>	<u>48,623</u>	<u>(1,540)</u>	<u>49,864</u>
Intergovernmental:					
State of Louisiana -					
State revenue sharing	4,250	4,025	4,563	538	4,535
Grants	-	-	11,500	11,500	-
Beer taxes	1,500	1,324	1,447	123	1,354
Video poker	4,200	3,433	3,766	333	4,314
Supplemental pay	<u>26,500</u>	<u>25,000</u>	<u>28,766</u>	<u>3,766</u>	<u>32,250</u>
Total intergovernmental	<u>36,450</u>	<u>33,782</u>	<u>50,042</u>	<u>16,260</u>	<u>42,453</u>
Fines and court costs	<u>31,000</u>	<u>34,773</u>	<u>41,564</u>	<u>6,791</u>	<u>36,234</u>
Miscellaneous:					
Interest income	30	28	29	1	29
Rent	5,000	7,450	7,250	(200)	2,225
Other sources	<u>8,500</u>	<u>6,807</u>	<u>13,313</u>	<u>6,506</u>	<u>18,393</u>
Total miscellaneous	<u>13,530</u>	<u>14,285</u>	<u>20,592</u>	<u>6,307</u>	<u>20,647</u>
Total revenues	<u>\$196,980</u>	<u>\$208,042</u>	<u>\$240,352</u>	<u>\$ 32,310</u>	<u>\$235,044</u>

TOWN OF ELTON, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures  
For the Year Ended December 31, 2019  
With Comparative Actual Amounts for the Year Ended December 31, 2018

	2019				
	Budget		Actual	Variance with Final Budget Positive (Negative)	2018 Actual
	Original	Final			
Current:					
General government -					
Coroner fees	\$ 2,500	\$ 2,050	\$ 1,350	\$ 700	\$ 2,175
Dues and subscriptions	1,200	1,180	2,348	(1,168)	3,264
Insurance	42,000	38,212	36,594	1,618	44,645
Janitorial supplies	1,300	1,470	1,877	(407)	1,552
Legal and professional	20,000	17,899	21,107	(3,208)	16,405
Miscellaneous	10,500	10,507	9,737	770	6,310
Office expenditures	2,200	3,482	5,141	(1,659)	4,190
Payroll taxes	8,100	25,960	15,077	10,883	12,926
Publishing and recording	5,750	6,166	7,296	(1,130)	6,183
Supplies	3,400	2,109	2,072	37	652
Salaries	77,000	71,354	93,791	(22,437)	79,246
Telephone	4,925	2,919	2,425	494	2,423
Meetings, workshops, and conventions	1,900	4,433	3,933	500	1,874
Repairs and maintenance	6,100	1,977	5,208	(3,231)	5,342
Utilities	4,300	3,859	3,075	784	3,790
Total general government	<u>191,175</u>	<u>193,577</u>	<u>211,031</u>	<u>(17,454)</u>	<u>190,977</u>
Public safety - police -					
Auto expenditures	19,000	18,319	18,632	(313)	22,675
Dues and subscriptions	-	-	190	(190)	254
Insurance	21,000	19,480	17,245	2,235	17,098
Salaries	240,000	249,499	274,545	(25,046)	264,680
Miscellaneous	3,400	1,999	3,752	(1,753)	1,883
Payroll taxes	21,500	18,652	23,239	(4,587)	20,340
Prisoners' expenditures	4,200	4,716	4,665	51	5,224
Supplies	2,500	13,906	4,287	9,619	2,086
Repairs and maintenance	16,000	22,949	16,595	6,354	11,786
Meetings, workshops, and conventions	2,700	3,603	3,463	140	2,654
State court costs	1,300	1,307	1,479	(172)	971
Training academy	1,500	500	400	100	(75)
Telephone and utilities	7,700	5,496	5,523	(27)	6,200
Uniforms	1,700	2,365	2,609	(244)	1,902
Total public safety	<u>342,500</u>	<u>362,791</u>	<u>376,624</u>	<u>(13,833)</u>	<u>357,678</u>

(continued)

TOWN OF ELTON, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended December 31, 2019  
With Comparative Actual Amounts for the Year Ended December 31, 2018

	2019				
	Budget		Actual	Variance with Final Budget Positive (Negative)	2018 Actual
	Original	Final			
Highways and streets -					
Auto expenditures	6,200	6,805	7,225	(420)	7,383
Insurance	9,000	8,485	6,875	1,610	8,170
Miscellaneous	1,300	5,020	2,352	2,668	1,955
Payroll taxes	6,900	6,811	6,453	358	6,420
Repairs and maintenance	20,000	14,277	13,132	1,145	17,475
Salaries	74,000	79,573	80,344	(771)	84,372
Supplies	8,900	11,411	12,714	(1,303)	8,990
Utilities	21,500	20,695	20,389	306	22,875
Total highways and streets	<u>147,800</u>	<u>153,077</u>	<u>149,484</u>	<u>3,593</u>	<u>157,640</u>
Parks and recreation -					
Repairs and maintenance	1,100	906	1,214	(308)	741
Miscellaneous	3,500	426	26	400	9
Supplies	1,200	337	37	300	96
Utilities	3,900	2,228	1,881	347	2,338
Total parks and recreation	<u>9,700</u>	<u>3,897</u>	<u>3,158</u>	<u>739</u>	<u>3,184</u>
Animal control -					
Insurance	250	289	100	189	139
Payroll taxes	550	440	447	(7)	456
Salaries	5,800	5,643	5,848	(205)	5,967
Supplies	2,500	2,257	1,463	794	1,724
Repairs and maintenance	2,300	1,465	2,052	(587)	1,404
Auto expense	-	-	813	(813)	875
Miscellaneous	1,700	1,500	-	1,500	20
Total animal control	<u>13,100</u>	<u>11,594</u>	<u>10,723</u>	<u>871</u>	<u>10,585</u>
Capital outlay:					
General and administrative -					
Christmas decorations	-	-	-	-	4,860
Public safety - police -					
Vehicles and equipment	-	16,917	17,558	(641)	87,669
Highways and streets -					
Equipment	20,000	40,500	40,395	105	15,021
Total capital outlay	<u>20,000</u>	<u>57,417</u>	<u>57,953</u>	<u>(536)</u>	<u>107,550</u>
Debt service:					
Principal	-	20,000	17,261	2,739	17,807
Interest	-	-	2,652	(2,652)	2,106
Total debt service	<u>-</u>	<u>20,000</u>	<u>19,913</u>	<u>87</u>	<u>19,913</u>
Total expenditures	<u>\$ 724,275</u>	<u>\$ 802,353</u>	<u>\$ 828,886</u>	<u>\$ (26,533)</u>	<u>\$ 847,527</u>

TOWN OF ELTON, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Number of Utility Customers  
(Unaudited)  
December 31, 2019

Records maintained by the Town indicated the following number of customers were being served during the months of December, 2019 and 2018:

<u>Department</u>	<u>2019</u>	<u>2018</u>
Water (metered)	509	516
Sewer	484	488
Garbage	469	475

TOWN OF ELTON, LOUISIANA  
Enterprise Fund  
Utility Fund

Comparative Statement of Operating Expenses by Department  
For the Year Ended December 31, 2019  
With Comparative Actual Amounts for the Year Ended December 31, 2018

	2019	2018
Water department:		
Bad debt (recovery)	\$ (4,666)	\$ 4,667
Depreciation	22,188	22,237
Insurance	504	682
Legal and professional fees	10,970	10,550
Licenses and permits	30	15
Miscellaneous	7,991	6,910
Office expense and supplies	3,551	2,567
Repairs and maintenance	2,465	5,628
Supplies	3,711	8,375
Truck expense	778	743
Utilities	1,092	1,375
Water purchases	107,394	110,566
Total water department	156,008	174,315
Sewer department:		
Bad debt (recovery)	(1,893)	2,014
Depreciation	72,369	73,728
Insurance	4,511	4,336
Legal and professional fees	-	891
Licenses and permits	1,302	2,397
Miscellaneous	11	16
Payroll taxes	2,220	2,094
Repairs and maintenance	16,193	13,761
Salaries	27,757	27,373
Supplies	34,724	24,115
Sewer analysis	5,713	4,573
Truck expense	1,057	1,000
Utilities	20,401	17,053
Total sewer department	184,365	173,351
Sanitation department:		
Bad debt (recovery)	(3,054)	3,069
Collection fees	108,259	103,140
Total sanitation department	105,205	106,209
Total operating expenses	\$ 445,578	\$ 453,875

TOWN OF ELTON, LOUISIANA

Schedule of Insurance in Force  
(Unaudited)  
December 31, 2019

<u>Description of Coverage</u>	<u>Coverage Amounts</u>
Workmen's Compensation: Employer's liability - accident	Statutory \$ 100,000
Sewer equipment coverage	306,696
Surety Bonds:	
Mayor/Council	60,000
Town clerk	10,000
Assistant town clerk	10,000
Ticket clerk	10,000
Fire and wind coverage on Town of Elton buildings:	
Senior citizens building	195,070
City hall and police station	562,910
Contents of city hall and police station	50,000
Maintenance building	300,970
Law enforcement and officer liability:	
All coverage (other than products - completed operations and errors and omissions injury) aggregate	500,000
Error or omission, aggregate	500,000
Automobile coverage:	
Automobile liability, aggregate	500,000
Automobile physical damage, per occurrence	1,500,000
Commercial:	
General liability, aggregate	500,000

**INTERNAL CONTROL, COMPLIANCE  
AND  
OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Roger D. Laughlin, Mayor  
and Members of the Board of Aldermen  
Town of Elton, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Elton, Louisiana (the Town), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated July 24, 2020.

### Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2019-001, that we consider to be a material weakness.

## **Compliance and Other Matters**

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

## **Town of Elton, Louisiana's Response to Findings**

The Town's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Oberlin, Louisiana  
July 24, 2020

TOWN OF ELTON, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended December 31, 2019

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2019-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The Town did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C§315.04, *Understanding the Entity and its Environment and assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that the Town does not have a sufficient number of employees performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) record keeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town has determined that it is not cost effective to achieve complete segregation of duties within the accounting department.

TOWN OF ELTON, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended December 31, 2019

B. Compliance

There were no compliance findings to be reported.

C. Management Letter

A management letter was issued related to Town's Utility Fund operating losses.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting and Compliance

2018-001 Inadequate Segregation of Accounting Functions

CONDITION: The City does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See item 2019-001.

2018-002 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The Town does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

RECOMMENDATION: The Town should hire competent staff capable of preparing and maintaining records in a manner to adequately assist in preparation of external financial statements and related disclosures. Management of the Town should make a determination as to whether the cost of correcting the deficiency concerning the expertise of accounting personnel exceeds the expected benefit to be derived from doing such.

CURRENT STATUS: Resolved.

TOWN OF ELTON, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended December 31, 2019

2018-003      Utility Bill Collections

CONDITION: During a test of utility accounts of the Town's customers, it was noted that some accounts are not being paid in full or timely, and the customers, including Town employees and officials, continue to receive service in violation of the Town's utility cut-off policy.

RECOMMENDATION: Management should consistently comply with its written policies and procedures in the future and cut-off utility service of customers, including Town employees and officials, who do not pay within the time limit stated in the policy.

CURRENT STATUS: Resolved.

2018-004      Written Policies and Procedures

CONDITION: The Town does not have written policies and procedures for budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, use of credit cards, travel and expense reimbursements, ethics, debt service, capital asset management, and the safeguarding of traffic tickets.

RECOMMENDATION: Management should implement written policies and procedures for budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, use of credit cards, travel and expense reimbursements, ethics, debt service, capital asset management, and the safeguarding of traffic tickets.

CURRENT STATUS: Resolved.

# KOLDER, SLAVEN & COMPANY, LLC

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## MANAGEMENT LETTER

The Honorable Roger D. Laughlin, Mayor  
and Members of the Board of Aldermen  
Town of Elton, Louisiana

We have completed our audit of the basic financial statements of the Town of Elton, Louisiana, for the year ended December 31, 2019, and submit the following recommendations for your consideration:

The Utility Fund sewer department experienced an operating loss during the current year. Failure to make a profit on utility sales could result in the Town not having resources to pay current expenses. The Town should consider increasing these utility rates and/or decreasing expenses in order for the sewer department to operate on a profitable basis.

In conclusion, we express our appreciation to you and your staff, particularly to your office staff, for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendations, please feel free to contact us.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Oberlin, Louisiana  
July 24, 2020

**TOWN OF ELTON, LOUISIANA**

Statewide Agreed-Upon Procedures Report

Year Ended December 31, 2019

# KOLDER, SLAVEN & COMPANY, LLC

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

To the Management of the  
Town of Elton, Louisiana and  
the Louisiana Legislative Auditor

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

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### *Written Policies and Procedures*

---

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

*Written policies and procedures were obtained and address the functions noted above.*

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

*Written policies and procedures were obtained and do not address how vendors are added to the vendor list.*

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

### ***Board or Finance Committee***

---

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met monthly.*

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

*Obtained and reviewed the minutes for the fiscal period noting that they did not reference or include monthly budget-to-actual comparisons.*

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

*Obtained and reviewed prior year audit report noting a positive unrestricted fund balance in the general fund.*

### ***Bank Reconciliations***

---

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged).

*Obtained bank reconciliations noting that they were prepared within 2 months of the related statement closing date.*

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged).

*Obtained bank reconciliations noting that they include evidence of review by a member of management who does not handle cash, post ledgers, or issue checks.*

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*There were no reconciling items that have been outstanding for more than 12 months noted.*

### ***Collections (excluding EFTs)***

---

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

*Obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete.*

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.  
*Employees responsible for cash collections do share cash drawers/registers.*
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.  
*Employees responsible for collecting cash are responsible for preparing/making bank deposits.*
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.  
*Employees responsible collecting cash are responsible for posting collection entries to the general ledger.*
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.  
*Employees responsible for reconciling cash collections to the general ledger are responsible for collecting cash; however, another employee not responsible for collecting cash verifies the reconciliation.*
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.  
*Through inquiry with management, all employees who have access to cash are covered by an insurance policy for theft.*
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.  
*Receipts are sequentially pre-numbered.*
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.  
*Traced supporting documentation to the deposit slips noting no exceptions.*
  - c) Trace the deposit slip total to the actual deposit per the bank statement.  
*Traced the deposit slip total to the actual deposit per the bank statement, noting no exceptions.*
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).  
*Observed that deposits were made within one business day of receipt at the location.*

- e) Trace the actual deposit per the bank statement to the general ledger.

*Traced the actual deposit per the bank statement to the general ledger, noting no exceptions.*

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

---

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

*Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete.*

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

*At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.*

- b) At least two employees are involved in processing and approving payments to vendors.

*At least two employees are involved in processing and approving payments to vendors.*

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

*The employee responsible for processing payments is not prohibited from adding/modifying vendor files.*

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

*The employee responsible for processing payments is responsible for mailing the payments.*

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

*Observed that disbursements matched the related original invoice/billing statement.*

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*Disbursement documentation did not include evidence of segregation of duties tested.*

***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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**(The following procedures were not performed since management asserted that there were no credit cards/debit cards/fuel cards/P-cards during the current year.)**

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).  
*Agreed reimbursement rates to those established by the State of Louisiana.*
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.  
*Not applicable. All reimbursements tested were per diem rates.*
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).  
*Observed that each reimbursement is supported by documentation of the business/public purpose.*
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.  
*Reimbursements were reviewed and approved in writing.*

## ***Contracts***

---

**(The following procedures are not applicable because there were no exceptions noted in a prior year.)**

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

## ***Payroll and Personnel***

---

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Agreed selected employees paid salaries to authorized salaries/pay rates in personnel files.*

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

*All employees selected had documentation of daily attendance and leave.*

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

*2 of 5 selected employees did not have supervisor approval of attendance and leave.*

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records, noting no exceptions.*

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

*Management has asserted that the entity did not have employees/officials that received termination payments during the fiscal period.*

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

*Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.*

### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

*Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees/officials.*

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

*Observed that 3 of 5 employees tested maintained documentation demonstrating that they completed one hour of ethics training during the fiscal period.*

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

*Observed that 2 of 5 employees attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.*

### ***Debt Service***

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**(The following procedures are not applicable because there were no exceptions noted in a prior year.)**

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

### ***Other***

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**(The following procedures are not applicable because there were no exceptions noted in a prior year.)**

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

**Management's Response:**

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*Management of the Town concurs with the exceptions and are working to address the deficiencies identified.*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Oberlin, Louisiana  
July 24, 2020