

TOWN OF ELTON, LOUISIANA

FINANCIAL REPORT

Year Ended December 31, 2023

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OTHER LOCATIONS:

Eunice Morgan City Abbeville

INDEPENDENT AUDITOR'S REPORT

To the Mayor
and Members of the Board of Aldermen
Town of Elton, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Elton, Louisiana (the Town) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis and the budgetary comparison information 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, are 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 opinions on the basic financial statements are not affected by this missing information.

Supplementary 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 accompanying justice system funding schedule and the comparative statement of utility fund operating expenses are presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of the Town's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 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 justice system funding schedule and the comparative statement of utility fund operating expenses on pages 35 and 36 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of the number of utility customers on page 37, and the schedule of insurance in force on page 38 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2025 on our consideration of the Town'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 solely 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 the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Darnall Sikes & Frederick

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana
February 3, 2025

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF ELTON, LOUISIANA
Statement of Net Position
December 31, 2023

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|---------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and interest-bearing deposits | \$ 1,520,255 | \$ 252,672 | \$ 1,772,927 |
| Receivables, net | 64,480 | 91,539 | 156,019 |
| Due from other governmental units | 188,159 | (5,121) | 183,038 |
| Internal balances | (44,613) | 44,613 | - |
| Prepaid insurance | <u>9,175</u> | <u>-</u> | <u>9,175</u> |
| Total Current Assets | 1,737,456 | 383,703 | 2,121,159 |
| Noncurrent Assets: | | | |
| Restricted assets | - | 40,691 | 40,691 |
| Capital assets: | | | |
| Land and construction in progress | 77,858 | 149,087 | 226,945 |
| Depreciable, net of accumulated depreciation | <u>428,422</u> | <u>2,134,454</u> | <u>2,562,876</u> |
| Total Noncurrent Assets | <u>506,280</u> | <u>2,324,232</u> | <u>2,830,512</u> |
| Total Assets | 2,243,736 | 2,707,935 | 4,951,671 |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts and other payables | 29,937 | 15,144 | 45,081 |
| Accrued liabilities | <u>147,511</u> | <u>227</u> | <u>147,738</u> |
| Total Current Liabilities | 177,448 | 15,371 | 192,819 |
| Noncurrent Liabilities: | | | |
| Customers' deposits payable | <u>-</u> | <u>40,691</u> | <u>40,691</u> |
| Total Noncurrent Liabilities | <u>-</u> | <u>40,691</u> | <u>40,691</u> |
| Total Liabilities | 177,448 | 56,062 | 233,510 |
| NET POSITION | | | |
| Net Investment in capital assets | 506,280 | 2,283,541 | 2,789,821 |
| Restricted for: | | | |
| Sales tax dedications | 236,427 | - | 236,427 |
| Grant provisions | 1,544,950 | - | 1,544,950 |
| Unrestricted (deficit) | <u>(221,369)</u> | <u>368,332</u> | <u>146,963</u> |
| Total Net Position | <u>\$ 2,066,288</u> | <u>\$ 2,651,873</u> | <u>\$ 4,718,161</u> |

The accompanying notes are an integral part of this statement.

TOWN OF ELTON, LOUISIANA
Statement of Activities
For the Year Ended December 31, 2023

| Activities | Expenses | Program Revenues | | | Net (Expense) Revenues and Changes in Net Position | | Total |
|-------------------------------|---------------------|--|--|--|---|-----------------------------|--------------------|
| | | Fees, Fines, and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | |
| Governmental Activities | | | | | | | |
| General government | \$ 442,359 | \$ 51,505 | \$ - | \$ - | \$ (390,854) | \$ - | \$ (390,854) |
| Public safety | | | | | | | |
| Police | 460,726 | 75,309 | - | - | (385,417) | - | (385,417) |
| Fire | 12,500 | - | - | - | (12,500) | - | (12,500) |
| Highway and streets | 154,030 | - | - | - | (154,030) | - | (154,030) |
| Parks and recreation | 27,342 | - | - | - | (27,342) | - | (27,342) |
| Education | 173,700 | - | - | - | (173,700) | - | (173,700) |
| Animal control | <u>9,905</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(9,905)</u> | <u>-</u> | <u>(9,905)</u> |
| Total Governmental Activities | 1,280,562 | 126,814 | - | - | (1,153,748) | - | (1,153,748) |
| Business-Type Activities: | | | | | | | |
| Utility fund | <u>618,904</u> | <u>499,747</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(119,157)</u> | <u>(119,157)</u> |
| Total | <u>\$ 1,899,466</u> | <u>\$ 626,561</u> | <u>\$ -</u> | <u>\$ -</u> | <u>(1,153,748)</u> | <u>(119,157)</u> | <u>(1,272,905)</u> |

(continued)

TOWN OF ELTON, LOUISIANA
Statement of Activities (continued)
For the Year Ended December 31, 2023

| | Net (Expense) Revenues and Changes in Net Position | | |
|--|---|-----------------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total |
| General Revenues: | | | |
| Taxes - | | | |
| Property taxes | \$ 24,593 | \$ - | \$ 24,593 |
| Sales and use taxes | 196,334 | - | 196,334 |
| Other taxes | 97,025 | - | 97,025 |
| Grants and Contributions Not Restricted to Specific Programs - | | | |
| Community grant revenue | 745,536 | - | 745,536 |
| Interest and investment earnings | 446 | 48 | 494 |
| Miscellaneous | 36,437 | 11,253 | 47,690 |
| Transfers | <u>(171,327)</u> | <u>171,327</u> | <u>-</u> |
| Total General Revenues and Transfers | <u>929,044</u> | <u>182,628</u> | <u>1,111,672</u> |
| Change in Net Position | (224,704) | 63,471 | (161,233) |
| Net Position - December 31, 2022 | <u>2,290,992</u> | <u>2,588,402</u> | <u>4,879,394</u> |
| Net Position - December 31, 2023 | <u>\$ 2,066,288</u> | <u>\$ 2,651,873</u> | <u>\$ 4,718,161</u> |

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

MAJOR FUNDS' 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 FUNDS

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 and related debt service, and billing and collection.

TOWN OF ELTON, LOUISIANA

Balance Sheet

Governmental Funds

December 31, 2023

| | General | Coushatta Tribe Community Grant | 1991 Sales Tax | 1975 Sales Tax | Total Governmental Funds |
|--------------------------------------|------------------|---------------------------------------|-------------------|-------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and interest-bearing deposits | \$ 45,603 | \$ 1,425,396 | \$ 16,780 | \$ 32,476 | \$ 1,520,255 |
| Receivables - | | | | | |
| Taxes | 46,322 | - | 9,079 | 9,079 | 64,480 |
| Due from other funds | - | - | 70,782 | 98,231 | 169,013 |
| Due from other governmental units | <u>1,775</u> | <u>186,384</u> | <u>-</u> | <u>-</u> | <u>188,159</u> |
| Total Assets | <u>\$ 93,700</u> | <u>\$ 1,611,780</u> | <u>\$ 96,641</u> | <u>\$ 139,786</u> | <u>\$ 1,941,907</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 14,957 | \$ 14,980 | \$ - | \$ - | \$ 29,937 |
| Accrued liabilities | 147,511 | - | - | - | 147,511 |
| Due to other funds | <u>161,776</u> | <u>51,850</u> | <u>-</u> | <u>-</u> | <u>213,626</u> |
| Total Liabilities | 324,244 | 66,830 | - | - | 391,074 |
| Deferred inflows of resources | | | | | |
| Unavailable revenues | <u>5,468</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,468</u> |
| Fund Balances | | | | | |
| Restricted - sales tax dedications | - | - | 96,641 | 139,786 | 236,427 |
| Restricted - grant provisions | - | 1,544,950 | - | - | 1,544,950 |
| Unassigned | <u>(236,012)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(236,012)</u> |
| Total Fund Balances | <u>(236,012)</u> | <u>1,544,950</u> | <u>96,641</u> | <u>139,786</u> | <u>1,545,365</u> |
| Total Liabilities and Fund Balances | <u>\$ 93,700</u> | <u>\$ 1,611,780</u> | <u>\$ 96,641</u> | <u>\$ 139,786</u> | <u>\$ 1,941,907</u> |

The accompanying notes are an integral part of this statement.

TOWN OF ELTON, LOUISIANA
Reconciliation of Total Governmental Fund Balance to Net Position
of Governmental Activities
December 31, 2023

| | |
|---|--------------|
| Total fund balances for governmental funds at December 31, 2023 | \$ 1,545,365 |
|---|--------------|

Total net position reported for governmental activities in the statement of net position is different because:

| | |
|--|-------|
| Property assessments in governmental funds are not considered financial resources until collected. | 5,468 |
|--|-------|

| | |
|---|-------|
| Expenses paid during the year but attributable to periods after the current year (primarily insurance) are recorded as prepaid expenses in the statement of net position. | 9,175 |
|---|-------|

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

| | | |
|--------------------------------|--------------------|----------------|
| Cost of capital assets | 2,766,555 | |
| Less: Accumulated depreciation | <u>(2,260,275)</u> | <u>506,280</u> |

| | |
|--|---------------------|
| Total net position of governmental activities at December 31, 2023 | <u>\$ 2,066,288</u> |
|--|---------------------|

The accompanying notes are an integral part of this statement.

TOWN OF ELTON, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2023

| | General | Coushatta Tribe Community Grant | 1991 Sales Tax | 1975 Sales Tax | Total Governmental Funds |
|--|------------------|---------------------------------------|-------------------|-------------------|--------------------------------|
| Revenues: | | | | | |
| Taxes | \$ 121,618 | \$ - | \$ 59,417 | \$ 136,917 | \$ 317,952 |
| Licenses and permits | 51,505 | - | - | - | 51,505 |
| Community grant revenue | - | 745,536 | - | - | 745,536 |
| Fines and forfeits | 75,309 | - | - | - | 75,309 |
| Miscellaneous | <u>26,682</u> | <u>10,472</u> | <u>59</u> | <u>16</u> | <u>37,229</u> |
| Total Revenues | 275,114 | 756,008 | 59,476 | 136,933 | 1,227,531 |
| Expenditures: | | | | | |
| Current - | | | | | |
| General government | 467,081 | - | - | - | 467,081 |
| Public safety: | | | | | |
| Police | 416,517 | - | - | - | 416,517 |
| Fire | - | 12,500 | - | - | 12,500 |
| Highways and streets | 126,802 | - | - | - | 126,802 |
| Education | - | 173,700 | - | - | 173,700 |
| Animal control | 9,905 | - | - | - | 9,905 |
| Capital Outlay | <u>118,411</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>118,411</u> |
| Total Expenditures | <u>1,138,716</u> | <u>186,200</u> | <u>-</u> | <u>-</u> | <u>1,324,916</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (863,602) | 569,808 | 59,476 | 136,933 | (97,385) |

(continued)

TOWN OF ELTON, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Governmental Funds
Year Ended December 31, 2023

| | General | Coushatta Tribe Community Grant | 1991 Sales Tax | 1975 Sales Tax | Total Governmental Funds |
|--------------------------------------|----------------------------|---------------------------------------|-------------------------|--------------------------|--------------------------------|
| Other Financing Sources (Uses): | | | | | |
| Operating transfers in | \$ 652,064 | \$ - | \$ - | \$ - | \$ 652,064 |
| Operating transfers out | <u>-</u> | <u>(521,869)</u> | <u>(137,954)</u> | <u>(163,568)</u> | <u>(823,391)</u> |
| Total Other Financing Sources (Uses) | <u>652,064</u> | <u>(521,869)</u> | <u>(137,954)</u> | <u>(163,568)</u> | <u>(171,327)</u> |
| Net Change in Fund Balances | (211,538) | 47,939 | (78,478) | (26,635) | (268,712) |
| Fund Balances, Beginning | <u>(24,474)</u> | <u>1,497,011</u> | <u>175,119</u> | <u>166,421</u> | <u>1,814,077</u> |
| Fund Balances, Ending | <u><u>\$ (236,012)</u></u> | <u><u>\$ 1,544,950</u></u> | <u><u>\$ 96,641</u></u> | <u><u>\$ 139,786</u></u> | <u><u>\$ 1,545,365</u></u> |

The accompanying notes are an integral part of this statement.

TOWN OF ELTON, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities:

Year Ended December 31, 2023

| | |
|---|--------------|
| Total net changes in fund balances at December 31, 2023, per statement of revenues expenditures and changes in fund balances | \$ (268,712) |
|---|--------------|

The change in net position reported for governmental activities in the statement of
activities is different because:

Governmental funds report capital outlay 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 | 118,411 |
| Depreciation expense for the year ended December 31, 2023 | (74,057) |

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>(346)</u> |
|---|--------------|

| | |
|--|----------------------------|
| Total changes in net position at December 31, 2023 per statement of activities | <u><u>\$ (224,704)</u></u> |
|--|----------------------------|

The accompanying notes are an integral part of this statement.

TOWN OF ELTON, LOUISIANA
Statement of Net Position
Proprietary Fund
December 31, 2023

| | <u>Enterprise Fund</u> |
|---|----------------------------|
| ASSETS | |
| Current assets: | |
| Cash and interest-bearing deposits | \$ 71,336 |
| Certificates of deposit | 181,336 |
| Receivables | |
| Accounts, net | 91,539 |
| Due from other funds | <u>44,613</u> |
| Total Current Assets | 388,824 |
| Noncurrent Assets: | |
| Restricted Assets - | |
| Cash - Customer' deposits | 40,691 |
| Construction in progress | 139,087 |
| Land | 10,000 |
| Capital assets, net | <u>2,134,454</u> |
| Total Noncurrent Assets | <u>2,324,232</u> |
| Total Assets | 2,713,056 |
| LIABILITIES | |
| Current liabilities (payable from current assets): | |
| Accounts payable | 15,144 |
| Accrued liabilities | 227 |
| Due to other governmental units | <u>5,121</u> |
| Total | 20,492 |
| Current liabilities (payable from restricted assets): | |
| Customer deposits | <u>40,691</u> |
| Total Liabilities | 61,183 |
| NET POSITION | |
| Net Investment in capital assets | 2,144,454 |
| Unrestricted (deficit) | <u>507,419</u> |
| Total Net Position | <u><u>\$ 2,651,873</u></u> |

The accompanying notes are an integral part of this statement.

TOWN OF ELTON, LOUISIANA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
Year Ended December 31, 2023

| | <u>Utility Fund</u> |
|--|----------------------------|
| Operating Revenues: | |
| Charges for Services - | |
| Water charges | \$ 263,514 |
| Sewer charges | 126,287 |
| Sanitation charges | 109,946 |
| Miscellaneous | <u>11,253</u> |
| Total operating revenues | 511,000 |
| Operating Expenses: | |
| Water department | 366,612 |
| Sewer department | 119,222 |
| Sanitation department | <u>133,070</u> |
| Total operating expenses | <u>618,904</u> |
| Operating loss | (107,904) |
| Nonoperating Revenues (Expenses): | |
| Interest income | <u>48</u> |
| Total nonoperating revenues (expenses) | <u>48</u> |
| Loss before transfers | (107,856) |
| Transfers In | <u>171,327</u> |
| Change in Net Position | 63,471 |
| Net Position, Beginning | <u>2,588,402</u> |
| Net Position, Ending | <u><u>\$ 2,651,873</u></u> |

The accompanying notes are an integral part of this statement.

TOWN OF ELTON, LOUISIANA
Statement of Cash Flows
Proprietary Fund
Year Ended December 31, 2023

| | <u>Utility Fund</u> |
|---|-------------------------|
| Cash Flows from Operating Activities: | |
| Receipts from customers | \$ 542,312 |
| Payments to suppliers | (493,257) |
| Payments to employees | <u>(39,637)</u> |
| Net cash provided by operating activities | 9,418 |
| Cash Flows from Noncapital Financing Activities: | |
| Payments from other funds | <u>171,327</u> |
| Net cash provided by noncapital financing activities | <u>171,327</u> |
| Cash Flows from Capital and Related Financing Activities: | |
| Acquisition of property, plant and equipment | <u>(154,037)</u> |
| Net cash used by capital and related financing activities | (154,037) |
| Cash Flows from Investing Activities: | |
| Maturities of Investments and Interest-Bearing Deposits | 8,418 |
| Interest on investments | <u>48</u> |
| Net cash provided by investing activities | <u>8,466</u> |
| Net increase in cash and cash equivalents | 35,174 |
| Cash and Equivalents, Beginning | <u>76,853</u> |
| Cash and Equivalents, Ending | <u>\$ 112,027</u> |
| | (continued) |

TOWN OF ELTON, LOUISIANA
Statement of Cash Flows (continued)
Proprietary Fund
Year Ended December 31, 2023

| | <u>Enterprise Fund</u> |
|---|----------------------------|
| Reconciliation of Operating Loss to Net Cash Provided by Operating Activities: | |
| Operating loss | \$ (107,904) |
| Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities: | |
| Depreciation | 85,413 |
| Changes in assets and liabilities: | |
| Accounts receivable | (32) |
| Accounts payable | 597 |
| Customer meter deposits | <u>505</u> |
| Net cash provided by operating activities | <u>\$ 9,418</u> |
| Reconciliation of Cash and Equivalents to the Statement of Net Position: | |
| Cash and Equivalents, Beginning | |
| Cash and interest-bearing deposits - unrestricted | \$ 36,667 |
| Cash - restricted | <u>40,186</u> |
| Total cash and equivalents | <u>\$ 76,853</u> |
| Cash and Equivalents, Ending | |
| Cash and interest-bearing deposits - unrestricted | 71,336 |
| Cash - restricted | <u>40,691</u> |
| Total cash and equivalents | <u>\$ 112,027</u> |
| Net increase in cash and cash equivalents | <u>\$ 35,174</u> |

The accompanying notes are an integral part of this statement.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements

NOTE 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 and the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

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.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

1. Coushatta Tribe Community Grant Fund - 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.
2. 1991 Sales Tax Fund – used to account for the proceeds of a one percent (1%) sales and use tax that is legally restricted to expenditures for specific purposes.
3. 1975 Sales Tax Fund – 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 Funds:

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.

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.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 time deposits of the Town. Interest-bearing deposits are stated at cost, which approximates market.

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.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. These receivables and payables related to goods and services type transactions are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

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 and amounts due from others (including other governments) for goods or services provided for which payment has not yet been received. Business-type activities report customer's utility service receivables as their major receivables.

Uncollectible utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the collectability of the particular receivable. The allowance for uncollectible customers' utility receivables was \$98,387 at December 31, 2023. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end. The estimate for unbilled utility service receivables at December 31, 2023 was \$21,198.

Prepaid Items

Payments made to vendors for services that will benefit future periods beyond December 31, 2023, 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 estimated fair market value at the date of donation. The Town maintains a threshold level of \$1,000 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 |
| Utility system and improvements | 30-70 years |
| Equipment | 5-15 years |

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and interest-bearing deposits that are legally restricted as to their use. The Town's restricted assets are related to its utility customer 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.

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, 2023, 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.

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.

Equity Classifications

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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, 2023, the Town reported \$1,781,377 of restricted net position, of which \$236,427 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.
- d. Assigned includes fund balance amounts that are constrained by the Town's intent to be used 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.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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: capital grants and contributions, operating grants and contributions, 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. Program 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.

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.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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.

NOTE 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. 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, 2023, taxes of 5.81 mills were levied on property with assessed valuations totaling \$4,717,263 and were dedicated for general corporate purposes. Total taxes levied were \$27,406. Taxes receivable at December 31, 2023 were \$23,083.

NOTE 3 DEDICATION OF SALES TAX PROCEEDS

Proceeds of a one percent sales and use tax (accounted for in the 1975 Sales Tax Fund – a special revenue fund) levied by the Town of Elton (2023 collections \$136,917) 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

NOTE 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 state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2023, the Town has cash and interest-bearing deposits (book balances) totaling \$1,813,618, as follows:

| | |
|-----------------------|---------------------|
| Demand deposits | \$ 1,354,273 |
| Money market accounts | 278,009 |
| Time deposits | <u>181,336</u> |
| Total | <u>\$ 1,813,618</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 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 the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The following is a summary of deposit balances (bank balances) at December 31, 2023, and the related federal insurance and pledged securities:

| | |
|--|---------------------|
| Bank balances | \$ 1,915,635 |
| Federal deposit insurance | 250,000 |
| Pledged securities | <u>1,965,642</u> |
| Total federal deposit insurance and pledged securities | <u>\$ 2,215,642</u> |

Deposits in the amount of \$1,665,635 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.

NOTE 5 RESTRICTED ASSETS – PROPRIETARY FUND TYPE

Restricted assets of \$40,691 at December 31, 2023 represent cash held for customer utility deposits.

NOTE 6 DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2023, consisted of the following:

| | |
|---|-------------------|
| State of Louisiana - road maintenance receivable | \$ 1,525 |
| State of Louisiana - beer tax revenues receivable | 250 |
| Coushatta Tribe of Louisiana - gaming revenues receivable | <u>186,384</u> |
| | <u>\$ 188,159</u> |

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements

NOTE 7 RECEIVABLES

Receivable balances at December 31, 2023, are as follows:

| | General | Sales Tax Funds | Utility | Total |
|------------------|------------------|--------------------|------------------|-------------------|
| Accounts, net | \$ - | \$ - | \$ 91,539 | \$ 91,539 |
| Taxes: | | | | |
| Ad valorem | 22,183 | - | - | 22,183 |
| Franchise | 24,139 | - | - | 24,139 |
| Sales Tax | - | 18,158 | - | 18,158 |
| Total receivable | <u>\$ 46,322</u> | <u>\$ 18,158</u> | <u>\$ 91,539</u> | <u>\$ 156,019</u> |

NOTE 8 CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended December 31, 2023, was as follows:

| | Balance 12/31/2022 | Additions | Deletions | Balance 12/31/2023 |
|---|-----------------------|------------------|-------------|-----------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 77,858 | \$ - | \$ - | \$ 77,858 |
| Other capital assets: | | | | |
| Buildings | 542,147 | - | - | 542,147 |
| Infrastructure | 1,360,824 | 74,781 | - | 1,435,605 |
| Equipment, furniture & fixtures | <u>667,315</u> | <u>43,630</u> | - | <u>710,945</u> |
| Totals | 2,648,144 | 118,411 | - | 2,766,555 |
| Less accumulated depreciation | | | | |
| Buildings | (472,161) | (8,378) | - | (480,539) |
| Infrastructure | (1,098,771) | (30,651) | - | (1,129,422) |
| Equipment, furniture & fixtures | <u>(615,286)</u> | <u>(35,028)</u> | - | <u>(650,314)</u> |
| Total accumulated depreciation | <u>(2,186,218)</u> | <u>(74,057)</u> | - | <u>(2,260,275)</u> |
| Governmental activities, capital assets, net | <u>\$ 461,926</u> | <u>\$ 44,354</u> | <u>\$ -</u> | <u>\$ 506,280</u> |

Depreciation expense was charged to governmental activities as follows:

| | |
|----------------------------|------------------|
| General government | \$ 18,908 |
| Police | 25,505 |
| Highways and streets | 27,228 |
| Parks and recreation | <u>2,416</u> |
| Total Depreciation Expense | <u>\$ 74,057</u> |

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements

NOTE 8 CAPITAL ASSETS (CONTINUED)

Capital assets activity for the business-type activities for the year ended December 31, 2023, was as follows:

| | Balance 12/31/2022 | Additions | Deletions | Balance 12/31/2023 |
|--|-----------------------|------------------|-------------|-----------------------|
| Business-type activities: | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 10,000 | \$ - | \$ - | \$ 10,000 |
| Construction in progress | - | 139,087 | - | 139,087 |
| Other capital assets: | | | | |
| Water system - | | | | |
| Plant and lines | 1,363,657 | - | - | 1,363,657 |
| Equipment | 36,735 | 14,950 | - | 51,685 |
| Autos and trucks | 9,224 | - | - | 9,224 |
| Office equipment | 10,414 | | | 10,414 |
| Sewer system - | | | | |
| Plant and lines | 3,278,090 | - | - | 3,278,090 |
| Equipment | 179,772 | - | - | 179,772 |
| Autos and trucks | <u>2,900</u> | <u>-</u> | <u>-</u> | <u>2,900</u> |
| Totals | 4,890,792 | 154,037 | - | 5,044,829 |
| Less accumulated depreciation | | | | |
| Water system | (1,003,556) | (24,677) | - | (1,028,233) |
| Sewer system | <u>(1,672,319)</u> | <u>(60,736)</u> | <u>-</u> | <u>(1,733,055)</u> |
| Total accumulated depreciation | <u>(2,675,875)</u> | <u>(85,413)</u> | <u>-</u> | <u>(2,761,288)</u> |
| Business-type activities, capital assets, net | <u>\$ 2,214,917</u> | <u>\$ 68,624</u> | <u>\$ -</u> | <u>\$ 2,283,541</u> |

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

| | |
|----------------------------|------------------|
| Water | \$ 24,677 |
| Sewer | <u>60,736</u> |
| Total Depreciation Expense | <u>\$ 85,413</u> |

NOTE 9 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, 2023, was as follows:

| | Water Department | Sewer Department | Sanitation Department | Total Enterprise Fund |
|-------------------------|---------------------|---------------------|--------------------------|-----------------------------|
| Operating revenues | \$ 263,514 | \$ 126,287 | \$ 109,946 | \$ 499,747 |
| Operating expenses | <u>366,612</u> | <u>119,222</u> | <u>133,070</u> | <u>618,904</u> |
| Operating income (loss) | <u>\$ (103,098)</u> | <u>\$ 7,065</u> | <u>\$ (23,124)</u> | <u>\$ (119,157)</u> |

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 COMPENSATION OF TOWN OFFICIALS

A detail of compensation paid to the Board of Aldermen members for the year ended December 31, 2023, follows:

Council:

| | |
|------------------|------------------|
| E. Francis | \$ 4,950 |
| Anthony Guillory | 4,950 |
| Trudy Patterson | 5,100 |
| Mike Pierrotti | 5,100 |
| Kim Thibodeaux | 5,100 |
| | <u>\$ 25,200</u> |

NOTE 11 COMPENSATION, BENEFITS AND OTHER PAYMENTS TO MAYOR

A detail of compensation, benefits, and other payments made to Mayor Kesia Lemoine for the year ended December 31, 2023, follows:

| | |
|---------------------|------------------|
| Mayor Kesia Lemoine | <u>\$ 37,877</u> |
|---------------------|------------------|

NOTE 12 RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The Town is insured up to policy limits for each of the above risks. There were no significant changes in coverages, retentions, or limits during the year ended December 31, 2023. Settled claims have not exceeded the commercial coverages in any of the previous three fiscal years.

NOTE 13 INTERFUND RECEIVABLES/PAYABLES

A summary of interfund receivables and payables at December 31, 2023, follows:

| | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|--------------------------------------|----------------------------------|-------------------------------|
| Governmental Activities: | | |
| General Fund | \$ - | \$ 161,776 |
| Coushatta Tribe Community Grant Fund | - | 51,850 |
| 1975 Sales Tax Fund | 98,231 | - |
| 1991 Sales Tax Fund | 70,782 | - |
| Business-type Activities: | | |
| Utility Fund | <u>44,613</u> | <u>-</u> |
| Total | <u>\$ 213,626</u> | <u>\$ 213,626</u> |

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements

NOTE 14 OPERATING TRANSFERS

Transfers between funds consisted of the following at December 31, 2023:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|--------------------------------------|---------------------|----------------------|
| Governmental Activities: | | |
| General Fund | \$ 652,064 | \$ - |
| 1975 Sales Tax Fund | - | 163,568 |
| 1991 Sales Tax Fund | - | 137,954 |
| Coushatta Tribe Community Grant Fund | - | 521,869 |
| Business-type Activities: | | |
| Utility Fund | <u>171,327</u> | <u>-</u> |
| | <u>\$ 823,391</u> | <u>\$ 823,391</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 general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 16 SUBSEQUENT EVENTS

In 2023, the Town of Elton was in litigation with the Municipal Police Employee's Retirement System (MPERS) to compel enrollment of eligible municipal police employees in retirement system and to compel payment of amounts past due and due in the future. Settlement discussions are ongoing between MPERS and the Town counsel, and the potential liability is uncertain.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF ELTON, LOUISIANA

Justice System Funding Schedule - Collecting/Disbursing Entity
Year Ended December 31, 2023

| | First Six Month Period Ended <u>6/30/2023</u> | Second Six Month Period Ended <u>12/31/2023</u> |
|---|--|--|
| Beginning Balance of Amounts Collected | \$ - | \$ - |
| Add: Collections | | |
| Criminal Fines and Costs | <u>15,584</u> | <u>21,315</u> |
| Subtotal Collections | 15,584 | 21,315 |
| Less: Disbursements to Governments and Nonprofits | | |
| Louisiana Traumatic Head and Spinal Cord Injury Trust Fund, Criminal Fines - Other | 20 | - |
| Louisiana Commission on Law Enforcement Crime Victims Reparation Fund, Criminal Fines - Other | 104 | - |
| Louisiana Supreme Court - Louisiana Judicial College, Criminal Fines - Other | - | - |
| Treasurer, State of Louisiana - Trail Court Case Management Information System, Criminal Fines - Other | <u>273</u> | <u>-</u> |
| | 397 | - |
| Less: Amounts Retained by Collecting Agency | | |
| Criminal Fines - Other | 15,187 | 21,315 |
| Subtotal Disbursements/Retainage | <u>15,584</u> | <u>21,315</u> |
| Ending Balance of Amounts Collected but not Disbursed/Retained | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

TOWN OF ELTON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Operating Expenses by Department
Year Ended December 31, 2023
With Comparative Actual Amounts for the Year Ended December 31, 2022

| | Totals | |
|-----------------------------|-------------------|-------------------|
| | 2023 | 2022 |
| Water department: | | |
| Bad debt | \$ 2,856 | \$ 5,766 |
| Depreciation | 24,677 | 22,477 |
| Insurance | 1,552 | - |
| Legal and professional fees | 2,838 | - |
| License and permits | 3,129 | - |
| Miscellaneous | 2,811 | 3,017 |
| Office expense and supplies | 4,660 | 4,081 |
| Payroll taxes | 2,226 | 267 |
| Repairs and maintenance | 24,016 | 28,837 |
| Salaries | 29,098 | 3,493 |
| Supplies | 18,083.00 | 4,630 |
| Truck expense | 4,260 | 942 |
| Uniforms | 2,228 | - |
| Utilities | 27,648 | 1,676 |
| Water purchases | <u>216,530</u> | <u>184,663</u> |
| Total water department | <u>366,612</u> | <u>259,849</u> |
| Sewer department: | | |
| Bad debt | 1,165 | 2,353 |
| Depreciation | 60,736 | 61,806 |
| Insurance | 957 | 196 |
| Miscellaneous | - | 330 |
| Payroll taxes | 291 | 374 |
| Repairs and maintenance | 1,310 | 11,045 |
| Salaries | 3,804 | 4,894 |
| Supplies | 23,227 | 10,857 |
| Sewer analysis | 27,589 | 8,281 |
| Truck expense | - | 1,737 |
| Uniforms | 60 | - |
| Utilities | <u>83</u> | <u>23,118</u> |
| Total sewer department | <u>119,222</u> | <u>124,991</u> |
| Sanitation department: | | |
| Bad debt | 1,807 | 3,648 |
| Collection fees | <u>131,263</u> | <u>130,716</u> |
| Total sanitation department | <u>133,070</u> | <u>134,364</u> |
| Total operating expenses | <u>\$ 618,904</u> | <u>\$ 519,204</u> |

TOWN OF ELTON, LOUISIANA
Enterprise Fund

Schedule of Number of Utility Customers
December 31, 2023

Records maintained by the Town indicated the following customers were being served during the months of December 2023 and 2022:

| <u>Department</u> | <u>2023</u> | <u>2022</u> |
|-------------------|-------------|-------------|
| Water (metered) | 461 | 482 |
| Sewerage | 479 | 469 |
| Garbage | 476 | 468 |

TOWN OF ELTON, LOUISIANA

Schedule of Insurance in Force December 31, 2023

| Description of Coverage | Coverage Amounts |
|--|---------------------------|
| Workmen's Compensation - Employer's liability | Statutory \$ 1,000,000 |
| 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: | |
| Building frame | 206,770 |
| City hall and police station | 596,680 |
| Contents of city hall and police station | 50,000 |
| Building non-combustible | 319,030 |
| 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



**DARNALL SIKES
& FREDERICK**

A CORPORATION OF CERTIFIED
PUBLIC ACCOUNTANTS

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OTHER LOCATIONS:

Eunice Morgan City Abbeville

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

To the 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, each major fund, and the aggregate remaining fund information of the Town of Elton, Louisiana as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town of Elton's basic financial statements, and have issued our report thereon dated February 3, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Elton's internal control over financial reporting (internal control) as a basis for designing 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 entity'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 first 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 identified deficiencies in internal control, described in the accompanying schedule of audit results and findings as items 2023-001, 2023-003, 2023-004, 2023-005, 2023-007 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Elton'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit results and findings as items 2023-002 and 2023-006.

Town of Elton's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Elton's response to the findings identified in our audit and described in the accompanying schedule of audit results and findings. Town of Elton's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana
February 3, 2025

TOWN OF ELTON, LOUISIANA

Summary Schedule of Prior Year Findings
Year Ended December 31, 2023

2022-001 Finding: Inadequate Segregation of Accounting Functions

Status: This finding is unresolved. See current year finding 2023-001.

2022-002 Finding: Local Government Budget Act

Status: This finding is unresolved. See current year finding 2023-002.

2022-003 Finding: Inadequate Controls Over Financial Statement Presentation

Status: This finding is unresolved. See current year finding 2023-002.

2022-004 Finding: Significant Audit Adjustments

Status: This finding is unresolved. See current year finding 2023-002.

2022-005 Finding: Inadequate Documentation and/or Lack of Supporting Documentation

Status: This finding is unresolved. See current year finding 2023-002.

2022-006 Finding: Late Issuance of Report

Status: This finding is unresolved. See current year finding 2023-002.

TOWN OF ELTON, LOUISIANA

Schedule of Findings and Responses (Continued)
Year Ended December 31, 2023

Part 1: Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued on financial statements:

| <u>Opinion Unit</u> | <u>Type of Opinion</u> |
|--------------------------------------|----------------------------|
| Governmental activities | Unmodified |
| Business-type activities | Unmodified |
| Major funds: | |
| General | Unmodified |
| Coushatta Tribe Community Grant | Unmodified |
| 1991 Sales Tax | Unmodified |
| 1975 Sales Tax | Unmodified |
| Utility | Unmodified |
| Aggregate remaining fund information | Unmodified |

2. Internal control over financial reporting:

Material weakness(es) identified? ✓ yes no
Significant deficiency(ies) identified? ✓ yes none reported

3. Noncompliance material to the financial statements? yes ✓ no

Other

4. Management letter issued? yes ✓ no

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards*

2023-001 – 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 as to provide adequate segregation of accounting and financial duties.

TOWN OF ELTON, LOUISIANA

Schedule of Findings and Responses (Continued)
Year Ended December 31, 2023

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.

2023-002 – Local Government Budget Act

YEAR INITIALLY OCCURRING: 2020

CONDITION: The Town did not comply with the provisions of RS 39:1309(A) with respect to the adoption of the annual operating budget.

CRITERIA: RS 39:1309(A) states that all action necessary to adopt and otherwise finalize and implement the budget for a fiscal year shall be taken in an open meeting and completed before the end of the prior fiscal year.

CAUSE: The Town failed to take the necessary action to adopt and implement the proposed budget prior to the end of the prior fiscal year.

EFFECT: As a result of this failure to make the necessary appropriations, management has omitted the budgetary comparison information in the required supplementary information.

RECOMMENDATION: It is recommended that the Town fully comply with the provision of RS 39:1309(A) by taking all action necessary to adopt and otherwise finalize and implement the budget for a fiscal year in an open meeting and completed before the end of the prior fiscal year.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will adhere to the provisions of RS 1309(A) by taking all action necessary to adopt and otherwise finalize and implement the budget for a fiscal year in an open meeting and completed before the end of the prior fiscal year.

2023-003 – Inadequate Controls Over Financial Statement Preparation

YEAR INITIALLY OCCURRING: 2022

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

TOWN OF ELTON, LOUISIANA

Schedule of Findings and Responses (Continued)
Year Ended December 31, 2023

CRITERIA: The Town should be able to record financial transactions and prepare financial statements in accordance with GAAP.

CAUSE: The Town does not have personnel with qualifications needed to perform this function.

EFFECT: The Town's financial transactions and financial statements may not be prepared in accordance with GAAP.

RECOMMENDATION: The Town should outsource this task to ensure the financial statements and transactions are in accordance with GAAP.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town has evaluated the cost vs benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determined that it is in the best interest of the Town to outsource this task, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

2023-004 – Significant Audit Adjustments

YEAR INITIALLY OCCURRING: 2022

CONDITION: Management of the Town should maintain appropriate policies and procedures to correctly record, adjust, and reconcile significant financial account balances to ensure they are properly stated at year end.

CRITERIA: During the audit, significant audit adjustments were made to correct financial statement amounts to their proper balances based on support acquired during the audit. Without reliance on the auditor's procedures, these adjustments would not have been detected, which could lead to balances being misstated at year end.

CAUSE: The Town did not have proper internal control procedures to monitor the financial transactions of the Town. Additionally, the Town did not have proper procedures to reconcile significant account balances for presentation in the financial statements.

EFFECT: The Town's financial statements could be materially misstated if proper internal controls over financial reporting are not in place.

RECOMMENDATION: The Town should implement policies and procedures to monitor the financial transactions of the Town and to ensure that all significant account balances are properly reconciled.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town has an outside CPA firm with extensive governmental experience to assist the staff with ensuring that generally accepted accounting principles are followed.

TOWN OF ELTON, LOUISIANA

Schedule of Findings and Responses (Continued)
Year Ended December 31, 2023

2023-005 – Inadequate Documentation and/or Lack of Supporting Documentation

YEAR INITIALLY OCCURRING: 2022

CONDITION: During audit testing, it was noted that there was not sufficient support for many of the Town's transactions.

CRITERIA: Good controls require that appropriate documentation to support all transactions be maintained. In addition, written policies and procedures are necessary to provide a clear understanding of what is sufficient appropriate support for business related transactions and a clear understanding that all documentation must support and clearly state the business purpose.

CAUSE: The Town has not properly documented policies and procedures that should be followed.

EFFECT: Failure to have effective internal controls and written policies and procedures increases the risk of not having continuity of operations and the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected. In addition, expenditures which are not supported by sufficient documentation may appear unreasonable and a gratuitous alienation of public funds under Article VII, Section 14 of the 1974 Louisiana Constitution.

RECOMMENDATION: Management needs to set written policies and procedures to address all transactions and to provide a clear understanding of what is sufficient appropriate support.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will implement written policies and procedures to address maintaining appropriate documentation.

2023-006 – Late Issuance of Report

YEAR INITIALLY OCCURRING: 2022

CONDITION: The Town failed to submit its annual financial statements to the Legislative Auditor's Office by the statutory due date.

CRITERIA: LSA R.S 24:513 states that "audits shall be completed within six months of the close of the entity's fiscal year."

CAUSE: The overall condition of the Town's financial records prohibited the Town from providing timely and accurate information to the Town's auditor.

EFFECT: The Town has violated state law by failing to submit the audit within six months of the close of the fiscal year.

RECOMMENDATION: The Town should take the necessary steps to ensure that all financial records are accurate and made available to the Town's auditor in a timely manner.

TOWN OF ELTON, LOUISIANA

Schedule of Findings and Responses (Continued)
Year Ended December 31, 2023

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will take necessary steps to ensure that all financial records are accurate and made available to the Town's auditor in a timely manner.

2023-007 – Late Issuance of Payroll Tax Reports and Late Payment of Payroll Tax Liabilities

YEAR INITIALLY OCCURRING: 2023

CONDITION: The Town did not remit quarterly payroll tax payments to the Internal Revenue Service and the Louisiana Department of Revenue for all quarters in 2023. Additionally, the Town failed to file the required quarterly payroll tax returns (Forms 941 and L-1) for the same periods.

CRITERIA: The IRS requires employers to deposit federal payroll taxes in a timely manner per Internal Revenue Code (IRC) Sections 3102 and 3402. Additionally, IRS Form 941 must be filed quarterly per IRS guidelines. Louisiana state law also mandates the timely filing and remittance of state payroll taxes under Louisiana Revised Statutes Title 47, Chapter 2.

CAUSE: The failure to remit payroll taxes and file quarterly returns appears to be due to inadequate internal controls over payroll tax compliance and lack of oversight by management.

EFFECT: Failure to pay and file payroll taxes in a timely manner has resulted in accrued penalties and interest assessed by the IRS and the Louisiana Department of Revenue, potential legal and financial liabilities for the Town, and increased scrutiny from regulatory agencies, which may impact future funding and compliance ratings.

RECOMMENDATION: Management should remit all outstanding payroll tax payments to the IRS and the Louisiana Department of Revenue to mitigate further penalties and interest, file all delinquent payroll tax returns as soon as possible, implement internal controls to ensure timely remittance of payroll taxes and filing of quarterly reports, and provide payroll and finance personnel with training on payroll tax compliance requirements.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town remitted all outstanding payroll tax payments and filed all delinquent payroll tax returns. The Town will implement written policies and procedures to ensure timely remittance and filings.

Part 3: Findings and Questioned Costs Reported in Accordance with Uniform Guidance

The requirements of the Uniform Guidance are not applicable.

CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS

APPENDIX A



Town Of Elton

Council Members

Anthony Guillory
Erica Francis
Kim Thibodeaux
Key Hebert
Trudy Patterson

P.O. Box 369
Elton, La 70532
(337)584-2992
Fax: (337)584-3215

Mayor Michael Pierrotti
Sandrez West, Town Clerk

Chief of Police
Bruce A. Lemelle

Attorney
Mike Holmes

CORRECTIVE ACTION PLAN FOR THE CURRENT AUDIT FINDINGS

2023-001 – Inadequate Segregation of Accounting Functions:

The Town has determined that it is not cost effective to achieve complete segregation of duties within the accounting department.

2023-002 – Local Government Budget Act:

The Town will adhere to the provisions of LSA-RS 1309(A) by taking all action necessary to adopt and otherwise finalize and implement the budget for a fiscal year in an open meeting and completed before the end of the prior fiscal year.

2023-003 – Inadequate Controls Over Financial Statement Preparation:

The Town has evaluated the cost vs benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determined that it is in the best interest of the Town to outsource this task, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

2023-004 – Significant Audit Adjustment:

The Town has an outside CPA firm with extensive governmental experience to assist the staff with ensuring that generally accepted accounting principles are followed.

2023-005 – Inadequate Documentation and/or Lack of Supporting Documentation:

The Town will implement written policies and procedures to address maintaining appropriate documentation.

2023-006 – Late Issuance of Report:

The Town will take necessary steps to ensure that all financial records are accurate and made available to the Town's auditor in a timely manner.

2023-007 – Late Issuance of Payroll Tax Reports and Late Payment of Payroll Tax Liabilities:

The Town will take necessary steps to ensure that all payroll reports/payroll tax liabilities are filed/paid in a timely manner.

Signature

Date

2-24-2025

Title

Mayor

Signature

Date

2-24-2025

Title

Councilman



OTHER LOCATIONS:

Eunice Morgan City Abbeville

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Town of Elton
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. The Town of Elton's (Town) management is responsible for those C/C areas identified in the SAUPs.

The Town of Elton has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
Written policies and procedures were obtained and do address the functions noted above.
 - ii. ***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 list.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
Written policies and procedures were obtained and do address the functions noted above.
 - iv. ***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 or agency fund additions.

- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

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

- vi. **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 do address the functions noted above.

- vii. **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 do address the functions noted above.

- viii. **Credit Cards (and debit cards, fuel cards, purchase 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).

Procedure deemed not necessary as the Town of Elton does not have any credit cards, fuel cards or P-Cards.

- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

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

- x. **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 do address the functions noted above.

- xi. **Information Technology 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 do address the functions noted above.

- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

This section is not applicable. The Town of Elton is a nonprofit entity.

2) Board or Finance Committee

A. 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

- i. 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.

No exceptions noted.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-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 prior year audit reporting noting that the minutes did not reference or include monthly budget-to-actual comparison on the general, [proprietary, and special revenue funds].

- iii. 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.

Not applicable.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Town of Elton did not address any findings in prior year audit.

3) Bank Reconciliations

A. Obtain a listing of entity 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 each selected account, and observe that:

Obtained listing of bank accounts from management and management's representation that the listing is complete.

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

No evidence provided that bank recs were performed within two months of statement closing date.

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

No exceptions noted.

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

No exceptions noted.

4) Collections (excluding electronic funds transfers)

- A. 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 listing of deposit sites and management's representation that the listing is complete.

- B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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

Obtained listing of collection locations from management and management's representation that the listing is complete.

- i. Employees responsible for cash collections do not share cash drawers/registers;

Observed that employees responsible for cash collections share the same cash drawers/registers.

- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

Observed that employees responsible for collecting cash are also responsible for preparing/making bank deposits.

- iii. Each employee responsible for collecting cash is not also 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; and

Observed that employees responsible for collecting cash are also responsible for posting cash collection entries to the general ledger.

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions noted.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

No exceptions noted.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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:

- i. Observe that receipts are sequentially pre-numbered.
No evidence that receipts are pre-numbered.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
Client did not provide deposit slips.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
No support provided.
- iv. 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 and the cash is stored securely in a locked safe or drawer).
No evidence that deposits were made within one business day of receipt.
- v. Trace the actual deposit per the bank statement to the general ledger.
No exceptions noted.

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

- A. 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).
Listing of locations that process payments and management's representation that the listing is complete was obtained.
- B. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
No exceptions noted.
 - ii. At least two employees are involved in processing and approving payments to vendors;
No exceptions noted.
 - iii. 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;
No exceptions noted.
 - iv. 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; and
No exceptions noted.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions noted.

- C. For each location selected under procedure #5A 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

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

Client did not provide supporting invoices.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No evidence of requirements.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No evidence of requirements.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.

Obtained a listing of all active credit cards.

- B. 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

- i. Observe whether 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) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported)

Client did not provide supporting documentation.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

Client did not provide supporting documentation.

- C. Using the monthly statements or combined statements selected under procedure #7B 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 (e.g., each card should have 10 transactions subject to inspection). 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 observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Client did not provide supporting documentation.

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

- A. 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 and 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:

Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representations that the listing is complete.

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

Client did not provide supporting documentation.

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

No evidence of original invoices provided.

- iii. 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 Policies and Procedures procedure #1A(vii); and

No evidence of reasoning acquired.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No evidence provided.

8) Contracts

- A. 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. *Alternatively, 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:

Listing of all contracts in effect and management's representation that the listing is complete was obtained.

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
No evidence received.
- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
No evidence received.
- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
Not applicable.
- iv. 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.
No evidence of invoices received.

9) Payroll and Personnel

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

Listing of employees and management's representation that the listing is complete was obtained.
Authorized salaries/pay rates not traced to personnel files.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
No exceptions noted.
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
No exceptions noted.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
No exceptions noted.
- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
No exceptions noted.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
No exceptions noted..
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.
No exceptions noted..

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
No exceptions noted.
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
No exceptions noted.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.
No exceptions noted.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
This section is not applicable. The Town of Elton did not have any bond/notes and other debt instruments issued during the fiscal period.

- B. 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).

No exceptions noted.

12) Fraud Notice

- A. 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 as required by R.S. 24:523.

No misappropriations of public funds or assets noted.

- B. 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.

Fraud notice is posted on the Town of Elton's premises and on their website.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

(N/A Client is Cloud Based)

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

No exceptions noted.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

The Town was unable to provide supporting documentation that demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Observed that the entity does not have its sexual harassment policy and complaint procedure on its website.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

The annual report was not prepared.

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

We were engaged by the Town of Elton to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of the Town of Elton and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

February 3, 2025



Town Of Elton

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Sandrez West, Town Clerk

February 3, 2025

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A Corporation of Certified Public Accountants
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Provided below are the responses from the Town of Elton, Louisiana with regard to the Statewide Agreed-Upon Procedures performed for the fiscal period January 1, 2023 through December 31, 2023:

Management of the Town of Elton, Louisiana concurs with the exceptions and are working to address the deficiencies identified.

Signature

Date

2-24-2025

Title

Mayor

Signature

Date

2-24-2025

Title

Councilman