

TOWN OF ELTON, LOUISIANA

Financial Report

Year Ended December 31, 2021

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-4
 BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net position	7
Statement of activities	8
 FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet - governmental funds	11
Reconciliation of the governmental funds balance sheet to the statement of net position	12
Statement of revenues, expenditures, and changes in fund balances - governmental funds	13
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	14
Statement of net position - proprietary fund	15
Statement of revenues, expenses, and changes in net position - proprietary fund	16
Statement of cash flows - proprietary fund	17-18
Notes to basic financial statements	19-37
 REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	39
Coushatta Tribe Community Grant Fund	40
1991 Sales Tax Fund	41
1975 Sales Tax Fund	42
Notes to required supplementary information	43
 OTHER SUPPLEMENTARY INFORMATION	
OTHER FINANCIAL INFORMATION	
General Fund - budgetary comparison schedule - revenues	46
General Fund - budgetary comparison schedule - expenditures	47-48
Judicial System Funding Schedule - Collecting/Disbursing Entity	49

(continued)

TABLE OF CONTENTS (continued)

	<u>Page</u>
Schedule of number of utility customers (unaudited)	50
Comparative statement of operating expenses by department - utility fund	51
Schedule of insurance in force (unaudited)	52
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
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 <i>Government Auditing Standards</i>	54-55
Schedule of current and prior year audit findings and management's corrective action plan	56-61

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INDEPENDENT AUDITOR'S REPORT

The Honorable Avella Ackless, 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, and each major fund of the Town of Elton, Louisiana (the Town), as of and for the year ended December 31, 2021, 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, and each major fund of the Town as of December 31, 2021, 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 and 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 condition 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

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 39 through 43 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic,

or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Town's basic financial statements. The accompanying judicial system funding schedule and the comparative statement of utility fund operating expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the judicial system funding schedule and the comparative statement of utility fund operating expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The prior year comparative information included in this information has been derived from the Town of Elton, Louisiana's 2020 basic financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, was fairly presented in all material respects in relation to the basic financial statements from which they were derived.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison schedules, schedule of the number of utility customers, and the schedule of insurance in force 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 June 13, 21022, 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
June 13, 2022

BASIC FINANCIAL STATEMENTS

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

TOWN OF ELTON, LOUISIANA

Statement of Net Position
December 31, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and interest-bearing deposits	\$ 1,172,100	\$ 212,836	\$1,384,936
Receivables, net	61,957	52,601	114,558
Due from other governmental units	76,672	-	76,672
Prepaid items	9,175	-	9,175
Internal balances	(75,452)	75,452	-
Restricted assets:			
Cash and interest-bearing deposits	-	36,474	36,474
Capital assets:			
Land	77,858	10,000	87,858
Capital assets, net	<u>463,468</u>	<u>2,289,200</u>	<u>2,752,668</u>
Total assets	<u>1,785,778</u>	<u>2,676,563</u>	<u>4,462,341</u>
LIABILITIES			
Accounts and other payables	27,305	11,042	38,347
Due to other governmental units	-	3,694	3,694
Customer deposits	-	36,474	36,474
Long-term liabilities:			
Due within one year	<u>13,040</u>	<u>-</u>	<u>13,040</u>
Total liabilities	<u>40,345</u>	<u>51,210</u>	<u>91,555</u>
NET POSITION			
Net investment in capital assets	528,286	2,299,200	2,827,486
Restricted - sales tax dedications	256,639	-	256,639
Restricted - grant provisions	829,514	-	829,514
Unrestricted	<u>130,994</u>	<u>326,153</u>	<u>457,147</u>
Total net position	<u>\$1,745,433</u>	<u>\$2,625,353</u>	<u>\$4,370,786</u>

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

TOWN OF ELTON, LOUISIANA

Statement of Activities
For the Year Ended December 31, 2021

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 217,977	\$ 51,150	\$ 211,001	\$ -	\$ 44,174	\$ -	\$ 44,174
Public safety:							
Police	360,398	74,366	21,633	-	(264,399)	-	(264,399)
Fire	17,975	-	17,975	-	-	-	-
Highways and streets	169,723	-	-	-	(169,723)	-	(169,723)
Parks and recreation	8,395	-	-	-	(8,395)	-	(8,395)
Education	41,942	-	41,942	-	-	-	-
Animal control	9,762	-	-	-	(9,762)	-	(9,762)
Interest on long-term debt	1,384	-	-	-	(1,384)	-	(1,384)
Total governmental activities	<u>827,556</u>	<u>125,516</u>	<u>292,551</u>	<u>-</u>	<u>(409,489)</u>	<u>-</u>	<u>(409,489)</u>
Business-type activities:							
Water	194,886	171,396	-	11,550	-	(11,940)	(11,940)
Sewer	137,707	63,719	-	-	-	(73,988)	(73,988)
Sanitation	123,087	125,311	-	-	-	2,224	2,224
Total business-type activities	<u>455,680</u>	<u>360,426</u>	<u>-</u>	<u>11,550</u>	<u>-</u>	<u>(83,704)</u>	<u>(83,704)</u>
Total	<u>\$ 1,283,236</u>	<u>\$ 485,942</u>	<u>\$ 292,551</u>	<u>\$ 11,550</u>	<u>(409,489)</u>	<u>(83,704)</u>	<u>(493,193)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					31,886	-	31,886
Sales and use taxes, levied for general purposes					292,098	-	292,098
Franchise taxes					66,748	-	66,748
Grants and contributions not restricted to specific programs -							
State sources					29,326	-	29,326
Community grant revenue					239,671	-	239,671
Interest and investment earnings					564	1,302	1,866
Miscellaneous					29,274	24,431	53,705
Transfers					(23,708)	23,708	-
Total general revenues and transfers					<u>665,859</u>	<u>49,441</u>	<u>715,300</u>
Change in net position					256,370	(34,263)	222,107
Net position - beginning					<u>1,489,063</u>	<u>2,659,616</u>	<u>4,148,679</u>
Net position - ending					<u>\$ 1,745,433</u>	<u>\$ 2,625,353</u>	<u>\$ 4,370,786</u>

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

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUND DESCRIPTIONS

General Fund

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

Special Revenue Fund

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

Coushatta Tribe Community Grant Fund

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

1991 Sales Tax Fund

To account for the receipt and use of proceeds of the Town's 1% sales and use tax. These taxes are dedicated to the maintenance, repairs, and upkeep of streets in the Town of Elton, Louisiana.

1975 Sales Tax Fund

To account for the receipt and use of proceeds of the Town's 1% sales and use tax. These taxes are dedicated to the opening, constructing, paving, resurfacing and improving streets, sidewalks and bridges, constructing and purchasing street lighting facilities; constructing and improving drains, drainage canals and sub-surface drainage; constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment; constructing and purchasing garbage disposal and health and sanitation equipment and facilities; constructing public buildings; purchasing, constructing and improving public parks and recreational facilities and acquiring the necessary equipment and furnishing thereof; purchasing equipment for civil defense; improving any work of permanent public improvement; and purchasing and acquiring all equipment and furnishings for the public works, buildings, improvements and facilities of the Town of Elton, Louisiana.

Enterprise Fund

Utility Fund -

To account for the provision of water, sewer, and sanitation (garbage) services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing related debt service, and billing and collection.

TOWN OF ELTON, LOUISIANA

Balance Sheet - Governmental Funds
December 31, 2021

	General	Coushatta Tribe Community Grant	1991 Sales Tax	1975 Sales Tax	Total
ASSETS					
Cash and interest-bearing deposits	\$ 223,157	\$ 769,596	\$ 156,513	\$ 22,834	\$ 1,172,100
Receivables -					
Taxes	48,195	-	6,880	6,882	61,957
Due from other funds	-	-	63,530	-	63,530
Due from other governmental units	1,775	74,897	-	-	76,672
Total assets	<u>\$ 273,127</u>	<u>\$ 844,493</u>	<u>\$ 226,923</u>	<u>\$ 29,716</u>	<u>\$ 1,374,259</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 9,681	\$ 14,979	\$ -	\$ -	\$ 24,660
Accrued liabilities	2,645	-	-	-	2,645
Due to other funds	138,982	-	-	-	138,982
Total liabilities	<u>151,308</u>	<u>14,979</u>	<u>-</u>	<u>-</u>	<u>166,287</u>
Deferred inflows of resources:					
Unavailable revenue	8,539	-	-	-	8,539
Fund balances -					
Restricted - sales tax dedications	-	-	226,923	29,716	256,639
Restricted - grant provisions	-	829,514	-	-	829,514
Unassigned	113,280	-	-	-	113,280
Total fund balances	<u>113,280</u>	<u>829,514</u>	<u>226,923</u>	<u>29,716</u>	<u>1,199,433</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 273,127</u>	<u>\$ 844,493</u>	<u>\$ 226,923</u>	<u>\$ 29,716</u>	<u>\$ 1,374,259</u>

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

TOWN OF ELTON, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2021

Total fund balances for governmental funds at December 31, 2021 \$ 1,199,433

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

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

Land	\$ 77,858	
Buildings and improvements, net of \$461,639 accumulated depreciation	80,508	
Infrastructure, net of \$1,068,105 accumulated depreciation	292,719	
Equipment, furniture, and fixtures, net of \$577,074 accumulated depreciation	<u>90,241</u>	541,326

Difference between prepaid expenses on modified accrual basis versus accrual basis 9,175

Some of the Town's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources at the fund level.

Unavailable revenue:		
Delinquent ad valorem taxes	6,347	
Franchise taxes	<u>2,192</u>	8,539

Some liabilities are not due and payable from current financial resources and are, therefore not reported in the funds. These liabilities consist of the following:

Capital lease	<u>(13,040)</u>
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Total net position of governmental activities at December 31, 2021 \$ 1,745,433

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

TOWN OF ELTON, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds

For the Year Ended December 31, 2021

	General	Coushatta Tribe Community Grant	1991 Sales Tax	1975 Sales Tax	Total
Revenues:					
Taxes	\$ 93,719	\$ -	\$ 146,049	\$ 146,049	\$ 385,817
Licenses and permits	43,450	-	-	-	43,450
Intergovernmental	261,960	-	-	-	261,960
Community grant revenue	-	299,588	-	-	299,588
Fines and forfeits	74,366	-	-	-	74,366
Miscellaneous	37,031	405	89	13	37,538
Total revenues	<u>510,526</u>	<u>299,993</u>	<u>146,138</u>	<u>146,062</u>	<u>1,102,719</u>
Expenditures:					
Current -					
General government	184,650	1,905	8,862	3,067	198,484
Public safety:					
Police	322,111	11,945	-	-	334,056
Fire	-	17,975	-	-	17,975
Highways and streets	133,731	-	-	-	133,731
Parks and recreation	6,026	-	-	-	6,026
Education	-	41,942	-	-	41,942
Animal control	9,762	-	-	-	9,762
Capital outlay	42,199	-	-	-	42,199
Debt service	26,551	-	-	-	26,551
Total expenditures	<u>725,030</u>	<u>73,767</u>	<u>8,862</u>	<u>3,067</u>	<u>810,726</u>
Excess (deficiency) of revenues over expenditures	<u>(214,504)</u>	<u>226,226</u>	<u>137,276</u>	<u>142,995</u>	<u>291,993</u>
Other financing sources (uses):					
Transfers in	366,976	-	-	-	366,976
Transfers out	-	(117,628)	(133,056)	(140,000)	(390,684)
Total other financing sources (uses)	<u>366,976</u>	<u>(117,628)</u>	<u>(133,056)</u>	<u>(140,000)</u>	<u>(23,708)</u>
Net change in fund balance	152,472	108,598	4,220	2,995	268,285
Fund balances (deficit), beginning	<u>(39,192)</u>	<u>720,916</u>	<u>222,703</u>	<u>26,721</u>	<u>931,148</u>
Fund balances, ending	<u>\$ 113,280</u>	<u>\$ 829,514</u>	<u>\$ 226,923</u>	<u>\$ 29,716</u>	<u>\$ 1,199,433</u>

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

TOWN OF ELTON, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2021

Total net changes in fund balances for the year ended December 31, 2021 per the
statement of revenues, expenditures and changes in fund balances \$ 268,285

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

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on statement of revenues, expenditures and changes in fund balances	\$ 42,199	
Depreciation expense for the year ended December 31, 2021	<u>(84,196)</u>	(41,997)

Bond and capital lease proceeds are reported as financing sources in
governmental funds and thus contribute to the change in fund balance.
In the statement of net position, however, issuing debt increases long-
term liabilities and does not affect the statement of activities. Similarly,
repayment of principal and capital leases are recorded as expenditures
in the governmental funds but reduce liability in the statement of net
position. Also, governmental funds report the effects of premiums,
discounts, and similar items when debt is first issued, whereas these
amounts are deferred and amortized in the statement of activities:

Repayment of long-term debt		25,167
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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>4,915</u>
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Total changes in net position for the year ended December 31, 2021 per the
statement of activities \$ 256,370

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

TOWN OF ELTON, LOUISIANA

Statement of Net Position
 Proprietary Fund
 December 31, 2021

	<u>Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 23,082
Certificates of deposit	189,754
Receivables -	
Accounts, net	52,601
Due from other funds	<u>75,452</u>
Total current assets	<u>340,889</u>
Noncurrent assets:	
Restricted assets-	
Customers' deposits -	
Cash	36,474
Land	10,000
Capital assets, net	<u>2,289,200</u>
Total noncurrent assets	<u>2,335,674</u>
Total assets	<u>2,676,563</u>
LIABILITIES	
Current liabilities (payable from current assets):	
Accounts payable	10,815
Accrued liabilities	227
Due to other governmental units	<u>3,694</u>
Total	14,736
Current liabilities (payable from restricted assets):	
Customer deposits	<u>36,474</u>
Total liabilities	<u>51,210</u>
NET POSITION	
Net investment in capital assets	2,299,200
Unrestricted	<u>326,153</u>
Total net position	<u><u>\$2,625,353</u></u>

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

TOWN OF ELTON, LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Fund
 For the Year Ended December 31, 2021

	<u>Enterprise Fund</u>
Operating revenues:	
Charges for services -	
Water charges	\$ 171,396
Sewer charges	63,719
Sanitation charges	125,311
Miscellaneous	<u>24,431</u>
Total operating revenues	<u>384,857</u>
Operating expenses:	
Water department	194,886
Sewer department	137,707
Sanitation department	<u>123,087</u>
Total operating expenses	<u>455,680</u>
Operating loss	(70,823)
Nonoperating revenues:	
Interest income	<u>1,302</u>
Loss before contributions and transfers	(69,521)
Capital contributions	<u>11,550</u>
Loss before transfers	(57,971)
Transfers:	
Transfers in (out)	<u>23,708</u>
Change in net position	(34,263)
Net position, beginning	<u>2,659,616</u>
Net position, ending	<u>\$2,625,353</u>

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

TOWN OF ELTON, LOUISIANA

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended December 31, 2021

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 360,971
Payments to suppliers	(381,678)
Payments to employees	(7,454)
Other receipts	<u>24,431</u>
Net cash used by operating activities	<u>(3,730)</u>
Cash flows from noncapital financing activities:	
Net increase in customer deposits payable	6,452
Net transfers to other funds	<u>(19,011)</u>
Net cash used by noncapital financing activities	<u>(12,559)</u>
Cash flows from capital and related financing activities:	
Capital contributions	<u>11,550</u>
Cash flows from investing activities:	
Net maturities (purchases) of investments	(1,262)
Interest received on interest-bearing deposits	<u>1,302</u>
Net cash provided by investing activities	<u>40</u>
Net decrease in cash and cash equivalents	(4,699)
Cash and cash equivalents, beginning of period	<u>64,255</u>
Cash and cash equivalents, end of period	<u><u>\$ 59,556</u></u>

(continued)

TOWN OF ELTON, LOUISIANA

Statement of Cash Flows (Continued)
 Proprietary Fund
 For the Year Ended December 31, 2021

	<u>Enterprise Fund</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (70,823)
Adjustments to reconcile operating loss to net cash used by operating activities -	
Depreciation	83,498
Changes in current assets and liabilities:	
Decrease in accounts receivable	545
Decrease in accounts payable	(17,620)
Increase in due to other governmental units	821
Decrease in accrued liabilities	<u>(151)</u>
Net cash used by operating activities	<u>\$ (3,730)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash and interest-bearing deposits - unrestricted	\$ 34,233
Cash and interest-bearing deposits - restricted	30,022
Certificates of deposit - unrestricted	188,492
Less: Certificates of deposit with a maturity greater than three months when purchased	<u>(188,492)</u>
Total cash and cash equivalents	<u>64,255</u>
Cash and cash equivalents, end of period -	
Cash and interest-bearing deposits - unrestricted	23,082
Cash and interest-bearing deposits - restricted	36,474
Certificates of deposit - unrestricted	189,754
Less: Certificates of deposit with a maturity greater than three months when purchased	<u>(189,754)</u>
Total cash and cash equivalents	<u>59,556</u>
Net decrease	<u>\$ (4,699)</u>

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

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

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

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

Fund Financial Statements

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

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Governmental Funds:

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

General Fund

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

Special Revenue Funds

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

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

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

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

Proprietary Fund -

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Enterprise Fund

Enterprise funds are proprietary funds that are used to report activities for which a fee is charged to external users. These funds account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town's enterprise fund is the Utility Fund.

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

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

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

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

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

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

Cash and interest-bearing deposits

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

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

Interfund receivables and payables

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes, ad valorem taxes, and amounts due from other governmental units. Business-type activities report customer utility service receivables as the major receivables. Uncollectible amounts due for customer utility receivables are recognized as bad debts through the establishment of an allowance for uncollectible accounts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectible accounts at December 31, 2021 was \$80,792. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month totaled \$16,248 at year end.

Prepaid Items

Payments made to vendors for services that will benefit future periods beyond December 31, 2021, are recorded as prepaid items.

Capital Assets

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

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

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

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

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Restricted Assets

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

Long-term debt

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

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

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

Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Vacation must be taken in the year accrued and cannot be carried over. Sick leave is accumulated by employees at a rate dependent upon number of years of employment. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment. At December 31, 2021, the Town had no material accumulated leave benefits required to be reported.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2021, the Town had no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. At December 31, 2021, the Town reported deferred inflows of resources related to unavailable delinquent ad valorem tax and franchise tax revenue totaling \$8,539 in the General Fund.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Equity Classifications

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

- a. Net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by external groups, such as creditors, grantors, and contributors, laws or regulations of other governments; or law through constitutional provisions or enabling legislation. It is the Town's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred. At December 31, 2021, the Town reported \$1,086,153 of restricted net position, of which \$256,639 was restricted by enabling legislation.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

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

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

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

E. Revenues, Expenditures, and Expenses

Revenues

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

There are three classifications of programmatic revenues for the Town, grant and contributions revenue (operating and capital) and charges for services. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. Program revenues are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole. 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.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

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

Interfund Transfers

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

F. Revenue Restrictions

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

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 4

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

G. Capitalization of Interest Expense

It is the policy of the Town of Elton to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At December 31, 2021 there were no borrowings for assets under construction and no capitalized interest expense recorded.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

H. Use of Estimates

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

(2) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. 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, 2021, taxes of 5.81 mills were levied on property with assessed valuations totaling \$4,538,304 and were dedicated for general corporate purposes. Total taxes levied were \$26,366. Taxes receivable at December 31, 2021 were \$23,322.

(4) Dedication of Sales Tax Proceeds

Proceeds of a 1 percent sales and use tax (accounted for in the 1975 Sales Tax Fund – a special revenue fund) levied by the Town of Elton (2021 collections \$146,049) are dedicated to the following purposes:

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Proceeds of a 1 percent sales and use tax (accounted for in the 1991 Sales Tax Fund – a special revenue fund) levied by the Town of Elton (2021 collections \$146,049) are dedicated to the following purpose:

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

(5) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2021, the Town had cash and interest-bearing deposits (book balances) totaling \$1,421,410 as follows:

Demand deposits	\$ 282,713
Money market accounts	948,943
Time deposits	<u>189,754</u>
Total	<u>\$ 1,421,410</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town’s deposits may not be recovered, or the Town will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. The following is a summary of deposit balances (bank balances) at December 31, 2021, and the related federal insurance and pledged securities:

Bank balances	<u>\$1,426,193</u>
Federal deposit insurance	\$ 438,254
Pledged securities	<u>987,939</u>
Total	<u>\$1,426,193</u>

Deposits in the amount of \$987,939 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution’s trust department or agent, but not in the Town’s name. The Town does not have a policy for custodial credit risk.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Restricted Assets - Proprietary Fund Type

Restricted assets of \$36,474 at December 31, 2021 consisted of amounts owed for customer utility deposits.

(7) Receivables

Receivables at December 31, 2021 of \$114,558 consisted of the following:

	<u>General</u>	<u>Sales Tax Funds</u>	<u>Utility</u>	<u>Total</u>
Accounts, net	\$ -	\$ -	\$ 52,601	\$ 52,601
Taxes:				
Ad valorem	23,322	-	-	23,322
Franchise	24,873	-	-	24,873
Sales	<u>-</u>	<u>13,762</u>	<u>-</u>	<u>13,762</u>
Totals	<u>\$48,195</u>	<u>\$13,762</u>	<u>\$52,601</u>	<u>\$114,558</u>

(8) Due from Other Governmental Units

The amount due from other governmental units of \$76,672 consisted of the following at December 31, 2021:

Governmental activities:	
State of Louisiana - road maintenance receivable	\$ 1,525
State of Louisiana - beer tax revenues receivable	250
Coushatta Tribe of Louisiana - gaming revenues receivable	<u>74,897</u>
Total	<u>\$ 76,672</u>

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(9) Accounts and Other Payables

The accounts and other payables of \$38,347 consisted of the following at December 31, 2021:

	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 24,660	\$ 10,815	\$ 35,475
Accrued liabilities	<u>2,645</u>	<u>227</u>	<u>2,872</u>
Totals	<u>\$ 27,305</u>	<u>\$ 11,042</u>	<u>\$ 38,347</u>

(10) Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 77,858	\$ -	\$ -	\$ 77,858
Other capital assets:				
Buildings	542,147	-	-	542,147
Infrastructure	1,322,724	38,100	-	1,360,824
Equipment, furniture and fixtures	663,216	4,099	-	667,315
Totals	<u>2,528,087</u>	<u>42,199</u>	<u>-</u>	<u>2,570,286</u>
Less accumulated depreciation				
Buildings	448,713	12,926	-	461,639
Infrastructure	1,035,159	32,946	-	1,068,105
Equipment, furniture and fixtures	538,750	38,324	-	577,074
Total accumulated depreciation	<u>2,022,622</u>	<u>84,196</u>	<u>-</u>	<u>2,106,818</u>
Governmental activities, capital assets, net	<u>\$ 583,323</u>	<u>\$ (41,997)</u>	<u>\$ -</u>	<u>\$ 541,326</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 23,592
Police	26,342
Highways and streets	31,893
Parks and recreation	<u>2,369</u>
Total depreciation expense	<u>\$ 84,196</u>

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land - water system	\$ 10,000	\$ -	\$ -	\$ 10,000
Other capital assets:				
Water system -				
Plant and lines	1,363,657	-	-	1,363,657
Equipment	36,735	-	-	36,735
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	2,900	-	-	2,900
Totals	<u>4,880,792</u>	<u>-</u>	<u>-</u>	<u>4,880,792</u>
Less accumulated depreciation				
Water system	958,366	22,713	-	981,079
Sewer system	<u>1,549,728</u>	<u>60,785</u>	<u>-</u>	<u>1,610,513</u>
Total accumulated depreciation	<u>2,508,094</u>	<u>83,498</u>	<u>-</u>	<u>2,591,592</u>
Business-type activities, capital assets, net	<u>\$2,382,698</u>	<u>\$ (83,498)</u>	<u>\$ -</u>	<u>\$2,299,200</u>

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

Water	\$ 22,713
Sewer	<u>60,785</u>
Total depreciation expense	<u>\$ 83,498</u>

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(11) 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, 2021, was as follows:

	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Enterprise Fund</u>
Operating revenues	<u>\$183,612</u>	<u>\$ 68,117</u>	<u>\$ 133,129</u>	<u>\$ 384,857</u>
Operating expenses:				
Depreciation	22,713	60,785	-	83,498
Other	<u>172,173</u>	<u>76,922</u>	<u>90,227</u>	<u>339,322</u>
Total operating expenses	<u>194,886</u>	<u>137,707</u>	<u>123,087</u>	<u>455,680</u>
Operating income (loss)	<u>\$ (11,275)</u>	<u>\$ (69,590)</u>	<u>\$ 10,042</u>	<u>\$ (70,823)</u>

(12) Changes in Long-Term Liabilities

The following is a summary of long-term liability transactions of the Town for the year ended December 31, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amount due in one year</u>
Long-term debt:					
Capital lease	<u>\$ 38,207</u>	<u>\$ -</u>	<u>\$ 25,167</u>	<u>\$ 13,040</u>	<u>\$ 13,040</u>

Capital lease payable at December 31, 2021 consisted of the following:

	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Balance Outstanding</u>
Law enforcement vehicles	<u>\$ 97,271</u>	<u>04/23/22</u>	<u>4.795%</u>	<u>\$ 13,040</u>

<u>Year ending December 31,</u>	<u>Governmental Activities Law enforcement vehicles</u>
2022	\$ 13,275
Less: Amount representing interest	<u>(235)</u>
Present value of future minimum lease payments	<u>\$ 13,040</u>

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Vehicles under capital lease are included in capital assets at December 31, 2021 as follows:

Vehicles	\$ 97,271
Less: Accumulated depreciation	<u>(63,226)</u>
Net	<u>\$ 34,045</u>

Depreciation of vehicles under capital lease in the amount of \$19,454 for the year ended December 31, 2021 is included in depreciation expense.

(13) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended December 31, 2021 follows:

Mayor Roger D. Laughlin	<u>\$ 17,400</u>
Aldermen:	
Avella Ackless	3,750
Forest Ardoin	3,750
Anthony Guillory	3,900
Brandilyn Soileau	3,900
Kesia Lemoine	<u>3,750</u>
	<u>19,050</u>
	<u>\$ 36,450</u>

(14) Compensation, Benefits and Other Payments to Mayor

A detail of compensation, benefits, and other payments made to Mayor Roger D. Laughlin for the year ended December 31, 2021 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	<u>\$ 17,400</u>

(15) Pending Litigation

There was no pending litigation against the Town of Elton at December 31, 2021.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(16) Water Contract

Under a contract dated January 1, 2017, the Town of Elton is required to purchase its water from the East Allen Parish Waterworks District until December 31, 2021. During the fiscal year ended December 31, 2021, the Town's water purchases amounted to \$130,500. These purchases included \$9,915 owed at December 31, 2021 for water purchased during the month of December.

(17) Interfund Receivables/Payables

A. A summary of interfund receivables and payables at December 31, 2021 follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major governmental funds:		
General Fund	\$ -	\$ 138,982
1991 Sales Tax Fund	63,530	-
Proprietary funds:		
Enterprise Fund	<u>75,452</u>	<u>-</u>
Total	<u>\$ 138,982</u>	<u>\$ 138,982</u>

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

B. Transfers consisted of the following at December 31, 2021:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 366,976	\$ -
Coushatta Tribe Community Grant Fund	-	117,628
1991 Sales Tax Fund	-	133,056
1975 Sales Tax Fund	-	140,000
Proprietary Fund:		
Enterprise Fund	<u>23,708</u>	<u>-</u>
Total	<u>\$ 390,684</u>	<u>\$ 390,684</u>

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(18) Risk Management

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

(19) On-Behalf Payment of Salaries

The State of Louisiana paid the Town's police officers \$21,633 of supplemental pay during the year ended December 31, 2021. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(20) Subsequent Events

In February 2022, Mayor Roger Laughlin resigned. Avella Ackless, Mayor Pro-Tem, will serve as Mayor until the regular election which is scheduled for November 2022. The Town Clerk also resigned in January 2022.

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF ELTON, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2021

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes	\$ 35,000	\$ 76,000	\$ 93,719	\$ 17,719
Licenses and permits	25,000	50,000	43,450	(6,550)
Intergovernmental	17,600	34,000	261,960	227,960
Fines and forfeits	17,500	40,000	74,366	34,366
Miscellaneous	7,015	12,530	37,031	24,501
Total revenues	<u>102,115</u>	<u>212,530</u>	<u>510,526</u>	<u>297,996</u>
Expenditures:				
Current -				
General government	96,130	193,500	184,650	8,850
Public safety - police	175,600	365,900	322,111	43,789
Highways and streets	72,650	154,000	133,731	20,269
Parks and recreation	1,550	7,400	6,026	1,374
Animal control	2,128	13,800	9,762	4,038
Capital outlay	-	-	42,199	(42,199)
Debt service	-	-	26,551	(26,551)
Total expenditures	<u>348,058</u>	<u>734,600</u>	<u>725,030</u>	<u>9,570</u>
Deficiency of revenues over expenditures	(245,943)	(522,070)	(214,504)	307,566
Other financing sources (uses):				
Transfers in	<u>212,500</u>	<u>600,000</u>	<u>366,976</u>	<u>(233,024)</u>
Net change in fund balance	(33,443)	77,930	152,472	74,542
Fund balance (deficit), beginning	<u>(39,192)</u>	<u>(39,192)</u>	<u>(39,192)</u>	<u>-</u>
Fund balance, ending	<u>\$ (72,635)</u>	<u>\$ 38,738</u>	<u>\$ 113,280</u>	<u>\$ 74,542</u>

The accompanying notes are an integral part of this schedule.

TOWN OF ELTON, LOUISIANA
Coushatta Tribe Community Grant Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2021

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Community grant revenue	\$ 175,000	\$ 350,000	\$ 299,588	\$ (50,412)
Miscellaneous - interest	<u>230</u>	<u>500</u>	<u>405</u>	<u>(95)</u>
Total revenues	<u>175,230</u>	<u>350,500</u>	<u>299,993</u>	<u>(50,507)</u>
Expenditures:				
Current -				
General government:				
Professional fees	-	6,000	1,905	4,095
Miscellaneous	<u>250</u>	<u>500</u>	<u>-</u>	<u>500</u>
Total general government	<u>2,750</u>	<u>6,500</u>	<u>1,905</u>	<u>4,595</u>
Public safety - police:				
Repairs and maintenance	7,500	15,000	6,411	8,589
Insurance	<u>-</u>	<u>-</u>	<u>5,534</u>	<u>(5,534)</u>
Total public safety - police	<u>7,500</u>	<u>15,000</u>	<u>11,945</u>	<u>3,055</u>
Public safety - fire:				
Appropriation to Fire District - fire protection	<u>11,000</u>	<u>21,000</u>	<u>17,975</u>	<u>3,025</u>
Education:				
Public schools	<u>22,500</u>	<u>49,000</u>	<u>41,942</u>	<u>7,058</u>
Capital outlay -				
Public safety:				
Equipment - police	<u>-</u>	<u>26,000</u>	<u>-</u>	<u>26,000</u>
Total expenditures	<u>43,750</u>	<u>117,500</u>	<u>73,767</u>	<u>43,733</u>
Excess of revenues over expenditures	131,480	233,000	226,226	(6,774)
Other financing uses:				
Transfers to General Fund	<u>(75,000)</u>	<u>(350,000)</u>	<u>(117,628)</u>	<u>232,372</u>
Net change in fund balance	56,480	(117,000)	108,598	225,598
Fund balance, beginning	<u>720,916</u>	<u>720,916</u>	<u>720,916</u>	<u>-</u>
Fund balance, ending	<u>\$ 777,396</u>	<u>\$ 603,916</u>	<u>\$ 829,514</u>	<u>\$ 225,598</u>

The accompanying notes are an integral part of this schedule.

TOWN OF ELTON, LOUISIANA
1991 Sales Tax Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2021

	Budget		Actual	Variance -
	Original	Final		Favorable (Unfavorable)
Revenues:				
Taxes	\$ 60,000	\$ 140,000	\$ 146,049	\$ 6,049
Miscellaneous - interest	<u>200</u>	<u>400</u>	<u>89</u>	<u>(311)</u>
Total revenues	<u>60,200</u>	<u>140,400</u>	<u>146,138</u>	<u>5,738</u>
Expenditures:				
Current -				
General government:				
Professional fees	2,250	3,000	1,905	1,095
Collection fees	1,250	1,000	3,067	(2,067)
Repairs & Maintenance	<u>6,000</u>	<u>25,000</u>	<u>3,890</u>	<u>21,110</u>
Total expenditures	<u>10,100</u>	<u>29,000</u>	<u>8,862</u>	<u>20,138</u>
Excess of revenues over expenditures	50,100	111,400	137,276	25,876
Other financing uses:				
Transfers to General Fund	<u>(75,000)</u>	<u>(150,000)</u>	<u>(133,056)</u>	<u>16,944</u>
Net change in fund balance	(24,900)	(38,600)	4,220	42,820
Fund balance, beginning	<u>222,703</u>	<u>222,703</u>	<u>222,703</u>	<u>-</u>
Fund balance, ending	<u>\$ 197,803</u>	<u>\$ 184,103</u>	<u>\$ 226,923</u>	<u>\$ 42,820</u>

The accompanying notes are an integral part of this schedule.

TOWN OF ELTON, LOUISIANA
1975 Sales Tax Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2021

	Budget		Actual	Variance -
	Original	Final		Favorable (Unfavorable)
Revenues:				
Taxes	\$ 60,000	\$ 140,000	\$ 146,049	\$ 6,049
Miscellaneous - interest	<u>1,250</u>	<u>20</u>	<u>13</u>	<u>(7)</u>
Total revenues	<u>61,250</u>	<u>140,020</u>	<u>146,062</u>	<u>6,042</u>
Expenditures:				
Current -				
General government:				
Collection fees	1,250	1,000	3,067	(2,067)
Miscellaneous	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total expenditures	<u>1,750</u>	<u>2,000</u>	<u>3,067</u>	<u>(1,067)</u>
Excess of revenues over expenditures	59,500	138,020	142,995	4,975
Other financing uses:				
Transfers to General Fund	<u>(62,500)</u>	<u>(120,000)</u>	<u>(140,000)</u>	<u>(20,000)</u>
Net change in fund balance	(3,000)	18,020	2,995	(15,025)
Fund balance, beginning	<u>26,721</u>	<u>26,721</u>	<u>26,721</u>	<u>-</u>
Fund balance, ending	<u>\$ 23,721</u>	<u>\$ 44,741</u>	<u>\$ 29,716</u>	<u>\$ (15,025)</u>

The accompanying notes are an integral part of this schedule.

TOWN OF ELTON, LOUISIANA

Notes to Required Supplementary Information

(1) Budget and Budgetary Accounting

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

1. Prior to December 15, the Town Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following January 1.
2. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

(2) Excess of Expenditures over Appropriations

The 1975 Sales Tax Fund incurred expenditures in excess of appropriations totaling \$1,067 for the year ended December 31, 2021.

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

TOWN OF ELTON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended December 31, 2021
With Comparative Actual Amounts for the Year Ended December 31, 2020

	2021			Variance with Final Budget Positive (Negative)	2020 Actual
	Budget		Actual		
	Original	Final			
Taxes:					
Ad valorem	\$ 10,500	\$ 23,000	\$ 26,971	\$ 3,971	\$ 26,595
Franchise tax	<u>24,500</u>	<u>53,000</u>	<u>66,748</u>	<u>13,748</u>	<u>48,316</u>
Total taxes	<u>35,000</u>	<u>76,000</u>	<u>93,719</u>	<u>17,719</u>	<u>74,911</u>
Licenses and permits:					
Occupational licenses	<u>25,000</u>	<u>50,000</u>	<u>43,450</u>	<u>(6,550)</u>	<u>42,924</u>
Intergovernmental:					
State of Louisiana -					
State revenue sharing	2,500	4,500	4,522	22	4,593
Grants	-	-	232,001	232,001	965
Beer taxes	600	1,500	1,714	214	1,513
Video poker	1,500	2,000	2,090	90	1,309
Housing Authority	-	-	-	-	3,939
Supplemental pay	<u>13,000</u>	<u>26,000</u>	<u>21,633</u>	<u>(4,367)</u>	<u>27,800</u>
Total intergovernmental	<u>17,600</u>	<u>34,000</u>	<u>261,960</u>	<u>227,960</u>	<u>40,119</u>
Fines and court costs	<u>17,500</u>	<u>40,000</u>	<u>74,366</u>	<u>34,366</u>	<u>42,471</u>
Miscellaneous:					
Interest income	15	30	57	27	29
Rent	3,500	10,000	7,700	(2,300)	14,250
Other sources	<u>3,500</u>	<u>2,500</u>	<u>29,274</u>	<u>26,774</u>	<u>5,346</u>
Total miscellaneous	<u>7,015</u>	<u>12,530</u>	<u>37,031</u>	<u>24,501</u>	<u>19,625</u>
 Total revenues	 <u>\$102,115</u>	 <u>\$212,530</u>	 <u>\$510,526</u>	 <u>\$297,996</u>	 <u>\$220,050</u>

TOWN OF ELTON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2021
With Comparative Actual Amounts for the Year Ended December 31, 2020

	2021			Variance with Final Budget Positive (Negative)	2020 Actual
	Budget		Actual		
	Original	Final			
Current:					
General government -					
Coroner fees	\$ 1,000	\$ 2,000	\$ 1,400	\$ 600	\$ 1,100
Dues and subscriptions	600	4,000	4,143	(143)	4,322
Insurance	18,500	42,000	36,470	5,530	44,350
Janitorial supplies	750	1,500	1,323	177	596
Legal and professional	9,000	22,000	16,786	5,214	19,656
Miscellaneous	5,000	10,000	6,047	3,953	2,551
Office expenditures	1,800	2,000	4,370	(2,370)	2,970
Payroll taxes	13,000	10,000	11,460	(1,460)	16,849
Publishing and recording	3,500	6,000	5,971	29	4,260
Supplies	1,100	6,000	1,731	4,269	4,756
Salaries	35,000	75,000	86,676	(11,676)	83,558
Telephone	1,500	3,000	3,255	(255)	2,780
Meetings, workshops, and conventions	2,280	3,000	2,509	491	1,495
Repairs and maintenance	1,100	4,000	(1,253)	5,253	5,743
Utilities	2,000	3,000	3,762	(762)	3,380
Total general government	<u>96,130</u>	<u>193,500</u>	<u>184,650</u>	<u>8,850</u>	<u>198,366</u>
Public safety - police -					
Auto expenditures	9,000	18,000	16,581	1,419	14,669
Dues and subscriptions	-	-	180	(180)	197
Insurance	8,500	20,000	8,696	11,304	10,499
Salaries	125,000	265,000	253,102	11,898	279,736
Miscellaneous	1,000	1,500	2,608	(1,108)	2,556
Payroll taxes	9,500	22,000	15,602	6,398	21,348
Prisoners' expenditures	2,250	2,500	2,620	(120)	3,140
Supplies	4,000	2,500	4,591	(2,091)	2,074
Repairs and maintenance	10,500	20,000	4,569	15,431	9,316
Meetings, workshops, and conventions	1,500	3,000	1,610	1,390	1,034
State court costs	500	1,500	2,190	(690)	1,151
Training academy	250	1,500	17	1,483	360
Telephone and utilities	2,500	5,000	6,411	(1,411)	5,603
Uniforms	1,100	3,400	3,334	66	3,375
Total public safety	<u>175,600</u>	<u>365,900</u>	<u>322,111</u>	<u>43,789</u>	<u>355,058</u>

(continued)

TOWN OF ELTON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended December 31, 2021
With Comparative Actual Amounts for the Year Ended December 31, 2020

	2021				
	Budget		Actual	Variance with	2020 Actual
	Original	Final		Final Budget Positive (Negative)	
Highways and streets -					
Auto expenditures	3,400	5,500	4,778	722	5,258
Insurance	4,250	8,000	6,481	1,519	6,896
Miscellaneous	1,500	5,000	3,094	1,906	2,411
Payroll taxes	3,500	6,500	4,795	1,705	6,304
Repairs and maintenance	6,000	10,000	8,429	1,571	8,520
Salaries	38,500	85,000	74,057	10,943	83,366
Supplies	6,000	12,000	6,967	5,033	12,294
Utilities	9,500	22,000	25,130	(3,130)	24,620
Total highways and streets	<u>72,650</u>	<u>154,000</u>	<u>133,731</u>	<u>20,269</u>	<u>149,669</u>
Parks and recreation -					
Repairs and maintenance	250	1,200	1,452	(252)	969
Miscellaneous	100	2,000	1,500	500	-
Supplies	200	1,200	55	1,145	17
Utilities	1,000	3,000	3,019	(19)	2,653
Total parks and recreation	<u>1,550</u>	<u>7,400</u>	<u>6,026</u>	<u>1,374</u>	<u>3,639</u>
Animal control -					
Insurance	75	250	119	131	110
Payroll taxes	200	550	478	72	469
Salaries	500	6,500	6,254	246	5,984
Supplies	513	2,500	1,690	810	1,447
Repairs and maintenance	340	2,500	187	2,313	922
Auto expense	-	-	1,034	(1,034)	825
Miscellaneous	500	1,500	-	1,500	-
Total animal control	<u>2,128</u>	<u>13,800</u>	<u>9,762</u>	<u>4,038</u>	<u>9,757</u>
Capital outlay:					
General and administrative	-	-	13,500	(13,500)	-
Public safety - police	-	-	-	-	5,720
Highways and streets	-	-	28,699	(28,699)	4,063
Total capital outlay	<u>-</u>	<u>-</u>	<u>42,199</u>	<u>(42,199)</u>	<u>9,783</u>
Debt service:					
Principal	-	-	25,167	(25,167)	23,996
Interest	-	-	1,384	(1,384)	2,887
Total debt service	<u>-</u>	<u>-</u>	<u>26,551</u>	<u>(26,551)</u>	<u>26,883</u>
Total expenditures	<u>\$ 348,058</u>	<u>\$ 734,600</u>	<u>\$ 725,030</u>	<u>\$ 9,570</u>	<u>\$ 753,155</u>

TOWN OF ELTON, LOUISIANA

Justice System Funding Schedule - Collecting/Disbursing Entity
 As Required by Act 87 of the 2020 Regular Legislative Session
 Cash Basis Presentation
 For the Year Ended December 31, 2021

	First Six Month Period Ended 6/30/2021	First Six Month Period Ended 12/31/2021
Beginning Balance of Amounts Collected (i.e. cash on hand)	<u>\$ -</u>	<u>\$ -</u>
Add: Collections		
Criminal Fines - Other	<u>44,715</u>	<u>30,340</u>
Subtotal Collections	<u>44,715</u>	<u>30,340</u>
Less: Disbursements To Governments & Nonprofits:		
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund, Criminal Fines - Other	715	525
Louisiana Commission on Law Enforcement Crim Victims Reparation Fund, Criminal Fines - Other	291	265
Louisiana Supreme Court - Louisiana Judicial College, Criminal Fines - Other	76	53
Treasurer, State of Louisiana - Trail Court Case Management Information System, Criminal Fines - Other	152	113
Less: Amounts Retained by Collecting Agency		
Criminal Fines - Other	<u>43,481</u>	<u>29,384</u>
Subtotal Disbursements/Retainage	<u>44,715</u>	<u>30,340</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	<u>\$ -</u>	<u>\$ -</u>

TOWN OF ELTON, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
December 31, 2021

Records maintained by the Town indicated the following number of customers were being served during the months of December, 2021 and 2020:

<u>Department</u>	<u>2021</u>	<u>2020</u>
Water (metered)	508	503
Sewer	482	479
Garbage	473	471

TOWN OF ELTON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Operating Expenses by Department
For the Year Ended December 31, 2021
With Comparative Actual Amounts for the Year Ended December 31, 2020

	<u>2021</u>	<u>2020</u>
Water department:		
Bad debt	\$ 5,392	\$ 6,688
Depreciation	22,713	22,393
Insurance	92	587
Legal and professional fees	10,947	13,031
Licenses and permits	-	251
Miscellaneous	5,104	7,892
Office expense and supplies	3,900	3,355
Repairs and maintenance	9,960	7,347
Supplies	4,530	5,723
Truck expense	545	558
Utilities	1,203	309
Water purchases	<u>130,500</u>	<u>116,721</u>
Total water department	<u>194,886</u>	<u>184,855</u>
Sewer department:		
Bad debt	1,878	2,369
Depreciation	60,785	60,857
Insurance	4,157	4,425
Legal and professional fees	-	1,040
Licenses and permits	922	922
Payroll taxes	527	2,209
Repairs and maintenance	13,120	15,622
Salaries	6,927	28,758
Supplies	13,483	40,234
Sewer analysis	10,004	8,656
Truck expense	1,281	965
Utilities	<u>24,623</u>	<u>19,194</u>
Total sewer department	<u>137,707</u>	<u>185,251</u>
Sanitation department:		
Bad debt	3,685	4,877
Collection fees	<u>119,402</u>	<u>129,782</u>
Total sanitation department	<u>123,087</u>	<u>134,659</u>
Total operating expenses	<u>\$ 455,680</u>	<u>\$ 504,765</u>

TOWN OF ELTON, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
December 31, 2021

<u>Description of Coverage</u>	<u>Coverage Amounts</u>
Workmen's Compensation:	Statutory
Employer's liability - accident	\$ 100,000
Sewer equipment coverage	306,696
Surety Bonds:	
Mayor/Council	60,000
Town clerk	10,000
Assistant town clerk	10,000
Ticket clerk	10,000
Fire and wind coverage on Town of Elton buildings:	
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

KOLDER, SLAVEN & COMPANY, LLC

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

The Honorable Avella Ackless, Mayor
and Members of the Board of Aldermen
Town of Elton, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Elton, Louisiana (the Town), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 13, 2022.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2021-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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 current and prior year audit findings and management's corrective action plan as items 2021-002, 2021-003, 2021-004, 2021-005, and 2021-006.

Town of Elton, Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on 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 Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
June 13, 2022

TOWN OF ELTON, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2021

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

A. Internal Control Over Financial Reporting

2021-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

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

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

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

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

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

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

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

TOWN OF ELTON, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2021

B. Compliance

2021-002 Noncompliance with Budget Act

Fiscal year finding initially occurred: 2020

CONDITION: The Town did not comply with the provisions of LSA-RS 39:1305(E) with respect to the General Fund.

CRITERIA: LSA-RS 39:1305(E) states that when preparing and/or amending budgets, the total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing 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. As a result of this failure to make the necessary appropriations, fifty percent of the amounts appropriated in the prior fiscal year were deemed reappropriated as provided by LSA-RS 39:1312.

EFFECT: The reappropriated amounts resulted in proposed expenditures exceeding the total estimated funds available for the ensuing year by \$72,635 for the General Fund.

RECOMMENDATION: It is recommended that the Town fully comply with the provisions of LSA-RS 39:1305(E) by adopting budgets in which the proposed expenditures do not exceed the total estimated funds available for the ensuing year.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will adhere to the provisions of LSA-RS 39:1305(E) by adopting budgets in which the proposed expenditures do not exceed the total of estimated funds available for the ensuing year.

2021-003 Noncompliance with Budget Act

Fiscal year finding initially occurred: 2021

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

CRITERIA: LSA-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.

TOWN OF ELTON, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2021

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, fifty percent of the amounts appropriated in the prior fiscal year were deemed reappropriated as provided by LSA-RS 39:1312.

RECOMMENDATION: It is recommended that the Town fully comply with the provision of LSA-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 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.

2021-004

Noncompliance with Budget Act

Fiscal year finding initially occurred: 2021

CONDITION: The Town did not comply with the provisions of LSA-RS 39:1305 with respect to the budget message. The Town's adopted operating and amended budget for fiscal year 2021 did not include a budget message.

CRITERIA: LSA-RS 39:1305 states that the budget sets forth the proposed financial plan for the general fund and each special revenue fund. The budget must include a budget message that is signed by the budget preparer which contains a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features, and a statement for the general fund and each special revenue fund which includes the estimated fund balances at the beginning of the year, estimates of all receipts and revenues to be received, revenues itemized by source, recommended expenditures itemized by agency, department, function, and character, and other financing sources and uses by source and use, and the estimated fund balance at the end of the fiscal year.

CAUSE: The Town failed to properly include a budget message signed by the budget preparer when preparing its fiscal year 2021 operating and amended budget.

EFFECT: Members of the governing body and members of the public were not provided a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and discussion of the most important features of the proposed budget.

TOWN OF ELTON, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2021

RECOMMENDATION: It is recommended that the Town fully comply with the provisions of LSA-RS 39:1305 by including a budget message when preparing the annual operating and amended budget.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will adhere to the provisions of LSA-RS 39:1305 by including a budget message signed by the budget preparer when preparing the annual operating or amended budget.

2021-005 Noncompliance with Budget Act

Fiscal year finding initially occurred: 2021

CONDITION: The Town did not comply with the provision of LSA-RS 39:1306-1307. The notice of the budget being available for public inspection for the proposed fiscal year 2021 operating budget was published one hundred twenty-five (125) days after the beginning of the fiscal year instead of the prescribed 15 days prior to the beginning of the fiscal year. Also, the notice of the public hearing for the proposed fiscal year 2021 operating budget was published seven (7) days prior to the public hearing instead of the prescribed 10 days.

CRITERIA: LSA-RS 39:1306-1307 requires that the proposed budget be made available for public inspections not later than 15 days prior to the beginning of each fiscal year, that notice of a public hearing be given at least 10 days prior to the public hearing and may be published in the same advertisement as the availability of the proposed budget.

CAUSE: The Town did not timely publish a notice of when a public hearing on the budget would take place.

EFFECT: Members of the public were not provided information regarding a public hearing on adopting of the budget in a timely manner.

RECOMMENDATION: The Town should comply with the provisions of LSA-RS 39:1306-1307 and publish all required notices in accordance with state law.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will adhere to the provisions of LSA-RS 39:1306-1307 by publishing the required notices at the prescribed times.

TOWN OF ELTON, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2021

2021-006 Noncompliance with Budget Act

Fiscal year finding initially occurred: 2021

CONDITION: The Town did not comply with the provisions of LSA-RS 39:1311(A)(1)&(2) with respect to the Coushatta Tribe Community Grant Fund and the 1975 Sales Tax Fund. Total revenues failed to meet budgeted revenues in the Coushatta Tribe Community Grant Fund by 149% or \$50,507. Total expenditures exceeded budgeted expenditures in the 1975 Sales Tax Special Revenue Fund by 53% or \$1,067.

CRITERIA: LSA-RS 39:1311(A)(1)&(2) states that when total actual revenues and other sources or expenditures and other uses plus projected revenues and other sources or expenditures and other uses for the remainder of the year are failing to meet or exceeding the total budgeted amounts by five percent or more, the budget must be amended.

CAUSE: The Town failed to properly monitor the revenues of the Coushatta Tribe Community Grant Fund and the expenditures of the 1975 Sales Tax Special Revenue Fund.

EFFECT: The Town may not prevent and/or detect compliance violations due to revenue shortfalls or over expenditures of the appropriated budget, and/or errors or irregularities on a timely basis.

RECOMMENDATION: The Town should periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to ensure compliance with state statutes.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will monitor financial activity and make budget amendments in accordance with LSA-RS 30:1311(A)(1)&(2).

C. Management Letter

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

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting and Compliance

2020-001 Inadequate Segregation of Accounting Functions

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

TOWN OF ELTON, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2021

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.

CURRENT STATUS: Unresolved. See item 2021-001.

B. Compliance

2020-002 Noncompliance with Budget Act

Fiscal year finding initially occurred: 2020

CONDITION: The Town did not comply with the provisions of LSA-RS 39:1305(E) with respect to the General Fund.

RECOMMENDATION: It is recommended that the Town fully comply with the provisions of LSA-RS 39:1305(E) by adopting budgets in which the proposed expenditures do not exceed the total estimated funds available for the ensuing year.

CURRENT STATUS: Unresolved. See item 2021-002.

2020-003 Noncompliance with Budget Act

Fiscal year finding initially occurred: 2020

CONDITION: The Town did not comply with the provisions of LSA-RS 39:1311(A)(1)&(2) with respect to the General Fund and the 1991 Sales Tax Fund. Total expenditures exceeded budgeted expenditures in the General Fund by 8.19% or \$57,040. Total expenditures exceeded budgeted expenditures in the 1991 Sales Tax Special Revenue Fund by 42% or \$8,432.

RECOMMENDATION: The Town should periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to ensure compliance with state statutes.

CURRENT STATUS: Resolved.

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MANAGEMENT LETTER

The Honorable Avella Ackless, Mayor
and Members of the Board of Aldermen
Town of Elton, Louisiana

We have completed our audit of the basic financial statements of the Town of Elton, Louisiana, for the year ended December 31, 2021, and submit the following recommendations for your consideration:

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
June 13, 2022

TOWN OF ELTON, LOUISIANA
Statewide Agreed-Upon Procedures Report
Year Ended December 31, 2021

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To Honorable Avella Ackless, Mayor
and Members of the Board of Alderman
Town of Elton, Louisiana
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, 2021 through December 31, 2021. The Town of Elton, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

The Town of Elton, Louisiana 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, 2021 through December 31, 2021. 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:

Written Policies and Procedures

1. 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:

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

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

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

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

c) **Disbursements**, including processing, reviewing, and approving.

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

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures were obtained and do not address management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.

- e) **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(s) rate of pay or approval and maintenance of pay rate schedules.

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

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

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

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Procedure deemed not applicable. The Town does not have any credit cards, fuel cards or P-Cards.

- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

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

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (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 address the functions noted above.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

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

- k) **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 address the functions noted above.

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

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

Board or Finance Committee

1. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met monthly.
 - b) For those entities reporting on the governmental accounting model, observe 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.
Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes did not reference or include monthly budget-to-actual comparison on the general fund, proprietary fund, or special revenue funds.
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
Obtained and reviewed the prior year audit reporting noting a negative ending unassigned fund balance in the general fund. The minutes did not reference or include a formal plan to eliminate the negative unassigned fund balance in the general fund.

Bank Reconciliations

3. 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:
 - a) 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);
Obtained and reviewed bank reconciliations noting that they were prepared within 2 months of the related statement closing date.
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
Obtained and reviewed bank reconciliations noting that they include evidence of review by a member, management who does not handle cash, post ledgers, or issue checks.
 - c) 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.
Obtained and reviewed bank reconciliations noting that 1 out of 5 accounts selected for testing did not include documentation reflecting reconciling items outstanding for more than 12 months from the statement closing date have been researched.

Collections (excluding electronic funds transfers)

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

Obtained a listing of deposit sites for the fiscal period and management's representation that the listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.

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

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

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

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

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

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

Observed that employees responsible for reconciling cash collections to the general ledger are also responsible for collecting cash; however, another employee/official verifies the reconciliation.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Obtained and reviewed a copy of the bond or insurance policy for theft covering all employees who have access to cash noting no exceptions.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Observed that receipts are sequentially pre-numbered.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Traced sequentially pre-numbered receipts to the deposit slip noting no exceptions.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Traced the deposit slip total to the actual deposit per the bank statement noting no exceptions.

- d) Observe 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).

Observed that deposits were made within one business day of receipt at the location.

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

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

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

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

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

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

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

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

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

Observed that at least two employees are involved in processing and approving payments to vendors.

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

Observed that the employee responsible for processing payments is not prohibited from adding/modifying vendor files.

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

Observed that the employee responsible for signing checks is also responsible for mailing the payments.

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

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

Observed that the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables were received by the entity.

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

Observed that disbursement documentation did not include evidence of segregation of duties.

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

(Not Applicable – The Town does not have credit cards.)

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management’s representation that the listing is complete.
- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

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

- 14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, observe 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).

The Town was unable to provide supporting documentation for travel related expense reimbursements during the fiscal period. Therefore, were we unable to verify if the approved reimbursement rate was less than the rates established by the State of Louisiana or the U.S. General Services Administration.

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

The Town was unable to provide original itemized receipts for travel related expense reimbursements during the fiscal period.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

The Town was unable to provide supporting documentation of the business/public purpose for travel related expenditures.

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

The Town was unable to provide supporting documentation regarding travel related expense reimbursements during the fiscal period.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Observed that the contract was bid in accordance with the Louisiana Public Bid Law noting no exceptions.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

Observed that the contract was approved by the governing body/board.

- c) If the contract was amended (e.g., change order), observe 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, was approval documented).

No contract amendments noted during the fiscal period.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted regarding the functions noted above.

Payroll and Personnel

16. 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.

Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Obtained related paid salaries and personnel files and agreed to authorized salaries/pay rates in the personnel files noting no exceptions.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
Observed selected employees or officials documented daily attendance noting that 2 out of the 5 employees/officials did not have documentation to support their daily attendance.
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
Observed supervisor approved the attendance and leave of the selected employees or officials noting no exceptions.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
Observed any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records noting no exceptions.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
Observed the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file noting no exceptions.
18. 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, 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 or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
No employees received termination payments during the year.
19. 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.
Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and worker's compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
The Town was unable to provide any supporting documentation that demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
There were no changes to the entity's ethics policy during the fiscal period.

Debt Service

21. 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 State Bond Commission approval was obtained for each debt instrument issued.

Per discussion with management and review of the official minutes, there were no bonds/notes or other debt instruments issued during the fiscal period.

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

Obtained a listing of bonds/noted outstanding at the end of the fiscal period and management's representation that the listing is complete. No exceptions were noted as a result of the procedures performed above.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Per discussion with management and review of the official minutes, there were no misappropriations of public funds and assets during the fiscal period.

24. Observe 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.

Observed the entity has posted the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds on their premises; however, the notice was not posted on the Town's official website.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures:

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

Obtained and inspected the entity's most recent documentation that it has backed up its critical data and observed that a backup occurred within the past week noting no exceptions.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Obtained and inspected the entity's most recent documentation that it has been tested/verified that its backups can be restored noting no exceptions. Observed that the test/verification has been successfully performed within the past 3 months noting no exceptions.

- c) 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.

Obtained a listing of the entity's computers currently in use and their related locations and management's representation that the listing is complete. No exceptions noted regarding the procedures above.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

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.

27. Observe 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.

28. 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 it includes the applicable requirements of R.S. 42:344:

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

The annual report was not prepared.

Management's Response

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

We were engaged by the Town of Elton, Louisiana 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, Louisiana 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
June 13, 2022