

**TOWN OF ELTON, LOUISIANA**

Financial Report

Year Ended December 31, 2017

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# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA\*  
Victor R. Slaven, CPA\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Brad E. Kolder, CPA, JD\*  
Stephen J. Anderson, CPA\*  
Christine C. Doucet, CPA  
Wanda F. Arcement, CPA, CVA  
Bryan K. Joubert, CPA  
Matthew E. Margaglio, CPA  
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.  
Lafayette, LA 70508 Baton Rouge, LA 70816  
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1234 David Dr. Ste. 203  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.  
Ville Platte, LA 70586 Oberlin, LA 70655  
Phone (337) 363-2792 Phone (337) 639-4737

\* A Professional Accounting Corporation

WWW.KCSRCPAS.COM

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Elton, Louisiana (the Town), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Elton, Louisiana, as of December 31, 2017, 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.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 37 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### *Other Information*

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

The comparative statement of utility fund operating expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the comparative statement of utility fund operating expenses is fairly stated in all material respects in relation to the basic financial statements as a whole. The prior year comparative information included in this information has been derived from the Town of Elton, Louisiana's 2016 basic financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, was fairly presented in all material respects in relation to the basic financial statements from which they were derived.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2018, on our consideration of the Town of Elton, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Elton, Louisiana's internal control over financial reporting and compliance.

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

Oberlin, Louisiana  
June 4, 2018

## **BASIC FINANCIAL STATEMENTS**

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

TOWN OF ELTON, LOUISIANA

Statement of Net Position

December 31, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and interest-bearing deposits	\$1,062,740	\$ 206,996	\$1,269,736
Receivables, net	42,386	65,359	107,745
Due from other governmental units	101,509	-	101,509
Prepaid items	3,634	-	3,634
Restricted assets:			
Cash and interest-bearing deposits	-	27,210	27,210
Capital assets:			
Land	77,858	10,000	87,858
Capital assets, net	<u>598,819</u>	<u>2,632,903</u>	<u>3,231,722</u>
Total assets	<u>1,886,946</u>	<u>2,942,468</u>	<u>4,829,414</u>
LIABILITIES			
Accounts and other payables	39,888	21,522	61,410
Due to other governmental units	-	4,058	4,058
Internal balances	252,261	(252,261)	-
Customer deposits	<u>-</u>	<u>27,210</u>	<u>27,210</u>
Total liabilities	<u>292,149</u>	<u>(199,471)</u>	<u>92,678</u>
NET POSITION			
Net investment in capital assets	676,677	2,642,903	3,319,580
Unrestricted	<u>918,120</u>	<u>499,036</u>	<u>1,417,156</u>
Total net position	<u>\$1,594,797</u>	<u>\$3,141,939</u>	<u>\$4,736,736</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, 2017

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	\$ 218,522	\$ 40,639	\$ -	\$ -	\$ (177,883)	\$ -	\$ (177,883)
Public safety:							
Police	366,772	34,783	22,600	-	(309,389)	-	(309,389)
Fire	24,182	-	23,909	-	(273)	-	(273)
Highways and streets	181,620	-	-	-	(181,620)	-	(181,620)
Parks and recreation	11,089	-	-	-	(11,089)	-	(11,089)
Education	55,788	-	55,788	-	-	-	-
Animal control	9,953	-	-	-	(9,953)	-	(9,953)
Total governmental activities	<u>867,926</u>	<u>75,422</u>	<u>102,297</u>	<u>-</u>	<u>(690,207)</u>	<u>-</u>	<u>(690,207)</u>
Business-type activities:							
Water	164,143	146,324	-	16,000	-	(1,819)	(1,819)
Sewer	160,436	61,627	-	-	-	(98,809)	(98,809)
Sanitation	97,557	89,553	-	-	-	(8,004)	(8,004)
Total business-type activities	<u>422,136</u>	<u>297,504</u>	<u>-</u>	<u>16,000</u>	<u>-</u>	<u>(108,632)</u>	<u>(108,632)</u>
Total	<u>\$ 1,290,062</u>	<u>\$ 372,926</u>	<u>\$ 102,297</u>	<u>\$ 16,000</u>	<u>(690,207)</u>	<u>(108,632)</u>	<u>(798,839)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					23,103	-	23,103
Sales and use taxes, levied for general purposes					219,586	-	219,586
Franchise taxes					54,048	-	54,048
Grants and contributions not restricted to specific programs -							
State sources					11,159	-	11,159
Community grant revenue					318,787	-	318,787
Interest and investment earnings					581	149	730
Miscellaneous					14,605	31,566	46,171
Transfers					6,525	(6,525)	-
Total general revenues and transfers					<u>648,394</u>	<u>25,190</u>	<u>673,584</u>
Change in net position					(41,813)	(83,442)	(125,255)
Net position - January 1, 2017					<u>1,636,610</u>	<u>3,225,381</u>	<u>4,861,991</u>
Net position - December 31, 2017					<u>\$ 1,594,797</u>	<u>\$ 3,141,939</u>	<u>\$ 4,736,736</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, 2017

	General	Coushatta Tribe Community Grant	1991 Sales Tax	1975 Sales Tax	Total
ASSETS					
Cash and interest-bearing deposits	\$ 105,100	\$ 384,565	\$ 522,970	\$ 50,105	\$1,062,740
Receivables -					
Taxes	27,560	-	7,413	7,413	42,386
Due from other funds	149,854	-	-	-	149,854
Due from other governmental units	<u>1,888</u>	<u>99,621</u>	<u>-</u>	<u>-</u>	<u>101,509</u>
Total assets	<u>\$ 284,402</u>	<u>\$ 484,186</u>	<u>\$ 530,383</u>	<u>\$ 57,518</u>	<u>\$1,356,489</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 13,423	\$ 19,924	\$ -	\$ -	\$ 33,347
Accrued liabilities	6,541	-	-	-	6,541
Due to other funds	<u>252,261</u>	<u>9,854</u>	<u>140,000</u>	<u>-</u>	<u>402,115</u>
Total liabilities	<u>272,225</u>	<u>29,778</u>	<u>140,000</u>	<u>-</u>	<u>442,003</u>
Deferred inflows of resources:					
Unavailable revenue	<u>7,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,768</u>
Fund balances -					
Restricted - sales tax dedications	-	-	390,383	57,518	447,901
Restricted - grant fund	-	454,408	-	-	454,408
Unassigned	<u>4,409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,409</u>
Total fund balances	<u>4,409</u>	<u>454,408</u>	<u>390,383</u>	<u>57,518</u>	<u>906,718</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 284,402</u>	<u>\$ 484,186</u>	<u>\$ 530,383</u>	<u>\$ 57,518</u>	<u>\$1,356,489</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, 2017

Total fund balances for governmental funds at December 31, 2017		\$ 906,718
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 \$405,016 accumulated depreciation	137,131	
Infrastructure, net of \$945,014 accumulated depreciation	378,682	
Equipment, furniture, and fixtures, net of \$705,512 accumulated depreciation	<u>83,006</u>	676,677
Difference between prepaid expenses on modified accrual basis versus accrual basis		3,634
Some of the Town's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources at the fund level.		
Unavailable revenue:		
Delinquent ad valorem taxes	2,637	
Franchise taxes	<u>5,131</u>	<u>7,768</u>
Total net position of governmental activities at December 31, 2017		<u>\$1,594,797</u>

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

TOWN OF ELTON, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
 Governmental Funds  
 For the Year Ended December 31, 2017

	General	Coushatta Tribe Community Grant	1991 Sales Tax	1975 Sales Tax	Total
<b>Revenues:</b>					
Taxes	\$ 69,383	\$ -	\$ 109,793	\$ 109,793	\$ 288,969
Licenses and permits	39,389	-	-	-	39,389
Intergovernmental	33,759	-	-	-	33,759
Community grant revenue	-	398,484	-	-	398,484
Fines and forfeits	34,783	-	-	-	34,783
Miscellaneous	15,878	255	289	14	16,436
Total revenues	<u>193,192</u>	<u>398,739</u>	<u>110,082</u>	<u>109,807</u>	<u>811,820</u>
<b>Expenditures:</b>					
Current -					
General government	188,807	24	4,329	2,359	195,519
Public safety:					
Police	346,748	-	-	-	346,748
Fire	-	23,909	-	-	23,909
Highways and streets	146,190	-	-	-	146,190
Parks and recreation	7,989	-	-	-	7,989
Education	-	55,788	-	-	55,788
Animal control	9,862	-	-	-	9,862
Capital outlay	18,995	-	28,950	-	47,945
Total expenditures	<u>718,591</u>	<u>79,721</u>	<u>33,279</u>	<u>2,359</u>	<u>833,950</u>
Excess (deficiency) of revenues over expenditures	<u>(525,399)</u>	<u>319,018</u>	<u>76,803</u>	<u>107,448</u>	<u>(22,130)</u>
<b>Other financing sources (uses):</b>					
Transfers in	640,652	-	-	-	640,652
Transfers out	(55,000)	(367,127)	(145,000)	(67,000)	(634,127)
Total other financing sources (uses)	<u>585,652</u>	<u>(367,127)</u>	<u>(145,000)</u>	<u>(67,000)</u>	<u>6,525</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	60,253	(48,109)	(68,197)	40,448	(15,605)
Fund balances (deficit), beginning	<u>(55,844)</u>	<u>502,517</u>	<u>458,580</u>	<u>17,070</u>	<u>922,323</u>
Fund balances, ending	<u>\$ 4,409</u>	<u>\$ 454,408</u>	<u>\$ 390,383</u>	<u>\$ 57,518</u>	<u>\$ 906,718</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, 2017

Total net changes in fund balances for the year ended December 31, 2017 per the statement of revenues, expenditures and changes in fund balances			\$ (15,605)
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		\$ 47,945	
Depreciation expense for the year ended December 31, 2017		<u>(85,555)</u>	(37,610)
Difference between prepaid expenses on modified accrual basis verses accrual basis			3,634
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		2,637	
Franchise taxes		<u>5,131</u>	<u>7,768</u>
Total changes in net position for the year ended December 31, 2017 per the statement of activities			<u>\$ (41,813)</u>

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

TOWN OF ELTON, LOUISIANA

Statement of Net Position  
 Proprietary Fund  
 December 31, 2017

	<u>Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 12,885
Certificates of deposit	194,111
Receivables -	
Accounts, net	65,359
Due from other funds	<u>252,261</u>
Total current assets	<u>524,616</u>
Noncurrent assets:	
Restricted assets-	
Customers' deposits -	
Cash	27,210
Land	10,000
Capital assets, net of accumulated depreciation	<u>2,632,903</u>
Total noncurrent assets	<u>2,670,113</u>
Total assets	<u>3,194,729</u>
LIABILITIES	
Current liabilities (payable from current assets):	
Accounts payable	21,217
Accrued liabilities	305
Due to other governmental units	<u>4,058</u>
Total	25,580
Current liabilities (payable from restricted assets):	
Customer deposits	<u>27,210</u>
Total liabilities	<u>52,790</u>
NET POSITION	
Net investment in capital assets	2,642,903
Unrestricted	<u>499,036</u>
Total net position	<u>\$3,141,939</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, 2017

	<u>Enterprise Fund</u>
Operating revenues:	
Charges for services -	
Water charges	\$ 146,325
Sewer charges	61,627
Sanitation charges	89,553
Miscellaneous	<u>31,565</u>
Total operating revenues	<u>329,070</u>
Operating expenses:	
Water department	164,143
Sewer department	160,436
Sanitation department	<u>97,557</u>
Total operating expenses	<u>422,136</u>
Operating loss	(93,066)
Nonoperating revenues:	
Interest income	<u>149</u>
Loss before contributions and transfers	(92,917)
Capital contributions	<u>16,000</u>
Loss before transfers	(76,917)
Transfers:	
Transfers in (out)	<u>(6,525)</u>
Change in net position	(83,442)
Net position, beginning	<u>3,225,381</u>
Net position, ending	<u>\$3,141,939</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, 2017

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 296,817
Payments to suppliers	(297,135)
Payments to employees	(29,378)
Other receipts	<u>31,565</u>
Net cash provided by operating activities	<u>1,869</u>
Cash flows from noncapital financing activities:	
Net transfers to other funds	<u>(92,248)</u>
Cash flows from capital and related financing activities:	
Capital contributions	43,953
Net purchase of capital assets	<u>(43,615)</u>
Net cash provided by capital and related financing activities	<u>338</u>
Cash flows from investing activities:	
Net maturities (purchases) of investments	65,938
Interest received on interest-bearing deposits	<u>149</u>
Net cash provided by investing activities	<u>66,087</u>
Net decrease in cash and cash equivalents	(23,954)
Cash and cash equivalents, beginning of period	<u>64,049</u>
Cash and cash equivalents, end of period	<u>\$ 40,095</u>

(continued)

TOWN OF ELTON, LOUISIANA

Statement of Cash Flows (Continued)  
 Proprietary Fund  
 For the Year Ended December 31, 2017

	<u>Enterprise Fund</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (93,066)
Adjustments to reconcile operating loss to net cash provided by operating activities -	
Depreciation	93,925
Changes in current assets and liabilities:	
Increase accounts receivable	(688)
Decrease in accounts payable	936
Decrease in due to other governmental units	761
Decrease in accrued liabilities	<u>1</u>
Net cash provided by operating activities	<u>\$ 1,869</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	\$ 36,839
Cash and interest-bearing deposits - restricted	27,210
Certificates of deposit - unrestricted	260,049
Less: Certificates of deposit with a maturity greater than three months when purchased	<u>(260,049)</u>
Total cash and cash equivalents	<u>64,049</u>
Cash and cash equivalents, end of period -	
Cash and interest-bearing deposits - unrestricted	12,885
Cash and interest-bearing deposits - restricted	27,210
Certificates of deposit - unrestricted	194,111
Less: Certificates of deposit with a maturity greater than three months when purchased	<u>(194,111)</u>
Total cash and cash equivalents	<u>40,095</u>
Net decrease	<u>\$ (23,954)</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 framework and the more significant accounting policies are discussed in subsequent subsections of this note.

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.

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.

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. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The Town uses the following funds, grouped by fund type.

Governmental Funds:

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

General Fund

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

## TOWN OF ELTON, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Special Revenue Funds

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

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.

#### 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.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

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.

## TOWN OF ELTON, LOUISIANA

### Notes to Basic Financial Statements (Continued)

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. Investments are stated at amortized cost.

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.

##### 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, 2017 was \$55,767. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month totaled \$15,540 at year end.

##### Prepaid Items

Payments made to vendors for services that will benefit future periods beyond December 31, 2017, are recorded as prepaid items.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Capital Assets

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

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 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 utility meter deposits payable.

## TOWN OF ELTON, LOUISIANA

### Notes to Basic Financial Statements (Continued)

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, 2017, 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, 2017, 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, 2017, the Town reported deferred inflows of resources related to unavailable delinquent ad valorem tax revenue and unavailable franchise tax revenue totaling \$7,768 in the General Fund.

#### 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.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet the definition of “restricted” or “net investment in capital assets.”

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

- a. Nonspendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requiring they maintain intact.
- b. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, contributors or amounts constrained due to constitutional provisions or enabling legislation or the laws or regulations of other governments.
- c. Committed includes fund balance amounts that can be used only for specific purposes that are internally imposed by the Town through formal legislative action of the Board of Aldermen and does not lapse at year end. A committed fund balance constraint can only be established, modified or rescinded by passage of an Ordinance (Law) by the Board of Aldermen.
- d. Assigned includes fund balance amounts that are constrained by the Town’s intent to be used for specific purposes, that are neither restricted nor committed. The assignment of fund balance is authorized by a directive from the Mayor and approval of a Resolution by the Board of Aldermen.
- e. Unassigned includes fund balance amounts which have not been classified within the above-mentioned categories.

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

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

E. Revenues, Expenditures, and Expenses

Revenues

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

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

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

Substantially all other revenues are recorded when received.

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Interfund Transfers

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

F. Revenue Restrictions

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

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

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

G. Capitalization of Interest Expense

It is the policy of the Town of Elton to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At December 31, 2017 there were no borrowings for assets under construction and no capitalized interest expense recorded.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(2) Ad Valorem Taxes

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

For the year ended December 31, 2017, taxes of 5.96 mills were levied on property with assessed valuations totaling \$3,887,648 and were dedicated for general corporate purposes.

Total taxes levied were \$23,170. Taxes receivable at December 31, 2017 were \$7,355.

(3) Dedication of Sales Tax Proceeds

Proceeds of a 1 percent sales and use tax (accounted for in the 1975 Sales Tax Fund – a special revenue fund) levied by the Town of Elton (2017 collections \$109,793) 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.

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 (2017 collections \$109,793) are dedicated to the following purpose:

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(4) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2017, the Town had cash and interest-bearing deposits (book balances) totaling \$1,296,946 as follows:

Demand deposits	\$ 145,195
Money market accounts	957,640
Time deposits	<u>194,111</u>
Total	<u>\$ 1,296,946</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, 2017, and the related federal insurance and pledged securities:

Bank balances	<u>\$1,306,321</u>
Federal deposit insurance	\$ 250,006
Pledged securities	<u>1,056,315</u>
Total	<u>\$1,306,321</u>

Deposits in the amount of \$1,056,315 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Town's name. The Town does not have a policy for custodial credit risk.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(5) Receivables

Receivables at December 31, 2017 of \$107,745 consisted of the following:

	<u>General</u>	<u>Sales Tax Funds</u>	<u>Utility</u>	<u>Total</u>
Accounts, net	\$ -	\$ -	\$65,359	\$ 65,359
Taxes:				
Ad valorem	7,355	-	-	7,355
Franchise	20,205	-	-	20,205
Sales	<u>-</u>	<u>14,826</u>	<u>-</u>	<u>14,826</u>
Totals	<u>\$27,560</u>	<u>\$14,826</u>	<u>\$65,359</u>	<u>\$107,745</u>

(6) Due from Other Governmental Units

The amount due from other governmental units of \$101,509 consisted of the following at December 31, 2017:

Governmental activities:	
State of Louisiana - road maintenance receivable	\$ 1,525
State of Louisiana - beer tax revenues receivable	363
Coushatta Tribe of Louisiana - gaming revenues receivable	<u>99,621</u>
Total	<u>\$101,509</u>

(7) Restricted Assets - Proprietary Fund Type

Restricted assets of \$27,210 at December 31, 2017 consisted of amounts owed for customer utility deposits.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Accounts and Other Payables

The accounts and other payables of \$61,410 consisted of the following at December 31, 2017:

	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 33,347	\$ 21,217	\$ 54,564
Accrued liabilities	<u>6,541</u>	<u>305</u>	<u>6,846</u>
Totals	<u>\$ 39,888</u>	<u>\$ 21,522</u>	<u>\$ 61,410</u>

(9) Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance 01/01/17	Additions	Deletions	Balance 12/31/17
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 77,858	\$ -	\$ -	\$ 77,858
Other capital assets:				
Buildings	542,147	-	-	542,147
Infrastructure	1,292,404	31,292	-	1,323,696
Equipment, furniture and fixtures	<u>771,865</u>	<u>16,653</u>	-	<u>788,518</u>
Totals	<u>2,606,416</u>	<u>47,945</u>	-	<u>2,654,361</u>
Less accumulated depreciation				
Buildings	389,759	15,257	-	405,016
Infrastructure	912,697	32,317	-	945,014
Equipment, furniture and fixtures	<u>667,531</u>	<u>37,981</u>	-	<u>705,512</u>
Total accumulated depreciation	<u>1,969,987</u>	<u>85,555</u>	-	<u>2,055,542</u>
Governmental activities, capital assets, net	<u>\$ 714,287</u>	<u>\$ (37,610)</u>	<u>\$ -</u>	<u>\$ 676,677</u>

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

	Balance 01/01/17	Additions	Deletions	Balance 12/31/17
Business-type activities:				
Capital assets not being depreciated:				
Land - water system	\$ 10,000	\$ -	\$ -	\$ 10,000
Construction in Progress	640,772	-	640,772	-
Totals	<u>650,772</u>	<u>-</u>	<u>640,772</u>	<u>10,000</u>
Other capital assets:				
Water system -				
Plant and lines	1,350,882	12,775	-	1,363,657
Equipment	39,135	-	-	39,135
Autos and trucks	9,224	-	-	9,224
Office equipment	18,356	-	-	18,356
Sewer system -				
Plant and lines	2,628,164	643,659	-	3,271,823
Equipment	179,472	-	-	179,472
Autos and trucks	2,900	-	-	2,900
Office equipment	715	-	-	715
Totals	<u>4,228,848</u>	<u>656,434</u>	<u>-</u>	<u>4,885,282</u>
Less accumulated depreciation				
Water system	882,828	23,162	-	905,990
Sewer system	1,275,626	70,763	-	1,346,389
Total accumulated depreciation	<u>2,158,454</u>	<u>93,925</u>	<u>-</u>	<u>2,252,379</u>
Business-type activities, capital assets, net	<u>\$2,721,166</u>	<u>\$ 562,509</u>	<u>\$ 640,772</u>	<u>\$2,642,903</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 23,003
Police	23,658
Fire	273
Highways and streets	35,430
Parks and recreation	3,100
Animal control	91
Total depreciation expense	<u>\$ 85,555</u>

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

Water	\$ 23,162
Sewer	70,763
Total depreciation expense	<u>\$ 93,925</u>

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(10) Segment Information for the Enterprise Fund

The Town of Elton maintains one enterprise fund with three departments which provide water, sewerage and sanitation services. Segment information for the year ended December 31, 2017, was as follows:

	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Enterprise Fund</u>
Operating revenues	<u>\$ 162,108</u>	<u>\$ 67,309</u>	<u>\$ 99,654</u>	<u>\$ 329,070</u>
Operating expenses:				
Depreciation	23,162	70,763	-	93,925
Other	<u>140,981</u>	<u>89,673</u>	<u>90,227</u>	<u>320,881</u>
Total operating expenses	<u>164,143</u>	<u>160,436</u>	<u>97,557</u>	<u>422,136</u>
Operating loss	<u>\$ (2,036)</u>	<u>\$ (93,127)</u>	<u>\$ 2,097</u>	<u>\$ (93,066)</u>

(11) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended December 31, 2017 follows:

Mayor Roger D. Laughlin	<u>\$ 17,400</u>
Aldermen:	
Avella Ackless	3,125
Michael Bellon	3,125
Marilynn Granger	750
Anthony Guillory	3,125
Shirley Johnson	3,125
Kesia Lemoine	<u>2,375</u>
	<u>15,625</u>
	<u>\$ 33,025</u>

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) 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, 2017 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 17,400
Travel	<u>1,639</u>
	<u>\$ 19,039</u>

(13) Pending Litigation

There was pending litigation against the Town of Elton at December 31, 2017.

(14) 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, 2017. During the fiscal year ended December 31, 2017, the Town's water purchases amounted to \$97,043. These purchases included \$8,105 owed at December 31, 2017 for water purchased during the month of December.

(15) Interfund Receivables/Payables

A. A summary of interfund receivables and payables at December 31, 2017 follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major governmental funds:		
General Fund	\$ 149,854	\$ 252,261
Coushatta Tribe Community Grant Fund	-	9,854
1991 Sales Tax Fund	-	140,000
Proprietary funds:		
Enterprise Fund	<u>252,261</u>	<u>-</u>
Total	<u>\$ 402,115</u>	<u>\$ 402,115</u>

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

B. Transfers consisted of the following at December 31, 2017:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 640,652	\$ 55,000
Coushatta Tribe Community Grant Fund	-	367,127
1991 Sales Tax Fund	-	145,000
1975 Sales Tax Fund	-	67,000
Proprietary Fund:		
Enterprise Fund	<u>11,965</u>	<u>18,490</u>
Total	<u>\$ 652,617</u>	<u>\$ 652,617</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.

(16) 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.

(17) On-Behalf Payment of Salaries

The State of Louisiana paid the Town's police officers \$22,600 of supplemental pay during the year ended December 31, 2017. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

TOWN OF ELTON, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended December 31, 2017

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 77,100	\$ 73,610	\$ 69,383	\$ (4,227)
Licenses and permits	39,000	39,720	39,389	(331)
Intergovernmental	25,885	32,195	33,759	1,564
Fines and forfeits	50,000	34,788	34,783	(5)
Miscellaneous	<u>6,015</u>	<u>13,225</u>	<u>15,878</u>	<u>2,653</u>
Total revenues	<u>198,000</u>	<u>193,538</u>	<u>193,192</u>	<u>(346)</u>
<b>Expenditures:</b>				
Current -				
General government	184,800	187,085	188,807	(1,722)
Public safety - police	319,745	360,790	346,748	14,042
Highways and streets	164,400	162,698	146,190	16,508
Parks and recreation	12,450	11,134	7,989	3,145
Animal control	6,060	14,209	9,862	4,347
Capital outlay	<u>-</u>	<u>-</u>	<u>18,995</u>	<u>(18,995)</u>
Total expenditures	<u>687,455</u>	<u>735,916</u>	<u>718,591</u>	<u>17,325</u>
Deficiency of revenues over expenditures	<u>(489,455)</u>	<u>(542,378)</u>	<u>(525,399)</u>	<u>16,979</u>
<b>Other financing sources (uses):</b>				
Transfers in	550,000	615,000	640,652	25,652
Transfers out	<u>-</u>	<u>-</u>	<u>(55,000)</u>	<u>(55,000)</u>
Total other financing sources (uses)	<u>550,000</u>	<u>615,000</u>	<u>585,652</u>	<u>(29,348)</u>
Net change in fund balance	60,545	72,622	60,253	(12,369)
Fund balance (deficit), beginning	<u>(55,844)</u>	<u>(55,844)</u>	<u>(55,844)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ 4,701</u>	<u>\$ 16,778</u>	<u>\$ 4,409</u>	<u>\$ (12,369)</u>

TOWN OF ELTON, LOUISIANA  
Coushatta Tribe Community Grant Fund

Budgetary Comparison Schedule  
For the Year Ended December 31, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Community grant revenue	\$ 330,000	\$ 403,770	\$ 398,484	\$ (5,286)
Miscellaneous - interest	175	215	255	40
Total revenues	<u>330,175</u>	<u>403,985</u>	<u>398,739</u>	<u>(5,246)</u>
Expenditures:				
Current -				
General government:				
Professional fees	5,500	6,480	-	6,480
Repairs & Maintenance	13,000	5,800	-	5,800
Miscellaneous	5,000	75	24	51
Total general government	<u>23,500</u>	<u>12,355</u>	<u>24</u>	<u>12,331</u>
Public safety - police:				
Repairs and maintenance	-	32,635	-	32,635
Public safety - fire:				
Appropriation to Fire District - fire protection	-	25,200	23,909	1,291
Education:				
Public schools	-	58,770	55,788	2,982
Total expenditures	<u>23,500</u>	<u>128,960</u>	<u>79,721</u>	<u>49,239</u>
Excess of revenues over expenditures	<u>306,675</u>	<u>275,025</u>	<u>319,018</u>	<u>43,993</u>
Other financing uses:				
Transfers to General Fund	(230,000)	(295,000)	(367,127)	(72,127)
Transfers to Utility Fund	(75,000)	-	-	-
Total other financing uses	<u>(305,000)</u>	<u>(295,000)</u>	<u>(367,127)</u>	<u>(72,127)</u>
Net change in fund balance	1,675	(19,975)	(48,109)	(28,134)
Fund balance, beginning	<u>502,517</u>	<u>502,517</u>	<u>502,517</u>	<u>-</u>
Fund balance, ending	<u>\$ 504,192</u>	<u>\$ 482,542</u>	<u>\$ 454,408</u>	<u>\$(28,134)</u>

TOWN OF ELTON, LOUISIANA  
1991 Sales Tax Fund

Budgetary Comparison Schedule  
For the Year Ended December 31, 2017

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 95,000	\$ 95,000	\$ 109,793	\$ 14,793
Miscellaneous - interest	120	125	289	164
Total revenues	<u>95,120</u>	<u>95,125</u>	<u>110,082</u>	<u>14,957</u>
<b>Expenditures:</b>				
Current -				
General government:				
Professional fees	1,200	1,970	1,970	-
Collection fees	2,500	2,200	2,306	(106)
Repairs & Maintenance	-	28,950	-	28,950
Miscellaneous	5,500	75	53	22
Total expenditures	<u>9,200</u>	<u>33,195</u>	<u>4,329</u>	<u>28,866</u>
Excess of revenues over expenditures	85,920	61,930	105,753	43,823
<b>Other financing uses:</b>				
Transfers to General Fund	<u>(115,000)</u>	<u>(220,000)</u>	<u>(145,000)</u>	<u>75,000</u>
Net change in fund balance	(29,080)	(158,070)	(39,247)	118,823
Fund balance, beginning	<u>458,580</u>	<u>458,580</u>	<u>458,580</u>	<u>-</u>
Fund balance, ending	<u>\$ 429,500</u>	<u>\$ 300,510</u>	<u>\$ 419,333</u>	<u>\$ 118,823</u>

TOWN OF ELTON, LOUISIANA  
1975 Sales Tax Fund

Budgetary Comparison Schedule  
For the Year Ended December 31, 2017

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 95,000	\$ 95,000	\$ 109,793	\$14,793
Miscellaneous - interest	<u>10</u>	<u>10</u>	<u>14</u>	<u>4</u>
Total revenues	<u>95,010</u>	<u>95,010</u>	<u>109,807</u>	<u>14,797</u>
Expenditures:				
Current -				
General government:				
Professional fees	1,000	250	-	250
Collection fees	2,250	2,180	2,306	(126)
Miscellaneous	<u>300</u>	<u>75</u>	<u>53</u>	<u>22</u>
Total expenditures	<u>3,550</u>	<u>2,505</u>	<u>2,359</u>	<u>146</u>
Excess of revenues over expenditures	91,460	92,505	107,448	14,943
Other financing uses:				
Transfers to General Fund	<u>(100,000)</u>	<u>(100,000)</u>	<u>(67,000)</u>	<u>33,000</u>
Net change in fund balance	(8,540)	(7,495)	40,448	47,943
Fund balance, beginning	<u>17,070</u>	<u>17,070</u>	<u>17,070</u>	<u>-</u>
Fund balance, ending	<u>\$ 8,530</u>	<u>\$ 9,575</u>	<u>\$ 57,518</u>	<u>\$47,943</u>

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. All budgetary appropriations lapse at the end of each fiscal year.
2. 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.

**OTHER SUPPLEMENTARY INFORMATION**

**OTHER FINANCIAL INFORMATION**

TOWN OF ELTON, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Revenues  
For the Year Ended December 31, 2017  
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017			Variance with Final Budget Positive (Negative)	2016 Actual
	Budget		Actual		
	Original	Final			
Taxes:					
Ad valorem	\$ 21,100	\$ 20,760	\$ 20,466	\$ (294)	\$ 22,109
Franchise tax	<u>56,000</u>	<u>52,850</u>	<u>48,917</u>	<u>(3,933)</u>	<u>52,614</u>
Total taxes	<u>77,100</u>	<u>73,610</u>	<u>69,383</u>	<u>(4,227)</u>	<u>74,723</u>
Licenses and permits:					
Occupational licenses	<u>39,000</u>	<u>39,720</u>	<u>39,389</u>	<u>(331)</u>	<u>38,608</u>
Intergovernmental:					
State of Louisiana -					
State revenue sharing	3,680	4,260	4,567	307	4,446
Grants	-	-	-	-	13,200
Beer taxes	1,280	1,285	1,419	134	1,379
Video poker	5,925	4,290	5,173	883	5,317
Supplemental pay	<u>15,000</u>	<u>22,360</u>	<u>22,600</u>	<u>240</u>	<u>27,750</u>
Total intergovernmental	<u>25,885</u>	<u>32,195</u>	<u>33,759</u>	<u>1,564</u>	<u>52,092</u>
Fines and court costs	<u>50,000</u>	<u>34,788</u>	<u>34,783</u>	<u>(5)</u>	<u>51,687</u>
Miscellaneous:					
Interest income	15	-	23	23	24
Rent	1,000	6,650	1,250	(5,400)	1,150
Other sources	<u>5,000</u>	<u>6,575</u>	<u>14,605</u>	<u>8,030</u>	<u>6,824</u>
Total miscellaneous	<u>6,015</u>	<u>13,225</u>	<u>15,878</u>	<u>2,653</u>	<u>7,998</u>
Total revenues	<u>\$198,000</u>	<u>\$193,538</u>	<u>\$193,192</u>	<u>\$ (346)</u>	<u>\$225,108</u>

TOWN OF ELTON, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures  
For the Year Ended December 31, 2017  
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017			Variance with Final Budget Positive (Negative)	2016 Actual
	Budget		Actual		
	Original	Final			
Current:					
General government -					
Coroner fees	\$ 1,200	\$ 1,100	\$ 1,050	\$ 50	\$ 1,030
Dues and subscriptions	2,800	2,880	2,517	363	3,301
Insurance	33,000	42,296	43,270	(974)	36,140
Janitorial supplies	1,950	1,990	1,418	572	1,440
Legal and professional	19,350	21,050	19,664	1,386	15,628
Miscellaneous	11,000	7,790	6,886	904	8,463
Office expenditures	4,900	3,060	6,014	(2,954)	4,245
Payroll taxes	11,000	9,452	6,849	2,603	17,270
Publishing and recording	4,500	5,765	7,364	(1,599)	4,040
Supplies	4,500	2,475	2,101	374	3,650
Salaries	75,000	72,570	78,216	(5,646)	71,709
Telephone	5,500	5,850	5,049	801	5,406
Meetings, workshops, and conventions	3,500	2,400	1,753	647	3,258
Repairs and maintenance	2,750	4,860	4,325	535	2,314
Utilities	3,850	3,547	2,312	1,235	3,929
Total general government	<u>184,800</u>	<u>187,085</u>	<u>188,807</u>	<u>(1,722)</u>	<u>181,823</u>
Public safety - police -					
Auto expenditures	13,000	19,680	17,998	1,682	14,923
Dues and subscriptions	-	-	182	(182)	30
Insurance	11,000	17,820	21,366	(3,546)	17,421
Salaries	245,000	261,300	249,355	11,945	269,050
Miscellaneous	5,300	6,185	2,454	3,731	2,006
Payroll taxes	17,100	19,989	19,065	924	9,667
Prisoners' expenditures	-	-	4,614	(4,614)	4,405
Supplies	7,200	3,760	3,505	255	2,234
Repairs and maintenance	9,980	14,681	14,236	445	11,921
Meetings, workshops, and conventions	1,500	3,100	2,924	176	2,612
State court costs	1,750	1,950	1,517	433	1,899
Training academy	75	2,850	1,470	1,380	140
Telephone and utilities	6,990	8,180	6,758	1,422	7,338
Uniforms	850	1,295	1,304	(9)	1,234
Total public safety	<u>319,745</u>	<u>360,790</u>	<u>346,748</u>	<u>14,042</u>	<u>344,880</u>

(continued)

TOWN OF ELTON, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended December 31, 2017  
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017			Variance with Final Budget Positive (Negative)	2016 Actual
	Budget		Actual		
	Original	Final			
Highways and streets -					
Auto expenditures	4,600	6,800	6,337	463	5,720
Insurance	7,000	8,640	8,645	(5)	6,456
Miscellaneous	1,200	1,280	908	372	833
Payroll taxes	6,100	6,215	5,781	434	5,651
Repairs and maintenance	46,000	24,368	18,480	5,888	27,150
Salaries	72,000	81,240	75,572	5,668	73,891
Supplies	6,500	9,925	9,692	233	9,628
Utilities	21,000	24,230	20,775	3,455	22,482
Total highways and streets	<u>164,400</u>	<u>162,698</u>	<u>146,190</u>	<u>16,508</u>	<u>151,811</u>
Parks and recreation -					
Repairs and maintenance	7,500	5,800	554	5,246	7,032
Miscellaneous	500	750	4,392	(3,642)	2
Supplies	450	750	30	720	465
Utilities	4,000	3,834	3,013	821	4,387
Total parks and recreation	<u>12,450</u>	<u>11,134</u>	<u>7,989</u>	<u>3,145</u>	<u>11,886</u>
Animal control -					
Insurance	110	125	136	(11)	96
Payroll taxes	350	379	403	(24)	364
Salaries	4,500	4,955	5,268	(313)	4,757
Supplies	620	2,280	2,027	253	832
Repairs and maintenance	-	1,540	1,717	(177)	772
Total animal control	<u>6,060</u>	<u>14,209</u>	<u>9,862</u>	<u>4,347</u>	<u>6,821</u>
Capital outlay:					
Public safety - police -					
Equipment	-	-	11,758	(11,758)	15,490
Highways and streets -					
Equipment	-	-	2,342	(2,342)	-
Total capital outlay	<u>-</u>	<u>-</u>	<u>18,995</u>	<u>(18,995)</u>	<u>15,490</u>
Total expenditures	<u>\$ 687,455</u>	<u>\$ 735,916</u>	<u>\$ 718,591</u>	<u>\$ 17,325</u>	<u>\$ 712,711</u>

TOWN OF ELTON, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Number of Utility Customers  
(Unaudited)  
December 31, 2017

Records maintained by the Town indicated the following number of customers were being served during the months of December, 2017 and 2016:

<u>Department</u>	<u>2017</u>	<u>2016</u>
Water (metered)	524	537
Sewer	496	507
Garbage	485	487

TOWN OF ELTON, LOUISIANA  
Enterprise Fund  
Utility Fund

Comparative Statement of Operating Expenses by Department  
For the Year Ended December 31, 2017  
With Comparative Actual Amounts for the Year Ended December 31, 2016

	<u>2017</u>	<u>2016</u>
Water department:		
Bad debts	\$ 877	\$ 3,469
Depreciation	23,162	24,754
Insurance	982	2,067
Legal and professional fees	12,222	15,143
Licenses and permits	290	869
Miscellaneous	7,679	1,243
Office expense and supplies	3,035	4,464
Payroll taxes	-	691
Repairs and maintenance	11,548	7,416
Salaries	-	9,091
Supplies	5,954	5,364
Truck expense	481	240
Utilities	870	867
Water purchases	<u>97,043</u>	<u>89,665</u>
Total water department	<u>164,143</u>	<u>165,343</u>
Sewer department:		
Bad debts	369	1,274
Depreciation	70,763	57,763
Insurance	4,470	4,430
Legal and professional fees	105	141
Licenses and permits	922	-
Payroll taxes	2,088	2,230
Repairs and maintenance	15,744	23,406
Salaries	27,290	29,148
Supplies	19,645	17,015
Sewer analysis	2,520	4,855
Truck expense	850	1,361
Utilities	<u>15,670</u>	<u>14,759</u>
Total sewer department	<u>160,436</u>	<u>156,382</u>
Sanitation department:		
Bad debts	537	2,264
Collection fees	<u>97,020</u>	<u>105,105</u>
Total sanitation department	<u>97,557</u>	<u>107,369</u>
Total operating expenses	<u>\$ 422,136</u>	<u>\$ 429,094</u>

TOWN OF ELTON, LOUISIANA

Schedule of Insurance in Force  
(Unaudited)  
December 31, 2017

<u>Description of Coverage</u>	<u>Coverage Amounts</u>
Workmen's Compensation:	Statutory
Employer's liability - accident	\$ 100,000
Sewer equipment coverage	306,966
Surety Bonds:	
Mayor/Council	60,000
Town clerk	10,000
Assistant town clerk	10,000
Fire and wind coverage on Town of Elton buildings:	
Senior citizens building	173,610
City hall and police station	500,990
Contents of city hall and police station	50,000
Maintenance building	267,860
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
Commercial:	
General liability, aggregate	500,000

**INTERNAL CONTROL, COMPLIANCE**

**AND**

**OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA\*  
Victor R. Slaven, CPA\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Brad E. Kolder, CPA, JD\*  
Stephen J. Anderson, CPA\*  
Christine C. Doucet, CPA  
Wanda F. Arcement, CPA, CVA  
Bryan K. Joubert, CPA  
Matthew E. Margaglio, CPA  
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd.  
Lafayette, LA 70508  
Phone (337) 232-4141

11929 Bricksome Ave.  
Baton Rouge, LA 70816  
Phone (225) 293-8300

1428 Metro Dr.  
Alexandria, LA 71301  
Phone (318) 442-4421

450 E. Main St.  
New Iberia, LA 70560  
Phone (337) 367-9204

200 S. Main St.  
Abbeville, LA 70510  
Phone (337) 893-7944

1234 David Dr. Ste. 203  
Morgan City, LA 70380  
Phone (985) 384-2020

434 E. Main St.  
Ville Platte, LA 70586  
Phone (337) 363-2792

332 W. Sixth Ave.  
Oberlin, LA 70655  
Phone (337) 639-4737

\* A Professional Accounting Corporation

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Elton, Louisiana (the Town), as of and for the year ended December 31, 2017, 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 4, 2018.

### 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2017-001 and 2017-003 to be material weaknesses.

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. We consider the deficiency described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 2017-002 and 2017-004 to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying summary schedule of current and prior year audit findings and management's correct action plan as item 2017-005.

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

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

### **Purpose of this Report**

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

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

Oberlin, Louisiana  
June 4, 2018

TOWN OF ELTON, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
For the Year Ended December 31, 2017

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Date of Completion
CURRENT YEAR (12/31/17) --						
<u>Internal Control</u>						
2017-001	Unknown	Due to the small number of employees, the Town did not have adequate segregation of duties within the accounting function.		No response is considered necessary.	Theresa Fontenot, Town Clerk	N/A
2017-002	2007	The Town does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.		The Town has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Theresa Fontenot, Town Clerk	N/A
2017-003	2009	The Town did not adhere to its cutoff policy during the year ended December 31, 2017. A test of utility customer accounts revealed that customers, including Town employees and elected officials, are not being cutoff in accordance with the Town's policy.		The Town will adhere to its cutoff policy effective immediately.	Theresa Fontenot, Town Clerk	Immediately
2017-004	2015	Certain businesses operating within the Town's geographic limits either have not filed and paid their occupational licenses or have filed late for the year 2017. It is recommended that the Town strictly enforce the deadline for occupational licenses and charge all applicable penalties for late payment.		The Town agrees with this finding and will closely monitor occupational license applications and payments.	Theresa Fontenot, Town Clerk	Immediately

(continued)

TOWN OF ELTON, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
For the Year Ended December 31, 2017

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Date of Completion</u>
<u>CURRENT YEAR (12/31/17) --</u>						
<u>Compliance</u>						
2017-005	2016	During the year, the Town incurred penalty and interest charges for the late payment of federal withholding taxes during the 1st Quarter of 2016.		These payments were made late due to an oversight. Procedures have been implemented to ensure all payroll tax deposits are made timely.	Theresa Fontenot, Town Clerk	12/31/2017
<u>Management Letter</u>						
2017-006	2007	The Utility Fund water and sewerage departments experienced operating losses. The Town should consider increasing these utility rates and/or decreasing expenses in order for the departments to operate on a profitable basis.		User fees have been increased in recent years resulting in some improvements in profitability and cash flow. Water leaks have been repaired reducing expenses, and the Town is continuing to evaluate Utility Fund operations while monitoring revenues and expenses in order to operate on a profitable basis.	Theresa Fontenot, Town Clerk	12/31/2017

(continued)

TOWN OF ELTON, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
For the Year Ended December 31, 2017

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Date of Completion
PRIOR YEAR (12/31/16) --						
<u>Internal Control</u>						
2016-001	Unknown	Due to the small number of employees, the Town did not have adequate segregation of duties within the accounting function.	No	See current year finding 2017-001.		
2016-002	2007	The Town does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	No	See current year finding 2017-002.		
2016-003	2009	The Town did not adhere to its cutoff policy during the year ended December 31, 2016. A test of utility customer accounts revealed that customers, including Town employees and elected officials, are not being cutoff in accordance with the Town's policy.	No	See current year finding 2017-003.		
2016-004	2015	Certain businesses operating within the Town's geographic limits either have not filed and paid their occupational licenses or have filed late for the year 2016. It is recommended that the Town strictly enforce the deadline for occupational licenses and charge all applicable penalties for late payment.	No	See current year finding 2017-004.		
<u>Compliance</u>						
2016-005	2016	During the year, the Town incurred penalty and interest charges for the late payment of state withholding taxes during the 4th Quarter of 2016.	No	See current year finding 2017-005.		

(continued)

TOWN OF ELTON, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
For the Year Ended December 31, 2017

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Date of Completion</u>
PRIOR YEAR (12/31/16) --						
<u>Management Letter</u>						
2016-006	2007	The Utility Fund water, sewerage, and sanitation departments experienced operating losses. The Town should consider increasing these utility rates and/or decreasing expenses in order for the departments to operate on a profitable basis.	No	See current year finding 2017-006.		
2016-007	2015	Although the Town's General Fund experienced a surplus of \$28,205 during the year, the resulting ending fund balance remained a deficit of \$55,844. The Town should increase revenues and/or decrease expenditures to eliminate this deficit.	Yes			

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA\*  
Victor R. Slaven, CPA\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Brad E. Kolder, CPA, JD\*  
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Wanda F. Arcement, CPA, CVA  
Bryan K. Joubert, CPA  
Matthew E. Margaglio, CPA  
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.  
Lafayette, LA 70508 Baton Rouge, LA 70816  
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1234 David Dr. Ste. 203  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.  
Ville Platte, LA 70586 Oberlin, LA 70655  
Phone (337) 363-2792 Phone (337) 639-4737

\* A Professional Accounting Corporation

WWW.KCSRCPAS.COM

## MANAGEMENT LETTER

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

We have completed our audit of the basic financial statements of the Town of Elton, Louisiana, for the year ended December 31, 2017, and submit the following recommendations for your consideration:

The Utility Fund water and sewerage departments experienced operating losses. The Town should consider increasing these utility rates and/or decreasing expenses in order for the departments 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 4, 2018

**TOWN OF ELTON, LOUISIANA**  
**Statewide Agreed-Upon Procedures Report**

Year Ended December 31, 2017

# KOLDER, SLAVEN & COMPANY, LLC

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

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

We have performed the procedures enumerated below, which were agreed to by the management of the Town of Elton, Louisiana and the Louisiana Legislative Auditor (LLA), on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Town of Elton, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### *Written Policies and Procedures*

---

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

*The Town did not have written policies and procedures to 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.

*The Town did not have written policies and procedures to address the functions noted above.*

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

*The Town did not have written policies and procedures to address the functions noted above.*

- d) **Receipts**, including receiving, recording, and preparing deposits  
*The Town did not have written policies and procedures to address the functions noted above.*
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.  
*The Town did not have written policies and procedures to 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  
*The Town did not have written policies and procedures to 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, and (5) monitoring card usage  
*The Town did not have written policies and procedures to address the functions noted above.*
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers  
*The Town did not have written policies and procedures to address the functions noted above.*
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.  
*The Town did not have written policies and procedures to address the functions noted above.*
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.  
*The Town did not have written policies and procedures to address the functions noted above.*

**Board (or Finance Committee, if applicable)**

---

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
  - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.  
*Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met at least monthly.*
  - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).  
*Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes did not include or reference monthly budget-to-actual comparisons for the major funds for any of the twelve months examined.*
    - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether

the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

*Not applicable. No budget -to-actual comparisons were made.*

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.)

*Obtained and reviewed the minutes for the managing board for the fiscal period noting that minutes referenced or included non-budgetary financial information for at least one meeting during the fiscal period.*

### ***Bank Reconciliations***

---

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

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

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

*Obtained bank statements and reconciliations for all months in the fiscal period for all selected accounts noting that reconciliations have been prepared for all months.*

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

*Obtained bank statements and reconciliations for all months in the fiscal period noting evidence of management review was not present for all months for each of the five accounts selected.*

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*Obtained bank statements and reconciliations for all months in the fiscal period for each of the five accounts selected noting there were no items outstanding for more than six months.*

### ***Collections***

---

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

*Obtained listing of cash collection locations and management's representation that listing is complete.*

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5

locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

*Written documentation was obtained and addressed the functions noted above; however, one person responsible for collecting cash is also responsible for depositing the cash in the bank, recording the related transactions, and reconciliation the bank accounts. This person is also required to share the same cash drawer with another employee.*

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

*For all selected locations, there is no formal process to reconcile cash collections to the general ledger by revenue source, by a person not responsible for cash collection.*

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

*The highest (dollar) week of cash collections for each location was obtained along with collection documentation, deposit slips, and bank statements. There were no exceptions noted.*

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*All selected locations collections were completely supported by documentation.*

- 7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

*There is no process specifically defined to determine the completeness of all collections by a person who is not responsible for collections.*

**Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)**

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

*Listing of disbursements and management's representation that the listing is complete was obtained.*

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

*There were no exceptions noted.*

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*There were no exceptions noted.*

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*There were no exceptions noted.*

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

*The Town did not have written policies and procedures to address the functions noted above.*

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

*The Town did not have written policies and procedures to address the functions noted above.*

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

*Through inquiry and observation, the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority.*

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*There were no exceptions noted.*

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

---

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

*Listing of active credit cards, bank debt cards, fuels cards, and name of person who maintains possession of cards and management's representation that the listing is complete was obtained and noted that the Town has no such cards.*

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, 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.]

*Not applicable.*

- b) Report whether finance charges and/or late fees were assessed on the selected statements

*Not applicable.*

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

*Not applicable.*

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

*Not applicable.*

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*Not applicable.*

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

*Not applicable.*

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*Not applicable.*

### **Travel and Expense Reimbursement**

---

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

*Listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.*

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*The Town did not have written policies and procedures to address the functions noted above. No amounts exceeded GSA rates.*

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

*There were no exceptions noted.*

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

*There were no exceptions noted.*

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

*There were no exceptions noted.*

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

*There were no exceptions noted.*

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*There were no exceptions noted.*

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*All three employees selected did not have review and approval of each expense by someone other than the person receiving the reimbursement.*

## ***Contracts***

---

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

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

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

*There were no exceptions noted.*

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

*There were no instances of noncompliance noted.*

If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*There were no instances of noncompliance noted.*

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

*No amendments were made to contracts during the fiscal year.*

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

*There were no instances of noncompliance noted.*

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*There were no exceptions noted.*

### ***Payroll and Personnel***

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- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

*Listing of employees with their related salaries and management's representation that the listing is complete was obtained.*

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

*There were no exceptions noted.*

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

*There were no exceptions noted.*

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

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

*All selected employees had daily attendance and leave documented.*

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

*There were no exceptions noted.*

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

*There were no exceptions noted.*

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

*Listing of employees terminated and management's representation that the listing is complete were obtained. No termination payments were made during the fiscal year.*

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

*The Town paid interest charges during the fiscal period in relation to the prior period's 941 tax payments being submitted late. The Town did not have any retirement contributions during the fiscal period.*

#### ***Ethics (excluding nonprofits)***

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26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

*Of the five employees tested, we were unable to determine if four of the employees completed ethics training.*

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*Management asserted that they have received no ethics allegations during the fiscal period.*

#### ***Debt Service (excluding nonprofits)***

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

*No debt was issued during the fiscal period.*

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*There was no outstanding debt during the fiscal period.*

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*Not applicable.*

**Other**

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management has asserted that the Town did not have any misappropriations of public funds or assets.*

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.lla.la.gov/hotline](http://www.lla.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*Required notices were not posted on the entity's premises. The Town does not maintain a website.*

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

*There were no exceptions noted.*

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the results 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 4, 2018