

TOWN OF ELTON, LOUISIANA

Financial Report

Year Ended December 31, 2020

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-3
 BASIC FINANCIAL STATEMENTS	
 GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net position	6
Statement of activities	7
 FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet - governmental funds	10
Reconciliation of the governmental funds balance sheet to the statement of net position	11
Statement of revenues, expenditures, and changes in fund balances - governmental funds	12
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	13
Statement of net position - proprietary fund	14
Statement of revenues, expenses, and changes in net position - proprietary fund	15
Statement of cash flows - proprietary fund	16-17
 Notes to basic financial statements	 18-36
 REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	38
Coushatta Tribe Community Grant Fund	39
1991 Sales Tax Fund	40
1975 Sales Tax Fund	41
Notes to required supplementary information	42
 OTHER SUPPLEMENTARY INFORMATION	
 OTHER FINANCIAL INFORMATION	
General Fund - budgetary comparison schedule - revenues	45
General Fund - budgetary comparison schedule - expenditures	46-47
Judicial System Funding Schedule - Collecting/Disbursing Entity	48

(continued)

TABLE OF CONTENTS (continued)

	<u>Page</u>
Schedule of number of utility customers (unaudited)	49
Comparative statement of operating expenses by department - utility fund	50
Schedule of insurance in force (unaudited)	51
 INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	53-54
Schedule of current and prior year audit findings and management's corrective action plan	55-57

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
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

Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

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. 1201 David Dr.
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

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, 2020, 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, 2020, 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 schedules on pages 38 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

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

The judicial system funding schedule and the comparative statement of utility fund operating expenses are the responsibility of management and was derived from and relate 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 2019 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 May 11, 2021, 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
May 11, 2021

BASIC FINANCIAL STATEMENTS

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

TOWN OF ELTON, LOUISIANA

Statement of Net Position

December 31, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest-bearing deposits	\$ 830,439	\$ 222,725	\$1,053,164
Receivables, net	70,077	53,146	123,223
Due from other governmental units	102,212	-	102,212
Prepaid items	9,175	-	9,175
Internal balances	(32,733)	32,733	-
Restricted assets:			
Cash and interest-bearing deposits	-	30,022	30,022
Capital assets:			
Land	77,858	10,000	87,858
Capital assets, net	<u>505,465</u>	<u>2,372,698</u>	<u>2,878,163</u>
Total assets	<u>1,562,493</u>	<u>2,721,324</u>	<u>4,283,817</u>
LIABILITIES			
Accounts and other payables	35,223	28,813	64,036
Due to other governmental units	-	2,873	2,873
Customer deposits	-	30,022	30,022
Long-term liabilities:			
Due within one year	25,167	-	25,167
Due after one year	<u>13,040</u>	<u>-</u>	<u>13,040</u>
Total liabilities	<u>73,430</u>	<u>61,708</u>	<u>135,138</u>
NET POSITION			
Net investment in capital assets	558,156	2,382,698	2,940,854
Restricted - sales tax dedications	292,026	-	292,026
Restricted - grant provisions	657,098	-	657,098
Unrestricted	<u>(18,217)</u>	<u>276,918</u>	<u>258,701</u>
Total net position	<u>\$1,489,063</u>	<u>\$2,659,616</u>	<u>\$4,148,679</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, 2020

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	\$ 268,879	\$ 57,174	\$ 3,939	\$ -	\$ (207,766)	\$ -	\$ (207,766)
Public safety:							
Police	389,657	42,471	27,800	-	(319,386)	-	(319,386)
Fire	24,105	-	24,105	-	-	-	-
Highways and streets	187,654	-	-	-	(187,654)	-	(187,654)
Parks and recreation	6,009	-	-	-	(6,009)	-	(6,009)
Education	56,245	-	56,245	-	-	-	-
Animal control	9,757	-	-	-	(9,757)	-	(9,757)
Interest on long-term debt	2,887	-	-	-	(2,887)	-	(2,887)
Total governmental activities	945,193	99,645	112,089	-	(733,459)	-	(733,459)
Business-type activities:							
Water	184,855	166,169	-	-	-	(18,686)	(18,686)
Sewer	185,251	60,957	-	-	-	(124,294)	(124,294)
Sanitation	134,659	123,260	-	-	-	(11,399)	(11,399)
Total business-type activities	504,765	350,386	-	-	-	(154,379)	(154,379)
Total	\$ 1,449,958	\$ 450,031	\$ 112,089	\$ -	(733,459)	(154,379)	(887,838)
General revenues:							
Taxes -							
Property taxes, levied for general purposes					25,868	-	25,868
Sales and use taxes, levied for general purposes					276,374	-	276,374
Franchise taxes					50,508	-	50,508
Grants and contributions not restricted to specific programs -							
State sources					8,380	-	8,380
Community grant revenue					321,398	-	321,398
Interest and investment earnings					910	2,828	3,738
Miscellaneous					6,238	23,070	29,308
Transfers					(86,228)	86,228	-
Total general revenues and transfers					603,448	112,126	715,574
Change in net position					(130,011)	(42,253)	(172,264)
Net position - January 1, 2020					1,619,074	2,701,869	4,320,943
Net position - December 31, 2020					\$ 1,489,063	\$ 2,659,616	\$ 4,148,679

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, 2020

	General	Coushatta Tribe Community Grant	1991 Sales Tax	1975 Sales Tax	Total
ASSETS					
Cash and interest-bearing deposits	\$ 22,421	\$ 650,420	\$ 145,025	\$ 12,573	\$ 830,439
Receivables -					
Taxes	41,781	-	14,148	14,148	70,077
Due from other funds	9,854	-	63,530	-	73,384
Due from other governmental units	<u>1,775</u>	<u>100,437</u>	<u>-</u>	<u>-</u>	<u>102,212</u>
Total assets	<u>\$ 75,831</u>	<u>\$ 750,857</u>	<u>\$ 222,703</u>	<u>\$ 26,721</u>	<u>\$ 1,076,112</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 11,841	\$ 20,087	\$ -	\$ -	\$ 31,928
Accrued liabilities	3,295	-	-	-	3,295
Due to other funds	<u>96,263</u>	<u>9,854</u>	<u>-</u>	<u>-</u>	<u>106,117</u>
Total liabilities	<u>111,399</u>	<u>29,941</u>	<u>-</u>	<u>-</u>	<u>141,340</u>
Deferred inflows of resources:					
Unavailable revenue	<u>3,624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,624</u>
Fund balances -					
Restricted - sales tax dedications	-	-	222,703	26,721	249,424
Restricted - grant provisions	-	720,916	-	-	720,916
Unassigned (deficit)	<u>(39,192)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,192)</u>
Total fund balances	<u>(39,192)</u>	<u>720,916</u>	<u>222,703</u>	<u>26,721</u>	<u>931,148</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 75,831</u>	<u>\$ 750,857</u>	<u>\$ 222,703</u>	<u>\$ 26,721</u>	<u>\$ 1,076,112</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, 2020

Total fund balances for governmental funds at December 31, 2020 \$ 931,148

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 \$448,713 accumulated depreciation	93,434	
Infrastructure, net of \$1,035,159 accumulated depreciation	287,565	
Equipment, furniture, and fixtures, net of \$538,750 accumulated depreciation	<u>124,466</u>	583,323

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

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

Unavailable revenue:

Delinquent ad valorem taxes	1,432	
Franchise taxes	<u>2,192</u>	3,624

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

Capital lease	<u>(38,207)</u>
---------------	-----------------

Total net position of governmental activities at December 31, 2020 \$ 1,489,063

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, 2020

	General	Coushatta Tribe Community Grant	1991 Sales Tax	1975 Sales Tax	Total
Revenues:					
Taxes	\$ 74,911	\$ -	\$ 138,187	\$ 138,187	\$ 351,285
Licenses and permits	42,924	-	-	-	42,924
Intergovernmental	40,119	-	-	-	40,119
Community grant revenue	-	401,748	-	-	401,748
Fines and forfeits	42,471	-	-	-	42,471
Miscellaneous	20,517	653	208	20	21,398
Total revenues	<u>220,942</u>	<u>402,401</u>	<u>138,395</u>	<u>138,207</u>	<u>899,945</u>
Expenditures:					
Current -					
General government	198,366	8,350	28,632	2,902	238,250
Public safety:					
Police	355,058	-	-	-	355,058
Fire	-	24,105	-	-	24,105
Highways and streets	149,669	-	-	-	149,669
Parks and recreation	3,639	-	-	-	3,639
Education	-	56,245	-	-	56,245
Animal control	9,757	-	-	-	9,757
Capital outlay	9,783	-	-	-	9,783
Debt service	26,883	-	-	-	26,883
Total expenditures	<u>753,155</u>	<u>88,700</u>	<u>28,632</u>	<u>2,902</u>	<u>873,389</u>
Excess (deficiency) of revenues over expenditures	<u>(532,213)</u>	<u>313,701</u>	<u>109,763</u>	<u>135,305</u>	<u>26,556</u>
Other financing sources (uses):					
Transfers in	451,325	-	-	-	451,325
Transfers out	-	(249,883)	(149,670)	(138,000)	(537,553)
Total other financing sources (uses)	<u>451,325</u>	<u>(249,883)</u>	<u>(149,670)</u>	<u>(138,000)</u>	<u>(86,228)</u>
Net change in fund balance	(80,888)	63,818	(39,907)	(2,695)	(59,672)
Fund balances, beginning	<u>41,696</u>	<u>657,098</u>	<u>262,610</u>	<u>29,416</u>	<u>990,820</u>
Fund balances (deficit), ending	<u>\$ (39,192)</u>	<u>\$ 720,916</u>	<u>\$ 222,703</u>	<u>\$ 26,721</u>	<u>\$ 931,148</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, 2020

Total net changes in fund balances for the year ended December 31, 2020 per the statement of revenues, expenditures and changes in fund balances	\$ (59,672)
--	-------------

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	\$ 9,783	
Depreciation expense for the year ended December 31, 2020	<u>(105,583)</u>	(95,800)

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

Repayment of long-term debt	23,996
-----------------------------	--------

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	(727)	
Franchise taxes	<u>2,192</u>	<u>1,465</u>

Total changes in net position for the year ended December 31, 2020 per the statement of activities	<u>\$ (130,011)</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, 2020

	<u>Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 34,233
Certificates of deposit	188,492
Receivables -	
Accounts, net	53,146
Due from other funds	<u>32,733</u>
Total current assets	<u>308,604</u>
Noncurrent assets:	
Restricted assets-	
Customers' deposits -	
Cash	30,022
Land	10,000
Capital assets, net	<u>2,372,698</u>
Total noncurrent assets	<u>2,412,720</u>
Total assets	<u>2,721,324</u>
LIABILITIES	
Current liabilities (payable from current assets):	
Accounts payable	28,435
Accrued liabilities	378
Due to other governmental units	<u>2,873</u>
Total	31,686
Current liabilities (payable from restricted assets):	
Customer deposits	<u>30,022</u>
Total liabilities	<u>61,708</u>
NET POSITION	
Net investment in capital assets	2,382,698
Unrestricted	<u>276,918</u>
Total net position	<u>\$2,659,616</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, 2020

	<u>Enterprise Fund</u>
Operating revenues:	
Charges for services -	
Water charges	\$ 166,375
Sewer charges	60,957
Sanitation charges	123,260
Miscellaneous	<u>22,114</u>
Total operating revenues	<u>372,706</u>
Operating expenses:	
Water department	184,855
Sewer department	185,251
Sanitation department	<u>134,659</u>
Total operating expenses	<u>504,765</u>
Operating loss	(132,059)
Nonoperating revenues:	
Interest income	2,828
Sale of assets	<u>750</u>
Total nonoperating income	<u>3,578</u>
Loss before transfers	(128,481)
Transfers:	
Transfers in (out)	<u>86,228</u>
Change in net position	(42,253)
Net position, beginning	<u>2,701,869</u>
Net position, ending	<u><u>\$2,659,616</u></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, 2020

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 353,015
Payments to suppliers	(388,887)
Payments to employees	(30,967)
Other receipts	<u>22,114</u>
Net cash used by operating activities	<u>(44,725)</u>
Cash flows from noncapital financing activities:	
Net increase in customer deposits payable	8,002
Net transfers received from other funds	<u>53,495</u>
Net cash provided by noncapital financing activities	<u>61,497</u>
Cash flows from capital and related financing activities:	
Net purchase of capital assets	<u>(3,350)</u>
Cash flows from investing activities:	
Net maturities (purchases) of investments	(1,947)
Interest received on interest-bearing deposits	<u>2,828</u>
Net cash provided by investing activities	<u>881</u>
Net increse in cash and cash equivalents	14,303
Cash and cash equivalents, beginning of period	<u>49,952</u>
Cash and cash equivalents, end of period	<u><u>\$ 64,255</u></u>

(continued)

TOWN OF ELTON, LOUISIANA

Statement of Cash Flows (Continued)
 Proprietary Fund
 For the Year Ended December 31, 2020

	<u>Enterprise Fund</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (132,059)
Adjustments to reconcile operating loss to net cash used by operating activities -	
Depreciation	83,250
Changes in current assets and liabilities:	
Decrease in accounts receivable	2,423
Decrease in accounts payable	1,540
Decrease in due to other governmental units	99
Decrease in accrued liabilities	<u>22</u>
Net cash used by operating activities	<u>\$ (44,725)</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	\$ 27,932
Cash and interest-bearing deposits - restricted	22,020
Certificates of deposit - unrestricted	186,545
Less: Certificates of deposit with a maturity greater than three months when purchased	<u>(186,545)</u>
Total cash and cash equivalents	<u>49,952</u>
Cash and cash equivalents, end of period -	
Cash and interest-bearing deposits - unrestricted	34,233
Cash and interest-bearing deposits - restricted	30,022
Certificates of deposit - unrestricted	188,492
Less: Certificates of deposit with a maturity greater than three months when purchased	<u>(188,492)</u>
Total cash and cash equivalents	<u>64,255</u>
Net increase	<u>\$ 14,303</u>

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

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

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

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

Fund Financial Statements

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

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Governmental Funds:

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

General Fund

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

Special Revenue Funds

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

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

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

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

Proprietary Fund -

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Enterprise Fund

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

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

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

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

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

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

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

Cash and interest-bearing deposits

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

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

Interfund receivables and payables

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes, ad valorem taxes, and amounts due from other governmental units. Business-type activities report customer utility service receivables as the major receivables. Uncollectible amounts due for customer utility receivables are recognized as bad debts through the establishment of an allowance for uncollectible accounts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectible accounts at December 31, 2020 was \$69,837. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month totaled \$15,435 at year end.

Prepaid Items

Payments made to vendors for services that will benefit future periods beyond December 31, 2020, are recorded as prepaid items.

Capital Assets

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

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

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

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

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Restricted Assets

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

Long-term debt

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

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

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

Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Vacation must be taken in the year accrued and cannot be carried over. Sick leave is accumulated by employees at a rate dependent upon number of years of employment. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment. At December 31, 2020, 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, 2020, 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, 2020, the Town reported deferred inflows of resources related to unavailable delinquent ad valorem tax and franchise tax revenue totaling \$3,624 in the General Fund.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Equity Classifications

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

- a. Net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by external groups, such as creditors, grantors, and contributors, laws or regulations of other governments; or law through constitutional provisions or enabling legislation. It is the Town's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred. At December 31, 2020, the Town reported \$949,124 of restricted net position, of which \$292,026 was restricted by enabling legislation.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

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

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

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

E. Revenues, Expenditures, and Expenses

Revenues

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

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

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

Substantially all other revenues are recorded when received.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

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

Interfund Transfers

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

F. Revenue Restrictions

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

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

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

G. Capitalization of Interest Expense

It is the policy of the Town of Elton to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At December 31, 2020 there were no borrowings for assets under construction and no capitalized interest expense recorded.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

H. Use of Estimates

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

(2) Deficit Fund Balance

The General Fund had a deficit fund balance at December 31, 2020 of \$39,192. This deficit will be eliminated by increasing revenues and/or reducing expenditures as well as transfers from other funds.

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. Property taxes are collected and remitted by the Jefferson Davis Parish Tax Collector at the Jefferson Davis Parish Sheriff's office. Town property tax revenues are budgeted in the year billed.

For the year ended December 31, 2020, taxes of 5.81 mills were levied on property with assessed valuations totaling \$4,470,900 and were dedicated for general corporate purposes. Total taxes levied were \$25,975. Taxes receivable at December 31, 2020 were \$23,852.

(4) Dedication of Sales Tax Proceeds

Proceeds of a 1 percent sales and use tax (accounted for in the 1975 Sales Tax Fund – a special revenue fund) levied by the Town of Elton (2020 collections \$138,187) are dedicated to the following purposes:

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Proceeds of a 1 percent sales and use tax (accounted for in the 1991 Sales Tax Fund – a special revenue fund) levied by the Town of Elton (2020 collections \$138,187) are dedicated to the following purpose:

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

(5) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2020, the Town had cash and interest-bearing deposits (book balances) totaling \$1,083,186 as follows:

Demand deposits	\$ 86,676
Money market accounts	808,018
Time deposits	<u>188,492</u>
Total	<u>\$ 1,083,186</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, 2020, and the related federal insurance and pledged securities:

Bank balances	<u>\$1,090,081</u>
Federal deposit insurance	\$ 438,492
Pledged securities	<u>651,589</u>
Total	<u>\$1,090,081</u>

Deposits in the amount of \$651,589 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Town's name. The Town does not have a policy for custodial credit risk.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Restricted Assets - Proprietary Fund Type

Restricted assets of \$30,022 at December 31, 2020 consisted of amounts owed for customer utility deposits.

(7) Receivables

Receivables at December 31, 2020 of \$123,223 consisted of the following:

	<u>General</u>	<u>Sales Tax Funds</u>	<u>Utility</u>	<u>Total</u>
Accounts, net	\$ -	\$ -	\$ 53,146	\$ 53,146
Taxes:				
Ad valorem	23,852	-	-	23,852
Franchise	17,929	-	-	17,929
Sales	<u>-</u>	<u>28,296</u>	<u>-</u>	<u>28,296</u>
Totals	<u>\$41,781</u>	<u>\$28,296</u>	<u>\$53,146</u>	<u>\$123,223</u>

(8) Due from Other Governmental Units

The amount due from other governmental units of \$102,212 consisted of the following at December 31, 2020:

Governmental activities:	
State of Louisiana - road maintenance receivable	\$ 1,525
State of Louisiana - beer tax revenues receivable	250
Coushatta Tribe of Louisiana - gaming revenues receivable	<u>100,437</u>
Total	<u>\$102,212</u>

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(9) Accounts and Other Payables

The accounts and other payables of \$64,036 consisted of the following at December 31, 2020:

	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 31,928	\$ 28,435	\$ 60,363
Accrued liabilities	<u>3,295</u>	<u>378</u>	<u>3,673</u>
Totals	<u>\$ 35,223</u>	<u>\$ 28,813</u>	<u>\$ 64,036</u>

(10) Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance 01/01/20	Additions	Deletions	Balance 12/31/20
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 77,858	\$ -	\$ -	\$ 77,858
Other capital assets:				
Buildings	542,147	-	-	542,147
Infrastructure	1,323,696	-	972	1,322,724
Equipment, furniture and fixtures	<u>825,594</u>	<u>9,783</u>	<u>172,161</u>	<u>663,216</u>
Totals	<u>2,691,437</u>	<u>9,783</u>	<u>173,133</u>	<u>2,528,087</u>
Less accumulated depreciation				
Buildings	434,487	14,226	-	448,713
Infrastructure	1,005,950	30,181	972	1,035,159
Equipment, furniture and fixtures	<u>649,735</u>	<u>47,897</u>	<u>158,882</u>	<u>538,750</u>
Total accumulated depreciation	<u>2,090,172</u>	<u>92,304</u>	<u>159,854</u>	<u>2,022,622</u>
Governmental activities, capital assets, net	<u>\$ 679,123</u>	<u>\$ (82,521)</u>	<u>\$ 13,279</u>	<u>\$ 583,323</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 24,489
Police	31,523
Highways and streets	33,922
Parks and recreation	<u>2,370</u>
Total depreciation expense	<u>\$ 92,304</u>

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

	Balance 01/01/20	Additions	Deletions	Balance 12/31/20
Business-type activities:				
Capital assets not being depreciated:				
Land - water system	\$ 10,000	\$ -	\$ -	\$ 10,000
Other capital assets:				
Water system -				
Plant and lines	1,363,657	-	-	1,363,657
Equipment	39,135	4,100	6,500	36,735
Autos and trucks	9,224	-	-	9,224
Office equipment	10,414	-	-	10,414
Sewer system -				
Plant and lines	3,278,090	-	-	3,278,090
Equipment	182,672	-	2,900	179,772
Autos and trucks	2,900	-	-	2,900
Totals	<u>4,886,092</u>	<u>4,100</u>	<u>9,400</u>	<u>4,880,792</u>
Less accumulated depreciation				
Water system	942,473	22,393	6,500	958,366
Sewer system	<u>1,491,771</u>	<u>60,857</u>	<u>2,900</u>	<u>1,549,728</u>
Total accumulated depreciation	<u>2,434,244</u>	<u>83,250</u>	<u>9,400</u>	<u>2,508,094</u>
Business-type activities, capital assets, net	<u>\$ 2,461,848</u>	<u>\$ (79,150)</u>	<u>\$ -</u>	<u>\$ 2,382,698</u>

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

Water	\$ 22,393
Sewer	<u>60,857</u>
Total depreciation expense	<u>\$ 83,250</u>

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(11) Segment Information for the Enterprise Fund

The Town of Elton maintains one enterprise fund with three departments which provide water, sewerage, and sanitation services. Segment information for the year ended December 31, 2020, was as follows:

	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Enterprise Fund</u>
Operating revenues	<u>\$177,432</u>	<u>\$ 64,938</u>	<u>\$ 130,336</u>	<u>\$ 372,706</u>
Operating expenses:				
Depreciation	22,393	60,857	-	83,250
Other	<u>162,462</u>	<u>124,394</u>	<u>90,227</u>	<u>377,083</u>
Total operating expenses	<u>184,855</u>	<u>185,251</u>	<u>134,659</u>	<u>504,765</u>
Operating income (loss)	<u>\$ (7,423)</u>	<u>\$(120,313)</u>	<u>\$ (4,323)</u>	<u>\$(132,059)</u>

(12) Changes in Long-Term Liabilities

The following is a summary of long-term liability transactions of the Town for the year ended December 31, 2020:

	<u>Balance 1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2020</u>	<u>Amount due in one year</u>
Long-term debt:					
Capital lease	<u>\$ 62,203</u>	<u>\$ -</u>	<u>\$ 23,996</u>	<u>\$ 38,207</u>	<u>\$ 25,167</u>

Capital lease payable at December 31, 2020 consisted of the following:

	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Balance Outstanding</u>
Law enforcement vehicles	<u>\$ 97,271</u>	04/23/22	4.795%	<u>\$ 38,207</u>

<u>Year ending December 31,</u>	<u>Governmental Activities Law enforcement vehicles</u>
2021	\$ 26,551
2022	13,275
Less: Amount representing interest	<u>(1,619)</u>
Present value of future minimum lease payments	<u>\$ 38,207</u>

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Vehicles under capital lease are included in capital assets at December 31, 2020 as follows:

Vehicles	\$ 97,271
Less: Accumulated depreciation	<u>(43,322)</u>
Net	<u>\$ 53,949</u>

Depreciation of vehicles under capital lease in the amount of \$19,454 for the year ended December 31, 2020 is included in depreciation expense.

(13) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended December 31, 2020 follows:

Mayor Roger D. Laughlin	<u>\$ 17,400</u>
Aldermen:	
Avella Ackless	3,550
Michael Bellon	3,550
Anthony Guillory	3,550
Brandilyn Soileau	3,550
Kesia Lemoine	<u>3,550</u>
	<u>17,750</u>
	<u>\$ 35,150</u>

(14) Compensation, Benefits and Other Payments to Mayor

A detail of compensation, benefits, and other payments made to Mayor Roger D. Laughlin for the year ended December 31, 2020 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 17,400
Travel	<u>1,729</u>
	<u>\$ 19,129</u>

(15) Pending Litigation

There was pending litigation against the Town of Elton at December 31, 2020.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(16) Water Contract

Under a contract dated January 1, 2017, the Town of Elton is required to purchase its water from the East Allen Parish Waterworks District until December 31, 2020. During the fiscal year ended December 31, 2020, the Town's water purchases amounted to \$116,721. These purchases included \$9,915 owed at December 31, 2020 for water purchased during the month of December.

(17) Interfund Receivables/Payables

A. A summary of interfund receivables and payables at December 31, 2020 follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major governmental funds:		
General Fund	\$ 9,854	\$ 96,263
Coushatta Tribe Community Grant Fund	-	9,854
1991 Sales Tax Fund	63,530	-
Proprietary funds:		
Enterprise Fund	<u>32,733</u>	<u>-</u>
Total	<u>\$ 106,117</u>	<u>\$ 106,117</u>

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

B. Transfers consisted of the following at December 31, 2020:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 451,325	\$ -
Coushatta Tribe Community Grant Fund	-	249,883
1991 Sales Tax Fund	-	149,670
1975 Sales Tax Fund	-	138,000
Proprietary Fund:		
Enterprise Fund	<u>86,228</u>	<u>-</u>
Total	<u>\$ 537,553</u>	<u>\$ 537,553</u>

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

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(18) Risk Management

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

(19) On-Behalf Payment of Salaries

The State of Louisiana paid the Town's police officers \$27,800 of supplemental pay during the year ended December 31, 2020. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(20) Risks and Uncertainties

Subsequent to February 28, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and many government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Town as of December 31, 2020, management does not believe that a material impact on the Town's financial position and results of future operations is reasonably possible.

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF ELTON, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 70,000	\$ 70,000	\$ 74,911	\$ 4,911
Licenses and permits	50,000	50,000	42,924	(7,076)
Intergovernmental	35,200	35,200	40,119	4,919
Fines and forfeits	35,000	35,000	42,471	7,471
Miscellaneous	14,030	14,030	20,517	6,487
Total revenues	<u>204,230</u>	<u>204,230</u>	<u>220,942</u>	<u>16,712</u>
Expenditures:				
Current -				
General government	192,260	192,260	198,366	(6,106)
Public safety - police	351,200	351,200	355,058	(3,858)
Highways and streets	145,300	145,300	149,669	(4,369)
Parks and recreation	3,100	3,100	3,639	(539)
Animal control	4,255	4,255	9,757	(5,502)
Capital outlay	-	-	9,783	(9,783)
Debt service	-	-	26,883	(26,883)
Total expenditures	<u>696,115</u>	<u>696,115</u>	<u>753,155</u>	<u>(57,040)</u>
Deficiency of revenues over expenditures	(491,885)	(491,885)	(532,213)	(40,328)
Other financing sources (uses):				
Transfers in	<u>425,000</u>	<u>425,000</u>	<u>451,325</u>	<u>26,325</u>
Net change in fund balance	(66,885)	(66,885)	(80,888)	(14,003)
Fund balance, beginning	<u>41,696</u>	<u>41,696</u>	<u>41,696</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (25,189)</u>	<u>\$ (25,189)</u>	<u>\$ (39,192)</u>	<u>\$ (14,003)</u>

The accompanying notes are an integral part of this schedule.

TOWN OF ELTON, LOUISIANA
Coushatta Tribe Community Grant Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Community grant revenue	\$ 350,000	\$ 350,000	\$ 401,748	\$ 51,748
Miscellaneous - interest	<u>460</u>	<u>460</u>	<u>653</u>	<u>193</u>
Total revenues	<u>350,460</u>	<u>350,460</u>	<u>402,401</u>	<u>51,941</u>
Expenditures:				
Current -				
General government:				
Professional fees	-	-	7,914	(7,914)
Repairs & Maintenance	5,000	5,000	-	5,000
Miscellaneous	<u>500</u>	<u>500</u>	<u>436</u>	<u>64</u>
Total general government	5,500	5,500	8,350	(2,850)
Public safety - police:				
Repairs and maintenance	15,000	15,000	-	15,000
Public safety - fire:				
Appropriation to Fire District - fire protection	22,000	22,000	24,105	(2,105)
Education:				
Public schools	<u>45,000</u>	<u>45,000</u>	<u>56,245</u>	<u>(11,245)</u>
Total expenditures	<u>87,500</u>	<u>87,500</u>	<u>88,700</u>	<u>(1,200)</u>
Excess of revenues over expenditures	262,960	262,960	313,701	50,741
Other financing uses:				
Transfers to General Fund	(150,000)	(150,000)	(234,883)	(84,883)
Transfers to Utility Fund	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>
Total other financing uses	<u>(150,000)</u>	<u>(150,000)</u>	<u>(249,883)</u>	<u>(99,883)</u>
Net change in fund balance	112,960	112,960	63,818	(49,142)
Fund balance, beginning	<u>657,098</u>	<u>657,098</u>	<u>657,098</u>	<u>-</u>
Fund balance, ending	<u>\$ 770,058</u>	<u>\$ 770,058</u>	<u>\$ 720,916</u>	<u>\$ (49,142)</u>

The accompanying notes are an integral part of this schedule.

TOWN OF ELTON, LOUISIANA
1991 Sales Tax Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 120,000	\$ 120,000	\$ 138,187	\$ 18,187
Miscellaneous - interest	400	400	208	(192)
Total revenues	<u>120,400</u>	<u>120,400</u>	<u>138,395</u>	<u>17,995</u>
Expenditures:				
Current -				
General government:				
Professional fees	4,500	4,500	2,380	2,120
Collection fees	2,500	2,500	2,902	(402)
Repairs & Maintenance	12,000	12,000	23,350	(11,350)
Miscellaneous	<u>1,200</u>	<u>1,200</u>	<u>-</u>	<u>1,200</u>
Total expenditures	<u>20,200</u>	<u>20,200</u>	<u>28,632</u>	<u>(8,432)</u>
Excess of revenues over expenditures	100,200	100,200	109,763	9,563
Other financing uses:				
Transfers to General Fund	<u>(150,000)</u>	<u>(150,000)</u>	<u>(149,670)</u>	<u>330</u>
Net change in fund balance	(49,800)	(49,800)	(39,907)	9,893
Fund balance, beginning	<u>262,610</u>	<u>262,610</u>	<u>262,610</u>	<u>-</u>
Fund balance, ending	<u>\$ 212,810</u>	<u>\$ 212,810</u>	<u>\$ 222,703</u>	<u>\$ 9,893</u>

The accompanying notes are an integral part of this schedule.

TOWN OF ELTON, LOUISIANA
1975 Sales Tax Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 120,000	\$ 120,000	\$ 138,187	\$18,187
Miscellaneous - interest	25	25	20	(5)
Total revenues	<u>120,025</u>	<u>120,025</u>	<u>138,207</u>	<u>18,182</u>
Expenditures:				
Current -				
General government:				
Professional fees	1,000	1,000	-	1,000
Collection fees	2,500	2,500	2,902	(402)
Miscellaneous	-	-	-	-
Total expenditures	<u>3,500</u>	<u>3,500</u>	<u>2,902</u>	<u>598</u>
Excess of revenues over expenditures	116,525	116,525	135,305	18,780
Other financing uses:				
Transfers to General Fund	<u>(125,000)</u>	<u>(125,000)</u>	<u>(138,000)</u>	<u>(13,000)</u>
Net change in fund balance	(8,475)	(8,475)	(2,695)	5,780
Fund balance, beginning	<u>29,416</u>	<u>29,416</u>	<u>29,416</u>	<u>-</u>
Fund balance, ending	<u>\$ 20,941</u>	<u>\$ 20,941</u>	<u>\$ 26,721</u>	<u>\$ 5,780</u>

The accompanying notes are an integral part of this schedule.

TOWN OF ELTON, LOUISIANA

Notes to Required Supplementary Information

(1) Budget and Budgetary Accounting

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

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

(2) Excess of Expenditures over Appropriations

The General Fund, Coushatta Tribe Community Grant Fund, and 1991 Sales Tax Fund incurred expenditures in excess of appropriations totaling \$57,040, \$1,200, and \$8,432, respectively, for the year ended December 31, 2020.

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

TOWN OF ELTON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended December 31, 2020
With Comparative Actual Amounts for the Year Ended December 31, 2019

	2020				
	Budget			Variance with Final Budget	2019
	Original	Final	Actual	Positive (Negative)	Actual
Taxes:					
Ad valorem	\$ 21,000	\$ 21,000	\$ 26,595	\$ 5,595	\$ 24,899
Franchise tax	49,000	49,000	48,316	(684)	54,632
Total taxes	70,000	70,000	74,911	4,911	79,531
Licenses and permits:					
Occupational licenses	50,000	50,000	42,924	(7,076)	48,623
Intergovernmental:					
State of Louisiana -					
State revenue sharing	5,000	5,000	4,593	(407)	4,563
Grants	-	-	965	965	11,500
Beer taxes	1,200	1,200	1,513	313	1,447
Video poker	3,000	3,000	1,309	(1,691)	3,766
Housing Authority	-	-	3,939	3,939	-
Supplemental pay	26,000	26,000	27,800	1,800	28,766
Total intergovernmental	35,200	35,200	40,119	4,919	50,042
Fines and court costs	35,000	35,000	42,471	7,471	41,564
Miscellaneous:					
Interest income	30	30	29	(1)	29
Rent	7,000	7,000	14,250	7,250	7,250
Other sources	7,000	7,000	6,238	(762)	11,128
Total miscellaneous	14,030	14,030	20,517	6,487	18,407
Total revenues	\$204,230	\$204,230	\$220,942	\$ 16,712	\$238,167

TOWN OF ELTON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2020
With Comparative Actual Amounts for the Year Ended December 31, 2019

	2020			Variance with	
	Budget			Final Budget	
	Original	Final	Actual	Positive (Negative)	2019 Actual
Current:					
General government -					
Coroner fees	\$ 2,000	\$ 2,000	\$ 1,100	\$ 900	\$ 1,350
Dues and subscriptions	1,200	1,200	4,322	(3,122)	2,348
Insurance	37,000	37,000	44,350	(7,350)	36,594
Janitorial supplies	1,500	1,500	596	904	1,877
Legal and professional	18,000	18,000	19,656	(1,656)	21,107
Miscellaneous	10,000	10,000	2,551	7,449	9,737
Office expenditures	3,600	3,600	2,970	630	5,141
Payroll taxes	26,000	26,000	16,849	9,151	15,077
Publishing and recording	7,000	7,000	4,260	2,740	7,296
Supplies	2,200	2,200	4,756	(2,556)	2,072
Salaries	70,000	70,000	83,558	(13,558)	93,791
Telephone	3,000	3,000	2,780	220	2,425
Meetings, workshops, and conventions	4,560	4,560	1,495	3,065	3,933
Repairs and maintenance	2,200	2,200	5,743	(3,543)	5,208
Utilities	4,000	4,000	3,380	620	3,075
Total general government	192,260	192,260	198,366	(6,106)	211,031
Public safety - police -					
Auto expenditures	18,000	18,000	14,669	3,331	18,632
Dues and subscriptions	-	-	197	(197)	190
Insurance	17,000	17,000	10,499	6,501	17,245
Salaries	250,000	250,000	279,736	(29,736)	274,545
Miscellaneous	2,000	2,000	2,556	(556)	3,752
Payroll taxes	19,000	19,000	21,348	(2,348)	23,239
Prisoners' expenditures	4,500	4,500	3,140	1,360	4,665
Supplies	8,000	8,000	2,074	5,926	4,287
Repairs and maintenance	21,000	21,000	9,316	11,684	16,595
Meetings, workshops, and conventions	3,000	3,000	1,034	1,966	3,463
State court costs	1,000	1,000	1,151	(151)	1,479
Training academy	500	500	360	140	400
Telephone and utilities	5,000	5,000	5,603	(603)	5,523
Uniforms	2,200	2,200	3,375	(1,175)	2,609
Total public safety	351,200	351,200	355,058	(3,858)	376,624

(continued)

TOWN OF ELTON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended December 31, 2020
With Comparative Actual Amounts for the Year Ended December 31, 2019

	2020				
	Budget			Variance with Final Budget Positive (Negative)	2019 Actual
	Original	Final	Actual		
Highways and streets -					
Auto expenditures	6,800	6,800	5,258	1,542	7,225
Insurance	8,500	8,500	6,896	1,604	6,875
Miscellaneous	3,000	3,000	2,411	589	2,352
Payroll taxes	7,000	7,000	6,304	696	6,453
Repairs and maintenance	12,000	12,000	8,520	3,480	13,132
Salaries	77,000	77,000	83,366	(6,366)	80,344
Supplies	12,000	12,000	12,294	(294)	12,714
Utilities	19,000	19,000	24,620	(5,620)	20,389
Total highways and streets	<u>145,300</u>	<u>145,300</u>	<u>149,669</u>	<u>(4,369)</u>	<u>149,484</u>
Parks and recreation -					
Repairs and maintenance	500	500	969	(469)	1,214
Miscellaneous	200	200	-	200	26
Supplies	400	400	17	383	37
Utilities	2,000	2,000	2,653	(653)	1,881
Total parks and recreation	<u>3,100</u>	<u>3,100</u>	<u>3,639</u>	<u>(539)</u>	<u>3,158</u>
Animal control -					
Insurance	150	150	110	40	100
Payroll taxes	400	400	469	(69)	447
Salaries	1,000	1,000	5,984	(4,984)	5,848
Supplies	1,025	1,025	1,447	(422)	1,463
Repairs and maintenance	680	680	922	(242)	2,052
Auto expense	-	-	825	(825)	813
Miscellaneous	1,000	1,000	-	1,000	-
Total animal control	<u>4,255</u>	<u>4,255</u>	<u>9,757</u>	<u>(5,502)</u>	<u>10,723</u>
Capital outlay:					
Public safety - police -					
Vehicles and equipment	-	-	5,720	(5,720)	17,558
Highways and streets -					
Equipment	-	-	4,063	(4,063)	40,395
Total capital outlay	<u>-</u>	<u>-</u>	<u>9,783</u>	<u>(9,783)</u>	<u>57,953</u>
Debt service:					
Principal	-	-	23,996	(23,996)	17,261
Interest	-	-	2,887	(2,887)	2,652
Total debt service	<u>-</u>	<u>-</u>	<u>26,883</u>	<u>(26,883)</u>	<u>19,913</u>
Total expenditures	<u>\$ 696,115</u>	<u>\$ 696,115</u>	<u>\$ 753,155</u>	<u>\$ (57,040)</u>	<u>\$ 828,886</u>

TOWN OF ELTON, LOUISIANA

Justice System Funding Schedule - Collecting/Disbursing Entity

As Required by Act 87 of the 2020 Regular Legislative Session

Cash Basis Presentation

For the Year Ended December 31, 2020

	First Six Month Period Ended 6/30/2020	First Six Month Period Ended 12/31/2020
Beginning Balance of Amounts Collected (i.e. cash on hand)	<u>\$ -</u>	<u>\$ -</u>
Add: Collections		
Criminal Fines - Other	<u>20,429</u>	<u>22,043</u>
Subtotal Collections	<u>20,429</u>	<u>22,043</u>
Less: Disbursements To Governments & Nonprofits:		
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund, Criminal Fines - Other	205	445
Louisiana Commission on Law Enforcement Crim Victims Reparation Fund, Criminal Fines - Other	88	200
Louisiana Supreme Court - Louisiana Judicial College, Criminal Fines - Other	21	47
Treasurer, State of Louisiana - Trail Court Case Management Information System, Criminal Fines - Other	46	100
Less: Amounts Retained by Collecting Agency		
Criminal Fines - Other	<u>20,069</u>	<u>21,251</u>
Subtotal Disbursements/Retainage	<u>20,429</u>	<u>22,043</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	<u>\$ -</u>	<u>\$ -</u>

TOWN OF ELTON, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
December 31, 2020

Records maintained by the Town indicated the following number of customers were being served during the months of December, 2020 and 2019:

<u>Department</u>	<u>2020</u>	<u>2019</u>
Water (metered)	503	509
Sewer	479	484
Garbage	471	469

TOWN OF ELTON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Operating Expenses by Department
For the Year Ended December 31, 2020
With Comparative Actual Amounts for the Year Ended December 31, 2019

	<u>2020</u>	<u>2019</u>
Water department:		
Bad debt (recovery)	\$ 6,688	\$ (4,666)
Depreciation	22,393	22,188
Insurance	587	504
Legal and professional fees	13,031	10,970
Licenses and permits	251	30
Miscellaneous	7,892	7,991
Office expense and supplies	3,355	3,551
Repairs and maintenance	7,347	2,465
Supplies	5,723	3,711
Truck expense	558	778
Utilities	309	1,092
Water purchases	<u>116,721</u>	<u>107,394</u>
Total water department	<u>184,855</u>	<u>156,008</u>
Sewer department:		
Bad debt (recovery)	2,369	(1,893)
Depreciation	60,857	72,369
Insurance	4,425	4,511
Legal and professional fees	1,040	-
Licenses and permits	922	1,302
Miscellaneous	-	11
Payroll taxes	2,209	2,220
Repairs and maintenance	15,622	16,193
Salaries	28,758	27,757
Supplies	40,234	34,724
Sewer analysis	8,656	5,713
Truck expense	965	1,057
Utilities	<u>19,194</u>	<u>20,401</u>
Total sewer department	<u>185,251</u>	<u>184,365</u>
Sanitation department:		
Bad debt (recovery)	4,877	(3,054)
Collection fees	<u>129,782</u>	<u>108,259</u>
Total sanitation department	<u>134,659</u>	<u>105,205</u>
Total operating expenses	<u><u>\$ 504,765</u></u>	<u><u>\$ 445,578</u></u>

TOWN OF ELTON, LOUISIANA

Schedule of Insurance in Force

(Unaudited)

December 31, 2020

Description of Coverage	Coverage Amounts
Workmen's Compensation:	Statutory
Employer's liability - accident	\$ 100,000
Sewer equipment coverage	306,696
Surety Bonds:	
Mayor/Council	60,000
Town clerk	10,000
Assistant town clerk	10,000
Ticket clerk	10,000
Fire and wind coverage on Town of Elton buildings:	
Building frame	206,770
City hall and police station	596,680
Contents of city hall and police station	50,000
Building non-combustible	319,030
Law enforcement and officer liability:	
All coverage (other than products - completed	
operations and errors and omissions injury) aggregate	500,000
Error or omission, aggregate	500,000
Automobile coverage:	
Automobile liability, aggregate	500,000
Automobile physical damage, per occurrence	1,500,000
Commercial:	
General liability, aggregate	500,000

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
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

Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

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. 1201 David Dr.
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

WWW.KCSRCPAS.COM

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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated May 11, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2020-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2020-002 and 2020-003.

Town of Elton, Louisiana's Response to Findings

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

Purpose of this Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
May 11, 2021

TOWN OF ELTON, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2020

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

A. Internal Control Over Financial Reporting

2020-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

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

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

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

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

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

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

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

TOWN OF ELTON, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2020

B. Compliance

2020-002 Noncompliance with Budget Act

Fiscal year finding initially occurred: 2020

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

CRITERIA: LSA-RS 39:1305(E) states that when preparing and/or amending budgets, the total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing fiscal year.

CAUSE: The cause of the condition was an error made when entering the beginning fund balance available into the budget document.

EFFECT: The original proposed budget adopted for the General Fund proposed expenditures exceeding funds available for the ensuing fiscal year by \$25,189. The Town did not amend the General Fund budget.

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

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

2020-003 Noncompliance with Budget Act

Fiscal year finding initially occurred: 2020

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

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

TOWN OF ELTON, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2020

CAUSE: The Town failed to properly monitor the expenditures of the General Fund and the 1991 Sales Tax Special Revenue Fund.

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

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

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

C. Management Letter

A management letter was issued related to Town's Utility Fund operating losses and deficit fund balance in the General Fund.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting and Compliance

2019-001 Inadequate Segregation of Accounting Functions

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

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

CURRENT STATUS: Unresolved. See item 2020-001.

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
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

Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

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. 1201 David Dr.
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

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, 2020, and submit the following recommendations for your consideration:

- (1) The Utility Fund experienced an operating loss during the current year. Failure to make a profit on utility sales could result in the Town not having resources to pay current expenses. The Town should consider increasing utility rates and/or decreasing expenses in order for the utility system to operate on a profitable basis.
- (2) The General Fund experienced a deficit during the current year of \$80,888 resulting in a fund balance deficit of \$39,192. The Town should evaluate operations to determine methods to increase revenues and/or reduce expenditures in order to operate at a surplus.

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
May 11, 2021