

Town of Cullen  
Cullen, Louisiana

Annual Financial Statements  
For the Year Ended June 30, 2021

Town of Cullen  
 Annual Financial Statements  
 For the Year Ended June 30, 2021  
 With Supplemental Information Schedules

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**Wade & Perry, CPAs**  
A Professional Accounting Corporation  
Members: AICPA/ Society of LCPA's

Independent Auditor's Report

Mayor and Board of Aldermen  
Town of Cullen  
Cullen, LA

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cullen ("Town"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

***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 entity'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 entity'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 financial position of the Town of Cullen, as of June 30, 2021, and the 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***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States requires 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.

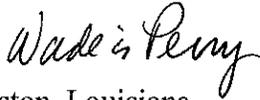
Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 27 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits, and other payments to agency head on page 31 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated November 21, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the 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's internal control over financial reporting and compliance.



Ruston, Louisiana  
November 21, 2024

Town of Cullen, Louisiana  
Statement of Net Position  
June 30, 2021

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash and cash investments	\$209,010	\$375,110	\$584,120
Investments	80,191	75,396	155,587
Receivables	32,500	35,435	67,935
Internal balances	182,822	(182,822)	0
Prepaid assets	1,922		1,922
Inventory		10,331	10,331
Restricted assets		51,392	51,392
Other assets		2,125	2,125
Capital assets (net)	569,849	2,310,003	2,879,852
<b>TOTAL ASSETS</b>	<b>\$1,076,294</b>	<b>\$2,676,970</b>	<b>\$3,753,264</b>
Deferred outflows of resources	0	0	0
<b>LIABILITIES</b>			
Current liabilities:			
Accounts, salaries, and other payables	\$52,060	\$4,847	\$56,907
Noncurrent liabilities:			
Compensated absences payable	461	8,390	8,851
Customer deposits		39,722	39,722
<b>TOTAL LIABILITIES</b>	<b>52,521</b>	<b>52,959</b>	<b>105,480</b>
Deferred inflows of resources	0	0	0
<b>NET POSITION</b>			
Net investment in capital assets	569,849	2,310,003	2,879,852
Restricted	210,473	39,722	250,195
Unrestricted	243,451	274,286	517,737
<b>TOTAL NET POSITION</b>	<b>\$1,023,773</b>	<b>\$2,624,011</b>	<b>\$3,647,784</b>

The accompanying notes are an integral part of this statement.

Town of Cullen, Louisiana  
Statement of Activities  
Year Ended June 30, 2021

	Program Revenues			Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities
Governmental Activities:						
General government	\$163,133				(\$163,133)	(\$163,133)
Public safety	118,760	\$11,055			(107,705)	(107,705)
Highways and streets	22,843				(22,843)	(22,843)
Sanitation and health	73,649	80,936			7,287	7,287
Culture and recreation	3,865				(3,865)	(3,865)
Total governmental activities	<u>382,250</u>	<u>91,991</u>	<u>0</u>	<u>0</u>	<u>(290,259)</u>	<u>0</u>
Business-type activities						
Water	244,475	115,353				(129,122)
Sewer	275,669	138,763				(136,906)
Total business-type activities	<u>520,144</u>	<u>254,116</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(266,028)</u>
Total primary government	<u>\$902,394</u>	<u>\$346,107</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$290,259)</u>	<u>(\$266,028)</u>
General revenues:						
Ad valorem taxes levied for general purposes					20,031	20,031
Sales taxes					121,754	121,754
Licenses and permits					43,248	43,248
Investment earnings					137	174
Other general revenues					62,775	62,775
Gain (loss) on sale of asset					0	0
Transfers					84,682	(84,682)
Total general revenues and transfers					<u>332,627</u>	<u>(84,508)</u>
Change in Net Position					42,368	(350,536)
Net Position - beginning					981,405	2,974,544
Prior period adjustment					0	0
Net Position - ending					<u>\$1,023,773</u>	<u>\$2,624,008</u>
						<u>\$3,647,781</u>

The accompanying notes are an integral part of this statement.

Town of Cullen, Louisiana  
 Balance Sheet, Governmental Funds  
 June 30, 2021

	General Fund	Two Percent Sales Tax Fund	Non-major One-half Percent Sales Tax Fund	Non- major CDBG Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and equivalents	\$32,532	\$95,130	\$81,206	\$142	\$209,010
Investments	698	574	78,919		80,191
Receivables	22,279	8,177	2,044		32,500
Due from other funds	182,821		48,304		231,125
Prepaid assets	1,922				1,922
<b>TOTAL ASSETS</b>	<b>\$240,252</b>	<b>\$103,881</b>	<b>\$210,473</b>	<b>\$142</b>	<b>\$554,748</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts, salaries, and other payables	\$52,060				\$52,060
Due to other funds	6,051	42,252			48,303
Due to other governments					0
<b>Total liabilities</b>	<b>58,111</b>	<b>42,252</b>	<b>0</b>	<b>0</b>	<b>100,363</b>
Deferred inflows of resources	2,178				2,178
<b>Fund balances:</b>					
Nonspendable	1,922				1,922
Restricted			210,473		210,473
Unassigned	178,041	61,629		\$142	239,812
<b>Total fund balances</b>	<b>179,963</b>	<b>61,629</b>	<b>210,473</b>	<b>142</b>	<b>452,207</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$240,252</b>	<b>\$103,881</b>	<b>\$210,473</b>	<b>\$142</b>	<b>\$554,748</b>

The accompanying notes are an integral part of this statement.

Town of Cullen, Louisiana  
 Reconciliation of The Governmental Funds Balance Sheet  
 to The Government-Wide Financial Statement of Net Position  
 June 30, 2021

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Fund balances, Total governmental funds (Statement C)		\$452,207
Liabilities including bonds payable are not due and payable in the current period and therefore, are not reported in the governmental funds:		
Other liabilities		
Compensated absences		(461)
Receivables which are not available to pay for current period expenditures and therefore are unavailable in the funds		2,178
Pension related changes in net pension liability that are only reported in the Statement of Net Position as deferred inflows		0
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital asset	\$1,510,905	
Less accumulated depreciation	<u>(941,056)</u>	<u>569,849</u>
Net Position of Governmental Activities (Statement A)		<u><u>\$1,023,773</u></u>

The accompanying notes are an integral part of this statement.

Town of Cullen, Louisiana  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2021

	General Fund	Two Percent Sales Tax Fund	Non-major One-half Percent Sales Tax Fund	Non-major CDBG Fund	Total Governmental Funds
<b>REVENUES</b>					
Taxes:					
Ad valorem	\$20,031				\$20,031
Sales and use		\$97,403	\$24,351		121,754
Licenses and permits	43,248				43,248
Charges for services	80,936				80,936
Intergovernmental revenues:					
State/parish	5,825				5,825
Grants					0
Fines and forfeitures	11,056				11,056
Investment earnings	2	7	128		137
Other revenues	20,022				20,022
Uncategorized revenues	36,928				36,928
Total Revenues	<u>218,048</u>	<u>97,410</u>	<u>24,479</u>	<u>0</u>	<u>339,937</u>
<b>EXPENDITURES</b>					
General government	135,896	1,364	342		137,602
Culture and recreation					0
Public safety	96,989				96,989
Highways and streets	1,254				1,254
Sanitation and health	73,649				73,649
Uncategorized expenditures	12,200				12,200
Capital outlay					0
Total Expenditures	<u>319,988</u>	<u>1,364</u>	<u>342</u>	<u>0</u>	<u>321,694</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(101,940)	96,046	24,137		18,243
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of assets					0
Transfers in	314,131		35,800		349,931
Transfers out	(25,669)	(135,033)	(104,547)		(265,249)
Total Other Financing Sources (Uses)	<u>288,462</u>	<u>(135,033)</u>	<u>(68,747)</u>	<u>0</u>	<u>84,682</u>
Net Change in Fund Balance	186,522	(38,987)	(44,610)	0	102,925
Prior period adjustment					0
Fund Balance – beginning	<u>(6,559)</u>	<u>100,616</u>	<u>255,083</u>	<u>142</u>	<u>349,282</u>
Fund Balance – ending	<u>\$179,963</u>	<u>\$61,629</u>	<u>\$210,473</u>	<u>\$142</u>	<u>\$452,207</u>

The accompanying notes are an integral part of this statement.

Town of Cullen, 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 June 30, 2021

Amounts reported for governmental activities in the Statement of Activities are different because:	
Net Change in Fund Balances, Total governmental funds (Statement E)	\$102,925
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$0) exceeded depreciation (\$60,432) in the current period.	(60,432)
Governmental funds are not required to report gain or loss on disposition of assets. This is the amount of capital assets disposed of during the year	0
Revenues that are not available to pay current obligations are not reported in the fund financial statements, but they are presented as revenues in the Statement of Activities	0
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	<u>(125)</u>
Change in Net Position of Governmental Activities, (Statement B)	<u><u>\$42,368</u></u>

The accompanying notes are an integral part of this statement.

Town of Cullen, Louisiana  
Statement of Net Position, Proprietary Funds  
June 30, 2021

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Totals
<b>ASSETS</b>			
Current assets:			
Cash and cash investments	\$122,675	\$252,435	\$375,110
Investments	31,340	44,056	75,396
Accounts receivable - customers	18,228	17,207	35,435
Due from other funds	62,670	3,832	66,502
Supplies inventory	10,331		10,331
Total current assets	<u>245,244</u>	<u>317,530</u>	<u>562,774</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash investments	24,738		24,738
Investments	26,654		26,654
Other assets	1,200	925	2,125
Capital assets (net of accumulated depreciation)	<u>1,016,775</u>	<u>1,293,228</u>	<u>2,310,003</u>
Total noncurrent assets	<u>1,069,367</u>	<u>1,294,153</u>	<u>2,363,520</u>
<b>TOTAL ASSETS</b>	<u><b>\$1,314,611</b></u>	<u><b>\$1,611,683</b></u>	<u><b>\$2,926,294</b></u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts, salaries, and other payables	\$1,363	\$3,484	\$4,847
Due to other funds	<u>114,536</u>	<u>134,788</u>	<u>249,324</u>
Total current liabilities	<u>115,899</u>	<u>138,272</u>	<u>254,171</u>
Noncurrent liabilities:			
Compensated absences payable	<u>4,195</u>	<u>4,195</u>	<u>8,390</u>
Total noncurrent liabilities	<u>4,195</u>	<u>4,195</u>	<u>8,390</u>
Liabilities payable from restricted assets	<u>39,722</u>		<u>39,722</u>
Total liabilities	<u>159,816</u>	<u>142,467</u>	<u>302,283</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	1,016,775	1,293,228	2,310,003
Restricted net position	39,722		39,722
Unrestricted	<u>98,298</u>	<u>175,988</u>	<u>274,286</u>
<b>TOTAL NET POSITION</b>	<u><b>\$1,154,795</b></u>	<u><b>\$1,469,216</b></u>	<u><b>\$2,624,011</b></u>

The accompanying notes are an integral part of this statement.

Town of Cullen, Louisiana  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Totals
Operating Revenues			
Charges for services:			
Water	\$115,353		\$115,353
Sewerage		\$138,763	138,763
Penalties/service charges			0
Other charges for services			0
Total Operating Revenues	<u>115,353</u>	<u>138,763</u>	<u>254,116</u>
Operating Expenses			
Personnel services	85,239	79,921	165,160
Materials and supplies	29,340	7,309	36,649
Insurance claims and expenses	14,280	63,765	78,045
Repairs and maintenance	9,450	6,580	16,030
Other services and charges	27,988		27,988
Bad debt expense			0
Depreciation	<u>78,178</u>	<u>118,094</u>	<u>196,272</u>
Total Operating Expenses	<u>244,475</u>	<u>275,669</u>	<u>520,144</u>
Operating income (loss)	(129,122)	(136,906)	(266,028)
Nonoperating revenue (expenses)			
Interest earnings	91	83	174
Other income			0
Capital grants			0
Total Nonoperating Revenue (Expenses)	<u>91</u>	<u>83</u>	<u>174</u>
Income before contributions and transfers	(129,031)	(136,823)	(265,854)
Transfers in	72,142		72,142
Transfers out	<u>(90,026)</u>	<u>(66,798)</u>	<u>(156,824)</u>
Change in Net Position	(146,915)	(203,621)	(350,536)
Total Net Position - Beginning	1,301,710	1,672,834	2,974,544
Prior period adjustment			0
Total Net Position - Ending	<u>\$1,154,795</u>	<u>\$1,469,213</u>	<u>\$2,624,008</u>

The accompanying notes are an integral part of this statement.

Town of Cullen, Louisiana  
Statement of Cash Flows, Proprietary Funds  
For the Year Ended June 30, 2021

	Business Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Totals
Cash Flows from Operating Activities			
Receipts from customers and users	\$151,708	\$132,291	\$283,999
Other operating cash receipts	80,864	79,875	160,739
Payments to suppliers	(148,192)	(83,380)	(231,572)
Other operating cash payments	(74,198)	(74,197)	(148,395)
Payments to employees			0
Net Cash Provided by Operating Activities	<u>10,182</u>	<u>54,589</u>	<u>64,771</u>
Cash Flows from Noncapital Financing Activities			
Prior period adjustment			0
Transfer from (to) other funds	<u>(17,884)</u>	<u>(66,798)</u>	<u>(84,682)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(17,884)</u>	<u>(66,798)</u>	<u>(84,682)</u>
Cash Flows from Capital and Related Financing Activities			
Purchases of capital assets	(6,500)	0	(6,500)
Grant proceeds	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(6,500)</u>	<u>0</u>	<u>(6,500)</u>
Cash Flows from Investing Activities			
Investments Redeemed (Reinvested)	24,920	19,938	44,858
Interest and dividends received	<u>91</u>	<u>83</u>	<u>174</u>
Net Cash Provided by Investing Activities	<u>25,011</u>	<u>20,021</u>	<u>45,032</u>
Net Increase in Cash and equivalents	10,809	7,812	18,621
Cash and equivalents, Beginning of Year	<u>136,604</u>	<u>244,623</u>	<u>381,227</u>
Cash and equivalents, End of Year	<u>\$147,413</u>	<u>\$252,435</u>	<u>\$399,848</u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities			
Operating income	(\$129,122)	(\$136,906)	(\$266,028)
Depreciation expense	78,178	118,094	196,272
(Increase) decrease in accounts receivable	37,392	(5,687)	31,705
(Increase) decrease in other assets	(1,037)	(785)	(1,822)
(Increase) decrease in due from/to other funds	79,876	79,875	159,751
Increase (decrease) in compensated absences payable	0	0	0
Increase (decrease) in customer deposits	988	0	988
Increase (decrease) in accounts payable	<u>(56,093)</u>	<u>(2)</u>	<u>(56,095)</u>
Net Cash Provided by Operating Activities	<u>\$10,182</u>	<u>\$54,589</u>	<u>\$64,771</u>
Reconciliation of total cash and cash investments:			
Current assets - cash and cash investments	\$122,675	\$252,435	\$375,110
Restricted assets - cash and cash investments	<u>24,738</u>	<u>0</u>	<u>24,738</u>
Total cash and cash investments	<u>\$147,413</u>	<u>\$252,435</u>	<u>\$399,848</u>

The accompanying notes are an integral part of this statement.

Town of Cullen, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

## INTRODUCTION

The Town of Cullen was incorporated June 16, 1955 under the provisions of the Lawrason Act and is located in northern Webster parish. The Town operates under a Mayor-Board of aldermen form of government and provides the following services as authorized by its charter: general administrative services, public safety (police), highways and streets, sanitation, health and social services, culture-recreation, public improvements, and planning and zoning. The Board of Aldermen is made up of five members who are elected by the citizens of Cullen to serve four-year terms. They are compensated for their services.

The accounting and reporting policies of the Town of Cullen conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the *Louisiana Municipal Audit and Accounting Guide* and to the industry audit guide, *Audits of State and Local Governmental Units*.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

In June, 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Town's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Town's activities, including infrastructure (if any).
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

Town of Cullen, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charge to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Town of Cullen, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Two percent sales tax fund accounts for the receipt and use of the municipality's two (2%) sales and use tax levied by the Town of Cullen to be used for any lawful purpose for the Town.

The Town reports the following major proprietary funds:

The Water fund accounts for the receipts and use of the municipality's water system.

The Sewer fund accounts for the receipts and use of the municipality's sewer system.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

#### C. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed

Town of Cullen, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

securities. Investments for the Town are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

In the government-wide statements, receivable consists of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, police fines, and grants.

Business-type activities report utilities as their major receivable. The Town considers substantially all customers' utility receivables and other receivables to be fully collectible; accordingly, an allowance for doubtful accounts is not required. If amounts become uncollectible, in the opinion of management, they are charged to operations at that time.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, grants and other intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned and only if paid within 30 days since they would be considered both measurable and available.

Ad valorem taxes

For the year ended June 30, 2021, taxes of 8.99 mills were levied on property with assessed valuations totaling 2,181,420 and were dedicated as follows:

General corporate purposes	9.84 mills
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Ad valorem taxes attach as an enforceable lien on the valuation of property as of January 1 of each year. The Town bills and collects its property taxes using the assessed values determined by the tax assessor of Webster Parish. Total taxes levied were \$19,612.

The following are the principal taxpayers and related property tax revenue for the Town:

Town of Cullen, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

<u>Taxpayer</u>	<u>Type of business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad valorem Tax Revenue for Municipality</u>
Entergy Louisiana LLC	utility company	140,510	6.44%	\$1,263
Centerpoint Energy Arkla	utility company	111,220	5.10%	1,000
Total		<u>251,730</u>	<u>11.54%</u>	<u>\$2,263</u>

Sales taxes

The voters of the Town approved a 1% sales and use tax on January 20, 1970. The proposition approved by the voters specifies that the revenues may be used for any lawful corporate purpose. On November 21, 1987, the voters approved a ½% sales and use tax which specifies that the revenue may be used for the purpose of constructing, operating and maintaining the sewer system, waterworks, garbage collection and waste disposal facilities, fire department stations and related facilities, public parks and related facilities, and streets, alleys, sidewalks and bridges and for payment of salaries of non-elected municipal employees.

On April 29, 1995, the voters approved an additional 1% sales and use tax which specifies that revenue may be used for any lawful purpose for the Town including issuance of bonds to pay the costs of any lawful capital improvements for the Town.

E. Restricted Assets

Restricted assets include cash and cash investments in the Proprietary funds which are restricted to their use. These restrictions are principally related to requirements of loan issues and utility meter deposits. Restricted assets in the General Fund include cash and investments to repay unused bond proceeds and grant funds to be spent in the next fiscal year. It is the Town's policy to use restricted assets before unrestricted assets for their intended purposes.

F. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), 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 cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$2,500 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Roads, bridges, & infrastructure	25-50 years
Land improvements	10-30 years
Buildings and improvements	10-40 years

Town of Cullen, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

Improvements other than buildings	10-33 years
Furniture and fixtures	5-15 years
Vehicles	5-15 years
Equipment	5-10 years

G. Compensated Absences

The Town has the following policy relating to vacation and sick leave:

Employees are allowed to accrue ten days of sick leave each year. Employees can be paid sick leave only when sick. Since the employees' accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future illnesses and such amounts cannot be reasonably estimated, a liability for unused sick leave is not recorded in the financial statements.

Employees are granted annual leave as follows:

> 3 years of service	5 days (40 hours)
3-8 years of service	10 days (80 hours)
> 8 years of service	15 days (120 hours)

Annual leave is granted to each employee on their anniversary date of employment based on years of service. No carryover is allowed for annual leave. Upon termination of employment, an employee will be paid for unused vacation as of the termination date.

Employees are also eligible to accumulate comp time. Comp time is overtime hours that the employee works which are accumulated to be taken at a later date. Any hours worked by an employee which is over the regular time of forty (40) hours are equal to one and one-half (1 ½) hours of comp time. Upon termination, an employee is paid for unused comp time. Comp time is carried forward indefinitely until used or paid to the employee.

Both annual leave and comp time are recognized as liabilities as the benefits are earned by the employees when both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to the services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

Town of Cullen, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

H. Long-term obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. The long-term debt consists primarily of accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures.

I. Fund Equity

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 with by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt"

Proprietary fund equity is classified in the same manner as in the government-wide statements. In the fund financial statements, governmental fund equity is classified as fund balance.

Fund balances of the governmental funds are classified as follow:

*Nonspendable* - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors contributors, or laws or regulations of other governments.

*Committed* - amounts constrained to specific purpose by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

*Assigned* - amounts the government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

*Unassigned* - all other spendable amounts.

Town of Cullen, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

As of June 30, 2021, fund balances are composed of the following:

	General Fund	Sales Tax 2%	Sales Tax 1/2%	CDBG Fund
Nonspendable:				
Prepaid items	\$1,922			
Restricted:				
Other purposes			\$210,473	
Unassigned	178,041	\$61,629		\$142
Total fund balances	\$179,963	\$61,629	\$210,473	\$142

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from the estimates.

K. 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. To handle such risk of loss, the Town maintains commercial insurance policies covering its vehicles, professional liability and surety bond coverage. No claims were paid on any of the policies which exceeded to policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2021.

L. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

*BUDGET INFORMATION* The Town uses the following budget practices:

The Town follows the following procedures in establishing the budgetary data reflected in the financial statements. No later than fifteen (15) days prior to the beginning of each fiscal year, the Town clerk submits to the mayor and board of aldermen a proposed operating budget for the fiscal year commencing the following July 1. The public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. 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. Budgetary amendments involving the transfer of funds from one department, program or function

Town of Cullen, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

to another or involving increases or decreases in expenditures resulting from revenues exceeding or failing to meet amounts estimated require the approval of the Board of Aldermen.

All budgetary appropriations lapse at the end of each fiscal year. Budgets for the General and Special Revenue Funds are adopted on a modified accrual basis for the year ended June 30, 2021. Budgeted amounts, as originally adopted, are amended from time to time by the Board of Aldermen. The General Fund and Special Funds were adopted after the fiscal year began. The General Fund and Special Funds were amended after the fiscal year ended.

### 3. CASH AND CASH EQUIVALENTS

At June 30, 2021, the Town has cash and cash equivalents (book balances) totaling \$608,858 as follows:

Petty cash	\$300
Interest-bearing accounts	0
Demand deposits	111,337
Certificates of deposit	<u>497,221</u>
Total	<u><u>\$608,858</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2021, the Town has \$625,462 in deposits (collected bank balances). These deposits are secured from risk by \$378,241 of federal deposit insurance and \$87,263 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3). The balance of \$159,958 is uncollateralized.

Even though pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

### 4. INVESTMENTS

Investments held at the Town consist of \$182,241 (current assets of \$155,587 and restricted assets of \$26,654) in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Cod Sec. I50.126, the investment in LAMP at the Town is not categorized in the three risk categories provided by GASB Cod Sec. I50.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA - R.S. 33:2955. Accordingly, LAMP

Town of Cullen, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

#### 5. RECEIVABLES

The receivables of \$32,500 at June 30, 2021, within the governmental funds are as follows:

Class of Receivable	General Fund	Special Revenue Funds	Total
Taxes:			
Ad valorem			\$0
Franchise	\$2,754		2,754
Garbage service (net of allowance)	6,107		6,107
Other	13,418	\$10,221	23,639
Total	<u>\$22,279</u>	<u>\$10,221</u>	<u>\$32,500</u>

#### 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2021 is as follows:

	Interfund Receivables	Interfund payable
General fund	\$182,821	\$6,051
2% sales tax fund		42,252
½% sales tax fund	48,304	
Enterprise funds	66,502	249,324
Total	<u>\$297,627</u>	<u>\$297,627</u>

Town of Cullen, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

7. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2021, for the primary government is as follows:

	Beginning Balance	Adjustments	Increases	Decreases	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$111,393				\$111,393
Construction in progress	0				0
Total capital assets not being depreciated	<u>111,393</u>		<u>0</u>	<u>0</u>	<u>111,393</u>
Capital assets being depreciated:					
Buildings	497,035				497,035
Improvements other than buildings	165,548				165,548
Equipment	104,449				104,449
Vehicles	302,539			(19,797)	282,742
Infrastructure	349,738				349,738
Total capital assets being depreciated	<u>1,419,309</u>		<u>0</u>	<u>(19,797)</u>	<u>1,399,512</u>
Less accumulated depreciation for:	<u>900,421</u>		<u>60,432</u>	<u>(19,797)</u>	<u>941,056</u>
Total capital assets being depreciated, net	<u>\$630,281</u>	<u>\$0</u>	<u>(\$60,432)</u>	<u>\$0</u>	<u>\$569,849</u>

Depreciation expense of \$60,432 was charged as follows: \$13,207 to general government, \$21,771 to public safety, \$21,589 to highways and streets, \$3,865 to culture and recreation.

	Beginning Balance	Adjustments	Increases	Decreases	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$40,883				\$40,883
Total capital assets not being depreciated	<u>40,883</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>40,883</u>
Capital assets being depreciated:					
Buildings	2,439				2,439
Improvements other than buildings	6,454,767				6,454,767
Equipment	954,191		\$6,500		960,691
Total capital assets being depreciated	<u>7,411,397</u>	<u>0</u>	<u>6,500</u>	<u>0</u>	<u>7,417,897</u>
Less accumulated depreciation	<u>4,952,505</u>		<u>196,272</u>		<u>5,148,777</u>
Total business-type assets being depreciated, net	<u>\$2,499,775</u>	<u>\$0</u>	<u>(\$189,772)</u>	<u>\$0</u>	<u>\$2,310,003</u>

8. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term debt for the year ended June 30, 2021:

Town of Cullen, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

	<u>Compensated Absences</u>
Long-term obligations at June 30, 2020	\$8,726
Additions	125
Deductions	
Long-term obligations at June 30, 2021	<u><u>\$8,851</u></u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of the long-term obligations as of June 30, 2021:

	<u>Government Activities</u>	<u>Business-Type Activities</u>	<u>Compensated Absences</u>
Current portion	\$461	\$8,390	\$8,851
Long-term portion	0	0	0
Total	<u><u>\$461</u></u>	<u><u>\$8,390</u></u>	<u><u>\$8,851</u></u>

#### 9. RETIREMENT SYSTEM

No employees of the Town are members of a retirement system.

#### 10. RESTRICTED ASSETS

For the business-type activities, restricted assets were applicable to the following at June 30, 2021:

Customers' meter deposits - cash	\$24,738
Customers' meter deposits - investment	<u>26,654</u>
Total	<u><u>\$51,392</u></u>

#### 11. ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2021, the town's police chief and officers received \$5,875 in police supplemental pay from the State of Louisiana, Department of Public Safety and Corrections. The town recognizes this supplemental pay received by the employees as revenues and expenditures of the town. The revenues are reported in the general fund and the expenditures are included in the public safety expenditures.

#### 12. LITIGATION AND CLAIMS

The attorney during the year ended June 30, 2021, has stated he is not aware of any litigation or unasserted claims but he gave all his files for the town to another attorney so he cannot recall. The next attorney would not make any statements as he was not the attorney during the year ended June 30, 2021.

Town of Cullen, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

13. MANAGEMENT REVIEW

Subsequent events have been evaluated through November 21, 2024. This date represents the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

Town of Cullen, Louisiana  
Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Budget and Actual  
General Fund  
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>GAAP Basis</u>	<u>(Unfavorable)</u> <u>Variance</u>
<b>REVENUES</b>				
Taxes - ad valorem	\$19,000	\$19,250	\$20,031	\$781
Franchise fees	17,200	15,445	16,353	908
Licenses and permits	30,045	25,245	26,895	1,650
Charges for services	80,000	81,930	80,936	(994)
Fines and forfeitures	17,000	6,500	11,056	4,556
Intergovernmental	3,650	7,915	5,825	(2,090)
Use of money and property	210		2	2
Miscellaneous	12,850	23,128	20,022	(3,106)
Uncategorized revenues	0	0	36,928	36,928
Total Revenues	<u>179,955</u>	<u>179,413</u>	<u>218,048</u>	<u>38,635</u>
<b>EXPENDITURES</b>				
General government	106,585	88,189	135,896	(47,707)
Public Safety	159,135	131,408	96,989	34,419
Highway and streets	17,700	24,350	1,254	23,096
Sanitation and health	72,570	72,170	73,649	(1,479)
Uncategorized expenditures			12,200	(12,200)
Capital outlay				0
Total Expenditures	<u>355,990</u>	<u>316,117</u>	<u>319,988</u>	<u>(3,871)</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(176,035)	(136,704)	(101,940)	34,764
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets				0
Operating transfers in	123,346	138,750	314,131	175,381
Operating transfers out			(25,669)	(25,669)
Total Other Financing Sources (Uses)	<u>123,346</u>	<u>138,750</u>	<u>288,462</u>	<u>149,712</u>
Net Change in Fund Balance	(52,689)	2,046	186,522	184,476
Fund Balance (Deficit) at Beginning of Year	93,852	13,286	(6,559)	(19,845)
Prior Period Adjustment				0
Fund Balance (Deficit) at End of Year	<u>\$41,163</u>	<u>\$15,332</u>	<u>\$179,963</u>	<u>\$164,631</u>

## Notes to the Schedule

(1) method of budgetary accounting - GAAP, modified accrual basis

(2) explanation of material variances - underbudgeted transfers out

The accompanying notes are an integral part of this schedule.

Town of Cullen, Louisiana  
Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Budget and Actual  
Special Revenue Fund - Two Percent Sales Tax Fund  
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Favorable (Unfavorable) Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes - sales	\$65,600	\$85,000	\$97,403	\$12,403
Use of money and property		5	7	2
Total Revenues	<u>65,600</u>	<u>85,005</u>	<u>97,410</u>	<u>12,405</u>
<b>EXPENDITURES</b>				
General government	1,160	1,200	1,364	(164)
Culture and recreation				0
Total Expenditures	<u>1,160</u>	<u>1,200</u>	<u>1,364</u>	<u>(164)</u>
Excess (Deficiency) of Revenues over (under) Expenditures	64,440	83,805	96,046	12,569
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in				0
Operating transfers out	<u>(94,000)</u>	<u>(124,000)</u>	<u>(135,033)</u>	<u>(11,033)</u>
Total Other Financing Sources (Uses)	<u>(94,000)</u>	<u>(124,000)</u>	<u>(135,033)</u>	<u>(11,033)</u>
Net Change in Fund Balance	(29,560)	(40,195)	(38,987)	1,208
Fund Balance (Deficit) at Beginning of Year	121,207	107,440	100,616	(6,824)
Prior Period Adjustment				0
Fund Balance (Deficit) at End of Year	<u>\$91,647</u>	<u>\$67,245</u>	<u>\$61,629</u>	<u>(\$5,616)</u>

## Notes to the Schedule

- (1) method of budgetary accounting - GAAP, modified accrual basis  
(2) explanation of material variances - underbudgeted transfers out

The accompanying notes are an integral part of this schedule.

OTHER SUPPLEMENTAL SCHEDULES

Town of Cullen  
Schedule of Compensation Paid Board Members  
For the Year Ended June 30, 2021

Board Member	<u>Amount</u>
Terry Hoof, Mayor	\$12,000
Floydean White	2,880
Barbara Green	2,880
Denise Hoof	1,440
Jimmie Thomas	1,440
Darryl Ford	1,440
Doris White	1,440
Fannie Rankin	1,440
Ray Mills	<u>1,440</u>
Total compensation paid	<u>\$26,400</u>

The accompanying notes are an integral part of this schedule.

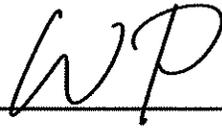
Town of Cullen  
Schedule of Compensation, Benefits and Other Payments  
to Agency Head  
For the Year Ended June 30, 2021

Schedule 4

Agency Head Name: Terry Hoof

Purpose	
Salary	\$12,000
Benefits - medicare	174
Benefits - social security	744

OTHER REPORTS



## **Wade & Perry, CPAs**

A Professional Accounting Corporation

Members: AICPA/ Society of LCPA's

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

Independent Auditor's Report

Mayor and Town Council  
Town of Cullen  
Cullen, Louisiana

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cullen ("Town") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 21, 2024.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered 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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's

financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses. 2021-01 and 2021-02

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies. 2021-06 and 2021-07

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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 findings and responses as items 2021-03, 2021-04, 2021-05.

### **Town's Response to Findings**

Town's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Wade & Perry*

Ruston, Louisiana  
November 21, 2024

Town of Cullen  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021

**A. Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on the general purpose financial statements of the Town of Cullen.
2. Three instances of noncompliance material to the financial statements was disclosed during the audit.
3. Two material weaknesses and two significant deficiency relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control.

**B. Financial Statements Findings**

## 2021-01. Deficiency in internal control over utility receipts

Condition: The utility software was not charging the same rates as approved by the board on all accounts.

Criteria: Internal controls should be set up for all areas.

Cause: Utility software was not updated with current rates.

Effect: Utility revenues may be misstated and is at risk for fraud.

Recommendation: We recommend that the Town update the utility system to the current rates in effect and check how the system is charging various gallons used. Also the Town should maintain all records of billings and collections.

## 2021-02. Deficiency in internal control for disbursements

Condition: Of the total forty randomly selected disbursements, 6 had no supporting documentation. One of ten payroll disbursements had no support for hours paid according to hours worked on the timesheet.

Criteria: Internal controls should be set up for all areas.

Cause: Supporting documentation not kept in central location that can be easily located.

Effect: Expenses and payroll expenses may be misstated and is at risk for fraud.

Recommendation: We recommend the town clerk pay special attention to document retention and organization of files. The check signers should not sign any disbursements without proper supporting documentation attached.

2021-03. Some employees, customers and board members not paying utility bill timely

Condition: Several accounts included late charges.

Criteria: Article VII, Section 14 states in part “funds, credit, property, or things of value shall not be loaned, pledged, or donated to of for any person, association, or corporation, public or private.”

Cause: Some customers and board members did not pay their utility bills on time.

Effect: Violation of Article VII, Section 14

Recommendation: We recommend the Town mandate all employees and board members pay their utility bill on time and not incur late charges in order to refrain from violating this Article. Town should make sure all customers’ meters are being read and report usage.

2021-04. Late submission of audit report

Condition: The Town submitted the audit report after December 31, 2021.

Criteria: LRS 24:513A(5)(a)(I)

Cause: Receipts and disbursements were not entered into the general ledger timely and bank accounts were not reconciled timely. Town clerk left town employment and posting was not up-to-date so outside accountant was hired to help town.

Effect: Misstatements in the financial statements may not be detected and the town management could not make educated, informed decisions.

Recommendation: We recommend the Town post all activity timely so all financial information is available to the auditor in order to have the audit performed timely.

2021-05. Compliance with local government budget act

Condition: For the year ended June 30, 2021, the General fund actual expenditures and other uses exceeded budgeted expenditures and other uses by \$29,540 or 9%. For the year ended June 30, 2021, the 2% Sales tax fund actual expenditures and other uses exceeded budgeted expenditures and other uses by \$11,197 or 9%. The original budgets for the year ended June 30, 2021 were adopted in August, 2020 and amendments were approved in September, 2021.

Criteria: According to LRS 39:1310, failing to amend the budget when necessary is a violation of the local government budget act.

Cause: Management failed to adopt the budget for the General fund and the 2% Sales tax fund before the year began. Management did not amend the budgets when necessary.

Effect: Noncompliance with local budget law.

Recommendation: We recommend the Town monitor budget and actual figures and amend as necessary.

2021-06. Internal control over traffic tickets is inadequate

Condition: Tickets are written to traffic violators and turned in to the town office. Tickets are written out of several ticket books and are not logged by the town to track checks that have been written. All tickets are sent to Springhill City Court where the tickets are logged into their program. All fines are paid through the city court. In turn, the city court writes a check to the town for the town's portion of the fine. Tickets can be dismissed or lowered by the Cullen chief of police.

Criteria: Internal controls should be set up for all areas

Cause: Tickets written were not being kept up with by the town in order to know what tickets were still outstanding.

Effect: IC violation; potential fraud due to lack of checks and balances

Recommendation: maintain records of all tickets issued and trace from written to deposited into bank account

2021-07. Internal control over employee pay data is inadequate

Condition: Employees' new hire/release dates and pay data is not current

Criteria: Internal controls should be set up for all areas

Cause: Employee pay rates and increases not documented in minutes

Effect: IC violation; potential fraud due to lack of checks and balances

Recommendation: maintain records of all employees' pay records in central location

Town of Cullen  
Summary of Prior Year Findings  
For the Year Ended June 30, 2021

**A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

2020-01. Significant deficiency in internal control over utility receipts

Status: Unresolved - see 2021-01

2020-02. Significant deficiency in internal control for disbursements

Status: Unresolved - see 2021-02

2020-03. Violation of Article VII, Section 14

Status: Unresolved - see 2021-03

2020-04. Late submission of audit report

Status: Unresolved - see 2021-04

2020-05. Local government budget violation

Status: Unresolved - see 2021-05

2020-06. Significant deficiency in internal control for traffic tickets

Status: Unresolved - see 2021-06

**B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

None

**C. MANAGEMENT LETTER**

None

Town of Cullen  
PO BOX 200  
CULLEN, LA 71028

CORRECTIVE ACTION PLAN  
For the Year Ended June 30, 2021

Town of Cullen hereby submits the following corrective action plan as referenced in the Findings and Questioned Costs:

- 2021-01. The Town agrees with the recommendations and intends to implement them immediately.
- 2021-02. The Town agrees with the recommendations and intends to implement them immediately.
- 2021-03. The Town agrees with the recommendations and intends to implement them immediately.
- 2021-04. The Town agrees with the recommendations and intends to implement them immediately.
- 2021-05. The Town agrees with the recommendations and intends to implement them immediately.
- 2021-06. The Town agrees with the recommendations and intends to implement them immediately.
- 2021-07. The Town agrees with the recommendations and intends to implement them immediately.