

**Towns of Newellton and Saint Joseph, Louisiana**  
**Jointly Owned Gas Line Operation and**  
**Maintenance Fund**

**Annual Financial Report**  
**As of and for the Year Ended June 30, 2016**

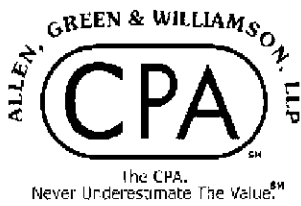


**TOWNS OF NEWELLTON AND SAINT JOSEPH, LOUISIANA  
JOINTLY OWNED GAS LINE OPERATION AND  
MAINTENANCE FUND**

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## Independent Auditor's Report

To the Honorable Mayors of the  
Towns of Newellton and Saint Joseph, Louisiana  
Jointly Owned Gas Line Operation and Maintenance Fund  
Saint Joseph, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Towns of Newellton and Saint Joseph, Louisiana Jointly Owned Gas Line Operation and Maintenance Fund (Joint Gas Line), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Joint Gas Line'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 the financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion 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 opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the Towns of Newellton and Saint Joseph, Louisiana Jointly Owned Gas Line Operation and Maintenance Fund, as of June 30, 2016, and the changes in its financial position and its cash flows 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 Management's Discussion and Analysis, as listed in the table of contents, 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.

*Supplementary and Other Information*

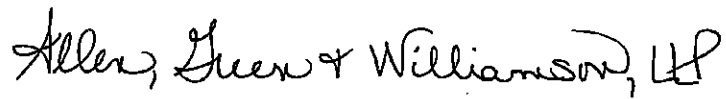
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Joint Gas Line's basic financial statements. The accompanying supplementary information, such as the Schedule of Compensation, Benefits and Other Payments to Agency Head, as listed in the table of contents, and the other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Compensation, Benefits and Other Payments to Agency Head, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information, as listed in the table of contents, has 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 it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2017, on our consideration of the Joint Gas Line'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 Joint Gas Line's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Allen, Green & Williamson, LLP".

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
February 3, 2017

**Towns of Newellton and Saint Joseph, Louisiana  
Jointly Owned Gas Line Operation and Maintenance Fund**

**REQUIRED SUPPLEMENTARY INFORMATION**

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS (MD&A)**



**Towns of Newellton and Saint Joseph, Louisiana**  
**Jointly Owned Gas Line Operation and Maintenance Fund**  
**Management's Discussion and Analysis**  
**June 30, 2016**

As management of the Towns of Newellton and Saint Joseph, Louisiana Jointly Owned Gas Line Operation and Maintenance Fund (Joint Gas Line), we offer readers of the Joint Gas Line's financial statements this narrative overview and analysis of the financial activities of the Joint Gas Line for the fiscal year ended June 30, 2016. It is designed to assist the reader in focusing on significant financial issues, identify changes in the Joint Gas Line's financial position, and identify material deviations and individual fund issues or concerns.

**Financial Highlights**

The assets of the Joint Gas Line exceeded its liabilities at the close of the most recent fiscal year by \$70,740 (net position).

The Joint Gas Line's total net position decreased by \$51,436 during the year ended June 30, 2016. This was the result of a net loss of \$51,436.

**Overview of the Financial Statements**

Under the provision of GASB Statement 14, The Financial Reporting Entity, the Joint Gas Line is considered a special-purpose, stand-alone unit of the local government.

This discussion and analysis is intended to serve as an introduction to the Joint Gas Line's basic financial statements. The Joint Gas Line's basic financial statements are comprised of the following components: 1) Statement of Net Position, 2) Statement of Revenues, Expenses, and Changes in Fund Net Position, 3) Statement of Cash Flows, and 4) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The primary focus of the Joint Gas Line's financial statements is to report the Joint Gas Line as a whole.

The Statement of Net Position presents information on all of the Joint Gas Line's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Joint Gas Line is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Position (similar to an Income Statement) presents information showing how the Joint Gas Line's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Joint Gas Line, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Joint Gas Line is reported as a proprietary fund.

**Towns of Newellton and Saint Joseph, Louisiana**  
**Jointly Owned Gas Line Operation and Maintenance Fund**  
**Management's Discussion and Analysis**  
**June 30, 2016**

**Proprietary funds.** The Joint Gas Line maintains one type of proprietary fund, an enterprise fund. Enterprise funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds use the accrual basis of accounting.

The Proprietary fund financial statements can be found on page 13, 14, and 15 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements begin on page 16 of this report.

**Fund Financial Analysis**

As noted earlier, net position serves over time as a useful indicator of a government's financial position. In the case of the Joint Gas Line, assets exceeded liabilities by \$70,740 at the close of the most recent fiscal year.

The following table reflects a condensed statement of the Joint Gas Line's net position for the years ended June 30, 2016, and 2015.

	<u>2016</u>	<u>2015</u>	<u>Variance</u>
<b>Assets</b>			
Current Assets	<u>\$ 85,782</u>	<u>\$ 152,959</u>	<u>\$ (67,177)</u>
<b>Liabilities</b>			
Current Liabilities	<u>15,042</u>	<u>30,783</u>	<u>(15,741)</u>
<b>Net Position</b>			
Unrestricted Net Position	<u>\$ 70,740</u>	<u>\$ 122,176</u>	<u>\$ (51,436)</u>

For the years ended June 30, 2016, and 2015 net position changed as follows:

	<u>2016</u>	<u>2015</u>	<u>Variance</u>
Beginning Net Position	<u>\$ 122,176</u>	<u>\$ (86,462)</u>	<u>\$ 208,638</u>
Income (Loss) before contributions (distributions)	<u>(51,436)</u>	<u>99,078</u>	<u>(150,514)</u>
Contributions (Distributions) from (to) Partners	<u>-</u>	<u>109,560</u>	<u>(109,560)</u>
Ending Net Position	<u>\$ 70,740</u>	<u>\$ 122,176</u>	<u>\$ (51,436)</u>

**Towns of Newellton and Saint Joseph, Louisiana**  
**Jointly Owned Gas Line Operation and Maintenance Fund**  
**Management's Discussion and Analysis**  
**June 30, 2016**

The following schedule presents a summary of revenues and expenses for the years ended June 30, 2016, and 2015.

	<u>2016</u>	<u>2015</u>	<u>Variance</u>
<b>Revenues:</b>			
Charges for services	\$ 11,066	\$ 356,943	\$ (345,877)
Other revenues	2,312	51,341	(49,029)
Interest income	176	68	108
	<u>13,554</u>	<u>408,352</u>	<u>(394,798)</u>
<b>Expenses:</b>			
Gas	-	245,691	(245,691)
Salaries and wages	24,000	24,000	-
Professional fees	16,000	30,334	(14,334)
Repair and maintenance	19,447	2,433	17,014
All others	5,543	6,816	(1,273)
	<u>64,990</u>	<u>309,274</u>	<u>(244,284)</u>
Net Income (Loss)	<u>\$ (51,436)</u>	<u>\$ 99,078</u>	<u>\$ (150,514)</u>

The enterprise fund's activities decreased the Joint Gas Line's net position by \$51,436. Operating revenues decreased \$394,798 or 97% due to a court ruling that removed the Towns of Newellton and Saint Joseph as customers of the Joint Gas Line. The Towns accounted for approximately 96% of sales in the prior year. This has left the Town with a few small customers in which the Towns pays for the cost of the gas, reducing gas costs by \$245,691 or 100%. Repair and maintenance costs increased \$17,014 or 699% from 2015. Interest income increased net position by \$176.

**Capital Asset and Debt Administration.** The government has no capital assets nor outstanding debt.

**Economic Factors and Next Year's Rates**

Factors considered in planning for the Joint Gas Line's 2017 fiscal year included the impact that the Joint Gas Line no longer has the Towns of Newellton and Saint Joseph as customers and will continue to experience operating expenses that exceed revenues. The Joint Gas Line will have to rely on contributions from the Towns to fund its operations in the future.

**Requests for Information**

This financial report is designed to provide a general overview of the Joint Gas Line's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Mayor's office, P.O. Box 217, Saint Joseph, Louisiana 71366.

**Towns of Newellton and Saint Joseph, Louisiana  
Jointly Owned Gas Line Operation and Maintenance Fund**

**BASIC FINANCIAL STATEMENTS**

TOWNS OF NEWELLTON AND SAINT JOSEPH, LOUISIANA  
JOINTLY OWNED GAS LINE OPERATION AND MAINTENANCE FUND

ENTERPRISE FUND  
Statement of Net Position  
June 30, 2016

Statement A

ASSETS	
Cash and cash equivalents	\$ 85,692
Accounts receivable	90
	<hr/>
TOTAL ASSETS	85,782
	<hr/> <hr/>
LIABILITIES AND NET POSITION (DEFICIT)	
LIABILITIES:	
Accounts payable and accrued expenses	14,879
Customer deposits	163
	<hr/>
TOTAL LIABILITIES	15,042
	<hr/> <hr/>
NET POSITION	
Unrestricted	70,740
	<hr/>
TOTAL NET POSITION	\$ 70,740
	<hr/> <hr/>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

TOWNS OF NEWELLTON AND SAINT JOSEPH, LOUISIANA  
JOINTLY OWNED GAS LINE OPERATION AND MAINTENANCE FUND

ENTERPRISE FUND  
Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Year Ended June 30, 2016

	Statement B
<b>OPERATING REVENUES</b>	
Charges for services	\$ 11,066
Other revenues	2,312
	<hr/>
Total operating revenues	13,378
	<hr/>
<b>OPERATING EXPENSES</b>	
Salaries and wages	24,000
Payroll taxes	1,836
Professional fees	16,000
Repair and maintenance	19,447
Other	3,707
	<hr/>
Total expenses	64,990
	<hr/>
Operating income (loss)	(51,612)
Non-operating income and expenses	
Interest income	176
	<hr/>
Change in net position	(51,436)
<b>NET POSITION, BEGINNING</b>	<hr/> 122,176
<b>NET POSITION, ENDING</b>	<hr/> <hr/> \$ 70,740

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

**TOWNS OF NEWELLTON AND SAINT JOSEPH, LOUISIANA  
JOINTLY OWNED GAS LINE OPERATION AND MAINTENANCE FUND**

**ENTERPRISE FUND  
Statement of Cash Flows  
For the Year Ended June 30, 2016**

Statement C

**CASH FLOW (USES) FROM OPERATING ACTIVITIES**

Cash received from customers	\$	12,604
Cash paid for employee services and benefits		(24,918)
Payments to suppliers and service providers		(30,461)
Net cash provided (used) for operating activities		(42,775)

**CASH FLOW (USES) FROM INVESTING ACTIVITIES**

Earnings on investments		176
Net cash provided (used) for investing activities		176

Net increase (decrease) in cash and cash equivalents		(42,599)
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CASH AND CASH EQUIVALENTS - BEGINNING		128,291
---------------------------------------	--	---------

CASH AND CASH EQUIVALENTS - ENDING	\$	85,692
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**Reconciliation of operating income (loss) to net cash provided (used) by operating activities:**

Operating income (loss)	\$	(51,612)
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Adjustments to reconcile operating income to net cash provided (used) for operating activities:

(Increase) decrease in accounts receivable		24,578
Increase (decrease) in operating accounts payable and accrued expense		(15,741)

Net cash provided (used) by operating activities	\$	(42,775)
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

**Towns of Newellton and Saint Joseph, Louisiana  
Jointly Owned Gas Line Operation and Maintenance Fund**

**NOTES TO THE FINANCIAL STATEMENTS**



**Towns of Newellton and Saint Joseph, Louisiana**  
**Jointly Owned Gas Line Operation and Maintenance Fund**  
**Notes to the Financial Statements**  
**June 30, 2016**

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**Towns of Newellton and Saint Joseph, Louisiana**  
**Jointly Owned Gas Line Operation and Maintenance Fund**  
**Notes to the Financial Statements**  
**June 30, 2016**

**INTRODUCTION**

The Town of Newellton and the Town of Saint Joseph, Louisiana Jointly Owned Gas Line Operation and Maintenance Fund (the Joint Gas Line) is a joint venture of the two northeast Louisiana towns. Its purpose is to provide natural gas to the two towns for resale to their citizens and approximately eight other customers in the service area. The gas is transmitted from local gas fields by way of the two pipelines to the two towns. The Boards of Aldermen and the Mayors of the two towns govern the Joint Gas Line.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements of the Joint Gas Line have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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.

**B. REPORTING ENTITY**

As the municipal governing authority, for reporting purposes, the Joint Gas Line is considered a separate reporting entity. The financial reporting entity consists of (a) the primary government, the Joint Gas Line, (b) organizations for which the primary government is financially accountable, and (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.

Under the provisions of GASB Statement No.14, The Financial Reporting Entity, the Joint Gas Line is considered a special-purpose, stand-alone unit of local government. Both towns share equally in the financial accountability and management, thus it cannot be a component unit of either.

**C. FUND ACCOUNTING**

The Joint Gas Line uses a fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions.

A fund is a separate accounting entity with a self-balancing set of accounts. The Joint Gas Line uses the proprietary fund for all of its operations. A description of the proprietary fund is as follows:

***Proprietary Funds***

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of the net income is necessary or useful to sound financial administration. The Joint Gas Line functions as an enterprise-type, proprietary fund to account for operations (a) where the intent of the governing body is that the cost (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 determinations of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Towns of Newellton and Saint Joseph, Louisiana**  
**Jointly Owned Gas Line Operation and Maintenance Fund**  
**Notes to the Financial Statements**  
**June 30, 2016**

**D. BASIS OF ACCOUNTING**

On July 1, 2003, the Joint Gas Line adopted the provisions of the Governmental Standards Board Statement No. 34, *Basic Financial Statement - and Management's Discussion and Analysis - for State and Local Governments*. Statement No. 34, as revised establishes standards for external reporting for all state and local governmental entities which includes a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows. It also requires that classifications of net position into three components - net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

*Net investment in capital assets* - This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings attributed to the acquisition, construction, or improvement of those assets.

*Restricted net position* - This component of net position consists of net position on which constraints have been placed externally by creditors (such as through debt covenant), grantors, contributors, laws or regulations of other governments, or laws through constitutional provisions or enabling legislation.

*Unrestricted net position* - This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, the Joint Gas Line's policy is to use restricted resources first, then unrestricted resources as needed.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net position. The proprietary fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

**E. BUDGETS**

The Joint Gas Line does not adopt a budget.

**F. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in those time deposits and investments with maturities of 90 days or less. Under state law, the Joint Gas Line may deposit funds in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana Law and national banks with principal offices in Louisiana.

**G. USE OF ESTIMATES**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expense during the reported period. Actual results could differ from those estimates.

**Towns of Newellton and Saint Joseph, Louisiana**  
**Jointly Owned Gas Line Operation and Maintenance Fund**  
**Notes to the Financial Statements**  
**June 30, 2016**

**NOTE 2 - CASH AND CASH EQUIVALENTS**

At June 30, 2016, the Joint Gas Line had a cash book balance of \$85,692 in demand deposits.

Under state law, federal deposit insurance or the pledge of securities owned by the fiscal agent bank must secure these deposits (or resulting bank balances). The market value of each of the pledge 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 in a holding custodial bank that is mutually acceptable to both parties.

At June 30, 2016, the Joint Gas Line had \$103,248 in deposits (collected bank balances). These balances are secured from risk by \$103,248 of Federal deposit insurance.

The Joint Gas Line's policy does not address custodial risk.

**NOTE 3 - ACCOUNTS RECEIVABLE**

The accounts receivable balance at June 30, 2016 consisted of \$90 in customer receivables. The Joint Gas Line expects to receive this balance in full, therefore no allowance for doubtful accounts was established.

**NOTE 4 - COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS**

100% of the natural gas sold comes from Locust Ridge Gas Company, which is owned by a private investor. The cost of the gas sold is paid by the Towns of Newellton and Saint Joseph, Louisiana.

As of June 30, 2016, the Joint Gas Line has accrued \$10,379 for outstanding taxes, penalties, and interest. Included in this amount is an estimate of \$2,400 for penalties and interest for payroll taxes not paid or not paid timely and unfiled payroll reports. The actual amount assessed by the IRS may differ from the amount estimated.

Risks of loss are handled through risk retention.

**NOTE 5 - SUBSEQUENT EVENTS**

Beginning in February 2017, the administrative and accounting functions for the Joint Gas Line will no longer be the responsibility of the Town of Saint Joseph. The Town of Newellton will assume these responsibilities and the Mayor of the Town of Newellton will serve as the administrator of the Joint Gas Line.

**Towns of Newellton and Saint Joseph, Louisiana  
Jointly Owned Gas Line Operation and Maintenance Fund**

**SUPPLEMENTARY INFORMATION**

**Towns of Newellton and Saint Joseph, Louisiana  
Jointly Owned Gas Line Operation and Maintenance Fund**

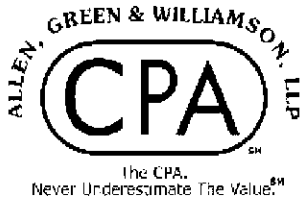
**Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the Year Ended June 30, 2016**

**Agency Head: Mayors of the Town of Newellton and Saint Joseph**

<u>Purpose</u>	<u>Amount</u>
Salary	<u>NONE</u>
Benefits	<u>NONE</u>
Travel reimbursements	<u>NONE</u>
Telephone	<u>NONE</u>
Special meals	<u>NONE</u>

**Towns of Newellton and Saint Joseph, Louisiana  
Jointly Owned Gas Line Operation and Maintenance Fund**

**OTHER REPORTS**



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## 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*

### Independent Auditor's Report

The Honorable Mayors of the  
Towns of Newellton and Saint Joseph, Louisiana  
Jointly Owned Gas Line Operation and Maintenance Fund  
Saint Joseph, 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 Towns of Newellton and Saint Joseph, Louisiana Jointly Owned Gas Line Operation and Maintenance Fund (Joint Gas Line) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Joint Gas Line's basic financial statements, and have issued our report thereon dated February 3, 2017.

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

In planning and performing our audit of the financial statements, we considered the Joint Gas Line'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Joint Gas Line's internal control. Accordingly, we do not express an opinion on the effectiveness of the Joint Gas Line'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, 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 as items 2016-001 and 2016-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2016-002 and 2016-004 to be significant deficiencies.



## Compliance and Other Matters

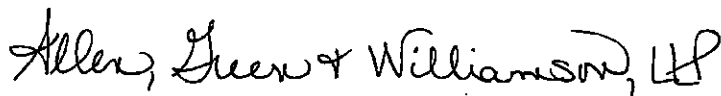
As part of obtaining reasonable assurance about whether the Joint Gas Line's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 Findings as items 2016-003 and 2016-004.

## The Joint Gas Line's Response to Findings

The Joint Gas Line's response to the findings identified in our audit is described in the accompanying Schedule of Findings and the Corrective Action Plan for Current Year Audit Findings. The Joint Gas Line'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 Joint Gas Line'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 Joint Gas Line's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
February 3, 2017

**Towns of Newellton and Saint Joseph**  
**Jointly Owned Gas Line Operation and Maintenance Fund**  
**Schedule of Findings**  
**For the Year Ended June 30, 2016**

**Part I. Summary of Auditor's Results**

**Financial Statement Audit**

- i. The type of audit report issued was unmodified.
- ii. There were four significant deficiencies required to be disclosed by *Government Auditing Standards*, issued by the Comptroller General of the United States of America. The significant deficiencies described as items 2016-001 and 2016-003 were considered to be material weaknesses.
- iii. There were two instances of noncompliance considered material, as defined by the *Government Auditing Standards*, to the financial statement.

**Towns of Newellton and Saint Joseph**  
**Jointly Owned Gas Line Operation and Maintenance Fund**  
**Schedule of Findings**  
**For the Year Ended June 30, 2016**

**Part II – Findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards* generally accepted in the United States of America:**

**Reference # and title:                2016-001                Financial Management**

**Entity-Wide or program /department specific:** This finding is entity wide.

**Criteria or specific requirement:** Proper internal controls over financial reporting requires that accounting records contain up-to-date, accurate and complete information to ensure that the financial data can be relied upon to monitor the financial condition of the entity. Financial records should be reviewed timely to supporting documentation to ensure that the transactions are properly recorded and classified in the accounting records. Segregation of duties is a requirement for effective internal control; it reduces the risk of both erroneous and improper transactions. Board members act as trustees of the organization's assets and must exercise due diligence to oversee that the organization is well-managed and that its financial situation remains sound.

**Condition found:** There is an inadequate segregation of duties. Duties are not adequately segregated in the financial reporting processes for proper internal control. The Mayor approves transactions, prepares and is one of the signers of the checks, records the transactions in the accounting system and reconciles all bank accounts. The bookkeeper prepares customer invoices, collects customer payments and posts customer payments into the ledger. This lack of segregation of duties increases the risk of both erroneous and improper transactions that would not be detected in a timely manner.

The auditors were not provided with any written policies or procedures nor was the written agreement for the joint gas venture provided outlining the ownership and operations of the Joint Gas Line. Both Mayors stated that they were unaware of any written policies or procedures and were unable to provide the original joint venture agreement.

Based on the representation of both Mayors, those charged with governance of the Joint Gas Line consists of the Town of Newellton's Board of Aldermen and the Town of Saint Joseph's Board of Aldermen. Through inquiry of both Mayors and lack of minutes to review, it was determined that the Boards or any committee thereof, has not met for at least the past three years. The Boards of both Towns have failed to meet their fiduciary duties related to the Joint Gas Line.

Through a review of journal entries and through inquiries, it was noted that several material journal entries were required to correct the financial statements. Entries included recording the effects of prior period adjustments, adjustments to the accounts payable and accounts receivable subsidiary ledger balances, and to correct posting errors to the general ledger. The adjusting entries were not made in the Joint Gas Line's accounting system until months after year end.

**Context:** This is entity wide and was noted through discussions with management, lack of documentation and other auditing procedures performed to obtain an understanding of the entity and its internal controls. This finding appears to be systemic.

**Possible asserted effect (cause and effect):**

**Cause:** There is no financial oversight by those charged with governance and no written agreements, policies and procedures in place for effective internal controls over financial reporting. Prior period adjustments to the financial accounting system were not posted, reviewed and corrected timely.

**Towns of Newellton and Saint Joseph**  
**Jointly Owned Gas Line Operation and Maintenance Fund**  
**Schedule of Findings**  
**For the Year Ended June 30, 2016**

**Part II – Findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards* generally accepted in the United States of America:**

**Effect:** The Joint Gas Line is not able to produce reliable financial information to monitor the financial condition and to make sound financial decisions during the year. Internal controls over financial reporting are weakened.

**Recommendations to prevent future occurrences:** The Boards and the Mayors of both Towns should meet at least semi-annually or quarterly and maintain minutes of such meetings. Written agreements, policies and procedures need to be developed and implemented to ensure an effective system of internal controls over financial reporting including adequately addressing the segregation of the accounting duties and any contributions and distributions to the Towns. The accounting records need to be reviewed and corrected in the Joint Gas Line’s accounting system on a timely basis. The accounts receivable and payable subsidiary ledgers need to be reconciled to the general ledger monthly and appropriate action taken. Accurate financial statements need to be provided to the Boards at least semi-annually or quarterly to effectively exercise its fiduciary responsibilities.

**View of Responsible Official:** Beginning in February 2017, the administrative and accounting functions for the Joint Gas Line will be the responsibility of the Town of Newellton. The mayors of Newellton and Saint Joseph have agreed to meet periodically (at least quarterly) to discuss all Joint Gas Line issues. Minutes of these minutes will be recorded and maintained. All transactions will be recorded in a timely manner and financial statements will be prepared on at least a quarterly basis.

**Reference # and title:**                **2016-002**                **Customer Billings and Receivables**

**Entity-Wide or program /department specific:** This finding is entity wide.

**Criteria or specific requirement:** Good internal controls require the establishment of policies and procedures over customer billings, the accounts receivable subsidiary ledger and the collection and/or disconnection of delinquent accounts. The subsidiary ledger should be reconciled monthly to the general ledger to ensure customer balances are accurate and to enable the monitoring of customers with delinquent balances. Continuing to provide utility services without compensation is prohibited by the Louisiana Constitution Article VII, Section 14.

**Condition found:** There are no written policies or procedures for customer account adjustments and disconnections. The accounts receivable subsidiary ledger has not been reconciled to the general ledger. A significant number of the customer’s accounts had inaccurate beginning balances. The difference was adjusted by the fee accountant but was not made to the customer’s account in the subsidiary ledger. This practice does not allow management to effectively monitor customer accounts. One customer was allowed to continue receiving service when no payment had been received in over a year before service was terminated.

Through inquiry of management, it was noted that no one is reviewing the gas usage calculation used for customer’s billings. For each month tested, the gas usage was recalculated by the auditors and then compared to the amount used for customer billings by the entity. One report tested had a mathematical error in calculating the gas used for billings.

**Towns of Newellton and Saint Joseph**  
**Jointly Owned Gas Line Operation and Maintenance Fund**  
**Schedule of Findings**  
**For the Year Ended June 30, 2016**

**Part II – Findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards* generally accepted in the United States of America:**

**Context:** This was noted through discussions with management, lack of documentation and other auditing procedures performed to obtain an understanding internal controls over customer billings and receivables process. A sample 3 of the 12 monthly gas usage calculations were selected for testing. There were nine calculations on each report tested. This finding appears to be systemic.

**Possible asserted effect (cause and effect):**

**Cause:** There are no written policies or procedures over customer billings, receivables and disconnections. Reconciliations of the customer subsidiary ledger to the general ledger are not being performed timely.

**Effect:** Internal controls over the customer subsidiary ledger and disconnections are inadequate.

**Recommendations to prevent future occurrences:** Written policies and procedures need to be developed and implemented to ensure an effective system of internal controls over customer billings and receivables subsidiary ledger. The policy should address reconciling the subsidiary ledger to the general ledger monthly, collecting delinquent accounts, billing adjustments and cutoff procedures. The monthly gas used calculation, which is based on the change in meter readings, should be reviewed for accuracy.

**View of Responsible Official:** We will develop written policies and procedures for the Joint Gas Line that specifically address billing and receivables. We will also document our review of gas used.

**Reference # and title:**            **2016-003**            **Payroll Reporting and Tax Payments**

**Entity-Wide or program /department specific:** This finding is entity wide.

**Criteria or specific requirement:** Federal laws require filing of payroll reports and payment of taxes in accordance with the filing and payment schedule as outlined in the IRS tax code.

**Condition found:** In testing outstanding payroll related liabilities, a confirmation was requested from the Internal Revenue Service. From the confirmation, outstanding taxes, penalties and interest due were estimated to be \$10,379 at June 30, 2016. The penalties and interest were assessed for a combinations of situations. These ranged from a reconciliation difference in the 941s filed and the W2s issued for 2010; no tax payment for 4<sup>th</sup> Q 2010, late filing and partial payment of the tax due for the 2<sup>nd</sup> quarter of 2013; not filing the 941 or payment of the tax for 3<sup>rd</sup> quarter of 2013 and 3<sup>rd</sup> quarter 2015; for late filing of the 941 for 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2014 and 2<sup>nd</sup> quarter 2015; payment of tax but not filing the 941 for the 4<sup>th</sup> quarter of 2014, 1<sup>st</sup> quarter 2015, the 1<sup>st</sup>, 2<sup>nd</sup>, and 4<sup>th</sup> quarters of 2015 and 1<sup>st</sup> quarter of 2016. The Joint Gas Line will continue to incur penalties and interest until these issues are remedied and paid in full.

**Context:** The Joint Gas Line has amounts owed to IRS from periods beginning in 2010 through the first quarter of 2016. This finding appears to be systemic.

**Towns of Newellton and Saint Joseph**  
**Jointly Owned Gas Line Operation and Maintenance Fund**  
**Schedule of Findings**  
**For the Year Ended June 30, 2016**

**Part II – Findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards* generally accepted in the United States of America:**

**Possible asserted effect (cause and effect):**

**Cause:** The auditor was unable to determine the cause, other than lack of oversight by management.

**Effect:** The Joint Gas Line did not comply with IRS tax code and incurred penalties and interest that are not necessary and reasonable for proper administration.

**Recommendations to prevent future occurrences:** Management should immediately take steps to pay all outstanding taxes, penalties and interest due and file all outstanding reports. The information needed to resolve the 2010 reporting discrepancies should be provided to the Internal Revenue Service. Management should file payroll reports and pay the taxes timely.

**View of Responsible Official:** The current administration in the Town of Saint Joseph was unaware of these liabilities, unfiled returns, and insufficient payments. We will research all obligations and seek a resolution for the amounts owed.

**Reference # and title:**            **2016-004**        **Late Submission of Audit Report to the Legislative Auditor**

**Entity-Wide or program /department specific:** This finding is entity wide.

**Criteria or specific requirement:** Louisiana Revised Statute 24:513A (5)(a)(i) requires that "...audits shall be completed within six months of the close of the entity's fiscal year." The Joint Gas Line's audit report should be submitted to the Louisiana Legislative Auditor by December 31<sup>st</sup> each year.

**Condition found:** The Joint Gas Line's audit report for the fiscal year ending June 30, 2016 was not completed within the six month deadline as per R.S. 24:513A (5)(a)(i).

**Context:** The State of Louisiana's Governor declared a state of emergency for the Town of Saint Joseph's water system near the completion of the audit which deterred management's ability to provide information needed to complete the audit. This is considered an isolated incident.

**Possible asserted effect (cause and effect):**

**Cause:** The Governor declared a state of emergency for the Town of Saint Joseph near the end of the audit which delayed the completion of the audit.

**Effect:** Management did not comply with requirements of R.S. 24:513 A (5)(a)(i).

**Recommendations to prevent future occurrences:** The audit report should be submitted to the Louisiana Legislative Auditor by the December 31<sup>st</sup> deadline.

**View of Responsible Official:** An audit firm was engaged to complete the audit by December 31, 2016, however, because of the current water crisis in the Town of Saint Joseph, the Town did not have sufficient time to respond to all of the requested letters and information prior to December 31. Because the Governor declared a state of emergency for Saint Joseph, an extension was requested and the Legislative Auditor extended the time period for receipt of the audit to February 28, 2017.

**Towns of Newellton and Saint Joseph  
Jointly Owned Gas Line Operation and Maintenance Fund**

**OTHER INFORMATION**

**Towns of Newellton and Saint Joseph**  
**Jointly Owned Gas Line Operation and Maintenance Fund**  
**Summary Schedule of Prior Year Audit Findings**  
**June 30, 2016**

**Reference # and title:**            **2015-001**            **Financial Management**

**Year of origination:** June 30, 2013

**Condition:** Proper internal controls over financial reporting requires that accounting records contain up-to-date, accurate and complete information to ensure that the financial data can be relied upon to monitor the financial condition of the entity. Financial records should be reviewed timely to supporting documentation to ensure that the transactions are properly recorded and classified in the accounting records. Segregation of duties is a requirement for effective internal control; it reduces the risk of both erroneous and improper transactions. Board members act as trustees of the organization's assets and must exercise due diligence to oversee that the organization is well-managed and that its financial situation remains sound.

There is an inadequate segregation of duties. Duties are not adequately segregated in the financial reporting processes for proper internal control. The Mayor approves transactions, prepares and is one of the signers of the checks, records the transactions in the accounting system and reconciles all bank accounts. The bookkeeper prepares customer invoices, collects customer payments and posts customer payments into the ledger. This lack of segregation of duties increases the risk of both erroneous and improper transactions that would not be detected in a timely manner.

The auditors were not provided with any written policies or procedures nor was the written agreement for the joint gas venture provided outlining the ownership and operations of the Joint Gas Line. Both Mayors stated that they were unaware of any written policies or procedures and were unable to provide the original joint venture agreement.

Based on the representation of both Mayors, those charged with governance of the Joint Gas Line consists of the Town of Newellton's Board of Aldermen and the Town of Saint Joseph's Board of Aldermen. Through inquiry of both Mayors and lack of minutes to review, it was determined that the Boards or any committee thereof, has not met for at least the past two years. The Boards of both Towns have failed to meet their fiduciary duties related to the Joint Gas Line.

Through a review of journal entries and through inquiries, it was noted that several material journal entries were required to correct the financial statements. Entries included recording the effects of prior period adjustments, adjustments to the accounts payable and accounts receivable subsidiary ledger balances, and to correct posting errors to the general ledger. The adjusting entries have not been made in the Joint Gas Line's accounting system, only to a trial balance maintained by a fee accountant and not until seven months after year-end.

**Corrective action planned:** See current year finding 2016-001 for corrective action planned.

**Reference # and title:**            **2015-002**            **Customer Billings and Receivables**

**Year of origination:** June 30, 2015

**Condition:** Good internal controls require the establishment of policies and procedures over customer billings, accounts receivable subsidiary ledger and the collection and/or disconnection of delinquent accounts. The subsidiary ledger should be reconciled monthly to ensure customer balances accuracy and to enable the monitoring of customers with delinquent balances. Continuing to provide utility services without compensation is prohibited by the Louisiana Constitution Article VII, Section 14.



**Towns of Newellton and Saint Joseph**  
**Jointly Owned Gas Line Operation and Maintenance Fund**  
**Summary Schedule of Prior Year Audit Findings**  
**June 30, 2016**

There are no written policies or procedures for customer account adjustments and disconnections. The accounts receivable subsidiary ledger has not been reconciled to the general ledger. A significant number of the customer's accounts had inaccurate beginning balances. The difference was adjusted by the fee accountant but was not made to the customer's account. This practice does not allow management to effectively monitor customer accounts. One customer was allowed to continue receiving service when no payment has been received in over a year. The auditor was unable to determine if the account balances in closed customer accounts represent an amount due to the Joint Gas Line or are a result of accounting errors.

In testing of three months of customer billings, it was noted that no one is reviewing the gas usage calculation used for customer's billings. For each month tested, the gas usage was recalculated and then compared to the amount used for customer billings. All three months had a total of ten customers. One customer on each report or 10% had a mathematical error in calculating the gas used for billings. None were considered material errors.

**Corrective action planned:** See current year finding 2016-002 for corrective action planned.

**Reference # and title:**            **2015-003**            **Payroll Reporting and Tax Payments**

**Year of origination:** June 30, 2013

**Condition:** Federal laws require filing of payroll reports and payment of taxes in accordance with the filing and payment schedule as outlined in the IRS tax code.

In testing outstanding payroll related liabilities, a confirmation was requested from the Internal Revenue Service. From the confirmation, outstanding taxes, penalties and interest due were estimated to be \$7,411 at June 30, 2015. The penalties and interest were assessed for a combination of situations. These ranged from a reconciliation difference in the 941s filed and the W2's issued for 2010; late filing and partial payment of the tax due for the 2<sup>nd</sup> quarter of 2013; not filing the 941 or payment of the tax for 3<sup>rd</sup> quarter of 2013; late payment and/or late filing of the 941 for 2<sup>nd</sup> quarter 2013 and for 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2014; payment of tax but not filing the 941 for the 4<sup>th</sup> quarter of 2013, 4<sup>th</sup> quarter of 2014, and 1<sup>st</sup> and 2<sup>nd</sup> quarters of 2015. Joint Gas Line will continue to incur penalties and interest until these issues are remedied and paid in full.

**Corrective action planned:** See current year finding 2016-003 for corrective action planned.

**Reference # and title:**            **2015-004**            **Late Submission of Audit Report to the Legislative Auditor**

**Year of origination:** June 30, 2015

**Condition:** Louisiana Revised Statute 24:513A(5)(a)(i) requires that "...audits shall be completed within six months of the close of the entity's fiscal year." The Joint Gas Line's audit report should be submitted to the Louisiana Legislative Auditor by December 31<sup>st</sup> each year.

The Joint Gas Line's audit report for the fiscal year ending June 30, 2015 was not completed within the six month deadline as per Louisiana Revised Statute 24:513A (5) (a) (i).

**Corrective action planned:** See current year finding 2016-004 for corrective action planned.

**Towns of Newellton and Saint Joseph**  
**Jointly Owned Gas Line Operation and Maintenance Fund**  
**Corrective Action Plan for Current Year Audit Findings**  
**June 30, 2016**

**Reference # and title:**            **2016-001**            **Financial Management**

**Condition:** Proper internal controls over financial reporting requires that accounting records contain up-to-date, accurate and complete information to ensure that the financial data can be relied upon to monitor the financial condition of the entity. Financial records should be reviewed timely to supporting documentation to ensure that the transactions are properly recorded and classified in the accounting records. Segregation of duties is a requirement for effective internal control; it reduces the risk of both erroneous and improper transactions. Board members act as trustees of the organization's assets and must exercise due diligence to oversee that the organization is well-managed and that its financial situation remains sound.

There is an inadequate segregation of duties. Duties are not adequately segregated in the financial reporting processes for proper internal control. The Mayor approves transactions, prepares and is one of the signers of the checks, records the transactions in the accounting system and reconciles all bank accounts. The bookkeeper prepares customer invoices, collects customer payments and posts customer payments into the ledger. This lack of segregation of duties increases the risk of both erroneous and improper transactions that would not be detected in a timely manner.

The auditors were not provided with any written policies or procedures nor was the written agreement for the joint gas venture provided outlining the ownership and operations of the Joint Gas Line. Both Mayors stated that they were unaware of any written policies or procedures and were unable to provide the original joint venture agreement.

Based on the representation of both Mayors, those charged with governance of the Joint Gas Line consists of the Town of Newellton's Board of Aldermen and the Town of Saint Joseph's Board of Aldermen. Through inquiry of both Mayors and lack of minutes to review, it was determined that the Boards or any committee thereof, has not met for at least the past three years. The Boards of both Towns have failed to meet their fiduciary duties related to the Joint Gas Line.

Through a review of journal entries and through inquiries, it was noted that several material journal entries were required to correct the financial statements. Entries included recording the effects of prior period adjustments, adjustments to the accounts payable and accounts receivable subsidiary ledger balances, and to correct posting errors to the general ledger. The adjusting entries were not made in the Joint Gas Line's accounting system until months after year end.

**Corrective action planned:** The administrative and accounting functions will be assumed by the Town of Newellton. The Town of Saint Joseph will work with Newellton to make sure these items continue to be addressed.

**Person responsible for corrective action:**

Mayor Elvadás Fields  
Town of Saint Joseph  
P O Box 217  
Saint Joseph, LA 71366

Telephone: 318-766-3713  
Fax: 318-766-3063

**Anticipated completion date:** April 30, 2017

**Towns of Newellton and Saint Joseph**  
**Jointly Owned Gas Line Operation and Maintenance Fund**  
**Corrective Action Plan for Current Year Audit Findings**  
**June 30, 2016**

**Reference # and title:**                **2016-002**                **Customer Billings and Receivables**

**Condition:** Good internal controls require the establishment of policies and procedures over customer billings, the accounts receivable subsidiary ledger and the collection and/or disconnection of delinquent accounts. The subsidiary ledger should be reconciled monthly to the general ledger to ensure customer balances are accurate and to enable the monitoring of customers with delinquent balances. Continuing to provide utility services without compensation is prohibited by the Louisiana Constitution Article VII, Section 14.

There are no written policies or procedures for customer account adjustments and disconnections. The accounts receivable subsidiary ledger has not been reconciled to the general ledger. A significant number of the customer's accounts had inaccurate beginning balances. The difference was adjusted by the fee accountant but was not made to the customer's account in the subsidiary ledger. This practice does not allow management to effectively monitor customer accounts. One customer was allowed to continue receiving service when no payment had been received in over a year before service was terminated.

Through inquiry of management, it was noted that no one is reviewing the gas usage calculation used for customer's billings. For each month tested, the gas usage was recalculated by the auditors and then compared to the amount used for customer billings by the entity. One report tested had a mathematical error in calculating the gas used for billings.

**Corrective action planned:** The administrative and accounting functions will be assumed by the Town of Newellton. The Town of Saint Joseph will work with Newellton to make sure these items continue to be addressed.

**Person responsible for corrective action:**

Mayor Elvodus Fields  
Town of Saint Joseph  
P O Box 217  
Saint Joseph, LA 71366

Telephone: 318-766-3713  
Fax: 318-766-3063

**Anticipated completion date:** June 30, 2017

**Reference # and title:**                **2016-003**                **Payroll Reporting and Tax Payments**

**Condition:** Federal laws require filing of payroll reports and payment of taxes in accordance with the filing and payment schedule as outlined in the IRS tax code.

In testing outstanding payroll related liabilities, a confirmation was requested from the Internal Revenue Service. From the confirmation, outstanding taxes, penalties and interest due were estimated to be \$10,379 at June 30, 2016. The penalties and interest were assessed for a combinations of situations. These ranged from a reconciliation difference in the 941s filed and the W2s issued for 2010; no tax payment for 4<sup>th</sup> Q 2010, late filing and partial payment of the tax due for the 2<sup>nd</sup> quarter of 2013; not filing the 941 or payment of the tax for 3<sup>rd</sup> quarter of 2013 and 3<sup>rd</sup> quarter 2015; for late filing of the 941 for 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2014 and 2<sup>nd</sup> quarter 2015; payment of tax but not filing the 941 for the 4<sup>th</sup> quarter of 2014, 1<sup>st</sup> quarter 2015, the 1<sup>st</sup>, 2<sup>nd</sup>, and 4<sup>th</sup> quarters of 2015 and 1<sup>st</sup> quarter of 2016. The Joint Gas Line will continue to incur penalties and interest until these issues are remedied and paid in full.

**Towns of Newellton and Saint Joseph**  
**Jointly Owned Gas Line Operation and Maintenance Fund**  
**Corrective Action Plan for Current Year Audit Findings**  
**June 30, 2016**

**Corrective action planned:** The town has acted to remedy some of these deficiencies. Since my appointment as Fiscal Administrator in June 2016, I am not aware of any notifications from the Internal Revenue Service regarding past due amounts. All 941s for 2016 were filed and tax deposits were made. If there are penalties and interest from past filings, we will seek to pay these as soon as possible.

**Person responsible for corrective action:**

Mayor Elvadás Fields  
Town of Saint Joseph  
P O Box 217  
Saint Joseph, LA 71366

Telephone: 318-766-3713  
Fax: 318-766-3063

**Anticipated completion date:** June 30, 2017

**Reference # and title:**            **2016-004**            **Late Submission of Audit Report to the Legislative Auditor**

**Condition:** Louisiana Revised Statute 24:513A (5)(a)(i) requires that "...audits shall be completed within six months of the close of the entity's fiscal year." The Joint Gas Line's audit report should be submitted to the Louisiana Legislative Auditor by December 31<sup>st</sup> each year.

The Joint Gas Line's audit report for the fiscal year ending June 30, 2016 was not completed within the six month deadline as per Louisiana Revised Statute 24:513A (5)(a)(i).

**Corrective action planned:** An extension was granted by Legislative Auditor extending the time period for receipt of the audit to February 28, 2017. The Joint Gas Line's report will be filed with Louisiana Legislative Auditor before the extended deadline.

**Person responsible for corrective action:**

David K. Greer, Fiscal Administrator  
Town of Saint Joseph  
P O Box 217  
Saint Joseph, LA 71366

Telephone: 318-766-3713  
Fax: 318-766-3063

**Anticipated completion date:** February 28, 2017