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Report Highlights

Town of Tullos

Audit Control # 50150015
Investigative Audit Services • November 2015

Why We Conducted This Audit

We conducted this audit as a result of complaints received concerning various aspects of Tullos' (Town) operations.

What We Found

Town of Tullos' Spending Exceeds Revenues

The Town spent more money than it collected in each of the past four fiscal years, resulting in an operating loss totaling $564,337. This spending pattern caused the Town to exhaust its available fund balance and placed the Town in a net available position of -$36,850 as of June 30, 2014.

Town Failed to Comply with the Local Government Budget Act

Town management did not comply with the Local Government Budget Act for six consecutive fiscal years (2011-2016). Most of the Town's budgets we examined were approved by a vote of the Town Council but not adopted by ordinance, as required by law. At least two of the Town's budgets included expenditures that exceeded available funds.

Mayor Improperly Appointed Family Member to the Town Council

Mayor Charles Newsom appointed his mother-in-law to fill a vacancy on the Town Council, which may violate state law.

Failure to Enforce Municipal Ordinances

Our investigation revealed four instances where Mayor Newsom did not enforce municipal ordinances that address (1) collection of occupational license taxes, (2) disconnection of delinquent utility accounts, (3) utility service reconnection fees, and (4) utility system rates. The Mayor's failure to enforce Town ordinances resulted in a loss of revenues and has also allowed for possible donations of utility services for delinquent and inactive utility customers. Mayor Newsom's failure to enforce Town ordinances may violate state law.

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What We Found (Cont.)

Lack of Contract Management

Town management was unable to provide copies of various agreements and contracts related to Town operations and expenditures. Furthermore, Town management did not appear familiar with the terms and conditions of agreements and contracts we obtained from third parties. These contracts and agreements show the Town's liabilities may be understated by $355,326; that the Town may have overpaid $166,827 for contracted services; and a lease renegotiation may have cost the Town $2,789 more than was necessary to refinance its fire truck.

Customer Meter Deposit Cash Insufficient to Meet Customer Deposit Liability

The Town's records indicate that recorded customer water deposits exceed the cash amount in the Town's water deposit bank account by $8,027. We also found 43 inactive water accounts in the utility billing system where customer water deposits totaling $4,010 were either not refunded to the customer when the water account was terminated or were refunded to the customer and not adjusted to reflect the refund.

Municipality Improperly Classified as a Town

According to 2010 United States Census Bureau data, the Town has 385 residents. State law provides that municipalities with fewer than 1,000 residents should be classified as villages. Because the Town has less than 1,000 inhabitants, state law also requires the Town Council to adopt a resolution requesting the governor change its classification to a Village based on the Town's current population.

Invoice Paid for Services Provided to Another Agency

The Town paid an invoice totaling $735 for legal services provided to the former LaSalle Parish Tax Assessor.