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TOWN OF ELIZABETH
ANNUAL FINANCIAL STATEMENTS
JUNE 30, 2009

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Release Date 1/20/10

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INDEPENDENT AUDITOR'S REPORT

The Honorable Robert Crafton, Mayor
and Members of the Board of Aldermen
Town of Elizabeth:

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund, of the Town of Elizabeth, Louisiana, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Elizabeth, Louisiana's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business - type activities, and each major fund of the Town of Elizabeth, Louisiana, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable Robert Crafton, Mayor
Town of Elizabeth, Louisiana
continued

In accordance with *Government Auditing Standards*, I have also issued my report dated December 22, 2009, on my consideration of the Town of Elizabeth, Louisiana's internal control over financial reporting and y tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Elizabeth, Louisiana's basic financial statements. The schedules of per diem paid to board members, prior year audit findings, and current year audit findings are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of per diem paid to board members, prior year audit findings, and current year audit findings have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in the all material respects in relation to the basic financial statements taken as a whole. The schedules of per diem paid to board members, prior year audit findings and current year audit findings have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

This report is intended for the information and use of management and the Board of Aldermen, state awarding agencies and the Louisiana Legislative Auditor's office of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

Elliott & Assoc. "APAC"

Leesville, Louisiana
December 22, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Town's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2009. Please read it in conjunction with the Town's financial statement, which follows this section. Comparative analysis will be provided in future years when prior year information is available.

FINANCIAL HIGHLIGHTS

- * The Town's combined total net assets increased by \$3,556 or 0.18% over the course of this year's operations. Net assets of our governmental activities decreased approximately \$18,819 or 3.89% and increased approximately \$22,375 or nearly 2.17% in the net assets of our business-type activities.
- * During the year, the Town's governmental fund revenues were \$18,819 less than the \$294,895 generated in expenses, taxes and other revenues. In the Town's business-type activities, expenses were \$16,874 less than the \$3,251,381 generated in revenues.
- * The general fund reported a \$63,103 fund balance for the year ended June 30, 2009.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - managements' discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Town:

- * The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- * The remaining statements are fund financial statements that focus on individual parts of the Town's government, reporting the Town's operations in more detail than the government-wide statements.
 - * The governmental fund statements tell how general government services, like public safety, were financed in the short term as well as what remains for future spending.
 - * Proprietary fund statements offer *short* and *long-term* financial information about the activities the government operated *like businesses*, such as water and sewer system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our non major government funds, which are added together and presented in single columns in the basic financial statements

The remainder of this overview section of the management's discussion and analysis explains the structure of contents of each of the statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Statements

The government-wide statements report information about the Town as whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net assets and how they have changes. Net assets – the difference between the Town's assets and liabilities – is one way to measure the Town's financial health, or position.

- * Over time, increases or decreases in the Town's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- * To assess the overall health of the Town you need to consider additional nonfinancial factors such as changes in the Town's property tax base and the condition of the Town's roads.

The government-wide financial statements of the Town are divided into two categories:

- * Governmental activities - most of the Town's basic services are included here, such as the police, streets and drainage, sanitation and general administration. Property, sales taxes, franchise fees and interest finance most of these activities.
- * Business - type activities – The Town charges fees to customers to help it cover the costs of certain services it provides. The Town's four utility systems are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant funds - not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

Some funds are required by State law and by bond covenants.

The Town has two kinds of funds:

- * Governmental funds - Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

MANAGEMENT'S DISCUSSION AND ANALYSIS

* Proprietary funds - Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and-short-term financial information. In fact, the Town's enterprise funds (four types of proprietary funds) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net assets. The Town's combined net assets increased 0.18 percent between fiscal years June 30, 2008 and June 30, 2009 to approximately \$1,859,279. (See Table A-1)

Table A-1

Town's Net Assets

	Governmental Activities	Business-Type Activities
Current and other assets	\$ 281,441	\$ 322,586
Capital assets	553,370	1,976,937
Restricted Assets	—	153,614
Total assets	<u>834,811</u>	<u>2,453,137</u>
Current liabilities	28,504	351,219
Long term liabilities	—	1,048,946
Total liabilities	<u>28,504</u>	<u>1,400,165</u>
Net assets		
Invested in capital assets, net of related debt	553,370	927,623
Unrestricted	<u>252,937</u>	<u>125,349</u>
Total net assets	\$ <u>806,307</u>	\$ <u>1,052,972</u>

Net assets of the Town's governmental activities decreased 5.96 percent to \$806,307. Net assets of the Town's business-type activities increased 2.17 percent to approximately \$1,052,972.

Changes in net assets. The Town's total revenues for the year ended June 30, 2009 were \$3,251,381. Approximately 91.7 percent of the Town's expenses comes from its business-type activities and 8.3 percent comes from its governmental activities. (See Table A-2)

Town of Elizabeth
Elizabeth, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Revenues for the Town's governmental activities totaled \$276,076. Approximately 24.25 percent of these revenues come from taxes and a nominal amount comes from charges for services. Expenses for the Town's governmental activities totaled \$294,895. Approximately 89.90 percent of these expenses come from general government activities and 11.10 percent comes from public safety.

Table A-2
Changes in Town's Net Assets

	Governmental Activities	Business-Type Activities
Revenues		
Program revenues		
Charges for services	\$ 3,020	\$ 3,303,176
Operating grants and contributions	12,784	----
Capital grant and contributions	----	—
General revenues:		
Taxes	66,909	—
Rent	69,030	—
Licenses and permits	21,197	—
Interest income	2,368	74
Transfers in (net)	49,429	(49,429)
Other revenues(expenses)	<u>51,339</u>	<u>2,370</u>
Total revenues	276,076	3,251,381
Expenses		
General government (incl. cap. outlay)	265,124	----
Streets and drainage	----	—
Public safety	29,771	—
Electric	—	74,803
Natural gas	—	3,062,536
Water	—	77,859
Sewer	—	<u>19,309</u>
Total expenses	294,895	3,234,507
Increase (decrease) in net assets	(18,819)	16,874
Beginning Net Assets	<u>984,573</u>	<u>1,036,099</u>
Ending Net Assets	<u>\$ 965,754</u>	<u>1,052,973</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type Activities

Revenues for the Town's business-type activities totaled \$3,251,381. Approximately 99 percent of these revenues come from charges for services. Expenses for the Town's business-type activities totaled \$3,234,507. Approximately 2.3 percent of these expenses comes from water activities. One percent comes from sewer activities, 2.3 percent comes from electric and 94.4 percent comes from natural gas activities.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed the year, its governmental funds reported a combined fund balance of \$ 252,937, a decrease of 7.04 percent from last year. (net of PP & E)

CAPITAL ASSETS

At the end of June 30, 2009, the Town had invested \$2,479,530 (net) in a broad range of capital assets, including police equipment, buildings, vehicles and water, gas and sewer systems. (See Table A-3) This amount represents a net decrease (including additions and deductions) of approximately \$241,324 or 8.80 percent, from last year.

Table A-3
Town's Capital Assets

	Governmental Activities		Business Activities	
	2009	2008	2009	2008
Land and improvements	\$135,000	\$ 135,000	\$ 18,275	\$18,275
Buildings and improvements	528,724	526,019	—	—
Equipment	127,534	117,637	—	—
Office equipment	5,021	3,663	—	—
Vehicles	112,762	112,762	19,656	19,656
Water and Sewer Facility and System	----	----	2,957,217	2,905,212
Less: Accumulated depreciation	<u>(355,672)</u>	<u>(311,006)</u>	<u>(1,030,712)</u>	<u>(934,570)</u>
Total	533,369	\$ 584,075	1,946,161	\$2,008,578

MANAGEMENT'S DISCUSSION AND ANALYSIS

This year's major capital assets additions included:

\$500- Air conditioner
1,358 –Computers and software
2,705 –Portable building
9,397—Computer system
52,000 – Gas meters
\$65,960Total additions

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mayor Robert Crafton, P. O. Box 650, Elizabeth, LA 70638.

BASIC FINANCIAL STATEMENTS

TOWN OF ELIZABETH, LOUISIANA

Statement A

Statement of Net Assets
June 30, 2009

	<u>Governmental Activities</u>	<u>Business - type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 190,543	\$ 147,010	\$ 337,553
Receivables:			
Franchise taxes	9,021	---	9,021
Accounts	---	160,559	160,559
Intergovernmental	625	---	625
Restricted assets	---	153,614	153,614
Organization costs	---	---	---
Due from other funds	81,252	15,017	96,269
Capital assets, net	<u>553,370</u>	<u>1,976,937</u>	<u>2,530,307</u>
Total assets	<u>\$ 834,811</u>	<u>\$ 2,453,137</u>	<u>\$ 3,287,948</u>
LIABILITIES			
Accounts payable	\$5,957	\$ 188,238	\$ 194,195
Taxes payable	5,755	8,342	14,097
Deferred revenues	---	---	---
Due to other funds	16,792	79,477	96,269
Accrued interest payable	---	4,241	4,241
Customer deposits	---	23,819	23,819
Current portion of revenue bonds	---	47,102	47,102
Revenue bonds payable-long-term	<u>---</u>	<u>1,048,946</u>	<u>1,048,946</u>
Total Liabilities	<u>\$ 28,504</u>	<u>\$ 1,400,165</u>	<u>\$ 1,428,669</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 553,370	\$ 927,623	\$ 1,480,993
Unrestricted	<u>252,937</u>	<u>125,349</u>	<u>378,286</u>
Total net assets	<u>\$ 806,307</u>	<u>\$ 1,052,972</u>	<u>\$ 1,859,279</u>

The accompanying notes are an integral part of this statement.

TOWN OF ELIZABETH, LOUISIANA

Statement B

Statements of Activities
For the Year Ended June 30, 2009

	Program Revenues		Net (Expenses) Revenues		Total	
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	And Changes in Net Assets Governmental Business-type Activities		
Program Activities						
Governmental Activities:						
General Government	\$ 295,670	\$ 85,780	\$ 12,784	\$ (197,106)	\$ —	
And administration	<u>129,771</u>	<u>---</u>	<u>---</u>	<u>(29,771)</u>	<u>(197,106)</u>	
Public safety						
Total governmental activities	<u>325,441</u>	<u>85,780</u>	<u>12,784</u>	<u>(226,877)</u>	<u>(226,877)</u>	
Business-type Activities:						
All Utilities	3,303,176	3,239,517	---	---	63,659	
Total business-type activities	<u>3,303,176</u>	<u>3,239,517</u>	<u>---</u>	<u>---</u>	<u>63,659</u>	
Total government	<u>3,628,617</u>	<u>\$3,325,297</u>	<u>\$ 12,784</u>	<u>\$ (226,877)</u>	<u>\$ (163,218)</u>	
General revenues:				36,042	2,370	35,842
Other revenue				63,214	—	63,214
Taxes:				21,197	—	21,197
Occupational licenses and permits				5,462	—	5,462
Franchise fees				2,368	740	2,442
Investment earnings				49,229	(49,229)	—
Transfers				177,512	(46,785)	130,727
Total general revenues and transfers				(49,365)	16,874	(32,491)
Change in net assets				85,672	1,036,099	1,891,771
Net assets at beginning of year						
Net assets at end of year				<u>\$806,307</u>	<u>\$1,052,973</u>	<u>1,859,280</u>

The accompanying notes are an integral part of this statement.

TOWN OF ELIZABETH
Balance Sheet - Governmental Funds
June 30, 2009

ASSETS	<u>Fire</u>	<u>Capital Impr.</u>
Cash and cash investments	\$ 5,383	\$ 168,068
Receivables		
Franchise	—	—
Intergovernmental		
Insurance rebates	625	—
State contract	—	—
Due from other funds	<u>1,300</u>	<u>16,000</u>
 Total assets	 <u>\$ 7,308</u>	 <u>\$ 184,068</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 469	\$ —
Deferred Revenue	—	—
Due To Other Funds	1,073	—
Taxes payable	—	—
Total Liabilities	<u>\$ 1,542</u>	<u>\$ —</u>
 Fund Balances:		
Unreserved, reported in:		
General Fund	\$ —	\$ —
Special revenue funds	<u>5,766</u>	<u>184,068</u>
Total fund balances	<u>\$ 5,766</u>	<u>\$ 184,068</u>
Total liabilities and fund balances	<u>\$ 7,308</u>	<u>\$ 184,068</u>

Statement C
Continued

<u>General Fund</u>	<u>Total Governmental Funds</u>
\$ 17,092	\$ 190,543
9,021	9,021
—	625
—	----
<u>63,952</u>	<u>81,252</u>
<u>\$ 90,065</u>	<u>\$281,441</u>
\$ 5,488	\$ 5,957
-----	---
15,719	16,792
5,755	5,755
<u>\$ 26,962</u>	<u>\$28,504</u>
\$ 63,103	\$ 63,103
----	<u>189,834</u>
<u>63,103</u>	<u>252,937</u>
<u>\$ 90,065</u>	<u>\$ 281,441</u>

TOWN OF ELIZABETH

Reconciliation of the Governmental Funds Balance Sheet
To Statement of Net Assets
June 30, 2009

Total fund balance - total governmental funds		\$252,937
Cost of capital assets at June 30, 2009	909,042	
Less: Accumulated depreciation as of June 30, 2009	<u>(355,672)</u>	<u>553,370</u>
Long-term liabilities at June 30, 2009		
Bonds payable	----	
Accrued interest payable	<u>----</u>	<u>----</u>
Net assets at June 30, 2009-governmental activities		\$ <u>806,307</u>

The accompanying notes are an integral part of this statement

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	<u>General Fund</u>	<u>Fire Fund</u>
Revenues		
Taxes:		
Ad Valorem	\$ 8,433	\$ —
Franchise	5,462	—
Sales	43,440	8,321
Intergovernmental:		
Federal grants	---	—
State and local grants	---	---
Occupational licenses and permits	21,197	—
Utility sales taxes	3,020	—
Rent Income	69,030	—
Public Support	15,000	1,750
Other revenues	<u>12,664</u>	<u>---</u>
Total revenues	<u>\$178,246</u>	<u>\$ 10,071</u>
Expenditures		
General government	198,182	—
Public Safety	14,159	15,612
Capital Outlay	<u>13,960</u>	<u>---</u>
Total Expenditures	<u>\$226,301</u>	<u>\$ 15,612</u>
Excess (deficiency) of revenues over expenditures	<u>(48,055)</u>	<u>(5,541)</u>
Other financing sources (uses)		
Transfer in	30,566	6,700
Transfer Out	(2,500)	---
Interest income	<u>---</u>	<u>—</u>
Total other financing sources (uses)	<u>28,066</u>	<u>6,700</u>
Net change in fund balances	(19,989)	1,159
Fund Balances at beginning of year	<u>127,598</u>	<u>4,607</u>
Fund Balances at end of year	<u>\$107,609</u>	<u>\$ 5,766</u>

<u>Capital Impr.</u>	<u>Total Governmental Funds</u>
\$ —	\$ 8,433
—	5,462
—	51,761
—	---
12,784	12,784
—	21,197
—	3,020
—	69,030
—	16,750
<u>23,178</u>	<u>35,842</u>
<u>\$ 35,962</u>	<u>\$224,279</u>
52,982	251,164
—	29,771
---	<u>13,960</u>
<u>\$ 52,982</u>	<u>294,895</u>
<u>(17,020)</u>	<u>(70,616)</u>
17,179	54,445
(2,516)	(5,016)
<u>2,368</u>	<u>2,368</u>
<u>17,031</u>	<u>51,797</u>
11	(18,819)
<u>184,057</u>	<u>316,262</u>
<u>\$ 184,068</u>	<u>\$ 297,443</u>

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Funds to the
Statement of Activities

For the Year Ended June 30, 2009

Net Change in fund balances - total governmental funds	\$ (18,819)
--	-------------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	13,960
---	--------

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	<u>(44,506)</u>
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Change in net assets of governmental activities	<u><u>\$(49,365)</u></u>
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The accompanying notes are an integral part of this statement

TOWN OF ELIZABETH
GENERAL FUND
Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Budgeted to GAAP		Differences Over (under)	Actual Amount GAAP Basis
	Original	Final	Actual Amount Budgetary Basis			
Revenues						
Taxes:						
Ad Valorem	7,800	8,500	\$ 8,433	\$ (67)	8,433	
Franchise	2,860	4,500	5,462	962	5,462	
Sales	34,500	40,000	43,440	3,440	43,440	
Intergovernmental:						
State and local grants	25,000	---	---	---	---	
Occupational licenses and permits	14,500	21,000	21,197	197	21,197	
Utility sales taxes	5,100	3,000	3,020	20	3,020	
Rent Income	20,350	58,000	69,030	11,030	69,030	
Public Support	6,500	10,000	15,000	5,000	15,000	
Other revenues	14,350	13,000	12,664	(336)	12,664	
Total revenues	<u>\$ 130,960</u>	<u>\$ 158,000</u>	<u>\$ 178,246</u>	<u>20,246</u>	<u>\$ 178,246</u>	
Expenditures						
General government	104,650	194,000	198,182	(4,182)	198,182	
Public Safety	14,500	14,500	14,159	341	14,159	
Capital Outlay	---	14,000	13,960	40	13,960	
Total Expenditures	<u>\$ 119,150</u>	<u>\$ 222,500</u>	<u>\$ 226,301</u>	<u>(3,801)</u>	<u>266,301</u>	
Excess (deficiency) of revenues over expenditures	<u>11,810</u>	<u>(64,500)</u>	<u>(48,055)</u>	<u>16,445</u>	<u>(48,055)</u>	
Other financing sources (uses)						
Transfer in	---	30,000	30,566	566	30,566	
Transfer Out	---	(2,000)	(12,500)	(500)	(2,500)	
Interest income	---	---	---	---	---	
Total other financing sources uses	<u>\$-----</u>	<u>\$ 28,000</u>	<u>\$ 28,066</u>	<u>\$ 66</u>	<u>28,066</u>	

TOWN OF ELIZABETH
GENERAL FUND

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amount	Differences	Actual Amount
	Original	Final	Budgetary Basis	Over (under)	GAAP Basis
Net change in fund balances	11,810	(36,500)	(19,989)	16,511	(19,989)
Fund Bal. at beginning of year	<u>127,598</u>	<u>127,598</u>	<u>127,598</u>	<u>—</u>	<u>127,598</u>
Fund Balances at end of year	<u>\$ 139,408</u>	<u>\$91,098</u>	<u>\$ 107,609</u>	<u>16,511</u>	<u>\$ 107,609</u>

TOWN OF ELIZABETH
FIRE FUND

Statement G

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amount Budgetary Basis	Differences Over (under)	Budget to GAAP Actual Amount GAAP Basis
	Original	Final			
Revenues					
Taxes:					
Sales	7,500	7,500	8,321	821	8,321
Intergovernmental:	9,000	---	---	---	---
Other revenues	<u>500</u>	<u>500</u>	<u>1,750</u>	<u>1,250</u>	<u>1,750</u>
Total revenues	<u>17,000</u>	<u>8,000</u>	<u>\$10,071</u>	<u>2,071</u>	<u>10,071</u>
Expenditures					
Public Safety	16,350	16,350	15,612	738	15,612
Capital Outlay	---	---	---	---	---
Total Expenditures	<u>16,350</u>	<u>16,350</u>	<u>\$ 15,612</u>	<u>738</u>	<u>15,612</u>
Excess (deficiency) of revenues over expenditures	<u>650</u>	<u>(8,350)</u>	<u>(5,541)</u>	<u>2,809</u>	<u>(5,541)</u>
Other financing sources (uses)					
Transfer in	---	7,000	6,700	(300)	6,700
Transfer Out	---	---	---	---	---
Interest income	---	---	---	---	---
Total other financing sources (uses)	<u>---</u>	<u>---</u>	<u>6,700</u>	<u>(300)</u>	<u>6,700</u>
Net change in fund balances	650	(1,350)	1,159	2,509	1,159
Fund Balances at beginning of year	<u>3,806</u>	<u>3,806</u>	<u>4,607</u>	<u>---</u>	<u>4,607</u>
Fund Balances at end of year	<u>\$ 4,456</u>	<u>2,456</u>	<u>\$ 5,766</u>	<u>\$ 2,509</u>	<u>5,766</u>

TOWN OF ELIZABETH
CAPITAL IMPROVEMENTS

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to GAAP Differences		Actual Amount GAAP Basis
	Original	Final		Over (under)		
Revenues						
State grants	14,500	14,500	12,784	(1,716)	12,784	
Other income	<u>-----</u>	<u>20,000</u>	<u>23,178</u>	<u>3,178</u>	<u>23,178</u>	
Total revenue	<u>\$ 14,500</u>	<u>\$ 34,500</u>	<u>\$35,962</u>	<u>\$ 1,462</u>	<u>35,962</u>	
Expenditures						
General government	13,300	51,000	52,982	(1,982)	52,982	
Capital outlay	<u>-----</u>	<u>-----</u>	<u>---</u>	<u>---</u>	<u>---</u>	
Total Expenditures	<u>13,300</u>	<u>51,000</u>	<u>\$52,982</u>	<u>(1,982)</u>	<u>52,982</u>	
Excess (deficiency) of revenues over expenditures	<u>1,200</u>	<u>(16,500)</u>	<u>(17,020)</u>	<u>(520)</u>	<u>(17,020)</u>	
Other financing sources (uses)						
Transfer in	—	18,000	17,179	(821)	17,179	
Transfer Out	—	(2,500)	(2,516)	(16)	(2,516)	
Interest income	<u>450</u>	<u>450</u>	<u>2,368</u>	<u>1,918</u>	<u>2,368</u>	
Total other financing sources (uses)	<u>450</u>	<u>15,950</u>	<u>17,031</u>	<u>1,081</u>	<u>17,031</u>	
Net change in fund balances	1,650	(550)	11	561	11	
Fund Balances at beginning of year	<u>184,057</u>	<u>184,057</u>	<u>184,057</u>	<u>---</u>	<u>184,057</u>	
Fund Balances at end of year	<u>\$185,707</u>	<u>\$183,507</u>	<u>\$ 184,068</u>	<u>\$561</u>	<u>\$184,068</u>	

TOWN OF ELIZABETH
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Business - Type Activities - Enterprise Fund	
	Gas	Water
ASSETS		
Current Assets		
Cash and cash investments	\$ 8,932	\$ 79,488
Receivable:		
Due from other funds	7,468	1,093
Accounts	<u>149,140</u>	<u>6,114</u>
Total current assets	<u>165,540</u>	<u>86,695</u>
Noncurrent Assets		
Restricted cash and cash investments	153,614	---
Organization Costs, net	---	---
Capital assets, net	<u>1,264,050</u>	<u>456,871</u>
Total noncurrent assets	<u>1,417,664</u>	<u>456,871</u>
Total assets	<u>\$ 1,583,204</u>	<u>\$543,566</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 173,140	\$3,262
Payroll taxes payable	5,925	2,417
Other accrued liabilities	---	---
Due to other funds	<u>65,813</u>	<u>11,236</u>
Total current liabilities	<u>\$ 244,878</u>	<u>\$16,915</u>
Liabilities payable from restricted assets		
Accrued interest payable	4,225	---
Customer deposits	8,885	14,934
Revenue bonds payable	<u>43,000</u>	<u>---</u>
Total liabilities payable from restricted assets	<u>56,110</u>	<u>\$14,934</u>
Noncurrent Liabilities		
Revenue bonds payable	<u>1,048,622</u>	<u>-----</u>
Total Liabilities	<u>\$ 1,349,610</u>	<u>\$31,849</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$172,428	\$456,871
Unrestricted	<u>61,166</u>	<u>54,846</u>
Total net assets	<u>\$ 233,594</u>	<u>\$511,717</u>
Total Liabilities and net assets	<u>\$ 1,583,204</u>	<u>\$543,566</u>

		Business - Type Activities Enterprise Fund		
<u>Electric</u>		<u>Sewer</u>		<u>Totals</u>
\$	43,035	\$	15,555	\$ 147,010
	6,456		----	15,017
	3,433		1,872	160,559
	<u>52,924</u>		<u>17,427</u>	<u>322,586</u>
	-----		—	153,614
	—		—	---
	<u>56,120</u>		<u>199,896</u>	<u>1,976,937</u>
	<u>56,120</u>		<u>199,896</u>	<u>2,130,551</u>
\$	<u>109,045</u>	\$	<u>217,323</u>	<u>\$ 2,453,138</u>
\$	10,617	\$	1,219	\$ 188,238
	—		—	8,342
	—		—	---
	—		2,428	79,477
\$	<u>10,617</u>	\$	<u>3,647</u>	<u>\$ 276,057</u>
	—		16	4,241
	---		—	23,819
	—		4,102	47,102
\$	<u>---</u>	\$	<u>4,118</u>	<u>\$75,162</u>
	—		324	1,048,946
\$	<u>10,617</u>	\$	<u>8,089</u>	<u>\$1,400,165</u>
\$	98,428	\$	199,896	\$927,623
	----		9,338	125,350
\$	<u>98,428</u>	\$	<u>209,234</u>	<u>\$1,052,973</u>
\$	<u>109,045</u>	\$	<u>217,323</u>	<u>\$2,453,138</u>

TOWN OF ELIZABETH, LOUISIANA
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Business - Type Activities	
	Enterprise Fund	
	<u>Gas</u>	<u>Water</u>
Operating revenues		
Charges for services	\$ 3,124,221	\$ 71,676
Other fees/rentals	----	(51)
Miscellaneous	387	—
Total Revenue	<u>\$ 3,124,608</u>	<u>\$71,625</u>
Operating expenses		
Personal services	101,134	29,375
Utilities and telephone	464	----
Electric/Gas purchases	2,774,427	----
Repairs	12,570	2,551
Office expense/Advertising	1,171	154
Insurance	48,283	245
Miscellaneous	30,244	565
Truck Expense	6,352	330
Professional Fees	4,952	1,177
Material and Supplies	20,419	8,546
Training costs	----	—
Contract labor	330	96
Depreciation and amortization	41,113	34,820
Total operating expenses	<u>\$ 3,041,459</u>	<u>\$77,859</u>
Income (loss) from operations	\$ 83,149	(6,234)
Nonoperating revenues (expenses)		
Investment income	---	---
Interest expense	(21,077)	----
Other (expense) income	2,370	—
Total nonoperating revenues (expenses)	<u>\$ (18,707)</u>	<u>---</u>
Income (loss) before contributions and transfers	64,442	(6,234)
Transfers Out	(38,398)	(15,225)
Transfers in	19,064	----
Net Transfers	<u>(19,334)</u>	<u>(15,225)</u>
Change in net assets	45,108	(21,459)
Net Assets at beginning of year	<u>188,486</u>	<u>533,176</u>
Net Assets at end of year	<u>\$ 233,594</u>	<u>\$ 511,717</u>

	Business - Type Activities Enterprise Fund	
Electric	Sewer	Totals
\$ ----	\$ 22,442	\$ 3,218,339
83,795	---	83,744
692	14	1,093
<u>\$ 84,487</u>	<u>\$ 22,456</u>	<u>\$3,303,176</u>
17,375	3,100	150,984
----	1,957	2,421
47,081	----	2,821,508
----	2,913	18,034
---	---	1,325
5,791	----	54,319
----	----	30,809
---	---	6,682
----	---	6,129
280	1,269	30,514
----	----	----
----	----	426
4,276	15,933	96,142
<u>\$ 74,803</u>	<u>\$ 25,172</u>	<u>\$ 3,219,293</u>
9,684	(2,716)	83,883
74	---	74
---	853	(20,224)
---	---	2,370
<u>\$ 74</u>	<u>\$ 853</u>	<u>\$ (17,780)</u>
9,758	(1,863)	66,103
(17,806)	(1,863)	(74,293)
----	6,000	25,064
<u>(17,806)</u>	<u>3,136</u>	<u>(49,229)</u>
(8,048)	1,273	16,874
106,476	207,961	1,036,099
<u>\$ 98,428</u>	<u>\$ 209,234</u>	<u>\$1,052,973</u>

Town OF ELIZABETH, LOUISIANA
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2008

Statement J

	Business - Type Activities	
	<u>Enterprise Fund</u>	
	<u>Gas</u>	<u>Water</u>
Cash flows from operating activities:		
Cash received from customers	\$ 3,035,159	\$ 71,198
Cash payments to suppliers		
For goods and services	(2,754,718)	(1,800)
Cash payments to employees for services	<u>(101,134)</u>	<u>(29,375)</u>
Net cash provided by operating activities	<u>179,807</u>	<u>40,023</u>
 Cash flows from noncapital financing activities:		
Miscellaneous	2,370	
Transfers from other funds	<u>(19,334)</u>	<u>(15,225)</u>
Net cash provided by noncapital financing activities	<u>(16,964)</u>	<u>(15,225)</u>
 Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(64,499)	----
Organization cost	-----	----
Interest paid on bonds	(47,349)	----
Retirement of bonds	----	----
Construction in progress	----	----
Repayment of indebtedness	<u>(77,856)</u>	----
Net cash (used) by capital and related financing activities	<u>(189,704)</u>	----
 Cash flow from investing activities:		
Interest on cash and investments	----	-----
 Net increase (decrease) in cash and cash investments	(26,861)	24,798
Cash and Cash investments, July 1, 2008	<u>189,407</u>	<u>54,690</u>
Cash and Cash investments, June 30, 2009	<u>\$ 162,546</u>	<u>\$ 79,488</u>

(Continued)

Statement J

Business - Type Activities Enterprise Fund		
<u>Electric</u>	<u>Sewer</u>	<u>Totals</u>
\$ 27,524	16,599	\$ 3,150,980
(17,375)	(3,100)	(2,776,993)
<u>(25,368)</u>	<u>(77)</u>	<u>(155,954)</u>
<u>(15,219)</u>	<u>13,422</u>	<u>218,033</u>
----	----	2,370
<u>(17,806)</u>	<u>3,136</u>	<u>(49,229)</u>
<u>(17,806)</u>	<u>3,136</u>	<u>(46,859)</u>
19,460	----	(45,039)
----	----	----
----	847	(46,502)
----	----	----
----	----	----
----	<u>(5,983)</u>	<u>(83,839)</u>
<u>19,460</u>	<u>(5,136)</u>	<u>(175,380)</u>
<u>74</u>	<u>—</u>	<u>74</u>
(13,491)	11,422	(4,132)
<u>56,526</u>	<u>4,133</u>	<u>304,756</u>
<u>\$ 43,035</u>	<u>\$ 15,555</u>	<u>\$ 300,624</u>

Town OF ELIZABETH, LOUISIANA
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2009

Statement J

	Business - Type Activities	
	Enterprise Fund	
	Gas	Water
Reconciliation of (loss) from operations to net cash provided by operating activities:		
Income from operations	\$ 83,150	\$ (6,234)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:		
Depreciation	41,112	34,820
Amortization	----	----
Change in assets and liabilities:		
Increase (Decrease) in accounts receivable	(88,949)	(427)
Increase (Decrease) in other current liabilities	4,852	----
Increase (Decrease) in Due from other funds	(1)	----
Increase (Decrease) in accounts payable	134,358	2,859
Increase (Decrease) in customer deposits	5,286	9,005
Increase (Decrease) in other assets	----	----
Increase (Decrease) in due to other funds	----	----
Net Cash provided by operating activities	\$ 179,807	\$ 40,023

Statement J

<u>Electric</u>	<u>Business - Type Activities Enterprise Fund</u>		<u>Totals</u>
	<u>Sewer</u>		
\$ 9,684	\$ (2,717)		\$ 83,883
(15,184)	15,932		76,680
----	----		----
2,345	(643)		(87,674)
---	----		4,852
---	---		(1)
---	----		132,217
(12,064)	850		3,077
---	----		----
---	----		----
<u>\$ (15,219)</u>	<u>\$ 13,422</u>		<u>\$ 218,034</u> (Concluded)

TOWN OF ELIZABETH, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended June 30, 2009

INTRODUCTION

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

The accounting and reporting policies of the Town of Elizabeth conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The Town maintains various funds that provide services and benefits to its citizens including repairs and maintenance of approximately 15 miles of road and streets, and water, sewer, and garbage collection services to approximately 574 residents.

I. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

A. Government - Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on the primary government. For the most part, the effect of inter-fund 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.

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) charges 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.

TOWN OF ELIZABETH, LOUISIANA

Notes to the Financial Statements (Continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the funds financial statements.

A. 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 is 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. 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

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

TOWN OF ELIZABETH, LOUISIANA

Notes to the Financial Statements (Continued)

The municipality reports the following major proprietary fund:

The Proprietary Fund accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expense incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Town operates proprietary funds for the gas, electric, sewer, and water operations. The gas operations began in late May 2004 when the Town purchased a natural gas distribution system from a private enterprise. The Town subleased the electrical system to Cleco in November 2008.

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 inter fund 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 government's enterprise operations. Elimination of these 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. 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 non operating 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. Charges for services of providing water and sewer services to residents comprise the operating revenue of the Town's enterprise fund. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses are not meeting this definition are reported as non operating revenues and expenses.

TOWN OF ELIZABETH, LOUISIANA

Notes to the Financial Statements (Continued)

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

C. Deposits and Investments

The municipality'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 municipality's investment policy allow the municipality to invest in collateralized certificated of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

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 inter fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter fund 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."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible. Water and sewer charges have customer deposits that have been collected in advance therefore the majority of all water and sewer billing is collected or taken out of this customer's deposit, any allowance account would be immaterial, therefore one has not been established.

TOWN OF ELIZABETH, LOUISIANA

Notes to the Financial Statements (Continued)

E. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Bond reserve fund - The Waterworks Revenue Bonds dated March 15, 1968, require that a reserve fund be established. Money in these accounts is used to pay the maturing principal and interest on the bonds.

Depreciation and contingency fund - The Waterworks Revenue Bonds dated March 15, 1968, require that a depreciation and contingency fund be established. Money in this account is used for extensions, additions, improvements and replacements necessary to properly operate the system.

Cash collected from utility fund customers as deposits against future utility bills are classified as restricted assets and are held by the Town in a custodial cash account entitled "Customer Deposits."

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 municipality maintains a threshold level of \$1,000 or more for capitalizing capital assets.

According to GASB 34 the Town of Elizabeth was not required to retroactively report infrastructure assets in its financial statements, therefore, these assets have not been reported in the financial statements.

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.

TOWN OF ELIZABETH, LOUISIANA
Notes to the Financial Statements (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense included during the current fiscal year was \$21,930. No interest expense was included as part of the cost of capital assets under construction in connection projects.

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, and infrastructures	40-50 years
Land improvements	40-50 years
Buildings and building improvements	40-50 years
Furniture and fixtures	5-15 years
Vehicles	5-10 years
Equipment	3-15 years

G. Compensated Absences

The Town requires all employees to take vacations currently. Therefore, any accumulated vacation pay would be less than a year's accrual. Additionally, sick leave is not accumulated.

H. Long-Term Obligations

In the government-wide financial statements, and the proprietary funds 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWN OF ELIZABETH, LOUISIANA

Notes to the Financial Statements (Continued)

I. Fund Equity

In the fund financial statement, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balances represent tentative management plans that are subject to change.

J. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or event within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

K. 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 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 those estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget Information the Town uses the following budget practices:

1. The Town Clerk and Mayor prepare a proposed budget and submit same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after the publication of the call for the hearing.

TOWN OF ELIZABETH, LOUISIANA
Notes to the Financial Statements (Continued)

4. After the holding of the public hearing and completion of all action necessary to finalize an implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen. These amended amounts are shown in the financial statements.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. The budgets for the General Fund and Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen.

3. CASH AND CASH EQUIVALENTS

Under State law, the Town may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in United States bonds, treasury notes, time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, investments as stipulated in state law, or any other federally insured investment.

At June 30, 2009, the Town had cash and investments as follows:

	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTAL</u>
Cash (demand deposits) and Certificate of deposit	<u>\$ 337,553</u>	<u>\$ 153,614</u>	<u>\$491,167</u>

At year end, the carrying amount of the Town's deposits (demand deposits and certificates of deposit) was \$491,167 and bank balances were \$ 514,333. A summary of collateralization of bank balances is presented below.

Insured (Federal deposit insurance)	\$ 400,000
Uncollateralized (In accordance with GAAP - See below)	<u>114,333</u>
	<u>\$ 514,333</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 or securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times at least equal the amount on deposit with the fiscal agent.

TOWN OF ELIZABETH, LOUISIANA

Notes to the Financial Statements (Continued)

3. CASH AND CASH EQUIVALENTS
(CONTINUED)

The uncollateralized amount shown above is secured by pledged securities with a market value of \$396,338 held in the name of the pledging fiscal agent banks in holding or custodial banks. Even though the pledged securities are considered uncollateralized under GAAP, Louisiana Revised Statutes impose a statutory requirement on the custodial bank to advertise and sell the pledge securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

4. AD VALOREM

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

For the year ended June 30, 2009, taxes of 6.29 mils were levied on property with an assessed valuation of \$1,190,860 and were dedicated to general corporate purposes.

Total taxes levied were \$7,491. Furthermore, collections of delinquent taxes and other adjustments resulted in total collections of \$8,433. Taxes receivable at June 30, 2009, consisted of the following:

Taxes receivable - current roll	\$	—
Taxes receivable - prior years	—	—
	—	—
Allowance for uncollectible taxes	—	—
	<u>\$</u>	<u>—</u>

5. RECEIVABLES

The receivables of \$170,205 at June 30, 2009 are as follows:

<u>Class</u>	<u>Fire</u>	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Franchise	\$ —	\$9,021	\$ —	\$ 9,021
Charges for service	—	—	160,559	160,559
Intergovernmental	625	—	—	625
Total	<u>\$ 625</u>	<u>\$ 9,021</u>	<u>\$160,559</u>	<u>\$170,205</u>

TOWN OF ELIZABETH, LOUISIANA
Notes to the Financial Statements (Continued)

6. INTERFUND RECEIVABLES/PAYABLES

At June 30, 2009, the following interfund receivables and payables existed:

	General		Due From:			Totals
	Fund	Fire Fund	Gas Fund	Sewer Fund	Water Fund	
<u>Due To:</u>						
Capital Impr. Fund	\$1,000	---	\$ 15,000	\$ ---	\$ ---	\$ 16,000
Fire Fund	1,300	---	---	---	---	1,300
Gas Fund	7,468	---	---	---	---	7,468
Electric Fund	4,858	1,073	---	428	97	6,456
Water Fund	1,093	---	---	---	---	1,093
General Fund	---	---	50,813	2,000	11,139	63,952
Totals	<u>\$15,719</u>	<u>1,073</u>	<u>\$ 65,813</u>	<u>\$ 2,428</u>	<u>\$11,236</u>	<u>\$ 96,269</u>

7. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2009, for the primary government is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 115,000	\$ ---	\$ ---	\$ 115,000
Total capital assets, not be depreciated	<u>115,000</u>	<u>----</u>	<u>---</u>	<u>115,000</u>
Capital assets being depreciated				
Vehicles	\$ 112,762	\$ ---	\$ ---	\$ 112,762
Office Equipment	3,663	1,358	---	5,021
Buildings	526,019	2,705	---	528,724
Land Improvements	20,000	---	---	20,000
Equipment	117,637	9,897	---	127,534
Total capital assets being depreciated	<u>\$ 780,081</u>	<u>\$ 13,960</u>	<u>\$ ---</u>	<u>\$ 794,041</u>
Less accumulated depreciation for:				
Vehicles	(21,726)	(12,106)	---	(33,832)
Office Equipment	(3,663)	(272)	---	(3,935)
Buildings	(205,346)	(13,034)	---	(218,380)
Land Improvements	(20,000)	(----)	---	(20,000)
Equipment	<u>(60,271)</u>	<u>(19,254)</u>	<u>---</u>	<u>(79,525)</u>
Total accumulated depreciation	<u>(311,006)</u>	<u>(44,666)</u>	<u>---</u>	<u>(355,672)</u>
Total capital assets, net	<u>\$584,075</u>	<u>\$ (30,706)</u>	<u>\$ ---</u>	<u>\$ 553,369</u>

TOWN OF ELIZABETH, LOUISIANA

Notes to the Financial Statement (Continued)

7. CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 18,275	----	----	18,275
Construction in progress	----	---	----	---
Total capital assets, not be depreciated	<u>18,275</u>	<u>----</u>	<u>----</u>	<u>18,275</u>
Capital assets being depreciated				
Plant and Equipment	2,905,217	52,000	—	2,957,217
Autos and trucks	<u>19,656</u>	<u>----</u>	<u>—</u>	<u>19,656</u>
Total capital assets being depreciated	<u>2,924,873</u>	<u>52,000</u>	<u>—</u>	<u>2,976,873</u>
Less accumulated depreciation for:				
All depreciable assets	\$ (934,570)	\$ (96,142)	\$ —	(1,030,712)
Total business-type assets, net	<u>\$ 1,990,303</u>	<u>\$ (44,142)</u>	<u>\$ ----</u>	<u>\$1,946,161</u>

Depreciation expense of \$ 140,808, for the year ended June 30, 2009, was charged to the following governmental functions:

General administration	\$ 44,666
Business-type activities	<u>96,142</u>
Total	<u>\$140,808</u>

8. LONG-TERM OBLIGATIONS

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 long-term obligations as of June 30, 2009:

	<u>Gas Revenue Bonds</u>	<u>USDA Debt</u>	<u>Sewer Revenue Bonds</u>	<u>Totals</u>
Current Portion	\$ 20,000	\$13,771	\$4,102	\$ 37,873
Long-term portion	<u>452,000</u>	<u>605,851</u>	<u>324</u>	<u>1,058,175</u>
Total	<u>\$ 472,000</u>	<u>\$ 619,622</u>	<u>\$ 4,426</u>	<u>\$1,096,048</u>

The following activity occurred during the fiscal year ended June 30, 2009:

Bonds Payable - 6/30/08	\$ 492,000	\$677,478	\$ 10,409	\$ 1,179,887
Additions	-----	----	----	----
Bonds Retired	<u>(20,000)</u>	<u>(57,856)</u>	<u>(5,983)</u>	<u>(83,839)</u>
Bonds Payable -6/30/09	<u>\$ 472,000</u>	<u>\$619,622</u>	<u>\$ 4,426</u>	<u>\$1,096,048</u>

TOWN OF ELIZABETH, LOUISIANA

Notes to the Financial Statements (Continued)

8. LONG-TERM OBLIGATIONS (continued)

The Town has three revenue bond issues outstanding as follows:

\$ 85,000 Sewer Revenue Bonds dated February 28, 1975; due in annual installments of \$ 5,136 through June 7, 2011; interest at 5%; secured by sewer revenues \$ 4,426

\$ 677,478 USDA Revenue Bonds dated ; due in annual installments of \$40,302 through July 21, 2036 beginning July 21, 2009 \$619,622 at interest of 4.375% secured by gas revenues

\$ 568,000 Gas Revenue Bonds dated May 24, 2004; due in annual installments of \$ 42,000 to \$ 48,000 through June 1, 2026; interest at 5%; secured by gas revenues. 472,000

Totals \$1,096,048

The annual requirements to amortize all revenue bonds outstanding as of June 30, 2009, including interest payments of \$ 783,529 are as follows:

<u>Year Ending</u>	<u>Sewer Revenue Bonds</u>	<u>Gas Revenue Bonds</u>	<u>USDA Bonds</u>	<u>Totals</u>
2010	\$ 4,290	\$ 42,000	40,302	\$ 86,592
2011	357	42,000	40,302	82,659
2012	---	42,000	40,302	82,302
2013	---	42,000	40,302	82,302
2014	---	42,000	40,302	82,302
2015-2019	----	210,000	201,510	411,510
2020-2024	---	210,000	201,510	411,510
2025-2029	---	126,000	201,510	327,510
2030-2034	----	----	201,510	201,510
2035-2036	-----	-----	43,380	<u>43,380</u>
	<u>\$ 4,647</u>	<u>\$ 756,000</u>	<u>1,050,930</u>	<u>\$1,811,577</u>

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF ELIZABETH, LOUISIANA

Schedule 1

Schedule of Per Diem Paid to Board Members
Year Ended June 30, 2009

<u>Board Member</u>	<u># of Meetings</u>	<u>Total Paid</u>
Robert Crafton, Mayor	12	\$ 18,000
Nettie Clark, Alderwoman	12	960
Michael Melder, Alderman	12	960
Michael Sutton, Alderman	12	960
Lydia Kingam, Alderwoman	12	960
Shirley Smith, Alderwoman	12	960
		<u>\$ 22,800</u>

TOWN OF ELIZABETH, LOUISIANA

Schedule 2

Schedule of Prior Year Audit Findings
Year Ended June 30, 2009

Findings- Financial Statement Audit

There were no prior year audit findings reported as of June 30, 2009.

TOWN OF ELIZABETH, LOUISIANA

Schedule 3

Schedule of the Corrective Action Plan
For the Current Year Audit Findings
Year Ended June 30, 2009

Current Year Audit Findings

There were no current year Findings.

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W. Micheal Elliott, CPA

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

The Honorable Robert Crafton, Mayor
And the Members of the Board of Aldermen
Town of Elizabeth, Louisiana

I have audited the financial statements of the Town of Elizabeth as of and for the year ended June 30, 2009, and have issued my report thereon dated December 22, 2009. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Elizabeth's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

In planning and performing my audit of the financial statements of Town of Elizabeth as of and for the year ended June 30, 2009 in accordance with auditing standards generally accepted in the United States of America, I considered Town of Elizabeth's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I noted no deficiencies in internal control that I consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

This report is intended solely for the information and use of management and the Board of Commissioners, state awarding agencies and the Louisiana Legislative Auditor's office of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by Legislative Auditor as a public document.

Elliott & Assoc. "APAC"

Leesville, Louisiana
December 22, 2009