

# **VILLAGE OF ELIZABETH, LOUISIANA**

ANNUAL FINANCIAL REPORT  
AND INDEPENDENT AUDITORS' REPORTS

YEAR ENDED JUNE 30, 2015

*Royce T. Scimemi, CPA, APAC*  
Oberlin, LA

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## VILLAGE OF ELIZABETH, LOUISIANA

### Management's Discussion and Analysis

Within this section of the Village of Elizabeth, Louisiana's annual financial report, the Village's management is pleased to provide this narrative discussion and analysis of the financial activities of the Village for the fiscal year ended June 30, 2015. The Village's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

#### FINANCIAL HIGHLIGHTS

- The Village's assets exceeded its liabilities by \$2,434,261 (net position) for the fiscal year reported.
- Total revenues of \$2,610,270 exceeded total expenses of \$2,498,218 which resulted in a current year surplus of \$112,052. In comparison, for the previous year ended June 30, 2014, the Village's total revenues of \$3,391,448 exceeded its total expenses of \$3,036,370, yielding a surplus of \$355,078.
- Total net position is comprised of the following:
  - (1) Capital assets, net of related debt, of \$1,495,818 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets. In comparison, as of June 30, 2014, the Village's net capital assets were \$1,433,905.
  - (2) For the fiscal year ended June 30, 2015, net position of \$29,445 was restricted by constraints imposed from outside the Village such as debt covenants, grantors, laws, or regulations. The Village reported net position of \$25,999 restricted in fiscal year ended June 30, 2014.
  - (3) Unrestricted net position, representing the portion of net position available to maintain the Village's continuing obligations to citizens and creditors, amounted to \$908,998 and \$862,203 for the fiscal years ended June 30, 2015 and 2014, respectively.
- The Village's governmental funds reported total surplus ending fund balance of \$260,932 this year. This compares to the prior year ending surplus fund balance of \$301,179 reflecting a deficit of \$40,247 during the current year. For the prior year ended June 30, 2014, a decrease of \$64,663 was reported in the total ending fund balance. All positive fund balances are unassigned to particular uses.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$260,932, or 48% of total General Fund expenditures and 52% of total General Fund revenues including other financing sources. In comparison, for the fiscal year ended June 30, 2014, unassigned fund balance for the General Fund was of \$301,179, or 85% of total General Fund expenditures and 103% of total General Fund revenues including other financing sources.
- Overall, the Village improved on a strong financial position and is continuing to work to improve on this financial position.

## VILLAGE OF ELIZABETH, LOUISIANA

### Management's Discussion and Analysis (Continued)

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

#### OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the Village's basic financial statements, which include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Village also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

#### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Village's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Village's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the Village's assets and liabilities, with the difference 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 Village as a whole is improving or deteriorating. Evaluation of the overall health of the Village would extend to other non-financial factors such as diversification of the taxpayer base, or the condition of Village infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Village's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Village's distinct activities or functions on revenues provided by the Village's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Village that are principally supported by sales taxes, ad valorem taxes, rent income, and licenses/permits and income from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities principally include general government, public safety and streets. Business-type activities include the gas, water, sewer, and electricity systems.

The government-wide financial statements are presented on pages 16 and 17 of this report.

#### FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Village uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Village's most significant funds rather than the Village as a whole. There is no individual fund data for non-major funds to be reported in any combining statements.

VILLAGE OF ELIZABETH, LOUISIANA  
Management's Discussion and Analysis (Continued)

The Village has two kinds of funds:

*Governmental funds* are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Village's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 20 through 23 of this report.

*Proprietary funds* are reported in the fund financial statements and generally report services for which the Village charges customers a fee. The Village's proprietary funds are classified as enterprise funds. These enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements.

The basic enterprise fund financial statements are presented on pages 24 through 26 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 27 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's budget presentations. The management's discussion and analysis on pages 3 through 11 and the general fund budgetary comparison schedule on pages 39 through 40 are included as "required supplementary information". The budgetary comparison schedule demonstrates compliance with the Village's adopted and final revised budgets.

As discussed, the Village reports major funds in the basic financial statements. The other supplementary information includes the schedule of compensation paid to the Mayor and Council members and the schedule of compensation, benefits and other payments to the chief executive officer which are presented in a subsequent section of this report on pages 42 through 43.

VILLAGE OF ELIZABETH, LOUISIANA

Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

The Village's net position at fiscal year-end is \$2,434,261, summarized as follows:

Summary of Net Position

	Governmental Activities	Business-Type Activities	06/30/15 Total	Percentage Total	06/30/14 Total
<b>Assets:</b>					
Current assets	\$ 272,281	\$ 819,331	\$ 1,091,612	32%	\$ 1,136,216
Capital assets, net	<u>526,290</u>	<u>1,790,561</u>	<u>2,316,851</u>	<u>68</u>	<u>2,300,680</u>
<b>Total assets</b>	<u>798,571</u>	<u>2,609,892</u>	<u>3,408,463</u>	<u>100%</u>	<u>3,436,896</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-%</u>	<u>-</u>
<b>Liabilities:</b>					
Current liabilities	11,349	176,378	187,727	19%	284,647
Long-term liabilities	<u>-</u>	<u>786,475</u>	<u>786,475</u>	<u>81</u>	<u>830,042</u>
<b>Total liabilities</b>	<u>11,349</u>	<u>962,853</u>	<u>974,202</u>	<u>100%</u>	<u>1,114,689</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-%</u>	<u>-</u>
<b>Net Position:</b>					
Investment in capital assets, net of debt	526,290	969,528	1,495,818	61%	1,433,905
Restricted	-	29,445	29,445	1%	25,999
Unrestricted	<u>260,932</u>	<u>648,066</u>	<u>908,998</u>	<u>38%</u>	<u>862,303</u>
<b>Total net position</b>	<u>\$ 787,222</u>	<u>\$ 1,647,039</u>	<u>\$ 2,434,261</u>	<u>100%</u>	<u>\$ 2,322,207</u>

The Village continues to maintain strong current ratios. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio is 23.99 to 1 for governmental activities and 4.65 to 1 for business-type activities. This compares with the prior year's ratios of 53.49 to 1 and 2.97 to 1, respectively. For the Village overall, the current ratio is 5.81 to 1 while that same financial indicator was 3.99 to 1 for the fiscal year ended June 30, 2014. These ratios are strong.

The Village reported positive balances in net position for both governmental and business-type activities. For the fiscal years ended June 30, 2015 and 2014, respectively, net position increased (decreased) by \$87,314 and (\$74,780) for governmental activities and by \$24,738 and 429,858 for business-type activities. The Village's overall financial position improved during the fiscal year ended in June 30, 2015, mainly due to normal operations.

Note that approximately 67% and 57% of the governmental activities' net position are tied up in capital assets as of June 30, 2015 and June 30, 2014, respectively. The Village uses these capital assets to provide services to its citizens. However, with business-type activities, the Village has invested approximately 59% and 64% of its net position on capital assets during the respective fiscal years ended June 30, 2015 and 2014. Capital assets in the business-type activities provide utility services, but they also generate revenues for these funds. For the respective fiscal years ended June 30, 2015 and 2014, 61% and 62% of the Village's total net position, net of debt, are included in capital assets.

VILLAGE OF ELIZABETH, LOUISIANA

Management's Discussion and Analysis (Continued)

The following table provides a summary of the Village's changes in net position:

	Governmental Activities	Business-Type Activities	2015 Total	% Total	2014 Total	% Total
<b>Revenues:</b>						
<b>Program:</b>						
Charges for services/finances	\$ 23,250	\$ 2,293,784	\$ 2,317,034	89%	\$ 3,203,291	94%
Operating grants	-	-	-	-%	12,500	-%
Capital grants	133,810	6,494	140,304	5%	-	-%
<b>General:</b>						
Sales taxes	56,686	-	56,686	2%	70,815	2%
Other taxes	20,249	-	20,249	1%	20,192	1%
Other	75,997	-	75,997	3%	84,650	3%
<b>Total Revenues</b>	<u>309,992</u>	<u>2,300,278</u>	<u>2,610,270</u>	<u>100%</u>	<u>3,391,448</u>	<u>100%</u>
<b>Program expenses:</b>						
General government	312,347	-	312,347	13%	304,066	10%
Public safety	87,068	-	87,068	3%	53,960	2%
Public works	11,338	-	11,338	1%	8,153	1%
Gas	-	1,854,055	1,854,055	74%	2,395,706	79%
Water	-	125,083	125,083	5%	187,863	6%
Electric	-	3,858	3,858	-%	3,859	-%
Sewer	-	64,709	64,709	3%	44,151	1%
Interest	-	39,760	39,760	1%	38,612	1%
<b>Total Expenses</b>	<u>410,753</u>	<u>2,087,465</u>	<u>2,498,218</u>	<u>100%</u>	<u>3,036,370</u>	<u>100%</u>
Excess (deficiency)	(100,761)	212,813	112,052		355,078	
Transfers	188,075	(188,075)	-		-	
Change in net position	87,314	24,738	112,052		355,078	
Beginning net position	699,908	1,622,301	2,322,209		1,967,131	
Ending net position	<u>\$ 787,222</u>	<u>\$ 1,647,039</u>	<u>\$ 2,434,261</u>		<u>\$ 2,322,209</u>	

**GOVERNMENTAL REVENUES**

The Village is heavily reliant on utility revenues and sales taxes to support governmental operations. Sales taxes equal 18% of the revenues for governmental activities, as compared with 38% in the prior year. Also note that program revenues cover only 38% (12% in the year ended June 30, 2014) of governmental operating expenses. This means that the government's taxpayers and the Village's other general revenues fund 62% (88% in the prior fiscal year) of the governmental activities. As a result, the general economy and the local businesses have a major impact on the Village's revenue streams.

**GOVERNMENTAL FUNCTIONAL EXPENSES**

For the fiscal years ended June 30, 2015 and 2014, respectively, general government comprised 13% and 10% of the Village's total expenses and 76% and 83% of the total governmental expenses. For the fiscal years ended June 30, 2015 and 2014, total public safety makes up 21% and 15% of the total governmental expenses.

This following table presents the cost of each of the Village's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the Village's taxpayers by each of these functions.

VILLAGE OF ELIZABETH, LOUISIANA

Management's Discussion and Analysis (Continued)

Governmental Activities

	06/30/14		06/30/15	
	Total Cost of Services	Net Cost (Benefit) of Services	Total Cost of Services	Net Cost (Benefit) of Services
General government	\$ 304,066	\$ 267,988	\$ 312,347	\$ 156,044
Public safety	53,960	47,390	87,068	86,311
Public works	8,153	8,153	11,338	11,338
Total	<u>\$ 366,179</u>	<u>\$ 323,531</u>	<u>\$ 410,753</u>	<u>\$ 253,693</u>

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

The operating revenues for the utility funds were 28% less than 2014 and operating expenses were 22% less than 2014. Within the total business-type activities of the Village, these activities reported a \$252,573 operating income compared to an operating income of \$541,564 for the prior year. However, after operating transfers, the utility funds reported a surplus of \$24,738, which compares with the overall fund surplus of \$429,858 experienced in the year ended June 30, 2014.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$260,932 and \$301,179 for the fiscal years ended June 30, 2015 and 2014, respectively. Of the year-end totals for June 30, 2015, \$260,932 was unassigned, indicating availability for continuing Village service requirements. There were no restricted funds in current fiscal year.

The total ending fund balance of governmental funds show an decrease of \$40,247. This compares with a decrease of \$64,663 experienced in the prior fiscal year ended June 30, 2014.

MAJOR GOVERNMENTAL FUNDS

The General Fund is the Village's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance decreased by \$40,247 in the current fiscal year, while in the fiscal year ended June 30, 2014, the fund balance decreased by \$64,663. However, the reader needs to remember that the Village controls these differences by the amount of resources it transfers in from the Village's other funds.

The revenues show an increase of \$91,697 or 42% more than the prior year reflecting primarily increases in income from intergovernmental sources. The expenditures side shows an increase of \$182,252 or 51% more than the prior year reflecting primarily decreases in capital outlay spending.



VILLAGE OF ELIZABETH, LOUISIANA

Management's Discussion and Analysis (Continued)

The General Fund's ending fund balance was less than the prior year representing the equivalent of 48% of its annual expenditures and 52% of its annual revenues including operating transfers.

THE PROPRIETARY FUNDS

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term information about financial status.

BUDGETARY HIGHLIGHTS

The General Fund - Both the revenue and the expenditure sides of the current year final budget for the General Fund were revised by a \$617 decrease and a \$187,020 decrease, respectively in relation to the prior year's final budget. The primary change in the General Fund's revenue budget relates to decreases in grant income. The primary change in the expenditure budget relates to decreases to salaries and payroll taxes.

The actual revenues exceeded the final budget revenues by \$66,327 or 27% and the actual expenditures exceeded the budgeted expenditures by \$300,264 or 126%.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Village's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2015, were \$526,290 and \$1,790,561, respectively, while those figures as of June 30, 2014, were \$398,729 and \$1,901,951 respectively. The overall increase was 1% for the Village as a whole. See Note D for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Non-depreciable assets:						
Land	\$ 110,000	\$ 110,000	\$ 33,275	\$ 33,275	\$ 143,275	\$ 143,275
Total non-depreciable	<u>110,000</u>	<u>110,000</u>	<u>33,275</u>	<u>33,275</u>	<u>143,275</u>	<u>143,275</u>
Depreciable assets:						
Vehicles	103,932	106,142	-	-	103,932	106,142
Buildings	528,724	528,724	-	-	528,724	528,724
Equipment	163,602	337,542			163,602	337,542
Utility systems	-	-	3,417,505	3,423,995	3,417,505	3,423,995
Total depreciable assets	796,258	972,408	3,417,505	3,423,995	4,213,763	4,396,403
Less accumulated depreciation	<u>507,529</u>	<u>556,118</u>	<u>1,548,829</u>	<u>1,666,709</u>	<u>2,056,358</u>	<u>2,222,827</u>
Book value-depreciable assets	<u>\$ 288,729</u>	<u>\$ 416,290</u>	<u>\$1,868,676</u>	<u>\$ 1,757,286</u>	<u>\$ 2,157,405</u>	<u>\$ 2,173,576</u>
Percentage depreciated	64%	57%	45%	49%	49%	51%
Book value-all assets	<u>\$ 398,729</u>	<u>\$ 526,290</u>	<u>\$1,901,951</u>	<u>\$ 1,790,561</u>	<u>\$ 2,300,680</u>	<u>\$ 2,316,851</u>

VILLAGE OF ELIZABETH, LOUISIANA

Management's Discussion and Analysis (Continued)

The depreciable capital assets for governmental activities were 57% and 64% depreciated for the fiscal years ended June 30, 2015 and June 30, 2014, respectively. This comparison indicates that the Village is replacing its governmental assets at a faster rate than the rate they are depreciating.

The major additions are:

- Bunker gear and SCBAs
- Vehicle
- Generator

With the Village's business-type activities, 49% of the asset values were depreciated at June 30, 2015 compared to 45% at June 30, 2014.

The major additions are:

- Fencing

Long-term debt

At the end of the fiscal year, the Village had total long-term debt outstanding of \$818,032. All of this amount is backed by the full faith and credit of the Village with debt service funded by gas fund revenues.

During the year, the Village issued \$0 and retired \$45,570 in long-term debt. See Note F for additional information regarding long-term debt.

	Outstanding Borrowings	
	<u>06/30/14</u>	<u>06/30/15</u>
Gas revenue bonds	\$ 344,000	\$ 316,000
USDA gas revenue bonds	<u>519,602</u>	<u>502,032</u>
Total	<u>\$ 863,602</u>	<u>\$ 818,032</u>

ECONOMIC CONDITIONS AFFECTING THE VILLAGE

The Village's primary revenue stream comes from utility charges and sales taxes, which are subject to changes in the economy. Since sales are considered an "elastic" revenue stream, tax collections are higher in a flourishing economy and are lower in a depressed economy.

VILLAGE OF ELIZABETH, LOUISIANA

Management's Discussion and Analysis (Continued)

**CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Village's finances, comply with finance-related laws and regulations, and demonstrate the Village's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Village's Mayor, Wayne Earl, P.O. Box 457, Elizabeth, LA 70638.

# ROYCE T. SCIMEMI, CPA, APAC



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## INDEPENDENT AUDITORS' REPORT

December 1, 2015

Honorable Wayne Earl, Mayor  
and the Village Council  
Village of Elizabeth, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Elizabeth, Louisiana as of and for the year ended June 30, 2015, and the related notes to the basic financial statements, which collectively comprise the Village of Elizabeth, Louisiana's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Elizabeth, Louisiana, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 39 through 40 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.

*Other Information*

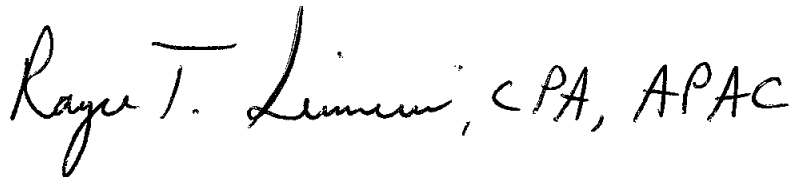
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Elizabeth, Louisiana's basic financial statements. The schedule of compensation paid to the Mayor and Council Members, and the schedule of compensation, benefits and other payments to the chief executive officer (Other Supplementary Information) are presented on pages 42-43 for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 01, 2015, on our consideration of the Village of Elizabeth, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Elizabeth, Louisiana's internal control over financial reporting and compliance.

Royce T. Scimemi, CPA, APAC



**BASIC FINANCIAL STATEMENTS**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

Village of Elizabeth, Louisiana

Statement of Net Position

June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and certificates of deposit	\$ 254,727	\$ 610,306	\$ 865,033
Accounts receivable	17,554	164,800	182,354
Restricted cash	--	44,225	44,225
Total current assets	272,281	819,331	1,091,612
Noncurrent assets:			
Land	110,000	33,275	143,275
Capital assets, net	416,290	1,757,286	2,173,576
Total noncurrent assets	526,290	1,790,561	2,316,851
<b>Total Assets</b>	<b>798,571</b>	<b>2,609,892</b>	<b>3,408,463</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Aggregated deferred outflows	--	--	--
<b>Total Deferred Outflows of Resources</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	10,677	120,510	131,187
Accrued interest payable	--	3,000	3,000
Other accrued liabilities	672	6,530	7,202
Revenue bonds payable	--	46,338	46,338
Total current liabilities	11,349	176,378	187,727
Noncurrent liabilities:			
Customer deposits	--	14,780	14,780
Revenue bonds payable	--	771,695	771,695
Total noncurrent liabilities	--	786,475	786,475
<b>Total Liabilities</b>	<b>11,349</b>	<b>962,853</b>	<b>974,202</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Aggregated deferred inflows	--	--	--
<b>Total Deferred Inflows of Resources</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>NET POSITION</b>			
Net investment in capital assets, net of related debt	526,290	969,528	1,495,818
Restricted - Note K	--	29,445	29,445
Unrestricted	260,932	648,066	908,998
<b>Total Net Position</b>	<b>\$ 787,222</b>	<b>\$ 1,647,039</b>	<b>\$ 2,434,261</b>

See accompanying notes.



**Village of Elizabeth, Louisiana**  
**Statement of Activities**  
**For the Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>							
<b>Governmental Activities:</b>							
General government	\$ 312,347	\$ 22,493	\$ --	\$ 133,810	\$ (156,044)	\$ --	\$ (156,044)
Public safety	87,068	757	--	--	(86,311)	--	(86,311)
Public works	11,338	--	--	--	(11,338)	--	(11,338)
<b>Total Governmental Activities</b>	<b>410,753</b>	<b>23,250</b>	<b>--</b>	<b>133,810</b>	<b>(253,693)</b>	<b>--</b>	<b>(253,693)</b>
<b>Business-type Activities:</b>							
Gas Fund	1,854,055	2,130,706	--	6,494	--	283,145	283,145
Interest and fiscal charges-Gas	39,760	--	--	--	--	(39,760)	(39,760)
Sewer Fund	64,709	23,719	--	--	--	(40,990)	(40,990)
Electric Fund	3,858	50,378	--	--	--	46,520	46,520
Water Fund	125,083	88,981	--	--	--	(36,102)	(36,102)
<b>Total Business-type Activities</b>	<b>2,087,465</b>	<b>2,293,784</b>	<b>--</b>	<b>6,494</b>	<b>--</b>	<b>212,813</b>	<b>212,813</b>
<b>Total Primary Government</b>	<b>\$ 2,498,218</b>	<b>\$ 2,317,034</b>	<b>\$ --</b>	<b>\$ 140,304</b>	<b>(253,693)</b>	<b>212,813</b>	<b>(40,880)</b>
<b>Revenues</b>							
<b>Taxes:</b>							
					9,598	--	9,598
					10,651	--	10,651
					56,686	--	56,686
					4,940	--	4,940
					3,253	--	3,253
					18,461	--	18,461
					62	--	62
					49,281	--	49,281
					188,075	(188,075)	--
					<b>341,007</b>	<b>(188,075)</b>	<b>152,932</b>
					<b>87,314</b>	<b>24,738</b>	<b>112,052</b>
					699,908	1,622,301	2,322,209
					<b>\$ 787,222</b>	<b>\$ 1,647,039</b>	<b>\$ 2,434,261</b>

FUND FINANCIAL STATEMENTS (FFS)

## MAJOR FUND DESCRIPTIONS

### General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

### Proprietary Funds

To account for the provision of gas, water, electricity, and sewer services to residents of the Village. All activities necessary to provide such services are accounted for in these funds, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Village of Elizabeth, Louisiana

Balance Sheet  
 Governmental Funds  
 June 30, 2015

	<u>General</u>
<b>ASSETS</b>	
Cash and certificates of deposit	\$ 254,727
Accounts receivable	17,554
<b>Total Assets</b>	<u>272,281</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Aggregated deferred outflows	--
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 272,281</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 10,677
Other accrued liabilities	672
<b>Total Liabilities</b>	<u>11,349</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Aggregated deferred inflows	--
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>11,349</u>
<b>FUND BALANCE</b>	
Unassigned	260,932
<b>Total Fund Balance</b>	<u>260,932</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<u>\$ 272,281</u>

**Village of Elizabeth, Louisiana**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2015**

Total Fund Balance - Governmental Funds	\$ 260,932
Fixed assets are capitalized in the Statement of Net Assets and depreciated in the Statement of Activities. These are expensed when acquired in the Statement of Revenues, Expenditures, and Changes in Fund Balance.	526,290
<b>Total Net Position-Governmental Funds</b>	<b>\$ <u>787,222</u></b>

See accompanying notes.

**Village of Elizabeth, Louisiana**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2015**

	<b>General</b>
<b>Revenues</b>	
Taxes:	
Property	\$ 9,598
Franchise	10,651
Sales	56,686
Fines and forfeitures	757
Intergovernmental	142,003
Interest income	62
Licenses and permits	22,493
Miscellaneous	18,461
Rental income	49,281
<b>Total Revenues</b>	<b>309,992</b>
 <b>Expenditures</b>	
Current:	
General government	295,814
Public safety	51,267
Public works	11,248
Capital outlay	179,985
<b>Total Expenditures</b>	<b>538,314</b>
 <i>Excess (Deficit) of Revenues Over (Under) Expenditures</i>	<b>(228,322)</b>
<b>Other Financing Sources (Uses)</b>	
Transfers	188,075
<b>Net Other Financing Sources (Uses)</b>	<b>188,075</b>
<b>Net Change in Fund Balance</b>	<b>(40,247)</b>
<i>Fund Balance at Beginning of Period</i>	301,179
<b>Fund Balance at End of Period</b>	<b>\$ 260,932</b>

See accompanying notes.

**Village of Elizabeth, Louisiana**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance with Statement of Activities**  
**For the Year Ended June 30, 2015**

Total Net Change in Fund Balance - Governmental Funds	\$ (40,247)
Fixed assets expensed as capital outlays in governmental fund statements, and capitalized in the Statement of Net Position.	179,985
Depreciation expense reflected in entity wide statements, and not reflected in governmental fund statements.	(49,867)
Basis in assets disposed of during the year.	(2,557)
<b>Changes in Net Position-Governmental Funds</b>	<b>\$ <u>87,314</u></b>

See accompanying notes.

**Village of Elizabeth, Louisiana**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

<b>Business-type Activities - Enterprise Funds</b>					
	<b>Gas Fund</b>	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total Enterprise Funds</b>
<b>ASSETS</b>					
<i>Current Assets</i>					
Cash and certificates of deposit	\$ 516,088	\$ 15,111	\$ 72,870	\$ 6,237	\$ 610,306
Accounts receivable	149,566	3,753	8,668	2,813	164,800
Restricted cash	16,603	--	27,622	--	44,225
<b>Total Current Assets</b>	<b>682,257</b>	<b>18,864</b>	<b>109,160</b>	<b>9,050</b>	<b>819,331</b>
<i>Noncurrent Assets</i>					
Land	20,900	10,500	1,875	--	33,275
Capital assets, net	1,349,621	22,472	250,322	134,871	1,757,286
<b>Total Noncurrent/Capital Assets</b>	<b>1,370,521</b>	<b>32,972</b>	<b>252,197</b>	<b>134,871</b>	<b>1,790,561</b>
<b>Total Assets</b>	<b>2,052,778</b>	<b>51,836</b>	<b>361,357</b>	<b>143,921</b>	<b>2,609,892</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Aggregated deferred outflows	--	--	--	--	--
<b>Total Deferred Outflows of Resources</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>LIABILITIES</b>					
<i>Current Liabilities</i>					
Accounts payable	119,356	--	365	789	120,510
Accrued interest payable	3,000	--	--	--	3,000
Other accrued liabilities	6,530	--	--	--	6,530
Current maturities of long-term debt	46,338	--	--	--	46,338
<b>Total Current Liabilities</b>	<b>175,224</b>	<b>--</b>	<b>365</b>	<b>789</b>	<b>176,378</b>
<i>Noncurrent Liabilities</i>					
Customer deposits	6,630	--	8,050	100	14,780
Long-term debt, net of current maturities	771,695	--	--	--	771,695
<b>Total Noncurrent/Liabilities</b>	<b>778,325</b>	<b>--</b>	<b>8,050</b>	<b>100</b>	<b>786,475</b>
<b>Total Liabilities</b>	<b>953,549</b>	<b>--</b>	<b>8,415</b>	<b>889</b>	<b>962,853</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Aggregated deferred inflows	--	--	--	--	--
<b>Total Deferred Inflows of Resources</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>NET POSITION</b>					
Invested in capital assets, net of related debt	549,488	32,972	252,197	134,871	969,528
Restricted	9,973	--	19,572	(100)	29,445
Unrestricted	539,768	18,864	81,173	8,261	648,066
<b>Total Net Position</b>	<b>\$ 1,099,229</b>	<b>\$ 51,836</b>	<b>\$ 352,942</b>	<b>\$ 143,032</b>	<b>\$ 1,647,039</b>



**Village of Elizabeth, Louisiana**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

<b>Business-type Activities - Enterprise Funds</b>					
	<b>Gas Fund</b>	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total Enterprise Funds</b>
<b>Operating Revenues</b>					
Charges for services	\$ 2,130,706	\$ 50,378	\$ 88,981	\$ 23,719	\$ 2,293,784
Intergovernmental	6,494	--	--	--	6,494
<b>Total Operating Revenues</b>	<b>2,137,200</b>	<b>50,378</b>	<b>88,981</b>	<b>23,719</b>	<b>2,300,278</b>
<b>Operating Expenses</b>					
Contract labor	21,612	--	--	--	21,612
Depreciation	67,276	3,858	35,469	11,277	117,880
Dues	125	--	905	--	1,030
Gas purchases	1,603,023	--	--	--	1,603,023
Insurance	35,138	--	8,192	3,135	46,465
Materials and supplies	22,729	--	14,265	8,261	45,255
Miscellaneous	5,051	--	523	--	5,574
Office supplies	635	--	--	--	635
Payroll taxes	5,456	--	4,702	1,180	11,338
Professional fees	14,350	--	--	3,501	17,851
Repairs and maintenance	6,226	--	--	15,150	21,376
Salaries and wages	69,306	--	59,298	14,974	143,578
Telephone	736	--	--	--	736
Travel	1,535	--	--	--	1,535
Utilities	857	--	1,729	7,231	9,817
<b>Total Operating Expenses</b>	<b>1,854,055</b>	<b>3,858</b>	<b>125,083</b>	<b>64,709</b>	<b>2,047,705</b>
<b>Operating Income (Loss)</b>	<b>283,145</b>	<b>46,520</b>	<b>(36,102)</b>	<b>(40,990)</b>	<b>252,573</b>
<b>Non-Operating Revenues (Expenses)</b>					
Interest and fiscal charges	(39,760)	--	--	--	(39,760)
<b>Net Non-Operating Revenues (Expenses)</b>	<b>(39,760)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(39,760)</b>
<b>Income Before Contributions and Transfers</b>	<b>243,385</b>	<b>46,520</b>	<b>(36,102)</b>	<b>(40,990)</b>	<b>212,813</b>
Transfers	(185,891)	(62,006)	36,944	22,878	(188,075)
<b>Change In Net Position</b>	<b>57,494</b>	<b>(15,486)</b>	<b>842</b>	<b>(18,112)</b>	<b>24,738</b>
Net Position at Beginning of Period	1,041,735	67,322	352,100	161,144	1,622,301
<b>Net Position at End of Period</b>	<b>\$ 1,099,229</b>	<b>\$ 51,836</b>	<b>\$ 352,942</b>	<b>\$ 143,032</b>	<b>\$ 1,647,039</b>

VILLAGE OF ELIZABETH, LOUISIANA  
Statement of Cash Flows -  
Proprietary Fund  
For the Year Ended June 30, 2015

	Business-Type Activities				
	Gas Fund	Electric Fund	Water Fund	Sewer Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers	\$ 2,239,769	\$ 50,976	\$ 92,369	\$ 23,582	\$ 2,406,696
Payments to suppliers	(1,811,291)	(818)	(28,325)	(37,601)	(1,878,035)
Payments to employees	(74,762)	-	(64,000)	(16,154)	(154,916)
Net cash from operating activities	<u>353,716</u>	<u>50,158</u>	<u>44</u>	<u>(30,173)</u>	<u>373,747</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Net proceeds (purchase) of investments	-	-	-	-	-
Interest earnings	-	-	-	-	-
Net cash used by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Interest paid on gas revenue bonds	(39,931)	-	-	-	(39,931)
Principal paid on gas revenue bonds	(45,570)	-	-	-	(45,570)
Purchase of fixed assets	(6,490)	-	-	-	(6,490)
Net cash from capital activities	<u>(91,991)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(91,991)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
Operating transfers	(185,891)	(62,006)	36,944	22,878	(188,075)
Net cash from non-capital financing activities	<u>(185,891)</u>	<u>(62,006)</u>	<u>36,944</u>	<u>22,878</u>	<u>(188,075)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>75,834</b>	<b>(11,848)</b>	<b>36,988</b>	<b>(7,295)</b>	<b>93,679</b>
<b>CASH – BEGINNING</b>	<b><u>456,857</u></b>	<b><u>26,959</u></b>	<b><u>63,504</u></b>	<b><u>13,532</u></b>	<b><u>560,852</u></b>
<b>CASH – ENDING</b>	<b><u>\$ 532,691</u></b>	<b><u>\$ 15,111</u></b>	<b><u>\$ 100,492</u></b>	<b><u>\$ 6,237</u></b>	<b><u>\$ 654,531</u></b>
<b>Reconciliation of operating income (loss) to net cash from operating activities:</b>					
Operating income (loss)	\$ 283,145	\$ 46,520	\$ (36,102)	\$ (40,990)	\$ 252,573
<b>Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:</b>					
Depreciation	67,276	3,858	35,469	11,277	117,880
(Increase) decrease in receivables	101,769	598	1,418	(137)	103,648
Increase (decrease) in payable	(99,274)	(818)	(2,711)	(323)	(103,126)
Increase (decrease) in customer deposits	800	-	1,970	-	2,770
Net cash from operating activities	<u>\$ 353,716</u>	<u>\$ 50,158</u>	<u>\$ 44</u>	<u>\$ (30,173)</u>	<u>\$ 373,745</u>

See accompanying notes.

VILLAGE OF ELIZABETH, LOUISIANA  
Notes to the Basic Financial Statements  
Year Ended June 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Elizabeth, Louisiana (Village), was created under the provisions of the Lawrason Act. The purpose of the Village is to provide services to its citizens, which include gas, electric, sewer and water utilities, police and fire protection and other services. The Village is governed by the Mayor and a board of three elected council members who are compensated. The Village is located in Allen Parish, Louisiana and its population is approximately 532. There are approximately 13 employees working for the Village. The Village was previously classified as a Town but due to population decreases is currently undergoing the process of being reclassified to a Village.

The accompanying financial statements of the Village have been prepared in conformity with governmental accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

1. Reporting Entity

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

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Village for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the municipality to impose its will on that organization, and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by accounting principles generally accepted in the United States of America, these financial statements present the Village of Elizabeth, Louisiana (the primary government) and its component units. By applying the above requirements, the Village has no component units.

2. Basis of Presentation

The accompanying basic financial statements of the Village have been prepared in conformity with GAAP. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999.

VILLAGE OF ELIZABETH, LOUISIANA  
Notes to the Basic Financial Statements  
Year Ended June 30, 2015

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Village as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements

The Village uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Village functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Village are classified into two categories: governmental and proprietary. The emphasis of fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Village or if the total assets, liabilities, revenues, or expenditures of the individual governmental or proprietary fund is at least 10 percent of the corresponding total for all governmental and proprietary funds of that category or type or total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

The Village reports the following major funds:

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

The Proprietary Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Village's proprietary funds account for gas, water, sewer and electricity services.

3. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources

VILLAGE OF ELIZABETH, LOUISIANA  
Notes to the Basic Financial Statements  
Year Ended June 30, 2015

during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.

- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

#### Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

The proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. The Village applies all applicable FASB pronouncements in accounting and reporting for its proprietary funds.

#### Allocation of Indirect Expenses

The Village reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the statement of activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on long-term debt is considered an indirect expense and is separately reported on the statement of activities.

#### 4. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and proprietary funds. All annual appropriations lapse at fiscal year end.

Prior to the beginning of each fiscal year, the Mayor submits a budget to the Village Council. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The Village Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated and the revenue estimates must be changed by an affirmative vote of a majority of the government's council.

Expenditures may not legally exceed budgeted appropriations at the activity level.

The original budget and one amendment during the year are reflected in the budget comparisons.

#### 5. Deposits

Deposits include amounts in demand deposits, interest-bearing demand deposits, and time deposits as well as those investments with a maturity date of 90 days or less.

VILLAGE OF ELIZABETH, LOUISIANA  
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Year Ended June 30, 2015

State statutes authorize the Village to invest in obligations of the U.S. Treasury, U.S. government agencies, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana or any other federally insured investment. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana. LAMP generates a local government investment pool.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2015, the Village has \$924,675 in deposits (collected bank balances). These deposits are all secured from risk by federal deposit insurance and pledged collateral held by the custodial bank in the name of the fiscal agent bank.

6. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

7. Accounts Receivable

Uncollectible amounts due for ad valorem taxes and other receivables of governmental funds are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for utility user fees in the enterprise funds. The Village's ability to collect the amounts due from the users of the Village utility systems and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disaster or other calamity in this one concentrated geographic location.

8. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$1,000 or more for capitalization of asset purchases.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is expensed over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by asset type is as follows:

Buildings and Improvements	40 years
Equipment and furniture	3-20 years
Utility systems	20-50 years
Vehicles	5 years
Infrastructure	20-50 years

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

9. Statement of Cash Flows

For the purpose of the statement of cash flows, for the enterprise funds, the Village considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash

VILLAGE OF ELIZABETH, LOUISIANA  
Notes to the Basic Financial Statements  
Year Ended June 30, 2015

equivalents. The statement reflects ending cash and cash equivalents of \$654,531 which represents unrestricted and restricted amounts of \$610,306 and \$44,225, respectively.

10. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as long-term liabilities. No expenditure is reported for these amounts. Vested or accumulated vacation leave of the proprietary funds are recorded as an expense and liability of that fund as the benefits accrue to employees. In accordance with the provisions of Statement of Financial Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits for police personnel that is estimated will be taken as "terminal leave" prior to retirement.

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

Vacation is earned at a rate of one day per calendar month of employment not to exceed ten days per calendar year. Vacation is cumulative up to five days. One week of sick leave is earned during the first year and two weeks each year thereafter. Upon termination, the employee is entitled to any unused vacation leave accrued during the previous calendar year.

At June 30, 2015, employees of the Village have accumulated \$6,686 in leave privileges, computed in accordance with GASB Statement No. 16. This amount was deemed immaterial and no provision for compensated absences have been recorded.

11. Long-Term Debt

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

All long-term debts to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists of gas revenue bonds.

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

12. Equity Classification

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Committed net position - Consists of net position with constraints placed on the use by the governing body.
- d. Unrestricted net position - Consists of all other net position that does not meet the definition of a, b, or c above.

VILLAGE OF ELIZABETH, LOUISIANA  
Notes to the Basic Financial Statements  
Year Ended June 30, 2015

In the fund statements, governmental fund equity is classified as fund balance and is further classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used for specific purposes determined by a formal action of the Mayor and Council, who are the highest level of decision-making authority for the Village. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Mayor and Council.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Council's adopted policy, only Council members may assign amounts for specific purposes.
- e. Unassigned – includes fund balances which have not been classified within the above categories.

13. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

14. Sales Taxes

Proceeds of a one percent (1%) sales and use tax levied by the Village are dedicated to and used for constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage disposal works, waterworks facilities, streets, alleys, bridges, drains and drainage facilities; public buildings, purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works, buildings, improvements and facilities; title to which shall be in the public, or for any one or more of said purposes; and for the purpose of paying principal and interest on any bonded or funded indebtedness of the Village incurred for any of said purposes; and such tax to be subject to funding into bonds by the Village, maturing not more than 25 years from the date of the first levy of said tax.

Proceeds of the three-tenths of one percent (0.3%) sales and use tax levied by the Village are dedicated to and used for the upkeep, maintenance and improvement of the Elizabeth fire department.

15. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

16. Revenues, Expenditures, and Expenses

Program Revenues

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the Village's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues.



VILLAGE OF ELIZABETH, LOUISIANA  
Notes to the Basic Financial Statements  
Year Ended June 30, 2015

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent after December 31. The taxes are generally collected in December, January and February of the fiscal year. Sales taxes are considered as "measurable" when in the hands of sales tax collector and are recognized as revenue at that time. Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures/expenses

The Village's primary expenditures include salaries, materials and supplies, and insurance, which are recorded when the liabilities are incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

Other Financing Sources

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) when the transfers are authorized by the Village.

17. Environmental Remediation Costs

The Village accrues for losses associated with environmental remediation obligations when such losses are probable and reasonably estimable. Accruals for estimated losses from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study. Such accruals are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value.

18. Subsequent Events

Management has evaluated subsequent events through December 1, 2015, the date the financial statements were issued.

19. Use of restricted resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Village's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Village's policy is to first apply the expenditures toward restricted fund balance and then to other, less-restrictive classifications (committed and then assigned fund balances) before using unassigned fund balances.

NOTE B - PROPERTY TAXES

For the year ended June 30, 2015 taxes of 6.58 mills were levied on property with assessed valuations totaling \$1,411,500 and were dedicated as follows:

General corporate purposes	6.58 mills with no expiration
----------------------------	-------------------------------

Total taxes levied were \$9,288.

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien.

NOTE C - RECEIVABLES

Receivables at June 30, 2015, consisted of the following:

VILLAGE OF ELIZABETH, LOUISIANA  
Notes to the Basic Financial Statements  
Year Ended June 30, 2015

General Fund:	
Sales tax receivable	\$ 9,266
Franchise taxes receivable	4,748
Due from other governments	<u>3,540</u>
Total governmental accounts receivable	17,554

Utility system enterprise funds:	
Accounts receivable - customers	<u>164,800</u>

Total \$ 182,354

Note D – CAPITAL ASSETS

	<u>Balance</u> 06/30/14	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 06/30/15
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 110,000	\$ -	\$ -	\$ 110,000
Other capital assets:				
Vehicles	103,932	6,045	3,835	106,142
Buildings	528,724	-	-	528,724
Equipment	<u>163,602</u>	<u>173,940</u>	<u>-</u>	<u>337,542</u>
Totals	<u>906,258</u>	<u>179,985</u>	<u>3,835</u>	<u>1,082,408</u>
Less accumulated depreciation:				
Vehicles	68,092	11,277	1,278	78,091
Buildings	283,810	13,086	-	296,896
Equipment	<u>155,627</u>	<u>25,504</u>	<u>-</u>	<u>181,131</u>
Total accumulated depreciation	<u>507,529</u>	<u>49,867</u>	<u>1,278</u>	<u>556,118</u>
Governmental Activities				
Capital assets, net	<u>\$ 398,729</u>	<u>\$ 130,118</u>	<u>\$ 2,557</u>	<u>\$ 526,290</u>
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 33,275	\$ -	\$ -	\$ 33,275
Other capital assets:				
Gas system	1,824,166	6,490	-	1,830,656
Water system	822,507	-	-	822,507
Electricity system	198,993	-	-	198,993
Sewer system	<u>571,839</u>	<u>-</u>	<u>-</u>	<u>571,839</u>
Totals	3,450,780	6,490	-	3,457,270
Less accumulated depreciation:				
Gas system	413,759	67,276	-	481,035
Water system	536,716	35,469	-	572,185
Electricity system	172,663	3,858	-	176,521
Sewer system	<u>425,691</u>	<u>11,277</u>	<u>-</u>	<u>436,968</u>
Total accumulated depreciation	<u>1,548,829</u>	<u>117,880</u>	<u>-</u>	<u>1,666,709</u>
Business-Type Activities,				
Capital assets, net	<u>\$ 1,901,951</u>	<u>\$ (111,390)</u>	<u>\$ -</u>	<u>\$ 1,790,561</u>

Depreciation expense for the year ended June 30, 2015 was \$49,867 and \$117,880 for the governmental activities and the business-type activities, respectively.

Depreciation expense was charged to governmental activities as follows:

General government	\$ 13,976
Public safety	35,801
Public works	<u>90</u>
Total depreciation expense	<u>\$ 49,867</u>

VILLAGE OF ELIZABETH, LOUISIANA  
Notes to the Basic Financial Statements  
Year Ended June 30, 2015

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

Gas	\$ 67,276
Water	35,469
Electricity	3,858
Sewer	<u>11,277</u>
Total depreciation expense	<u>\$ 117,880</u>

NOTE E - ACCOUNTS PAYABLES

The following is a summary of payables at June 30, 2015:

<u>Class of Payable:</u>	<u>Governmental Activities Funds</u>	<u>Business Activities Funds</u>
Accounts	<u>\$ 10,677</u>	<u>\$ 120,510</u>

NOTE F - LONG-TERM DEBT

The following is a summary of revenue bonds and other long-term debts owed by the Village for the year ended June 30, 2015:

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Gas revenue bonds	\$ 344,000	\$ -	\$ (28,000)	\$ 316,000
USDA gas revenue bonds	<u>519,602</u>	<u>-</u>	<u>(17,570)</u>	<u>502,032</u>
	<u>\$ 863,602</u>	<u>\$ -</u>	<u>\$ (45,570)</u>	<u>\$ 818,032</u>

Gas Revenue Bonds Payable-Proprietary:

\$568,000 gas revenue bonds dated March 18, 2004, bearing interest at a rate of 5% per annum, maturing over a period beginning December 2004 through June 2024 in annual installments of \$42,000 to \$48,000, and secured by and payable from income and revenues derived by the gas system after paying reasonable and necessary expenses of operation. \$ 316,000

\$677,478 USDA gas revenue bonds dated July 21, 2006, bearing interest at 4.375% per annum, maturing over a period beginning July 2012 through July 2033 in annual installments of \$40,302, and secured by and payable from income and revenues derived by the gas system after paying reasonable and necessary expenses of operation. 502,032

Total \$ 818,032

The annual requirements to amortize all debt outstanding as of June 30, 2015, including interest payments of \$322,224 are as follows:

<u>Year Ending June 30,</u>	<u>Enterprise Activities</u>		
	<u>Totals</u>		
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Totals</u>
2016	\$ 46,338	\$ 37,764	\$ 84,102
2017	51,140	35,562	86,702

VILLAGE OF ELIZABETH, LOUISIANA  
Notes to the Basic Financial Statements  
Year Ended June 30, 2015

2018	51,978	33,124	85,102
2019	52,852	30,650	83,502
2020	57,764	28,138	85,902
2021-2025	279,965	97,346	377,311
2026-2030	153,561	47,950	201,511
2031-2032	124,434	11,690	136,124
Totals	<u>\$ 818,032</u>	<u>\$ 322,224</u>	<u>\$1,140,256</u>

In accordance with La. R.S. 39:562, the Village is legally restricted from incurring long-term bonded debt (payable solely from ad valorem taxes) in excess of 35% of the assessed value of taxable property in the Village. At June 30, 2015 the statutory limit is \$494,025.

NOTE G – RESTRICTED ASSETS

Restricted assets, at June 30, 2015, consisted of the following:

	<u>Cash and Cash Equivalents</u>		
Customers' deposit accounts	\$ 44,225		
Sewer plant replacement accounts	-		
	<u>\$ 44,225</u>		
	<u>Actual</u>	<u>Required</u>	<u>Over (Under)</u>
Requirements consisted of the following at June 30, 2015:			
Sewer revenue bond reserve account	\$ -	\$ 22,123	\$ (22,123)
Sewer revenue bond depreciation and contingency account	-	29,824	(29,824)
Customer deposits – gas, water, and sewer	<u>44,225</u>	<u>14,780</u>	<u>29,445</u>
Total restricted assets - proprietary funds	<u>\$ 44,225</u>	<u>\$ 66,727</u>	<u>\$ (22,502)</u>

NOTE H - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE I - CONTINGENCIES

The Village participates in a number of federal and state grant programs that are either partially or fully funded by grants received from other governmental units. Such grants are subject to audit by the grantor agencies which could result in requests for reimbursement to the granting agency for expenditures that are disallowed under the terms of the grant. Based on past experience, the Village believes that any disallowed costs as a result of such audits will be immaterial.

VILLAGE OF ELIZABETH, LOUISIANA  
Notes to the Basic Financial Statements  
Year Ended June 30, 2015

NOTE J – OPERATING TRANSFERS

Operation transfers consisted of the following at June 30, 2015:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
General fund	\$392,070	\$203,995
Gas Fund	31,008	216,899
Water fund	70,246	33,302
Sewer fund	28,145	5,267
Electric fund	<u>354</u>	<u>62,360</u>
	<u>\$521,823</u>	<u>\$521,823</u>

Operating transfers are used to move revenues from the fund that is required by statute or budget to collect them to the fund that is required by statute or budget to expend them. Most of the operating transfers are from proprietary funds into the general fund. Some of the other transfers are between funds for the payment of payroll and related benefits.

NOTE K – RESTRICTED NET POSITION

Restricted net position consists of cash in customer deposits in excess of the actual amount due and payable to the Village's utility customers.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF ELIZABETH, LOUISIANA  
 General Fund  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance
	<u>Original/Final</u>		Favorable (Unfavorable)
<b>REVENUES</b>			
Taxes:			
Property	\$ 10,515	\$ 9,598	\$ (917)
Franchise	-	10,651	10,651
Sales	<u>94,500</u>	<u>56,686</u>	<u>(37,814)</u>
Total taxes	<u>105,015</u>	<u>76,935</u>	<u>(28,080)</u>
Licenses and permits	<u>35,000</u>	<u>22,493</u>	<u>(12,507)</u>
Fines and forfeitures	<u>2,500</u>	<u>757</u>	<u>(1,743)</u>
Intergovernmental:			
State of Louisiana -			
State grant	-	133,810	133,810
Street maintenance	5,000	4,940	(60)
Local grant	<u>-</u>	<u>3,253</u>	<u>3,253</u>
Total intergovernmental	<u>5,000</u>	<u>142,003</u>	<u>137,003</u>
Miscellaneous:			
Interest	350	62	(288)
Rental income	56,500	49,281	(7,219)
Miscellaneous	<u>39,300</u>	<u>18,461</u>	<u>(20,839)</u>
Total miscellaneous	<u>96,150</u>	<u>67,804</u>	<u>(28,346)</u>
Total revenues	<u>243,665</u>	<u>309,992</u>	<u>66,327</u>
<b>EXPENDITURES</b>			
General government:			
Advertising	2,500	2,105	395
Dues and subscriptions	600	1,182	(582)
Insurance	45,000	16,973	28,027
Materials and supplies	26,000	26,970	(970)
Miscellaneous	3,900	7,652	(3,752)
Office and operating supplies	5,400	11,340	(5,940)
Professional services	9,500	22,124	(12,624)
Repairs and maintenance	1,000	8,724	(7,724)
Salaries and payroll taxes	40,000	128,102	(88,102)
Service	29,200	6,234	22,966
Telephone	5,000	5,823	(823)
Town attorney	3,000	2,950	50
Travel and meetings	18,150	15,910	2,240
Utilities	<u>2,500</u>	<u>39,725</u>	<u>(37,225)</u>
Subtotal	191,750	295,814	(104,064)
Capital outlays	<u>-</u>	<u>2,673</u>	<u>(2,673)</u>
Total general government	<u>191,750</u>	<u>298,487</u>	<u>(106,737)</u>

VILLAGE OF ELIZABETH, LOUISIANA  
 General Fund - Continued  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2015

	2015		Variance Favorable (Unfavorable)
	Budget	Actual	
	Original/Final		
<b>Public Safety -</b>			
Dues and subscriptions	-	202	(202)
Insurance	500	8,675	(8,175)
Materials and supplies	1,000	4,396	(3,396)
Miscellaneous	225	116	109
Office and operating supplies	300	160	140
Repairs and maintenance	1,500	5,690	(4,190)
Salaries and payroll taxes	9,000	11,821	(2,821)
Service	3,800	-	3,800
Stipends	6,500	7,775	(1,275)
Telephone	-	2,665	(2,665)
Training	3,600	735	2,865
Travel and meetings	5,200	4,889	311
Utilities	1,175	3,396	(2,221)
Uniform expense	300	747	(447)
Subtotal	33,100	51,267	(18,167)
Capital outlays	-	177,312	(177,312)
Total public safety	33,100	228,579	(195,479)
<b>Public Works -</b>			
Insurance	-	2,147	(2,147)
Repairs and maintenance	4,000	9,101	(5,101)
Materials and supplies	8,000	-	8,000
Service	1,200	-	1,200
Total public works	13,200	11,248	1,952
<b>Total expenditures</b>	<b>\$ 238,050</b>	<b>\$ 538,314</b>	<b>\$ (300,264)</b>



OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF ELIZABETH, LOUISIANA  
Schedule of Compensation Paid to Mayor and Council Members  
(Unaudited)  
For The Year Ended June 30, 2015

Wayne Earl - Mayor	\$ 6,400
Wayne Earl - Council	1,125
Shirley Smith	1,375
Dave Smith	1,500
Charles Saunders	750
Lydia Kingan	750
Rodney Gill	625
Mandy Green	625
Robert Crafton - Former Mayor	<u>16,800</u>
Total Compensation Paid to Mayor and Council Members	<u>\$ 29,950</u>

VILLAGE OF ELIZABETH, LOUISIANA  
 Schedule of Compensation, Benefits and Other Payments to  
 Chief Executive Officer  
 For The Year Ended June 30, 2015

Chief Executive Officer: Wayne Earl, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$7,525
Benefits-insurance	-0-
Benefits-retirement	-0-
Benefits-cell phone	-0-
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	102
Travel	-0-
Registration fees	25
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

Chief Executive Officer: Robert Crafton, Former Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$16,800
Benefits-insurance	-0-
Benefits-retirement	-0-
Benefits-cell phone	-0-
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	2,619
Travel	-0-
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

# ROYCE T. SCIMEMI, CPA, APAC



## CERTIFIED PUBLIC ACCOUNTANT

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### INDEPENDENT AUDITORS' 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

December 1, 2015

Honorable Wayne Earl, Mayor  
and the Village Council  
Village of Elizabeth, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Elizabeth, Louisiana, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Village of Elizabeth, Louisiana's basic financial statements and have issued our report thereon dated December 1, 2015.

#### Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or to detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as Items 2015-1 I/C & C and 2015-7 I/C & C that we consider to be a significant deficiencies.

Honorable Wayne Earl, Mayor  
and the Village Council  
Village of Elizabeth, Louisiana  
December 1, 2015  
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Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Village of Elizabeth, Louisiana's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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 Standard* and which are described in the accompanying schedule of findings and responses as Items 2015-1 I/C & C, 2015-2 C, 2015-3 C, 2015-4 C, 2015-5 C, 2015-6 I/C & C and 2015-8 C.

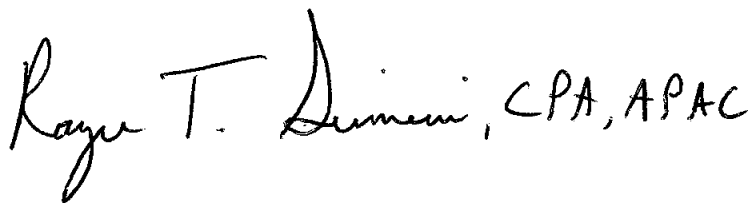
Village of Elizabeth, Louisiana's Response to Findings

The Village of Elizabeth, Louisiana's response to the findings identified in our audit is described in the accompanying management's corrective action plan for the current year audit findings and responses. The Village of Elizabeth, Louisiana'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

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

Royce T. Scimemi, CPA, APAC

A handwritten signature in black ink that reads "Royce T. Scimemi, CPA, APAC". The signature is written in a cursive style with a large initial 'R'.

VILLAGE OF ELIZABETH, LOUISIANA  
Schedule of Findings and Responses  
Year Ended June 30, 2015

**Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ yes    X no
- Control deficiencies(s) identified that are not considered to be material weakness(es)? X yes    \_\_\_ none reported
- Noncompliance material to financial statements noted? \_\_\_ yes    X no

**Findings – Financial Statement Audit**

Finding #2015-1 I/C & C:

Article 7, Section 14 of the 1974 Louisiana Constitution/Lawrason Act

Condition: The Village made some small donations to a few charitable organizations under the prior administration. Also, a small portion of the Village Clerk 's salary has been paid out of the gas fund that may not have been authorized by ordinance as required by the Lawrason Act. This amount appears to have been approved by the prior administration. The former Mayor received compensation that was not properly approved by ordinance.

Criteria: Controls over vendor payment and payroll processing should be monitored to ensure that only legal debts of the Village are satisfied with proper payments. Controls over invoice processing should be monitored to ensure only legal obligations of the Village are paid.

Cause: Lack of internal controls and management oversight.

Effect: Possible violations of the Article 7, Section 14 of the 1974 Louisiana Constitution.

Recommendation: Strengthen oversight by Village Clerk with training and monitoring vendor invoice and payroll processing to insure only legal obligations are paid.

Response: See Corrective Action Plan

Finding #2015-2 C:

Reserve Fund Requirements on Gas Revenue Bond Issue

Condition: As of June 30, 2015, the Village has not been funding the required reserve accounts in accordance with the Gas Revenue Bond Agreement associated with its Gas Revenue Bond Issue.

Criteria: Certain amounts are required under the USDA Gas Revenue Bond Issue to be deposited into certain accounts.

Cause: Management oversight.

Effect: Violation of the bond covenants.

Recommendation: Transfer the necessary amounts into the appropriately designated accounts and maintain such reserve accounts as required by the bond issue.

Response: See Corrective Action Plan

VILLAGE OF ELIZABETH, LOUISIANA  
Schedule of Findings and Responses  
Year Ended June 30, 2015

Finding #2015-3 C:

Local Governmental Budget Act Compliance

Criteria: The Village is required to adopt its budget before the fiscal year begins. It was noted in the review of minutes that the budget for the current fiscal year was adopted on July 2, 2014. The budget was not adopted by ordinance. There was no budget message. Fund balances were not shown on the budgets. The actual expenditures in the general fund's general government and public safety departments were in excess of budgeted amounts by more than 5%.

Cause: Budgets are being prepared with amounts that may not have been annualized.

Effect: Possible violation of the Louisiana Local Governmental Budget Act.

Recommendation: Closely monitor departmental budgets and annualize interim expenditures in calculating original and amended budgets complying with the Local Governmental Budget Act.

Response: See Corrective Action Plan

Finding #2015-4 C:

Public Bid Law Compliance

Criteria: The Village purchased \$123,360 in bunker gear and fire equipment and a generator for \$46,206 that may not have been in compliance with the Public Bid Law. The Village was required under the Public Bid Law to have documentation of advertisements on each of these purchases with the acceptance of the lowest responsible bidder. No documentation of advertising were provided on these purchases. This is a repeat finding.

Cause: Documentation of compliance with the Public Bid Law was not gathered at the time the purchases were made.

Effect: Possible violation of the Public Bid Law.

Recommendation: Closely monitor departmental acquisition of large purchases by the Village Clerk to ensure that adequate documentation is maintained.

Response: See Corrective Action Plan

Finding #2015-5 C:

Prepayment of Payroll Liabilities

Criteria: Town employees are paid bi-weekly for time ending a few days following the paycheck date. The checks are prepared in advance and issued before the pay period ends. Hours worked on interim days are estimated and included in the paychecks. Any differences between actual hours worked and paycheck amounts are added to or subtracted from the employees subsequent bi-weekly paycheck. This is a repeat finding.

Cause: Lack of administrative oversight.

Effect: Possible Violation of Article VII, Section 14 of the Louisiana Constitution.

Recommendation: The Village should change the pay policy to provide payroll employees enough time to summarize time records and pay employees after the payroll period has ended.

Response: See Corrective Action Plan

VILLAGE OF ELIZABETH, LOUISIANA  
Schedule of Findings and Responses  
Year Ended June 30, 2015

Finding #2015-6 C:

Affordable Care Act Nondiscrimination Provisions Applicable to Insured Group Health Plans-Notice 2011-1

Criteria: The Village is paying nearly all health insurance costs for one of its full-time employees and his spouse. The finding is not for providing that benefit for the one employee, but for not treating the employees equally and offering the same benefits to all full-time employees. Most employer group health insurance plans offer insurance cheaper than individual policies.

Cause: Authorized and initiated by the prior administration.

Effect: Possible Affordable Care Act nondiscrimination provision violation.

Recommendation: Either offer health insurance to all full-time employees, under a group health insurance plan or consider discontinuing this benefit. The percentage the employer pays can also be adjusted but all employees should be treated equally.

Response: See Corrective Action Plan

Finding #2015-7 I/C:

Inadequate Segregation of Duties

Criteria: This is an ongoing finding that cannot be corrected due to lack of financial resources and the size of the entity.

Cause: Insufficient staff to adequately segregate cash flow functions.

Effect: Internal control deficiencies.

Recommendation: Ensure that management is involved in daily operating activities to ensure adequate oversight.

Response: See Corrective Action Plan

Finding #2015-8 C:

Open Meetings Law/Municipal Officer Pay/Improperly Classified as a Town

Criteria: As reported in the Louisiana Legislative Auditors June 3, 2015 investigative audit, various regulatory non-compliances occurred under the prior administration.

Cause: Lack of management oversight.

Effect: May have violated applicable regulations.

Recommendation: Ensure that management is involved in daily operating activities to ensure adequate oversight.

Response: See Corrective Action Plan

**Federal Award Findings and Questioned Costs**

- None



VILLAGE OF ELIZABETH, LOUISIANA  
Management's Corrective Action Plan for  
Current Year Audit Findings and  
Responses (Unaudited)  
Year Ended June 30, 2015

Finding #2015-1 I/C & C:

Article 7, Section 14 of the 1974 Louisiana Constitution

The current Mayor has discontinued the practice of making donations and is in the process of modifying the Village ordinances to cover that small portion of her salary. Tighter internal controls and oversight over the vendor invoice and payroll payment processing has been initiated by the Village Clerk.

Finding #2015-2 C:

Reserve Fund Requirements on Gas Revenue Bond Issue

The Village has set up the required bank accounts and will make the required monetary transfers and maintain the bank accounts with the required reserve levels in the future.

Finding #2015-3 C:

Local Governmental Budget Act Compliance

Management is monitoring revenues and expenditures monthly and amending the budget as necessary to comply with the Louisiana Local Governmental Budget Act.

Finding #2015-4 C:

Public Bid Law Compliance

Management is now aware of the requirements of the Public Bid Law and will comply in the future.

Finding #2015-5 I/C & C:

Prepayment of Payroll Liabilities

Pay dates have been adjusted forward past effective payroll dates to provide sufficient time to process payroll after the end of the respective payroll periods.

Finding #2015-6 C:

Providing Health Insurance for Portion of Work Force

The Village is trying to set up a group health insurance plan that will provide equal benefits to all full-time employees.

Finding #2015-7 I/C:

Inadequate Segregation of Duties

This is an ongoing finding that cannot be corrected due to lack of financial resources and the size of the entity.

Finding #2015-8 C:

Open Meetings Law/Municipal Officer Pay/Improperly Classified as a Town

The Village management is now aware of these regulatory requirements have taken the necessary steps to bring the Village in compliance with the cited non-compliances by:

- 1) Making sure all decisions are made at council meetings by live voice votes,
- 2) The affected municipal officer's pay was raised back to the proper amount,
- 3) Elizabeth has become reclassified to a Village municipality.

VILLAGE OF ELIZABETH, LOUISIANA  
Summary Schedule of Prior Year Audit Findings  
Year Ended June 30, 2015

Finding #2014-1 I/C & C:

Article 7, Section 14 of the 1974 Louisiana Constitution

The Mayor at the time of the possible infractions has resigned and all questionable payments have all been repaid to the Village. Tighter internal controls and oversight over the vendor payment and payroll processing have been initiated by the Village Clerk.

Finding #2014-2 C:

Reserve Fund Requirements on Gas Revenue Bond Issue

The Village will set up the required bank accounts, make the required monetary transfers and maintain the bank accounts with the required reserve levels in the future.

Finding #2014-3 C:

Local Governmental Budget Act Compliance

Management is monitoring revenues and expenditures monthly and amending the budget as necessary to comply with the Louisiana Local Governmental Budget Act.

Finding #2014-4 C:

Public Bid Law Compliance

Management is now aware of the requirements of the Public Bid Law and will comply in the future.

Finding #2014-5 C:

Delinquent Submission of Financial Reports

The current year report will be submitted timely and future reports will be submitted timely.

Finding #2014-6 I/C & C:

Prepayment of Payroll Liabilities

Pay dates have been adjusted forward past effective payroll dates to provide sufficient time to process payroll after the end of the respective payroll periods.

Finding #2014-7 I/C:

Inadequate Segregation of Duties

This is an ongoing finding that cannot be corrected due to lack of financial resources and the size of the entity.