

TOWN OF ELIZABETH  
ANNUAL FINANCIAL STATEMENTS  
JUNE 30, 2013

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date APR 02 2014

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**INDEPENDENT AUDITOR'S REPORT**

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

*Report on the Financial Statements*

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Elizabeth (the Town), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Town of Elizabeth's 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*

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### *Opinions*

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Elizabeth as of June 30, 2013, 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 Supplemental Information*

Management has omitted the management's discussion and analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

#### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Elizabeth's basic financial statements. The Schedule of Per Diem Paid to Board Members is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Per Diem Paid to Board Members 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 my opinion, the Schedule of Per Diem Paid to Board Members 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*, I have also issued my report dated December 28, 2013 on my consideration of the Town's internal control over financial reporting and my tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Elizabeth's internal control over financial reporting and compliance.

Elliott & Assoc. "APAC"

Leesville, Louisiana  
December 28, 2013

## BASIC FINANCIAL STATEMENTS

TOWN OF ELIZABETH, LOUISIANA

Statement A

Statement of Net Position  
June 30, 2013

	Primary Government		Total
	Governmental Activities	Business - type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 276,181	\$ 242,624	\$ 518,805
Receivables, net	30,825	249,940	280,765
Internal balances	67,127	(67,127)	---
Capital assets:			
Nondepreciable			
Land	110,000	18,275	128,275
Depreciable			
Other capital assets, net of depreciation	<u>298,846</u>	<u>1,912,886</u>	<u>2,211,732</u>
Total assets	\$ <u>782,979</u>	\$ <u>2,356,598</u>	\$ <u>3,139,577</u>
<b>LIABILITIES</b>			
Accounts payable	\$28,359	\$ 214,077	\$ 242,436
Accrued expenses	---	6,630	6,630
Customer deposits	---	36,014	36,014
Long-term liabilities			
Due within one year			
Bonds payable	---	42,421	42,421
Due in more than one year			
Bonds payable	---	<u>865,014</u>	<u>865,014</u>
Total Liabilities	\$ <u>28,359</u>	\$ <u>1,164,156</u>	\$ <u>1,192,515</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 408,846	\$ 1,023,726	\$1,432,572
Unrestricted	<u>345,774</u>	<u>168,716</u>	<u>514,490</u>
Total net position	\$ <u>754,620</u>	\$ <u>1,192,442</u>	\$ <u>1,947,062</u>

The accompanying notes are an integral part of this statement.



TOWN OF ELIZABETH, LOUISIANA  
Statement of Activities  
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues And Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities	Business-type Activities		
<b>Primary Government</b>							
<b>Governmental activities</b>							
General Government	\$227,401	\$91,836	\$64,376	\$(71,189)	\$---	\$(71,189)	
Public safety	29,377	---	---	(29,377)	---	(29,377)	
Public works-street repair	<u>168,082</u>	<u>---</u>	<u>168,082</u>	<u>---</u>	<u>---</u>	<u>---</u>	
Total governmental activities	<u>424,860</u>	<u>91,836</u>	<u>232,458</u>	<u>(100,566)</u>	<u>---</u>	<u>(100,566)</u>	
<b>Business-type Activities</b>							
Gas	2,032,075	2,049,680	---	---	17,605	17,605	
Water	106,137	88,927	---	---	(17,210)	(17,210)	
Electric	60,383	49,091	---	---	(11,292)	(11,292)	
Sewer	<u>27,003</u>	<u>22,070</u>	<u>---</u>	<u>---</u>	<u>(4,933)</u>	<u>(4,933)</u>	
Total business-type activities	<u>2,225,598</u>	<u>2,209,768</u>	<u>---</u>	<u>---</u>	<u>(15,830)</u>	<u>(15,830)</u>	
Total Primary Government	<u>\$2,650,458</u>	<u>\$2,301,604</u>	<u>\$ 232,458</u>	<u>\$(100,566)</u>	<u>\$(15,830)</u>	<u>\$(116,396)</u>	
<b>General revenues:</b>							
<b>Taxes</b>							
Ad valorem				9,413	---	9,413	
Franchise				9,387	---	9,387	
Sales				60,875	---	60,875	
Investment earnings				122	---	122	
Gain (loss) on disposition of capital assets				63,000	---	63,000	
Transfers				<u>16,200</u>	<u>(16,200)</u>	<u>---</u>	
Total general revenues				<u>158,997</u>	<u>(16,200)</u>	<u>142,797</u>	
Change in net position				58,431	(32,030)	26,401	
Net position, beginning of year as restated				<u>696,189</u>	<u>1,224,472</u>	<u>1,920,661</u>	
Net position, end of year				<u>\$754,620</u>	<u>\$1,192,442</u>	<u>1,947,062</u>	

The accompanying notes are an integral part of this statement.

TOWN OF ELIZABETH  
Balance Sheet - Governmental Funds  
June 30, 2013

## ASSETS

Cash and cash investments	\$ 276,181
Receivables	
Franchise	10,934
Intergovernmental	
Insurance rebates	19,889
State contract	—
Due from other funds	<u>76,656</u>
 Total assets	 <u>\$ 383,662</u>

## LIABILITIES AND FUND BALANCES

## Liabilities:

Accounts payable	\$ 28,359
Due To Other Funds	8,131
Taxes payable	<u>1,398</u>
Total Liabilities	<u>\$ 37,888</u>

## Fund Balances:

Unassigned	<u>345,774</u>
Total fund balances	<u>\$ 345,774</u>
Total liabilities and fund balances	<u>\$ 383,662</u>

The accompanying notes are an integral part of this statement.

## TOWN OF ELIZABETH

Reconciliation of the Governmental Funds Balance Sheet  
To Statement of Net Position  
June 30, 2013

Total fund balance - total governmental funds	\$345,774
---	-----------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore, are not reported in this fund financial statement but are reported in the governmental activities of the Statement of Net Position.	<u>408,846</u>
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Net position of governmental activities in the Statement of Net Position	\$ <u>754,620</u>
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The accompanying notes are an integral part of this statement

TOWN OF ELIZABETH

Statement E

Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2013

	<u>General Fund</u>
Revenues	
Taxes:	
Ad Valorem	\$ 9,413
Franchise	9,387
Sales taxes	60,875
Intergovernmental	232,458
Licenses and permits	22,836
Rent	51,388
Interest	122
Miscellaneous	<u>17,612</u>
Total revenues	<u>\$404,091</u>
Expenditures	
General government	199,557
Public Safety	29,377
Public works	<u>168,082</u>
Total Expenditures	<u>\$397,016</u>
Excess (deficiency) of revenues over expenditures	7,075
Other financing sources (uses)	
Proceeds from sale of capital assets	68,000
Transfers	<u>16,200</u>
Total other financing sources (uses)	<u>84,200</u>
Net change in fund balances	91,275
Fund Balancce at beginning of year	<u>254,499</u>
Fund Balance at end of year	<u>\$345,774</u>

## TOWN OF ELIZABETH

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

For the Year Ended June 30, 2013

Net Change in fund balances - total governmental funds \$ 91,275

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlays included in governmental funds	3,971
Depreciation included in the Statement of Activities	(31,815)

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Therefore, the change in net position differs from the change in fund balance by the cost of the asset sold. (5,000)

Change in net position of governmental activities \$58,431

The accompanying notes are an integral part of this statement.

TOWN OF ELIZABETH  
GENERAL FUND  
Statement of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Differences Over (under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Ad Valorem	8,500	9,000	\$ 9,413	\$ 413
Franchise	9,000	9,500	9,387	(113)
Intergovernmental:				
Federal	---	---	---	---
State and local grants	230,000	232,000	232,458	458
Occupational licenses and permits	20,000	21,000	22,836	1,836
Sales taxes	55,000	60,000	60,875	875
Rent Income	50,000	51,000	51,388	388
Interest income	100	100	122	22
Other revenues	<u>18,000</u>	<u>17,000</u>	<u>17,612</u>	<u>612</u>
Total revenues	<u>\$ 390,600</u>	<u>\$ 399,600</u>	<u>\$ 404,091</u>	<u>4,401</u>
Expenditures				
General government	195,000	199,000	199,557	(557)
Public Safety	30,000	29,000	29,377	(377)
Public Works	<u>170,000</u>	<u>168,000</u>	<u>168,082</u>	<u>(82)</u>
Total Expenditures	<u>\$ 395,000</u>	<u>\$ 396,000</u>	<u>\$397,016</u>	<u>(1,016)</u>
Excess (deficiency) of revenues over expenditures	<u>(4,400)</u>	<u>3,600</u>	<u>7,075</u>	<u>3,475</u>
Other financing sources (uses)				
Transfers	10,000	16,000	16,200	200
Proceeds from sale of assets	---	---	<u>68,000</u>	<u>68,000</u>
Total other financing sources (uses)	<u>\$10,000</u>	<u>\$16,000</u>	<u>\$84,200</u>	<u>\$ 68,200</u>

TOWN OF ELIZABETH  
 GENERAL FUND  
 Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Differences Over (under)</u>
	<u>Original</u>	<u>Final</u>		
Net change in fund balances	5,600	19,600	91,275	71,675
Fund Bal. at beginning of year	<u>254,499</u>	<u>254,499</u>	<u>254,499</u>	<u>---</u>
Fund Balances at end of year	<u>\$ 260,099</u>	<u>\$274,099</u>	<u>\$ 345,374</u>	<u>71,675</u>

TOWN OF ELIZABETH  
Statement of Net Position  
Proprietary Funds  
June 30, 2013

	Business - Type Activities - <u>Enterprise Fund</u>	
	<u>Gas</u>	<u>Water</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash investments	\$ 98,431	\$ 98,628
Receivable:		
Due from other funds	2,987	6,771
Accounts	<u>234,919</u>	<u>9,001</u>
Total current assets	<u>336,337</u>	<u>114,400</u>
Noncurrent Assets		
Restricted cash and cash investments	---	---
Organization Costs, nct	---	---
Capital assets, net	<u>1,427,873</u>	<u>320,992</u>
Total noncurrent assets	<u>1,427,873</u>	<u>320,992</u>
Total assets	<u>\$ 1,764,210</u>	<u>\$435,392</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	\$ 196,813	\$9,414
Payroll taxes payable	---	---
Other accrued liabilities	---	---
Due to other funds	70,160	12,953
Accrued interest payable	6,630	---
Customer deposits	13,954	22,060
Revenue bonds payable	<u>42,421</u>	<u>---</u>
Total current liabilities	<u>\$ 329,978</u>	<u>\$16,915</u>
Noncurrent Liabilities		
Revenue bonds payable	<u>865,014</u>	<u>---</u>
Total Liabilities	<u>\$ 1,194,992</u>	<u>\$44,427</u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	\$520,438	\$320,992
Restricted	---	---
Unrestricted	<u>48,780</u>	<u>69,973</u>
Total net position	<u>\$ 569,218</u>	<u>\$390,965</u>



		Business - Type Activities Enterprise Fund		
<u>Electric</u>		<u>Sewer</u>		<u>Totals</u>
\$	32,984	\$	12,581	\$ 242,624
	8,955		---	18,713
	3,869		2,151	249,940
	<u>45,808</u>		<u>14,732</u>	<u>511,277</u>
	---		---	---
	---		---	---
	<u>40,688</u>		<u>141,608</u>	<u>1,931,161</u>
	<u>40,688</u>		<u>141,608</u>	<u>1,931,161</u>
\$	<u>86,496</u>	\$	<u>156,340</u>	<u>\$ 2,442,438</u>
\$	4,813	\$	3,037	\$ 214,077
	---		---	---
	---		---	---
	727		2,000	85,840
	---		---	6,630
	---		---	36,014
	---		---	42,421
\$	<u>5,540</u>	\$	<u>5,037</u>	<u>\$384,982</u>
	---		---	865,014
\$	<u>5,540</u>	\$	<u>5,037</u>	<u>\$1,249,996</u>
\$	40,668	\$	141,608	\$1,023,726
	---		---	---
	<u>40,268</u>		<u>9,695</u>	<u>168,716</u>
\$	<u>80,956</u>	\$	<u>151,303</u>	<u>\$1,192,442</u>

TOWN OF ELIZABETH, LOUISIANA  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2013

	Business - Type Activities	
	<u>Enterprise Fund</u>	
	<u>Gas</u>	<u>Water</u>
Operating revenues		
Charges for services	\$ 2,049,680	\$ 2,040
Other fees/rentals	---	---
Miscellaneous/grant income	---	83,056
Total Revenue	<u>\$ 2,049,680</u>	<u>\$85,096</u>
Operating expenses		
Personal services	147,357	31,930
Utilities and telephone	1,072	938
Electric/Gas purchases	1,552,169	---
Repairs	71,931	21,595
Office expense/Advertising	---	---
Insurance	38,868	6,447
Miscellaneous	4,387	325
Truck Expense	7,376	---
Professional Fees	2,300	495
Material and Supplies	73,959	9,149
Travel	5,662	---
Contract labor	1,200	---
Depreciation and amortization	66,444	35,258
Total operating expenses	<u>\$ 1,970,725</u>	<u>\$106,137</u>
Income (loss) from operations	\$ 78,955	(21,041)
Nonoperating revenues (expenses)		
Investment income	---	---
Interest expense	(61,346)	---
Grant income	---	---
Other (expense)income	(4)	3,831
Total nonoperating revenues (expenses)	<u>\$ (61,350)</u>	<u>3,831</u>
Income (loss) before contributions and transfers	17,605	(17,210)
Transfers Out	(14,000)	(2,200)
Transfers in	---	---
Net Transfers	<u>(14,000)</u>	<u>(2,200)</u>
Change in net position	3,605	(19,410)
Net Position at beginning of year	<u>542,992</u>	<u>410,375</u>
Prior period adjustment (Note 9)	22,621	---
Net Position at beginning of year, as restated	<u>\$ 565,613</u>	<u>\$ 410,375</u>
Net Position at end of year	<u>\$ 569,218</u>	<u>\$ 390,965</u>

Statement I

Business - Type Activities Enterprise Fund		Totals
Electric	Sewer	
\$ ---	\$ 22,060	\$ 2,073,780
30,000	---	30,000
19,091	10	102,157
<u>\$ 49,091</u>	<u>\$ 22,070</u>	<u>\$2,205,937</u>
5,859	3,100	188,246
---	---	2,010
50,666	---	50,656
---	5,231	98,757
---	---	---
---	---	43,315
---	20	4,732
---	---	7,376
---	4,412	7,207
---	3,750	86,858
---	---	5,662
---	---	1,200
3,858	10,490	116,050
<u>\$ 60,383</u>	<u>\$ 27,003</u>	<u>\$ 2,164,248</u>
<u>(11,292)</u>	<u>(4,933)</u>	<u>41,689</u>
---	---	---
---	---	(61,346)
---	---	---
---	---	3,827
<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ (57,519)</u>
<u>(11,292)</u>	<u>(4,933)</u>	<u>(15,830)</u>
---	---	(16,200)
---	---	---
---	---	(16,200)
(11,292)	(4,933)	(32,030)
92,248	156,236	1,201,851
---	---	22,621
<u>\$ 92,248</u>	<u>\$ 156,236</u>	<u>\$1,224,472</u>
<u>\$ 80,956</u>	<u>\$ 151,303</u>	<u>\$1,192,442</u>

Town OF ELIZABETH, LOUISIANA  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2013

Statement J

	Business - Type Activities	
	<u>Enterprise Fund</u>	
	<u>Gas</u>	<u>Water</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 1,702,681	\$ 85,254
Cash payments to suppliers		
For goods and services	(1,549,757)	(25,525)
Cash payments to employees for services	<u>(77,667)</u>	<u>(31,930)</u>
Net cash provided by operating activities	<u>75,257</u>	<u>27,799</u>
<b>Cash flows from noncapital financing activities:</b>		
Meter deposits	(900)	2,426
Grants and other cash receipts	---	---
Transfers between funds	<u>(14,000)</u>	<u>(9,796)</u>
Net cash provided by noncapital financing activities	<u>(14,900)</u>	<u>(7,370)</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(29,271)	---
Organization cost	---	---
Interest paid on bonds	(61,346)	---
Retirement of bonds	---	---
Construction in progress	---	---
Repayment of indebtedness	<u>(16,128)</u>	<u>---</u>
Net cash (used) by capital and related financing activities	<u>(106,745)</u>	<u>---</u>
<b>Cash flow from investing activities:</b>		
Interest on cash and investments	<u>---</u>	<u>---</u>
<b>Net increase (decrease) in cash and cash investments</b>		
	(46,388)	20,429
Cash and Cash investments, July 1, 2012	<u>144,819</u>	<u>78,199</u>
Cash and Cash investments, June 30, 2013	<u>\$ 98,431</u>	<u>\$ 98,628</u>

(Continued)

Statement J

Business - Type Activities Enterprise Fund		
Electric	Sewer	Totals
\$ 49,091	22,073	\$ 1,859,099
(5,859)	(11,381)	(1,592,522)
<u>(51,449)</u>	<u>(3,100)</u>	<u>(164,146)</u>
<u>(8,217)</u>	<u>7,592</u>	<u>102,431</u>
---	---	1,526
---	---	---
---	---	<u>(23,796)</u>
---	---	<u>(22,270)</u>
---	---	(29,271)
---	---	---
---	---	(61,346)
---	---	---
---	---	---
---	---	<u>(16,128)</u>
---	---	<u>(106,745)</u>
---	---	---
(8,217)	7,592	(26,584)
<u>41,201</u>	<u>4,989</u>	<u>269,208</u>
<u>\$ 32,984</u>	<u>\$ 12,581</u>	<u>\$ 242,624</u>

Town OF ELIZABETH, LOUISIANA  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2013

Statement J

	Business - Type Activities	
	<u>Enterprise Fund</u>	
	<u>Gas</u>	<u>Water</u>
Reconciliation of (loss) from operations to net cash provided by operating activities:		
Income from operations	\$ 78,955	\$ (21,041)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:		
Depreciation	66,444	35,258
Change in assets and liabilities:		
Increase (Decrease) in accounts receivable	122,839	2,388
Increase (Decrease) in other current assets	---	---
Increase (Decrease) in Due to/from other funds	---	---
Increase (Decrease) in accounts payable	101,325	8,765
Increase (Decrease) in other current liabilities	<u>(294,306)</u>	<u>2,429</u>
Increase (Decrease) in other assets		
Net Cash provided by operating activities	<u>\$ 75,257</u>	<u>\$ 27,799</u>

Statement J

Business - Type Activities Enterprise Fund		
<u>Electric</u>	<u>Sewer</u>	<u>Totals</u>
\$ (11,292)	\$ (4,933)	\$ 41,689
3,858	10,490	116,050
(399)	---	124,828
---	---	---
(1,182)	---	(1,182)
---	(2,034)	108,056
<u>798</u>	<u>4,069</u>	<u>(287,010)</u>
<u>\$ (8,217)</u>	<u>\$ 7,592</u>	<u>\$ 102,431</u> (Concluded)

# TOWN OF ELIZABETH, LOUISIANA

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2013

## INTRODUCTION

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

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

The Town maintains various funds that provide services and benefits to its citizens including repairs and maintenance of approximately 15 miles of road and streets, and water, sewer, and garbage collection services to approximately 595 residents.

### I. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

#### A. Government - Wide and Fund Financial Statements

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

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



TOWN OF ELIZABETH, LOUISIANA

Notes to the Financial Statements (Continued)

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within 30 to 60 days or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The municipality reports the following major governmental funds:

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

## TOWN OF ELIZABETH, LOUISIANA

### Notes to the Financial Statements (Continued)

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

The municipality reports the following major proprietary funds:

The Town operates proprietary funds for the gas, electric, sewer, and water operations. The gas operations began in late May 2004 when the Town purchased a natural gas distribution system from a private enterprise. The Town subleased the electrical system to Cleco in November 2011.

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

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

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

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

TOWN OF ELIZABETH, LOUISIANA

Notes to the Financial Statements (Continued)

C. Deposits and Investments

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

D. Receivables and Payables

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

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

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

## TOWN OF ELIZABETH, LOUISIANA

### Notes to the Financial Statements (Continued)

#### E. Restricted Assets

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

#### F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$1,000 or more for capitalizing capital assets.

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Roads, bridges, and infrastructures	40-50 years
Land improvements	40-50 years
Buildings and building improvements	40-50 years
Furniture and fixtures	5-15 years
Vehicles	5-10 years
Equipment	3-15 years

**G. Compensated Absences**

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

**H. Long-Term Obligations**

In the government-wide financial statements, and the proprietary funds types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

TOWN OF ELIZABETH, LOUISIANA

Notes to the Financial Statements (Continued)

I. Fund Equity

Beginning with fiscal year 2011, the Town implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

**Nonspendable Fund Balance** – amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact

**Restricted Fund Balance** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision, or by enabling legislation

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

**Assigned Fund Balance** – amounts the Town intends to use for a specific purpose. Intent is expressed by the Town.

**Unassigned Fund Balance** – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

J. Extraordinary and Special Items

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

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

K. Estimates

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget Information the Town uses the following budget practices:

1. The Town Clerk and Mayor prepare a proposed budget and submit same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after the publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize an implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen. These amended amounts are shown in the financial statements.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen.

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

3. CASH AND CASH EQUIVALENTS

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

At June 30, 2013, the Town had cash and investments as follows:

	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTAL</u>
Cash (demand deposits) and Certificate of deposit	\$ 518,805	\$ ---	\$518,805

At year end, the carrying amount of the Town's deposits (demand deposits and certificates of deposit) was \$694,440 and bank balances were \$ 518,805. A summary of collateralization of bank balances is presented below.

Insured (Federal deposit insurance)	\$ 400,000
Uncollateralized (In accordance with GAAP - See below)	<u>294,440</u>
	<u>\$ 694,440</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge or securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times at least equal the amount on deposit with the fiscal agent.

The uncollateralized amount shown above is secured by pledged securities with a market value of \$638,729 held in the name of the pledging fiscal agent banks in holding or custodial banks. Even though the pledged securities are considered uncollateralized under GAAP, Louisiana Revised Statutes impose a statutory requirement on the custodial bank to advertise and sell the pledge securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

4. AD VALOREM

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



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

For the year ended June 30, 2013, taxes of 6.58 mils were levied on property with an assessed valuation of \$1,311,600 and were dedicated to general corporate purposes.

Total taxes levied were \$8,762. Furthermore, collections of delinquent taxes and other adjustments resulted in total collections of \$9,413. No taxes were receivable at year-end.

5. RECEIVABLES

The receivables of \$280,765 at June 30, 2013 are as follows:

<u>Class</u>	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Franchise	\$10,936	\$ —	\$ 10,936
Charges for service	---	249,940	249,940
Intergovernmental	19,889	—	19,889
Total	<u>\$ 30,825</u>	<u>\$249,940</u>	<u>\$280,765</u>

6. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in the insurance coverage during the year.

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

7. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2013, for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 115,000	\$ —	\$ 5,000	\$ 110,000
Total capital assets, not be depreciated	<u>115,000</u>	<u>---</u>	<u>5,000</u>	<u>110,000</u>
Capital assets being depreciated				
Vehicles	\$ 95,462	\$ ---	\$ —	\$ 95,462
Office Equipment	5,021	---	—	5,021
Buildings	528,724	---	—	528,724
Land Improvcments	20,000	—	—	20,000
Equipment	<u>128,034</u>	<u>3,971</u>	<u>---</u>	<u>132,005</u>
Total capital assets being depreciated	<u>\$ 777,241</u>	<u>\$ 3,971</u>	<u>\$ ---</u>	<u>\$ 781,212</u>
Less accumulated depreciation for:				
Vehicles	(47,730)	(9,546)	—	(57,276)
Office Equipment	(4,751)	(272)	—	(5,023)
Buildings	(257,638)	(13,086)	—	(270,724)
Land Improvements	(20,000)	---	—	(20,000)
Equipment	<u>(120,432)</u>	<u>(8,911)</u>	<u>---</u>	<u>(129,343)</u>
Total accumulated depreciation	<u>(450,551)</u>	<u>(31,815)</u>	<u>---</u>	<u>(482,366)</u>
Total capital assets, net	<u>\$441,690</u>	<u>\$(27,844)</u>	<u>\$ (5,000)</u>	<u>\$ 408,846</u>

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

7. CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 18,275	---	---	18,275
Construction in progress	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total capital assets, not be depreciated	<u>18,275</u>	<u>---</u>	<u>---</u>	<u>18,275</u>
Capital assets being depreciated				
Plant and Equipment	3,293,472	---	---	3,293,472
Autos and trucks	<u>19,656</u>	<u>29,271</u>	<u>---</u>	<u>48,927</u>
Total capital assets being depreciated	<u>3,313,128</u>	<u>29,271</u>	<u>---</u>	<u>3,342,399</u>
Less accumulated depreciation for:				
All depreciable assets	\$ (1,313,463)	\$(116,050)	\$ ---	(1,429,513)
Total business-type assets, net	<u>\$ 1,999,665</u>	<u>\$(86,779)</u>	<u>\$ ---</u>	<u>\$1,931,161</u>

Depreciation expense of \$147,865 for the year ended June 30, 2013, was charged to the following governmental functions:

General administration	\$ 31,815
Business-type activities	<u>116,050</u>
Total	<u>\$147,865</u>

8. LONG-TERM OBLIGATIONS

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2013:

	Gas <u>Revenue Bonds</u>	USDA <u>Debt</u>	<u>Totals</u>
Current Portion	\$ 26,120	\$16,311	\$ 42,421
Long-term portion	<u>345,890</u>	<u>520,124</u>	<u>865,014</u>
Total	<u>\$ 372,000</u>	<u>\$536,435</u>	<u>\$ 908,435</u>

The following activity occurred during the fiscal year ended June 30, 2013:

Bonds Payable - 6/30/12	\$ 416,588	\$575,184	\$991,772
Additions	---	---	---
Prior Period Adjustment	---	(22,621)	(22,621)
Bonds Retired	<u>(44,588)</u>	<u>(16,128)</u>	<u>(60,716)</u>
Bonds Payable -6/30/13	<u>\$ 372,000</u>	<u>\$536,435</u>	<u>\$ 908,435</u>

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

8. LONG-TERM OBLIGATIONS (CONTINUED)

The Town has two revenue bond issues outstanding as follows:

\$ 677,478 USDA Revenue Bonds dated ; due in annual installments of \$40,302 through July 21, 2036 beginning July 21, 2012 \$536,435 at interest of 4.375% secured by gas revenues

\$ 568,000 Gas Revenue Bonds dated May 24, 2004; due in annual installments of \$ 42,000 to \$ 48,000 through June 1, 2026; interest at 5%; secured by gas revenues. 372,000

Totals \$908,435

The annual requirements to amortize all revenue bonds outstanding as of June 30, 2013, including interest payments of \$814,165 are as follows:

<u>Year Ending</u>	<u>Gas Revenue Bonds</u>	<u>USDA Bonds</u>	<u>Totals</u>
2014	\$ 42,000	40,302	\$ 82,302
2015	42,000	40,302	82,302
2016	42,000	40,302	82,302
2017	42,000	40,302	82,302
2018	42,000	40,302	82,302
2019-2023	210,000	201,510	411,510
2024-2029	210,000	201,510	411,510
2030-2034	84,000	201,510	285,510
2035-2039	---	201,510	201,510
2040	---	<u>3,050</u>	<u>3,050</u>
	<u>\$ 712,000</u>	<u>1,010,600</u>	<u>\$1,722,600</u>

9. PRIOR PERIOD ADJUSTMENT

The beginning USDA revenue bonds payable balance at June 30, 2012 was overstated by \$22,621; the principal balance was actually \$522,653. The net position balance at June 30, 2012 has been adjusted accordingly.

10. GAIN ON SALE OF ASSET

During the year ended June 30, 2013, the Town sold 17.71 acres of surplus land with a cost basis of \$5,000 resulting in a \$63,000 gain.

## OTHER INFORMATION

TOWN OF ELIZABETH, LOUISIANA  
Schedule of Per Diem Paid to Board Members  
Year Ended June 30, 2013

<u>Board Member</u>	<u># of Meetings</u>	<u>Total Paid</u>
Dave Smith, Alderman	11	\$1,080
Lydia Kingam, Alderwoman	2	200
Charles Saunders, Alderman	11	1,080
Shirley Smith, Alderwoman	11	<u>1,080</u>
		<u>\$ 3,440</u>

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W. Michael Elliott, CPA

**INDEPENDENT AUDITOR'S 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***

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

I 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 Town of Elizabeth (the Town), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued my report thereon dated December 28, 2013.

**Internal Control Over Financial Reporting**

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and would not necessarily 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 my audit I did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, identified as Finding 2013-1(IC) and 2013-2(IC) that I consider to be significant deficiencies.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Elizabeth's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, identified as Finding 2013-1(C).

#### The Town of Elizabeth's Response to Findings

The Town's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. I did not audit the Town's response and, accordingly, I express no opinion on it.

#### Purpose of This Report

The purpose of this report is solely to describe the scope of my 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.

Elliott & Assoc. "APAC"

Leesville, Louisiana  
December 28, 2013



TOWN OF ELIZABETH  
Schedule of Findings and Responses  
for the Year Ended June 30, 2013

Internal Control

2013-1 Inadequate Segregation of Duties Within Accounting Functions

Condition

Town of Elizabeth does not have adequate segregation of duties over receipts.

Criteria

Segregation of conflicting duties within accounting functions is a basic internal control.

Cause

Only one person performs accounting duties for the Town.

Effect

Inadequate segregation of duties within the accounting functions.

Recommendation

Based upon the size of the operation and the cost-benefit of additional personnel, it is not feasible to achieve complete segregation of duties within the accounting system.

2013-2 Lack of Staff With GAAP Training

Condition

Town of Elizabeth does not have staff with adequate GAAP training.

Criteria

This knowledge is necessary to assist the auditor in preparing financial statements.

Cause

There is only one person and this person does not have the necessary training.

Effect

This has minimal effect on the audit.

Recommendation

Based upon the size of the operation and the cost-benefit of additional personnel, it is not feasible to train this person. Therefore the Town relies upon its outside CPA to prepare the financial statements and related footnotes.

Compliance

2013-1 Late Issuance

Condition

The Town of Elizabeth report is being issued after the statutory deadline of December 31, 2013.

Criteria

The report must be issued by December 31, 2013.

Cause

The report was issued late due to the audit firm's implementation of quality controls (review) being delayed into January 2014.

Effect

There is minimal effect.

TOWN OF ELIZABETH  
Management Response to Findings and  
Corrective Action Planned for the Year Ended June 30, 2013

2013-1(IC) Inadequate Segregation of Duties Within Accounting Functions

Corrective Action Planned

Management is aware of and has evaluated this inadequacy and concluded that the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation.

2013-2(IC) Lack of Staff With GAAP Training

Corrective Action Planned

Management is aware of this situation and relies upon its outside CPA to assist in preparation of the financial statements.

2013-1(C) Late Issuance

Corrective Action Planned

Management is aware of the issuance deadline and will meet the statutory deadline for the June 30, 2014 report.

TOWN OF ELIZABETH  
Schedule of Prior Year Findings  
for the Year Ended June 30, 2013

2012-1 Inadequate Segregation of Duties Within Accounting Functions

Repeat comment.

2012-2 Lack of Staff With GAAP Training

Repeat comment.