

VILLAGE OF ELIZABETH, LOUISIANA

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORTS

YEAR ENDED JUNE 30, 2018

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Oberlin, LA

TABLE OF CONTENTS

	<u>Pages</u>
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)	3-11
INDEPENDENT AUDITORS’ REPORT	12-13
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of Net Position	16
Statement of Activities	17
FUND FINANCIAL STATEMENTS (FFS)	
Balance Sheet - Governmental Funds	20
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	21
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	22
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance with Statement of Activities	23
Statement of Net Position - Proprietary Fund	24
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	25
Statement of Cash Flows - Proprietary Fund	26
NOTES TO THE BASIC FINANCIAL STATEMENTS	27-37
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule: General Fund	39-40
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Operating Expenses by Department – Proprietary Fund	42
Schedule of Compensation Paid to Mayor and Council Members	43
Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer	44
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	45-46
INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE	47-48
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	49
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	50
SCHEDULE OF FINDINGS AND QUESTIONED COSTS/RESPONSES	51-52
MANAGEMENT’S CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS AND RESPONSES (UNAUDITED)	53
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS	54

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, 2018. 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 (net position) by \$3,089,573 and \$2,442,439 for the fiscal years ended June 30, 2018 and 2017, respectively.
- Total revenue of \$3,318,753 exceeded total expenses of \$2,671,619 which resulted in a current year surplus of \$647,134. In comparison, for the previous year ended June 30, 2017, the Village's total revenues of \$2,894,551 exceeded total expenses of \$2,784,929, yielding a surplus of \$109,622.
- Total net position is comprised of the following:
 - (1) Capital assets, net of related debt, of \$2,518,004 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, 2017, the Village's net capital assets were \$1,561,444.
 - (2) For the fiscal year ended June 30, 2018, net position of \$70,186 was restricted by constraints imposed from outside the Village such as debt covenants, grantors, laws, or regulations. The Village reported net position of \$99,253 restricted in fiscal year ended June 30, 2017.
 - (3) Unrestricted net position, representing the portion of net position available to maintain the Village's continuing obligations to citizens and creditors, amounted to \$501,383 and \$781,742 for the fiscal years ended June 30, 2018 and 2017, respectively.
- The Village's governmental funds reported total ending fund balance of \$133,884 this year. This compares to the prior year ending fund balance of \$235,747 reflecting a deficit of \$101,863 during the current year. For the prior year ended June 30, 2017, a deficit of \$25,362 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 \$133,884, or 12% of total General Fund expenditures and 13% of total General Fund revenues including other financing sources. In comparison, for the fiscal year ended June 30, 2017, unassigned fund balance for the General Fund was of \$235,747, or 27% of total General Fund expenditures and 28% of total General Fund revenues including other financing sources.
- Overall, the Village improved upon 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 fund is classified as an enterprise fund. This enterprise fund essentially encompasses 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.

The other supplementary information includes the schedule of operating expenses by department for the proprietary fund, 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 44.

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 \$3,089,573, summarized as follows:

Summary of Net Position

	Governmental Activities	Business-Type Activities	06/30/18 Total	Percentage Total	06/30/17 Total
Assets:					
Current assets	\$ 149,556	\$ 592,833	\$ 742,389	19%	\$ 1,078,135
Capital assets, net	<u>1,108,433</u>	<u>2,080,582</u>	<u>3,189,015</u>	<u>81</u>	<u>2,435,682</u>
Total assets	<u>1,257,989</u>	<u>2,673,415</u>	<u>3,931,404</u>	<u>100%</u>	<u>3,513,817</u>
Deferred outflows of resources	-	-	-	-%	-
Liabilities:					
Current liabilities	15,672	189,110	204,782	24%	382,752
Long-term liabilities	-	<u>637,049</u>	<u>637,049</u>	<u>76</u>	<u>688,626</u>
Total liabilities	<u>15,672</u>	<u>826,159</u>	<u>841,831</u>	<u>100%</u>	<u>1,071,378</u>
Deferred inflows of resources	-	-	-	-%	-
Net Position:					
Investment in capital assets, net of debt	1,108,433	1,409,571	2,518,004	81%	1,561,444
Restricted	-	70,186	70,186	4%	99,253
Unrestricted	<u>133,884</u>	<u>367,499</u>	<u>501,383</u>	<u>15%</u>	<u>781,742</u>
Total net position	<u>\$ 1,242,317</u>	<u>\$ 1,847,256</u>	<u>\$ 3,089,573</u>	<u>100%</u>	<u>\$ 2,442,439</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 9.54 to 1 for governmental activities and 3.13 to 1 for business-type activities. This compares with the prior year's ratios of 3.78 to 1 and 2.54 to 1, respectively. For the Village overall, the current ratio is 3.63 to 1 while that same financial indicator was 2.82 to 1 for the fiscal year ended June 30, 2017. These ratios remain strong.

The Village reported positive balances in net position for both governmental and business-type activities. For the fiscal years ended June 30, 2018 and 2017, respectively, net position increased (decreased) by \$295,424 and \$191,015 for governmental activities and by \$351,710 and (81,393) for business-type activities. The Village's overall financial position improved during the fiscal year ended in June 30, 2018, mainly due to federal grants and normal operations.

Note that approximately 89% and 69% of the governmental activities' net position are tied up in capital assets as of June 30, 2018 and June 30, 2017, respectively. The Village uses these capital assets to provide services to its citizens. However, with business-type activities, the Village has invested approximately 76% and 61% of its net position on capital assets during the respective fiscal years ended June 30, 2018 and 2017. 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, 2018 and 2017, 81% and 64% 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	2018 Total	% Total	2017 Total	% Total
Revenues:						
Program						
Charges for services/fines	\$ 146,990	\$ 2,127,953	\$ 2,274,943	69%	\$ 2,365,199	82%
Operating grants	6,000	4,077	10,077	-	6,000	-
Capital grants	463,353	380,477	843,830	25	317,063	11
General:						
Sales taxes	66,564	-	66,564	2	80,792	3
Other taxes	41,741	-	41,741	1	42,324	1
Other	<u>81,568</u>	<u>30</u>	<u>81,598</u>	<u>3</u>	<u>83,173</u>	<u>3</u>
Total Revenues	<u>806,216</u>	<u>2,512,537</u>	<u>3,318,753</u>	<u>100%</u>	<u>2,894,551</u>	<u>100%</u>
Program expenses:						
General government	372,387	-	372,387	14%	369,686	13%
Public safety	235,021	-	235,021	9	188,779	7
Public works	98,159	-	98,159	4	90,506	3
Gas	-	1,672,910	1,672,910	63	1,859,804	67
Water	-	196,326	196,326	7	153,742	6
Electricity	-	3,858	3,858	-	3,858	-
Sewer	-	60,030	60,030	2	83,186	3
Interest	<u>-</u>	<u>32,928</u>	<u>32,928</u>	<u>1</u>	<u>35,368</u>	<u>1</u>
Total Expenses	<u>705,567</u>	<u>1,966,052</u>	<u>2,671,619</u>	<u>100%</u>	<u>2,784,929</u>	<u>100%</u>
Excess (deficiency)	100,649	546,485	647,134		109,622	
Transfers	<u>194,775</u>	<u>(194,775)</u>	<u>-</u>		<u>-</u>	
Change in net position	295,424	351,710	647,134		109,622	
Beginning net position	<u>946,893</u>	<u>1,495,546</u>	<u>2,442,439</u>		<u>2,332,817</u>	
Ending net position	<u>\$ 1,242,317</u>	<u>\$ 1,847,256</u>	<u>\$ 3,089,573</u>		<u>\$ 2,442,439</u>	

GOVERNMENTAL REVENUES

The Village is heavily reliant on fine revenues to support governmental operations. Fine income equals 18% of the revenues for governmental activities, as compared with 20% in the prior year. Also note that program revenues cover only 87% (45% in the year ended June 30, 2017) of governmental operating expenses. This means that the government's taxpayers and the Village's other general revenues fund 13% (55% 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, 2018 and 2017, respectively, general government comprised 14% and 13% of the Village's total expenses and 53% and 57% of the total governmental expenses. For the fiscal years ended June 30, 2018 and 2017, total public safety makes up 33% and 29% 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

	06/30/18		06/30/17	
	Total Cost of Services	Net Cost (Benefit) of Services	Total Cost of Services	Net Cost (Benefit) of Services
General government	\$ 372,387	\$ 335,351	\$ 369,686	\$ 337,245
Public safety	235,021	119,067	188,779	69,189
Public works	98,159	(365,194)	90,506	(50,652)
Total	<u>\$ 705,567</u>	<u>\$ 89,224</u>	<u>\$ 648,971</u>	<u>\$ 355,782</u>

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs:

The operating revenues for the utility fund were 5% less than 2017 and operating expenses were 8% less than 2017. Within the total business-type activities of the Village, these activities reported a \$198,906 operating income compared to an operating income of \$132,578 for the prior year. However, after operating transfers, the utility fund reported a surplus of \$351,710, which compares with the overall fund deficit of \$81,393 experienced in the year ended June 30, 2017.

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 \$133,884 and \$235,747 for the fiscal years ended June 30, 2018 and 2017, respectively. Of the year-end totals for June 30, 2018, \$133,884 was unassigned, indicating availability for continuing Village service requirements. There were no restricted funds at the end of the current fiscal year.

The total ending fund balance of governmental funds show a decrease of \$101,863. This compares with a decrease of \$25,362 experienced in the prior fiscal year ended June 30, 2017.

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 \$101,863 in the current fiscal year, while in the fiscal year ended June 30, 2017, the fund balance decreased by \$25,362. 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 \$306,727 or 61% more than the prior year reflecting primarily increases in income from intergovernmental sources. The expenditures side shows an increase of \$237,505 or 27% more than the prior year reflecting primarily increases in capital outlay spending.

VILLAGE OF ELIZABETH, LOUISIANA

Management's Discussion and Analysis (Continued)

The General Fund's ending fund balance of \$133,884 was less than the prior year representing the equivalent of 12% of its annual expenditures and 13% 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

Both the revenue and the expenditure sides of the current year final budget for the General Fund were revised by a \$68,405 increase and a \$8,325 decrease, respectively in relation to the prior year's final budget. The primary change in the General Fund's revenue budget relates to increases in fine income and sales tax income. The primary change in the expenditure budget relates to decreases to professional fees. With regard to the changes in the original budget to the final budget, the primary change to the revenues was to increase fine and sales tax income and the primary change to the expenditures was to increase insurance expense.

The actual revenues exceeded the final budget revenues by \$458,416 or 132% and the actual expenditures exceeded the budgeted expenditures by \$364,673 or 49%.

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, 2018, were \$1,108,433 and \$2,080,582, respectively, while those figures as of June 30, 2017, were \$711,146 and \$1,724,536 respectively. The overall increase was 31% 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. Two major construction projects were completed at year end for drainage and water improvements. The final contract amounts for construction, engineering, and grant assistance on those projects amounted to \$1,100,928. \$832,158 and \$268,770 was spent in the fiscal years ended June 30, 2018 and 2017, respectively. These projects were completely funded by federal grants. The following table provides a summary of capital asset activity.

	Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Non-depreciable assets:						
Land	\$ 110,000	\$ 110,000	\$ 33,275	\$ 33,275	\$ 143,275	\$ 143,275
Construction in progress	-	179,496	-	93,644	-	273,140
Total non-depreciable	110,000	289,496	33,275	126,919	143,275	416,415
Depreciable assets:						
Vehicles	191,701	178,873	-	-	191,701	178,873
Buildings	589,232	569,422	-	-	589,232	569,422
Infrastructure	598,821	-	-	-	598,821	-
Equipment	378,915	365,300	-	-	378,915	365,300
Utility systems	-	-	4,027,212	3,469,557	4,027,212	3,469,557
Total depreciable assets	1,758,669	1,113,595	4,027,212	3,469,557	5,785,881	4,583,152
Less accumulated depreciation	760,236	691,945	1,979,905	1,871,940	2,740,141	2,563,885
Book value-depreciable assets	\$ 998,433	\$ 421,650	\$ 2,047,307	\$ 1,597,617	\$ 3,045,740	\$ 2,019,267
Percentage depreciated	43%	62%	49%	54%	47%	56%
Book value-all assets	\$ 1,108,433	\$ 711,146	\$ 2,080,582	\$ 1,724,536	\$ 3,189,015	\$ 2,435,682

VILLAGE OF ELIZABETH, LOUISIANA

Management's Discussion and Analysis (Continued)

The depreciable capital assets for governmental activities were 43% and 62% depreciated for the fiscal years ended June 30, 2018 and June 30, 2017, respectively. This comparison indicates that the Village is replacing its governmental-type assets at a faster rate than the rate they are depreciating.

The major additions are:

- Drainage project completed
- Police vehicle
- Community center improvements
- Mower
- Park improvements

With the Village's business-type activities, 49% of the asset values were depreciated at June 30, 2018 compared to 54% at June 30, 2017. This comparison indicates that the village is replacing its business type assets at a faster rate than they are depreciating.

The major additions are:

- Water project completed
- Water lines
- Flame pack
- Gas leak sniffer
- Side by side

Long-term debt

At the end of the fiscal year, the Village had total long-term debt outstanding of \$668,576. 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 \$51,978 in long-term debt. See Note F for additional information regarding long-term debt.

	Outstanding Borrowings	
	<u>06/30/18</u>	<u>06/30/17</u>
Gas revenue bonds	\$ 224,000	\$ 256,000
USDA gas revenue bonds	<u>444,576</u>	<u>464,554</u>
Total	<u>\$ 668,576</u>	<u>\$ 720,554</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, Mandy Green, P.O. Box 457, Elizabeth, LA 70638.

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Society of Louisiana
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

December 4, 2018

Honorable Mandy Green, 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, 2018, 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, 2018, 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.

Report on Summarized Comparative Information

We have previously audited the Village of Elizabeth, Louisiana's financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated November 7, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

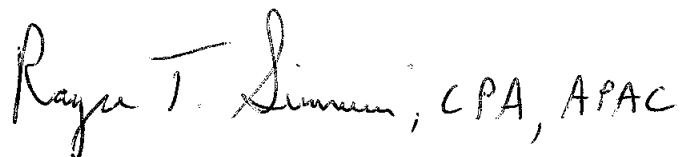
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Elizabeth, Louisiana's basic financial statements. The schedule of operating expenses by department for the proprietary fund, the schedule of compensation paid to Mayor and Council Members, and the schedule of compensation, benefits and other payments to the chief executive officer (Other Supplementary Information) are presented on pages 42 through 44 for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and the accompanying notes are presented on pages 49 and 50 for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information, including the schedule of expenditures of federal awards, 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, including the schedule of expenditures of federal awards, 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 4, 2018, 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 solely 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 the effectiveness of the Village of Elizabeth, Louisiana's 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, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and certificates of deposit	\$ 124,980	\$ 273,996	\$ 398,976
Accounts receivable	24,288	227,326	251,614
Due from other governments	288	--	288
Restricted cash and certificates of deposit	--	91,511	91,511
Total current assets	149,556	592,833	742,389
Noncurrent assets:			
Land	110,000	33,275	143,275
Capital assets, net	998,433	2,047,307	3,045,740
Total noncurrent assets	1,108,433	2,080,582	3,189,015
Total Assets	1,257,989	2,673,415	3,931,404
DEFERRED OUTFLOWS OF RESOURCES			
Aggregated deferred outflows	--	--	--
Total Deferred Outflows of Resources	--	--	--
LIABILITIES			
Current liabilities:			
Accounts payable	9,053	126,989	136,042
Accrued interest payable	--	2,435	2,435
Payroll taxes payable	6,599	--	6,599
Sales taxes payable	20	6,834	6,854
Revenue bonds payable	--	52,852	52,852
Total current liabilities	15,672	189,110	204,782
Noncurrent liabilities:			
Customer deposits	--	21,325	21,325
Revenue bonds payable	--	615,724	615,724
Total noncurrent liabilities	--	637,049	637,049
Total Liabilities	15,672	826,159	841,831
DEFERRED INFLOWS OF RESOURCES			
Aggregated deferred inflows	--	--	--
Total Deferred Inflows of Resources	--	--	--
NET POSITION			
Investment in capital assets, net of related debt	1,108,433	1,409,571	2,518,004
Restricted - Note J	--	70,186	70,186
Unrestricted	133,884	367,499	501,383
Total Net Position	\$ 1,242,317	\$ 1,847,256	\$ 3,089,573

See accompanying notes.

Village of Elizabeth, Louisiana
Statement of Activities
For the Year Ended June 30, 2018

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
Primary Government							
Governmental Activities:							
General government	\$ 372,387	\$ 37,036	\$ --	\$ --	\$ (335,351)	\$ --	\$ (335,351)
Public safety	235,021	109,954	6,000	--	(119,067)	--	(119,067)
Public works	98,159	--	--	463,353	365,194	--	365,194
Total Governmental Activities	705,567	146,990	6,000	463,353	(89,224)	--	(89,224)
Business-Type Activities:							
Gas department	1,672,910	1,966,598	--	--	--	293,688	293,688
Water department	196,326	109,593	4,077	380,477	--	297,821	297,821
Sewer department	60,030	21,762	--	--	--	(38,268)	(38,268)
Electricity department	3,858	30,000	--	--	--	26,142	26,142
Interest and fiscal charges-gas	32,928	--	--	--	--	(32,928)	(32,928)
Total Business-type Activities	1,966,052	2,127,953	4,077	380,477	--	546,455	546,455
Total Primary Government	\$ 2,671,619	\$ 2,274,943	\$ 10,077	\$ 843,830	\$ (89,224)	\$ 546,455	\$ 457,231

General Purpose Revenues and Operating Transfers:

Revenues

Taxes:

-Property	10,661	--	10,661
-Franchise	29,964	--	29,964
-Sales	66,564	--	66,564
-Beer	1,116	--	1,116
Intergovernmental-state	4,940	--	4,940
Intergovernmental-local	2,874	--	2,874
Miscellaneous	2,500	--	2,500
Interest income	11	30	41
Rent	71,243	--	71,243
Operating transfers	194,775	(194,775)	--
Total General Revenues and Transfers	384,648	(194,745)	189,903
Change in Net Position	295,424	351,710	647,134
<i>Net Position at Beginning of Period</i>	<i>946,893</i>	<i>1,495,546</i>	<i>2,442,439</i>
Net Position at End of Period	\$ 1,242,317	\$ 1,847,256	\$ 3,089,573

See accompanying notes.

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 Fund

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 this fund, 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, 2018 and 2017

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
ASSETS		
Cash and certificates of deposit	\$ 124,980	\$ 234,178
Accounts receivable	24,288	24,245
Due from other governments	<u>288</u>	<u>61,980</u>
Total Assets	149,556	320,403
DEFERRED OUTFLOWS OF RESOURCES		
Aggregated deferred outflows	--	--
Total Assets and Deferred Outflows of Resources	<u>\$ 149,556</u>	<u>\$ 320,403</u>
LIABILITIES		
Accounts payable	\$ 9,053	\$ 14,203
Contracts payable - construction in progress	--	57,082
Retainage payable	--	4,626
Payroll taxes payable	6,599	8,674
Sales taxes payable	<u>20</u>	<u>71</u>
Total Liabilities	15,672	84,656
DEFERRED INFLOWS OF RESOURCES		
Aggregated deferred inflows	--	--
Total Liabilities and Deferred Inflows of Resources	<u>15,672</u>	<u>84,656</u>
FUND BALANCE		
Unassigned	<u>133,884</u>	<u>235,747</u>
Total Fund Balance	133,884	235,747
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 149,556</u>	<u>\$ 320,403</u>

See accompanying notes.

Village of Elizabeth, Louisiana
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2018

Total Fund Balance - Governmental Funds	\$ 133,884
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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.

	1,108,433
--	-----------

Total Net Position-Governmental Funds	\$ <u>1,242,317</u>
--	----------------------------

See accompanying notes.

Village of Elizabeth, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2018

	General
Revenues	
Taxes:	
-Property	\$ 10,661
-Franchise	29,964
-Sales	66,564
-Beer	1,116
Fines	109,954
Intergovernmental	477,167
Licenses and permits	25,636
Miscellaneous	13,900
Rent	71,243
<i>Total Revenues</i>	806,205
Expenditures	
Current:	
General government	357,227
Public safety	179,558
Public works	92,052
Capital outlay	474,017
<i>Total Expenditures</i>	1,102,854
<i>Excess (Deficit) of Revenues Over (Under) Expenditures</i>	(296,649)
Other Financing Sources (Uses)	
Interest income	11
Operating transfers	194,775
<i>Net Other Financing Sources (Uses)</i>	194,786
<i>Net Change in Fund Balance</i>	(101,863)
<i>Fund Balance at Beginning of Period</i>	235,747
<i>Fund Balance at End of Period</i>	\$ 133,884

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, 2018

Total Net Change in Fund Balances - Governmental Funds	\$ (101,863)
Fixed assets expensed as capital outlay in governmental fund statements, and capitalized as	474,017
Depreciation expense reflected in entity-wide statements, and not reflected in governmental	(74,279)
Basis in assets disposed of during the year.	(2,451)
Changes in Net Position-Governmental Funds	\$ <u>295,424</u>

See accompanying notes.

Village of Elizabeth, Louisiana
Statement of Net Position
Proprietary Fund
June 30, 2018 and 2017

	Business-Type Activities - Enterprise Funds	
	June 30, 2018	June 30, 2017
ASSETS		
<i>Current Assets</i>		
Cash and certificates of deposit	\$ 273,996	\$ 376,491
Accounts receivable	227,326	172,594
Due from other governments	--	89,344
Restricted cash and certificates of deposit	91,511	119,303
Total Current Assets	592,833	757,732
<i>Noncurrent Assets</i>		
Land	33,275	33,275
Construction in progress	--	93,644
Capital assets, net	2,047,307	1,597,617
Total Noncurrent/Capital Assets	2,080,582	1,724,536
Total Assets	2,673,415	2,482,268
DEFERRED OUTFLOWS OF RESOURCES		
Aggregated deferred outflows	--	--
Total Deferred Outflows of Resources	--	--
LIABILITIES		
<i>Current Liabilities</i>		
Accounts payable	126,989	148,686
Contracts payable - construction in progress	--	81,485
Retainage payable	--	7,859
Accrued interest payable	2,435	2,632
Sales taxes payable	6,834	5,456
Current maturities of long-term debt	52,852	51,978
Total Current Liabilities	189,110	298,096
<i>Noncurrent Liabilities</i>		
Customer deposits	21,325	20,050
Revenue bonds payable	615,724	668,576
Total Noncurrent Liabilities	637,049	688,626
Total Liabilities	826,159	986,722
DEFERRED INFLOWS OF RESOURCES		
Aggregated deferred inflows	--	--
Total Deferred Inflows of Resources	--	--
NET POSITION		
<i>Invested in capital assets, net of related debt</i>	1,409,571	912,006
<i>Restricted</i>	70,186	99,253
<i>Unrestricted</i>	367,499	484,287
Total Net Position	\$ 1,847,256	\$ 1,495,546

See accompanying notes.

Village of Elizabeth, Louisiana
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Fund	
	Utility Fund	
Operating Revenues		
Gas department revenues	\$	1,966,598
Water department revenues		113,670
Sewer department revenues		21,762
Electricity department revenues		30,000
Total Operating Revenues		2,132,030
Operating Expenses		
Gas department expenses		1,672,910
Water department expenses		196,326
Sewer department expenses		60,030
Electricity department expenses		3,858
Total Operating Expenses		1,933,124
Operating Income (Loss)		198,906
Non-Operating Revenues (Expenses)		
Capital grants - governmental agencies - water		380,477
Interest income		30
Interest and fiscal charges - Gas		(32,928)
Net Non-Operating Revenues (Expenses)		347,579
Income Before Contributions and Transfers		546,485
Operating transfers		(194,775)
Change In Net Position		351,710
<i>Net Position at Beginning of Period</i>		<i>1,495,546</i>
Net Position at End of Period	\$	1,847,256

See accompanying notes.

VILLAGE OF ELIZABETH, LOUISIANA
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2018

	<u>Business-Type Activities</u>
	<u>Utility Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 2,078,573
Payments to suppliers	(1,716,008)
Payments to employees	<u>(135,359)</u>
Net cash from operating activities	227,206
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net proceeds (purchase) of investments	-
Interest earnings	<u>30</u>
Net cash used by noncapital financing activities	30
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Interest paid on gas revenue bonds	(33,125)
Principal paid on gas revenue bonds	(51,978)
Purchase of fixed assets	(547,466)
Capital subsidies from governmental agencies	<u>469,821</u>
Net cash from capital activities	(162,748)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Operating transfers	<u>(194,775)</u>
Net cash from non-capital financing activities	<u>(194,775)</u>
NET INCREASE (DECREASE) IN CASH	(130,287)
CASH – BEGINNING	<u>495,794</u>
CASH – ENDING	<u>\$ 365,507</u>
Reconciliation of operating income (loss) to net cash from operating activities:	
Operating income (loss)	\$ 198,906
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation	109,822
(Increase) decrease in receivables	(54,732)
Increase (decrease) in payables	(28,178)
Increase (decrease) in customer deposits	1,275
Loss on disposal of fixed assets	<u>113</u>
Net cash from operating activities	<u>\$ 227,206</u>

See accompanying notes.

VILLAGE OF ELIZABETH, LOUISIANA
Notes to the Basic Financial Statements
Year Ended June 30, 2018

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 19 employees working for the Village.

The accompanying financial statements of the Village have been prepared in conformity with 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 GAAP, these financial statements present the financial data of the Village of Elizabeth, Louisiana (the primary government) which has no component units under the above criteria.

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, 2018

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 Fund is an enterprise fund that is 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 enterprise fund distinguishes operating revenues and expenses from non-operating items. Operating revenues generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses and depreciation on capital assets. All other revenues and expenses are reported as non-operating revenues and expenses. The Village's proprietary fund is the utility fund which accounts 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:

VILLAGE OF ELIZABETH, LOUISIANA
Notes to the Basic Financial Statements
Year Ended June 30, 2018

- 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 during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.
- b. All proprietary funds utilize 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 utilize 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 the payments become due.

The proprietary fund utilizes 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 fund.

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, based on information from 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 general fund 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
Notes to the Basic Financial Statements
Year Ended June 30, 2018

Louisiana Revised Statute 33:2955 authorizes the Village to invest in obligations of the U.S. Treasury, U.S. government agencies, or time certificates of deposit of banks domiciled or having a branch office in 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. Custodial credit risk is the risk that, in the event of bank failure, the Village's deposits may not be returned. 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, 2018, the Village has \$526,726 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.

VILLAGE OF ELIZABETH, LOUISIANA
Notes to the Basic Financial Statements
Year Ended June 30, 2018

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 equivalents. The statement reflects ending cash and cash equivalents of \$365,507 which represents unrestricted and restricted amounts of \$273,996 and \$91,511, 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 or liability is reported for these amounts. Vested or accumulated vacation leave of the proprietary funds is 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 non-vesting 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, 2018, employees of the Village have accumulated \$5,935 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 three 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. Unrestricted net position - Consists of all other net position that does not meet the definition of a or b above.

VILLAGE OF ELIZABETH, LOUISIANA
Notes to the Basic Financial Statements
Year Ended June 30, 2018

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 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.

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.

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 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.

VILLAGE OF ELIZABETH, LOUISIANA
Notes to the Basic Financial Statements
Year Ended June 30, 2018

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.

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 4, 2018, the date the financial statements were issued.

NOTE B - PROPERTY TAXES

For the year ended June 30, 2018 taxes of 6.49 mills were levied on property with assessed valuations totaling \$1,491,580 and were dedicated as follows:

General corporate purposes	6.49 mills with no expiration
----------------------------	-------------------------------

Total taxes levied were \$9,680.

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, 2018, consisted of the following:

General Fund:

VILLAGE OF ELIZABETH, LOUISIANA
Notes to the Basic Financial Statements
Year Ended June 30, 2018

Sales tax receivable	\$ 11,142
Franchise taxes receivable	8,446
Salary reimbursement receivable	950
Rent receivable	3,750
Due from other governments	<u>288</u>
Total governmental-type accounts receivable	24,576
Utility system enterprise fund:	
Accounts receivable - customers	<u>227,326</u>
Total business-type accounts receivable	227,326
Total accounts receivable	<u><u>\$ 251,902</u></u>

Note D – CAPITAL ASSETS

	Balance 06/30/17	Additions	Deletions	Balance 06/30/18
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 110,000	\$ -	\$ -	\$ 110,000
Construction in progress	179,496	419,325	598,821	-
Other capital assets:				
Vehicles	178,873	18,873	6,045	191,701
Buildings	569,422	19,810	-	589,232
Infrastructure	-	598,821	-	598,821
Equipment	<u>365,300</u>	<u>16,009</u>	<u>2,394</u>	<u>378,915</u>
Totals	<u>1,403,091</u>	<u>1,072,838</u>	<u>607,260</u>	<u>1,868,669</u>
Less accumulated depreciation:				
Vehicles	110,691	17,699	3,727	124,663
Buildings	325,405	12,646	-	338,051
Infrastructure	-	998	-	998
Equipment	<u>255,849</u>	<u>42,936</u>	<u>2,261</u>	<u>296,524</u>
Total accumulated depreciation	<u>691,945</u>	<u>74,279</u>	<u>5,988</u>	<u>760,236</u>
Governmental Activities				
Capital assets, net	<u>\$ 711,146</u>	<u>\$ 998,559</u>	<u>\$ 601,272</u>	<u>\$ 1,108,433</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 33,275	\$ -	\$ -	\$ 33,275
Construction in progress	93,644	412,833	506,477	-
Other capital assets:				
Gas system	1,822,212	28,029	-	1,850,241
Water system	857,788	527,487	1,970	1,383,305
Electricity system	196,900	-	-	196,900
Sewer system	<u>592,657</u>	<u>4,109</u>	<u>-</u>	<u>596,766</u>
Totals	<u>3,596,476</u>	<u>972,458</u>	<u>508,447</u>	<u>4,060,487</u>
Less accumulated depreciation:				
Gas system	582,942	49,024	-	631,966
Water system	645,944	43,591	1,857	687,678
Electricity system	182,144	3,858	-	186,002
Sewer system	<u>460,910</u>	<u>13,349</u>	<u>-</u>	<u>474,259</u>
Total accumulated depreciation	<u>1,871,940</u>	<u>109,822</u>	<u>1,857</u>	<u>1,979,905</u>
Business-Type Activities,				
Capital assets, net	<u>\$ 1,724,536</u>	<u>\$ 862,636</u>	<u>\$ 506,590</u>	<u>\$ 2,080,582</u>

Depreciation expense for the year ended June 30, 2018 was \$74,279 and \$109,822 for the governmental activities and the business-type activities, respectively.

Depreciation expense was charged to governmental activities as follows:

VILLAGE OF ELIZABETH, LOUISIANA
Notes to the Basic Financial Statements
Year Ended June 30, 2018

General government	\$ 15,160
Public safety	53,145
Public works	<u>5,974</u>
Total depreciation expense	<u>\$ 74,279</u>

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

Gas	\$ 49,024
Water	43,591
Electricity	3,858
Sewer	<u>13,349</u>
Total depreciation expense	<u>\$ 109,822</u>

NOTE E - ACCOUNTS PAYABLES

The following is a summary of payables at June 30, 2018:

Class of Payable:	Governmental Activities Funds	Business Activities Funds
Accounts	\$ 9,053	\$ 126,989
Total	<u>\$ 9,053</u>	<u>\$ 126,989</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, 2018:

	June 30, 2017	Additions	Deletions	June 30, 2018
Gas revenue bonds	\$ 256,000	\$ -	\$ (32,000)	\$ 224,000
USDA gas revenue bonds	<u>464,554</u>	-	<u>(19,978)</u>	<u>444,576</u>
	<u>\$ 720,554</u>	<u>\$ -</u>	<u>\$ (51,978)</u>	<u>\$ 668,576</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. \$ 224,000

\$655,000 USDA gas revenue bonds dated July 21, 2006, bearing interest at a rate of 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. 444,576

Total \$ 668,576

The annual requirements to amortize all debt outstanding as of June 30, 2018, including interest payments of \$215,774 are as follows:

Enterprise Activities

VILLAGE OF ELIZABETH, LOUISIANA
Notes to the Basic Financial Statements
Year Ended June 30, 2018

Year Ending June 30,	Totals		
	Principal Payments	Interest Payments	Totals
2019	\$ 52,852	\$ 30,650	\$ 83,502
2020	57,764	28,138	85,902
2021	58,716	25,386	84,102
2022	63,710	22,592	86,302
2023	64,748	19,555	84,303
2024-2028	180,958	62,553	243,511
2029-2033	189,828	26,900	216,728
Totals	\$ 668,576	\$ 215,774	\$ 884,350

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, 2018 the statutory limit is \$522,053.

NOTE G – RESTRICTED ASSETS

Restricted assets, at June 30, 2018, consisted of the following:

	Cash and Cash Equivalents
Customers' deposit accounts	\$ 21,325
Sewer plant replacement accounts	50,004
Debt service sinking account	<u>20,182</u>
Total restricted assets - proprietary fund	<u>\$ 91,511</u>

	Actual	Required	Over (Under)
Requirements consisted of the following at June 30, 2018:			
Sewer revenue bond debt service sinking account	\$20,182	\$ -	\$ 20,182
Sewer revenue bond debt service reserve account	25,002	23,174	1,828
Sewer revenue bond debt service depreciation and contingency account	25,002	23,174	1,828
Customer deposits – gas, water, and sewer	<u>21,325</u>	<u>21,325</u>	<u>-</u>
Total restricted assets - proprietary fund	<u>\$ 91,511</u>	<u>\$ 67,673</u>	<u>\$ 23,838</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, 2018

NOTE J – RESTRICTED NET POSITION

Restricted net position consists of cash in the reserve account, depreciation and contingency account, and debt service account which are all set aside in accordance with bond restrictions.

NOTE K - ON-BEHALF PAYMENTS FOR SALARIES

The State of Louisiana pays a portion of the salary of the Village's police chief. These on-behalf payments have been recorded in the accompanying financial statements in accordance with GASB Statement 24 as intergovernmental revenues and expenditures as follows:

Intergovernmental Revenues:	
State-Police	\$ 6,000
Expenditures:	
Salaries-Police	\$ 6,000

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF ELIZABETH, LOUISIANA
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
REVENUES				
Taxes:				
Property	\$ 10,000	\$ 11,000	\$ 10,661	\$ (339)
Franchise	17,000	32,000	29,964	(2,036)
Sales	67,000	86,000	66,564	(19,436)
Beer	<u>-</u>	<u>-</u>	<u>1,116</u>	<u>1,116</u>
Total taxes	94,000	129,000	108,305	(20,695)
Licenses and permits	<u>20,500</u>	<u>14,500</u>	<u>25,636</u>	<u>11,136</u>
Fines and forfeitures	<u>75,000</u>	<u>110,000</u>	<u>109,954</u>	<u>(46)</u>
Intergovernmental:				
Federal grant	-	-	463,353	463,353
State of Louisiana -				
State supplemental pay	-	-	6,000	6,000
Street maintenance	2,800	6,000	4,940	(1,060)
Local grant	<u>2,900</u>	<u>3,100</u>	<u>2,874</u>	<u>(226)</u>
Total intergovernmental	5,700	9,100	477,167	468,067
Miscellaneous:				
Interest	-	-	11	11
Rental income	64,000	64,500	71,243	6,743
Miscellaneous	<u>20,195</u>	<u>20,700</u>	<u>13,900</u>	<u>(6,800)</u>
Total miscellaneous	<u>84,195</u>	<u>85,200</u>	<u>85,154</u>	<u>(46)</u>
Total revenues	<u>279,395</u>	<u>347,800</u>	<u>806,216</u>	<u>458,416</u>
EXPENDITURES				
General government:				
Advertising	2,000	3,000	4,835	(1,835)
Contract Labor	10,200	13,000	9,515	3,485
Dues and subscriptions	2,200	3,500	3,159	341
Insurance	52,000	78,000	26,430	51,570
Materials and supplies	49,000	60,000	60,677	(677)
Miscellaneous	1,750	4,775	1,245	3,530
Office supplies	3,000	6,000	7,550	(1,550)
Postage	3,200	5,500	4,665	835
Professional services	27,300	43,800	38,123	5,677
Repairs and maintenance	27,200	22,500	15,959	6,541
Salaries and payroll taxes	174,355	193,055	119,865	73,190
Travel and meetings	6,000	3,200	3,873	(673)
Uniforms	3,000	500	312	188
Utilities	<u>39,500</u>	<u>61,500</u>	<u>61,019</u>	<u>481</u>
Subtotal	400,705	498,330	357,227	141,103
Capital outlays	<u>35,000</u>	<u>26,500</u>	<u>23,126</u>	<u>3,374</u>
Total general government	<u>435,705</u>	<u>524,830</u>	<u>380,353</u>	<u>144,477</u>

VILLAGE OF ELIZABETH, LOUISIANA
General Fund - Continued
Budgetary Comparison Schedule
Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
Public Safety -				
Contract Labor	\$ 500	\$ 10,400	\$ 940	\$ 9,460
Dues and subscriptions	500	1,400	3,303	(1,903)
Insurance	19,000	15,900	18,963	(3,063)
Intergovernmental	-	-	3,836	(3,836)
Materials and supplies	25,500	22,500	14,040	8,460
Miscellaneous	800	6,200	1,350	4,850
Office supplies	-	-	638	(638)
Repairs and maintenance	22,700	32,100	24,232	7,868
Salaries and payroll taxes	71,800	93,000	97,400	(4,400)
Travel and meetings	4,700	8,000	8,232	(232)
Uniform expense	-	2,300	885	1,415
Utilities	<u>7,500</u>	<u>6,550</u>	<u>5,739</u>	<u>811</u>
Subtotal	153,000	198,350	179,558	18,792
Capital outlays	<u>10,000</u>	<u>15,000</u>	<u>20,785</u>	<u>(5,785)</u>
Total public safety	163,000	213,350	200,343	13,007
Public Works -				
Insurance	-	-	15,746	(15,746)
Salaries and payroll taxes	<u>-</u>	<u>-</u>	<u>76,306</u>	<u>(76,306)</u>
Subtotal	-	-	92,052	(92,052)
Capital outlays	<u>-</u>	<u>-</u>	<u>430,106</u>	<u>(430,106)</u>
Total public works	<u>-</u>	<u>-</u>	<u>522,158</u>	<u>(522,158)</u>
Total expenditures	<u>\$598,705</u>	<u>\$738,180</u>	<u>\$1,102,854</u>	<u>\$(364,674)</u>

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF ELIZABETH
Proprietary Fund
Schedule of Operating Expenses by Department
Year Ended June 30, 2018

Gas Department:	
Depreciation	\$ 49,024
Dues and subscriptions	1,495
Gas purchases	1,491,040
Insurance	17,344
Materials and supplies	21,206
Miscellaneous	3,610
Payroll taxes	4,845
Repairs and maintenance	15,626
Salaries	63,335
Training	2,890
Travel	1,503
Utilities and telephone	<u>992</u>
Total Gas Department	1,672,910
Water Department:	
Depreciation	43,591
Dues and subscriptions	1,525
Insurance	11,284
Materials and supplies	51,249
Miscellaneous	30,002
Payroll taxes	3,254
Professional Fees	3,000
Travel	1,132
Repairs and maintenance	7,149
Salaries	42,542
Utilities and telephone	<u>1,598</u>
Total Water Department	196,326
Sewer Department:	
Depreciation	13,349
Dues and subscriptions	595
Insurance	4,401
Materials and supplies	1,403
Miscellaneous	7,905
Payroll taxes	1,520
Repairs and maintenance	390
Salaries	19,863
Travel	267
Utilities and telephone	<u>10,337</u>
Total Sewer Department	60,030
Electricity Department:	
Depreciation	<u>3,858</u>
Total Electricity Department	<u>3,858</u>
Total Operating Expenses	<u><u>\$1,933,124</u></u>

VILLAGE OF ELIZABETH, LOUISIANA
Schedule of Compensation Paid to Mayor and Council Members
For The Year Ended June 30, 2018

Mandy Green	\$ 19,200
Shirley Smith	1,500
Gerald Steele	1,500
Kenneth Kelly	<u>1,500</u>

Total Compensation Paid to Mayor and Council Members \$ 23,700

VILLAGE OF ELIZABETH, LOUISIANA
Schedule of Compensation, Benefits and Other Payments to
Chief Executive Officer
For The Year Ended June 30, 2018

Chief Executive Officer: Mandy Green, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$19,200
Benefits-insurance	-0-
Benefits-retirement	-0-
Benefits-cell phone	735
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	930
Registration fees	200
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

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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 4, 2018

Honorable Mandy Green, Mayor
and the Village Council
Village of Elizabeth, Louisiana

We have audited, 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, 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, 2018 and the related notes to the basic financial statements, which collectively comprise the Village of Elizabeth, Louisiana's basic financial statements and have issued our report thereon dated December 4, 2018.

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 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 have not been 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 a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs/responses as Item 2018-2 I/C that we consider to be a significant deficiency.

Honorable Mandy Green, Mayor
and the Village Council
Village of Elizabeth, Louisiana
December 4, 2018
Page 2

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs/responses as Item 2018-1 C.

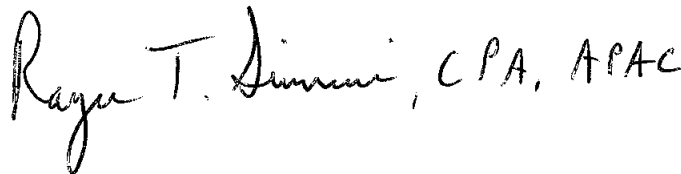
Village of Elizabeth, Louisiana's Response to Findings

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 questioned costs/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.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

December 4, 2018

Honorable Mandy Green, Mayor
and the Village Council
Village of Elizabeth, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Village of Elizabeth, Louisiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Village of Elizabeth, Louisiana's major federal programs for the year ended June 30, 2018. The Village of Elizabeth, Louisiana's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs/responses.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Village of Elizabeth, Louisiana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Elizabeth, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Village of Elizabeth, Louisiana's compliance.

Opinion on Each Major Federal Program

In our opinion, the Village of Elizabeth, Louisiana, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Honorable Mandy Green, Mayor
and the Village Council
Village of Elizabeth, Louisiana
December 4, 2018
Page 2

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

Report on Internal Control over Compliance

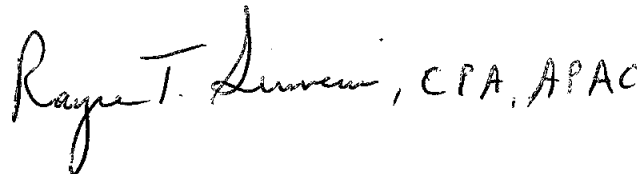
Management of the Village of Elizabeth, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village of Elizabeth, Louisiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village of Elizabeth, Louisiana's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Royce T. Scimemi, CPA, APAC



VILLAGE OF ELIZABETH, LOUISIANA
 Schedule of Expenditures of Federal Awards
 For The Year Ended June 30, 2018

Federal Grantor/Pass Through Grantor/Program Title	Pass-through Identifying Number	CFDA Number	Expenditures
U.S. Department of Housing and Urban Development: Passed through the Louisiana Office of Community Development Drainage Project and Water Project	B-15-DC-22-0001 B-08-DI-22-0001	14.228	<u>\$832,158</u>
Total expenditures of federal awards			<u>\$832,158</u>

VILLAGE OF ELIZABETH, LOUISIANA
Notes to the Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2018

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Village of Elizabeth, Louisiana under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Village of Elizabeth, Louisiana, it is not intended to and does not present the net position, changes in net position, or cash flows of the Village of Elizabeth, Louisiana.

(2) Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

The Village of Elizabeth, Louisiana has not elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

VILLAGE OF ELIZABETH, LOUISIANA
 Schedule of Findings and Questioned Costs/Responses
 Year Ended June 30, 2018

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) 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

Schedule of Expenditures of Federal Awards

Type of auditors' report issued: unmodified

Internal control over major programs:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(s) identified? ___ yes X no

Noncompliance over major federal award programs in accordance with 2 CFR section 200.516(a)? ___ yes X no

The major program was U.S. Department of Housing and Urban Development – Louisiana Community Development Block Grant Program, CFDA No. 14.228.

The threshold used for distinguishing between Type A and Type B programs was \$750,000.

The Village of Elizabeth, Louisiana was not determined to be a low-risk auditee.

Findings – Financial Statement Audit

Finding #2018-1 C:

Local Governmental Budget Act Compliance

- Condition: General fund actual expenses exceed budgeted expenses by 49%.
- Criteria: The actual expenditures in the general fund were in excess of budgeted amounts by 5% or more.
- Cause: The general fund budget was prepared without including estimates for the construction project completed during the year.
- Effect: Possible violation of the Louisiana Local Governmental Budget Act.
- Recommendation: Closely monitor annual budgets and include expenditures and accruals at or near year-end for construction projects in progress.
- Response: See Corrective Action Plan

VILLAGE OF ELIZABETH, LOUISIANA
Schedule of Findings and Questioned Costs/Responses
Year Ended June 30, 2018

Finding #2018-2 I/C:

Inadequate Segregation of Duties

Condition: The small number of employees may create a condition where sufficient segregation of duties is not practical.

Criteria: Sufficient staff for adequate segregation of duties.

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

Findings and questioned costs for federal awards which include audit findings as defined in 2 CFR section 200.516(a):

A. Compliance Finding –

There were no compliance findings noted.

B. Internal Control Finding –

There were no internal control findings noted.

VILLAGE OF ELIZABETH, LOUISIANA
Management's Corrective Action Plan for
Current Year Audit Findings and
Questioned Costs/Responses (Unaudited)
Year Ended June 30, 2018

Finding #2018-1 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. In the future, large construction projects in progress will be incorporated into the budget calculations.

Finding #2018-2 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.

VILLAGE OF ELIZABETH, LOUISIANA
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2018

Finding #2017-1 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. In the future, large construction projects in progress will be incorporated into the budget calculations.

Finding #2017-2 C:

Public Bid Law Compliance

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

Finding #2017-3 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.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Mandy Green, Mayor
and the Village Council
Village of Elizabeth, Louisiana

December 4, 2018

We have performed the procedures enumerated below, which were agreed to by the management of the Village of Elizabeth, Louisiana (Village) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Village's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the Village's written policies and procedures and observe that they address each of the following categories and subcategories:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
All addressed without exception.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
All addressed with exception for how vendors are added to the vendor list (Exception).
 - c) ***Disbursements***, including processing, reviewing, and approving.
All addressed without exception.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.
All addressed with exception of policy regarding management's actions to determine the completeness of all collections for each type of revenue (Exception).
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
All addressed without exception.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

All addressed with exception for legal review.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage.

All addressed without exception.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

All addressed without exception.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Village's ethics policy.

None of the above four requirements were included in the Village written policies (Exception).

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

No policy was provided and no debt was incurred during the current fiscal year (Exception).

Council (or Finance Committee)

2. Obtain and inspect the council minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the council met with a quorum at least monthly, or on a frequency in accordance with the council's enabling legislation, charter, bylaws, or other equivalent document.

The minutes reflected that the managing council met monthly in accordance with enabling legislation without exception.

- b) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements for major proprietary funds.

Monthly income statements and budgets were referenced in the minutes and provided to the Council and Mayor by handout at all meetings held after October 2017 (Exception). No comparisons or variances were calculated or referenced (Exception).

- c) Obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

The prior year audit report did not reflect a negative ending unrestricted fund balance in the general fund.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select four additional accounts. Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account and observe that:

- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g. initialed and dated, electronically logged):

The listing was provided by management. Each bank account selected included evidence that it was reconciled within the selected two-month time frame without exception.

- b) Bank reconciliations include evidence that a member of management/council member who does not handle cash, posting ledgers, or issue checks has reviewed each bank reconciliation (e.g. initialed and dated, electronically logged); and

The bank reconciliations selected indicated the Mayor had reviewed and initialed them without exception.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

We were provided with documentation that management researched all outstanding reconciling items older than 12 months and is in the process of submitting any qualifying payment items to the State of Louisiana Unclaimed Property Division.

Collections

4. Obtain a listing of each deposit site for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete.

The listing was provided by management.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site, obtain and inspect written policies and procedures relating to employees' job duties at each collection location, and observe that the job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

All of the cashiers share a cash drawer (Exception). Normally one primary cashier will handle collections each day. However, a secondary cashier will handle collections when the primary cashier is unavailable.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

The cashiers responsible for collecting cash are not responsible for preparing bank deposits.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

The cashiers responsible for collecting cash are not responsible for posting collection entries to the general ledger but are responsible for posting collection entries to the subsidiary ledgers. However, another employee (the Village Clerk) is responsible for reconciling ledger postings to each other and the deposit.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or making subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee verifies the reconciliation.

There Village Clerk is responsible for reconciling cash collections to the general ledger but not the subsidiary ledgers. The cashiers are responsible for posting cash collections to the subsidiary ledgers. However, the Village Clerk does verify the reconciliations.

6. Inquire of management that all employees who have access to cash are covered by bond or insurance policy for theft.

Each person responsible for handling cash is bonded without exception.

7. Randomly select two deposit dates for each of the five bank accounts selected for procedure #3 under "Bank Reconciliations" above. Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Receipts were sequentially pre-numbered without exception.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

The sequentially pre-numbered receipts are only applicable to utility income and certain other receipts (Exception). All receipts tested were sequentially numbered and were traced to the deposit slips without exception.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

The deposit slip totals on the tested 10 deposits were traced to the bank statement deposits without exception.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

The tested 10 deposits were made within one week of receipt and the bank is more than 10 miles from the collection location without exception.

- e) Trace the actual deposit per bank statement to the general ledger.

The tested 10 deposits per the bank statements were traced to the general ledger without exception.

Non-Payroll Disbursements (excluding card purchases/ payments travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five locations.

The listing was provided by management.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Two or more employees/management are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

- b) At least two employees are involved in processing and approving payments to vendors.

Two employees are involved in processing and approving payments to vendors. Signatures on checks are considered approval of payments.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The Village Clerk is responsible for processing payments and has the authority to add/modify vendor files. No other employee reviews changes to vendor files (Exception).

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The Village Clerk is responsible for processing and signing checks. She also mails the payments (Exception).

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

Management provided the transaction population without exception.

- a) Observe that the disbursement matched the related original invoice/billing statement.

For all 5 disbursements tested, the amounts matched the related original invoice without exception.

- b) Observe that the disbursement documentation included evidence (e.g. initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

The disbursement documentation included evidence of segregation of duties on four of the five disbursements tested that separates the initiation, the approval, and the placing the orders/making purchase utilizing two or more employees (Exception).

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Management provided the listing without exception.

- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g. original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

The tested statements and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder without exception.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No finance or late charges were assessed during period tested.

- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by 1) an original itemized receipt that identifies precisely what was purchased., 2) written documentation of the business/public purpose, and 3) documentation of the individuals participating in meals (for meal charges only).

The tested statements and transactions were supported by original itemized receipts identifying what was purchased including documentation of business/public purpose and documentation of who participated in meals without exception.

Travel and Expense Reimbursement

- 14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

Management provided the list without exception.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Administration (www.gsa.gov).

The Village used GSA rates for mileage. The Village did not reimburse on a per diem basis for meals but rather reimbursed the actual meal expenses incurred.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Of the disbursements tested, the Village reimbursed employees for actual meals incurred when the original itemized receipt was provided without exception.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

All five of the tested reimbursements were supported by documentation of the business/public purpose as required by written policy without exception. Meal charges were supported by documentation including the names of the individuals participating except in one instance (Exception).

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

All five of the tested reimbursements were reviewed and approved, in writing, by someone other than the person receiving the reimbursement without exception.

Contracts

- 15. Obtain from management a listing of all contracts/agreements for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete.

Management provided the listing without exception.

Randomly select five contracts from the listing, excluding the practitioner's contract and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g. solicited quotes or bids, advertised), if required by law.

Two of the five tested contracts were required to be and were actually bid and let in accordance with the Louisiana Public Bid Law. The other three contracts were not subject to the Louisiana Public Bid Law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law.

Two of the five tested contracts were required to be approved by the council and were approved by the council. The other three contracts were approved by the Mayor.

- c) If the contract was amended, observe that the original contract terms provided for such an amendment.

One of the five contracts tested was amended in the next fiscal year. The original contract terms allowed for such amendment.

- d) Randomly select one payment from the fiscal period for each of the five contracts, obtain supportive invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agree to the terms and conditions of the contract.

The supporting invoices on all five of the tested payments were in accordance with the contract terms and conditions and agreed in amount with the contracts.

Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rate in the personnel files.

Management provided the listing.

17. Randomly select one pay period during the fiscal period. For the five employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g. vacation, sick, and compensatory).

Documentation of daily attendance and leave for all employees tested was provided without exception.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Written documentation of supervisor's approval for attendance and leave was provided without exception.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

The Village maintained written leave records reflecting the hours earned, the hours used, and the cumulative balance available at fiscal year-end without exception.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/official's personnel files.

The listing was provided by management. The termination payments made to the tested employees were in strict accordance with the termination policy and properly calculated.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

One payment to Unemployment Cost Solutions was paid late. Payment was due by the 30th of April, 2018 and was not paid until May 25th, 2018. There was one Blue Cross Blue Shield payment that was not submitted timely and includes two months of premiums in one payment (Exception). All other payments and filing were made on time.

Ethics

20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

The documentation demonstrated that four of the five employees/officials tested had completed their one hour of ethics training during the fiscal period (Exception).

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Signed verifications were provided reflecting that four of the five employee/officials had read the Village's ethics policy during the fiscal year (Exception).

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each bond/note issued.

No new bonds or notes were issued during fiscal year.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Supporting documentation for the reserve balances and payments were provided that demonstrated compliance with the associated requirements for funding under the debt covenants without exception.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and managements' representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management informed us that the Village did not have any misappropriation of public funds or assets during the fiscal year.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

The Village did have the required notice posted in a conspicuous place upon its premises. However, the Village did not have a website, and therefore could not have the required notice posted to it (Exception)

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Royce T. Scimemi, CPA, APAC

Royce T. Scimemi, CPA, APAC