

TOWN OF ELIZABETH  
ANNUAL FINANCIAL STATEMENTS  
JUNE 30, 2012

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**INDEPENDENT AUDITOR'S REPORT**

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund, of the Town of Elizabeth, Louisiana, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Elizabeth, Louisiana's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business - type activities, and each major fund of the Town of Elizabeth, Louisiana, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with Government Auditing Standards, I have also issued my report dated December 31, 2012 on my consideration of the Town of Elizabeth's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

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

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The schedule of per diem paid to board members is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of per diem paid to board members is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in the all material respects in relation to the financial statements as a whole.

*Elliott & Assoc. "APAC"*  
Leesville, Louisiana  
December 31, 2012

## **BASIC FINANCIAL STATEMENTS**

TOWN OF ELIZABETH, LOUISIANA

Statement A

Statement of Net Assets  
June 30, 2012

	Primary Government		
	Governmental Activities	Business - type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 175,801	\$ 269,245	\$ 445,046
Receivables			
Franchise taxes	11,253	---	11,253
Accounts	---	127,659	127,659
Intergovernmental	---	---	---
Restricted assets	---	---	---
Organization costs	---	---	---
Internal balances	77,192	(77,192)	---
Capital assets, net	<u>441,690</u>	<u>2,017,941</u>	<u>2,459,631</u>
Total assets	\$ <u>705,936</u>	\$ <u>2,337,653</u>	\$ <u>3,043,589</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 6,040	\$ 105,945	\$ 111,985
Taxes payable	3,707	3,221	6,928
Deferred revenues	---	---	---
Accrued interest payable	---	15,018	15,018
Customer deposits	---	32,685	32,685
Current portion of revenue bonds	---	64,344	64,344
Revenue bonds payable-long-term	---	<u>927,427</u>	<u>927,427</u>
Total Liabilities	\$ <u>9,747</u>	\$ <u>1,148,640</u>	\$ <u>1,158,387</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 441,690	\$1,026,170	\$1,467,860
Restricted	---	---	---
Unrestricted	<u>254,499</u>	<u>162,843</u>	<u>417,342</u>
Total net assets	\$ <u>696,189</u>	\$ <u>1,189,013</u>	\$ <u>1,885,202</u>

The accompanying notes are an integral part of this statement.

## TOWN OF ELIZABETH, LOUISIANA

Statements of Activities  
For the Year Ended June 30, 2012

Program Activities	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues And Changes in Net Assets</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	
<b>Governmental Activities</b>						
General Government						
And administration	\$ 130,858	\$ 23,004	\$ 7,410	\$ (100,444)	\$ —	(100,444)
Public safety	<u>17,316</u>	<u>5,273</u>	<u>---</u>	<u>(12,043)</u>	<u>---</u>	<u>(12,043)</u>
Total governmental activities	<u>148,174</u>	<u>28,277</u>	<u>7,410</u>	<u>(112,487)</u>	<u>---</u>	<u>(112,487)</u>
<b>Business-type Activities</b>						
All Utilities	<u>2,688,312</u>	<u>2,058,468</u>	<u>362,597</u>	<u>---</u>	<u>(267,247)</u>	<u>(267,247)</u>
Total government	<u>2,836,486</u>	<u>\$2,086,745</u>	<u>\$370,007</u>	<u>\$(112,487)</u>	<u>\$(267,247)</u>	<u>\$(379,734)</u>
General revenues						
Other revenue				92,131	26,215	118,346
Taxes				50,709	—	50,709
Franchise fees				8,990	—	8,990
Investment earnings				223	10	233
Transfers (net)				<u>(88,294)</u>	<u>88,294</u>	<u>---</u>
Total general revenues and transfers				<u>63,759</u>	<u>114,519</u>	<u>178,278</u>
Change in net assets				<u>(48,728)</u>	<u>(152,728)</u>	<u>(201,456)</u>
Net assets at beginning of year				<u>744,917</u>	<u>1,341,741</u>	<u>2,086,658</u>
Net assets at end of year				<u>\$ 696,189</u>	<u>\$1,189,013</u>	<u>1,885,202</u>

The accompanying notes are an integral part of this statement



**TOWN OF ELIZABETH**  
**Balance Sheet - Governmental Funds**  
**June 30, 2012**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash investments	\$ 175,801
Receivables	
Franchise	11,253
Intergovernmental	
Insurance rebates	---
State contract	—
Due from other funds	<u>95,356</u>
 Total assets	 <u>\$ 282,410</u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>Liabilities</b>	
Accounts payable	\$ 6,040
Due to other funds	18,164
Taxes payable	<u>3,707</u>
Total Liabilities	<u>\$ 27,911</u>
 <b>Fund Balance:</b>	
Unassigned	<u>254,499</u>
Total fund balance	<u>\$ 254,499</u>
Total liabilities and fund balance	<u>\$ 282,410</u>

## TOWN OF ELIZABETH

Reconciliation of the Governmental Funds Balance Sheet  
To Statement of Net Assets  
June 30, 2012

Total fund balance - total governmental funds		\$254,499
Cost of capital assets at June 30, 2012	892,241	
Less: Accumulated depreciation as of June 30, 2012	<u>(450,551)</u>	<u>441,690</u>
Long-term liabilities at June 30, 2012		
Bonds payable	----	
Accrued interest payable	<u>-----</u>	<u>-----</u>
Net assets at June 30, 2012-governmental activities		\$ <u>696,189</u>

The accompanying notes are an integral part of this statement

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the Year Ended June 30, 2012

	<u>General Fund</u>
Revenues	
Taxes	
Ad Valorem	\$ 10,331
Franchise	8,990
Sales	---
Intergovernmental	
Federal grants	---
State and local grants	7,410
Occupational licenses and permits	23,004
Fines and forfeits	5,273
Sales taxes	40,378
Rent Income	51,216
Public Support	26,593
Other revenues	<u>14,322</u>
Total revenues	<u>\$187,517</u>
Expenditures	
General government	102,858
Public Safety	17,316
Capital Outlay	---
Total Expenditures	<u>\$120,174</u>
Excess (deficiency) of revenues over expenditures	<u>67,343</u>
Other financing sources (uses)	
Transfer in	40,771
Transfer Out	(129,065)
Interest income	<u>223</u>
Total other financing sources (uses)	<u>(88,071)</u>
Net change in fund balances	(20,728)
Fund Balance at beginning of year	<u>275,227</u>
Fund Balance at end of year	<u>\$254,499</u>

TOWN OF ELIZABETH

Statement F

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

For the Year Ended June 30, 2012

Net Change in fund balances - total governmental funds \$ (20,728)

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

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

Depreciation expense on capital assets is reported in the  
government-wide statement of activities and changes in net  
assets, but they do not require the use of current financial  
resources. Therefore, depreciation expense is not reported as an  
expenditure in governmental funds. (28,000)

Change in net assets of governmental activities \$ (48,728)

The accompanying notes are an integral part of this statement

TOWN OF ELIZABETH  
GENERAL FUND  
Statement of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Differences Over (under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Ad Valorem	10,000	10,500	\$10,331	\$(169)
Franchise	8,000	8,500	8,990	490
Sales	---	---	---	---
Intergovernmental				
Federal	---	---	---	---
State and local grants	7,000	7,500	7,410	(90)
Occupational licenses and permits	21,000	23,000	23,004	4
Fines and forfeits	5,000	5,000	5,273	273
Sales taxes	40,000	40,000	40,378	378
Rent Income	50,000	52,000	51,216	(784)
Public Support	25,000	25,000	26,593	1,593
Other revenues	<u>10,000</u>	<u>14,000</u>	<u>14,322</u>	<u>322</u>
Total revenues	<u>\$ 176,000</u>	<u>\$ 185,500</u>	<u>\$187,517</u>	<u>2,017</u>
Expenditures				
General government	100,000	102,000	102,858	(858)
Public Safety	16,000	17,000	17,316	(316)
Capital Outlay	---	---	---	---
Total Expenditures	<u>\$ 116,000</u>	<u>\$ 119,000</u>	<u>\$120,174</u>	<u>(1,174)</u>
Excess (deficiency) of revenues over expenditures	<u>60,000</u>	<u>66,500</u>	<u>67,343</u>	<u>843</u>
Other financing sources (uses)				
Transfer in	40,000	41,000	40,771	(229)
Transfer Out	(130,000)	(130,000)	(129,065)	935
Interest income	<u>200</u>	<u>200</u>	<u>223</u>	<u>23</u>
Total other financing sources (uses)	<u>\$(89,800)</u>	<u>\$(88,800)</u>	<u>\$(88,071)</u>	<u>\$ 729</u>

TOWN OF ELIZABETH  
GENERAL FUND  
Statement of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Differences Over (under)</u>
	<u>Original</u>	<u>Final</u>		
Net change in fund balances	(29,800)	(27,300)	(20,728)	\$6,572
Fund Bal at beginning of year	<u>275,227</u>	<u>275,227</u>	<u>275,227</u>	—
Fund Balances at end of year	<u>\$245,427</u>	<u>\$247,927</u>	<u>\$ 254,499</u>	<u>\$6,572</u>

TOWN OF ELIZABETH  
Statement of Net Assets  
Proprietary Funds  
June 30, 2012

	Business - Type Activities - <u>Enterprise Fund</u>	
	<u>Gas</u>	<u>Water</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash investments	\$ 144,819	\$ 78,199
Receivable:		
Due from other funds	2,987	---
Accounts	<u>112,080</u>	<u>9,159</u>
Total current assets	<u>259,886</u>	<u>87,358</u>
Noncurrent Assets		
Restricted cash and cash investments	---	---
Organization Costs, net	---	---
Capital assets, net	<u>1,465,047</u>	<u>356,250</u>
Total noncurrent assets	<u>1,465,047</u>	<u>356,250</u>
Total assets	<u>\$ 1,724,933</u>	<u>\$443,608</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	\$ 95,488	\$3,459
Payroll taxes payable	3,221	---
Other accrued liabilities	---	---
Due to other funds	63,389	10,143
Accrued interest payable	15,018	---
Customer deposits	13,054	19,631
Revenue bonds payable	<u>64,344</u>	<u>---</u>
Total current liabilities	<u>254,514</u>	<u>\$33,233</u>
Noncurrent Liabilities		
Revenue bonds payable	<u>927,427</u>	<u>---</u>
Total Liabilities	<u>\$ 1,181,941</u>	<u>\$33,233</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	\$ 473,276	\$356,250
Restricted	---	---
Unrestricted	<u>69,716</u>	<u>54,125</u>
Total net assets	<u>\$ 542,992</u>	<u>\$410,375</u>

CDBG	Business - Type Activities Enterprise Fund		Totals
	Electric	Sewer	
\$ 37	\$ 41,201	\$ 4,989	\$ 269,245
---	8,955	---	11,942
---	4,268	2,152	127,659
<u>37</u>	<u>54,424</u>	<u>7,141</u>	<u>408,846</u>
---	---	---	---
---	---	---	---
---	44,546	152,098	2,017,941
---	44,546	152,098	2,017,941
<u>37</u>	<u>98,970</u>	<u>\$ 159,239</u>	<u>\$ 2,426,787</u>
---	\$ 5,995	\$ 1,003	\$ 105,945
---	---	---	3,221
---	---	---	---
12,875	727	2,000	89,134
---	---	---	15,018
---	---	---	32,685
---	---	---	64,344
<u>12,875</u>	<u>6,722</u>	<u>\$ 3,003</u>	<u>\$ 310,347</u>
---	---	---	927,427
<u>12,875</u>	<u>6,722</u>	<u>\$ 3,003</u>	<u>\$ 1,237,774</u>
---	\$ 44,546	\$ 152,099	\$ 1,026,170
---	---	---	---
(12,838)	47,702	4,137	162,842
<u>(12,838)</u>	<u>\$ 92,248</u>	<u>\$ 156,236</u>	<u>\$ 1,189,013</u>



TOWN OF ELIZABETH, LOUISIANA  
Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2012

	Business - Type Activities	
	<u>Enterprise Fund</u>	
	<u>Gas</u>	<u>Water</u>
Operating revenues		
Charges for services	\$ 1,885,463	\$ 84,102
Other fees/rentals	1,716	---
Miscellaneous/grant income	<u>---</u>	<u>15,000</u>
Total Revenue	<u>\$ 1,887,179</u>	<u>\$99,102</u>
Operating expenses		
Personal services	69,690	47,955
Utilities and telephone	1,786	4,093
Electric/Gas purchases	1,697,076	---
Repairs	907	58,000
Office expense/Advertising	---	---
Insurance	39,594	3,405
Miscellaneous	3,240	1,036
Truck Expense	6,093	---
Professional Fees	52,131	410
Material and Supplies	70,169	7,726
Travel	8,085	---
Contract labor	1,000	400
Depreciation and amortization	<u>60,590</u>	<u>35,072</u>
Total operating expenses	<u>\$ 2,010,361</u>	<u>\$158,097</u>
Income (loss) from operations	\$ (123,182)	(58,995)
Nonoperating revenues (expenses)		
Investment income	---	---
Interest expense	(63,087)	---
Grant income	---	---
Other (expense)income	<u>24,041</u>	<u>1,322</u>
Total nonoperating revenues (expenses)	<u>\$ (39,046)</u>	<u>1,322</u>
Income (loss) before contributions and transfers	(162,228)	(57,673)
Transfers Out	(1,800)	(2,000)
Transfers in	<u>66,194</u>	<u>29,000</u>
Net Transfers	<u>64,394</u>	<u>27,000</u>
Change in net assets	(97,834)	(30,673)
Net Assets at beginning of year	<u>640,826</u>	<u>441,048</u>
Net Assets at end of year	<u>\$ 542,992</u>	<u>\$ 410,375</u>

Statement I

Business - Type Activities Enterprise Fund			
CDBG	Electric	Sewer	Totals
---	\$ ---	\$ 22,409	\$ 1,991,974
---	30,000	---	31,716
---	19,413	365	34,778
---	<u>\$ 49,413</u>	<u>\$ 22,774</u>	<u>\$2,058,468</u>
---	2,949	7,331	127,925
---	---	---	5,879
---	44,667	---	1,741,743
362,597	---	7,787	429,291
---	---	---	---
---	---	1,385	44,384
---	---	156	4,432
---	---	---	6,093
55	---	3,692	56,288
---	---	6,357	84,252
---	---	---	8,085
---	---	---	1,400
---	<u>3,858</u>	<u>15,933</u>	<u>115,453</u>
<u>362,652</u>	<u>51,474</u>	<u>\$ 42,641</u>	<u>\$ 2,625,225</u>
<u>(362,652)</u>	<u>(2,061)</u>	<u>(19,867)</u>	<u>(566,757)</u>
---	10	---	10
---	---	---	(63,087)
362,597	---	---	362,597
100	---	752	26,215
<u>362,697</u>	<u>\$ 10</u>	<u>\$ 752</u>	<u>\$ 325,735</u>
<u>45</u>	<u>(2,051)</u>	<u>(19,115)</u>	<u>(241,022)</u>
(100)	---	(3,100)	(7,000)
---	---	100	95,294
<u>(100)</u>	<u>---</u>	<u>(3,000)</u>	<u>88,294</u>
(55)	(2,051)	(22,115)	(152,728)
<u>(12,783)</u>	<u>94,299</u>	<u>178,351</u>	<u>1,341,741</u>
<u>(12,838)</u>	<u>\$ 92,248</u>	<u>\$ 156,236</u>	<u>\$1,189,013</u>

TOWN OF ELIZABETH, LOUISIANA  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2012

Statement J

	Business - Type Activities	
	<u>Enterprise Fund</u>	
	<u>Gas</u>	<u>Water</u>
Cash flows from operating activities:		
Cash received from customers/others	\$ 1,983,650	\$ 98,518
Cash payments to suppliers		
For goods and services	(1,947,740)	(74,075)
Cash payments to employees for services	<u>(69,690)</u>	<u>(47,955)</u>
Net cash provided by operating activities	<u>(33,780)</u>	<u>(23,512)</u>
 Cash flows from noncapital financing activities:		
Meter Deposits	2,000	3,421
Grants and other cash receipts	24,041	1,322
Transfers between funds	<u>67,789</u>	<u>27,000</u>
Net cash provided by noncapital financing activities	<u>93,830</u>	<u>31,743</u>
 Cash flows from capital and related financing activities.		
Acquisition or sale and construction of capital assets	(297,572)	(1,874)
Organization cost	-----	-----
Interest paid on bonds	(49,889)	-----
Retirement of bonds	----	-----
Construction in progress	----	-----
Repayment of indebtedness	<u>(35,614)</u>	<u>-----</u>
Net cash (used) by capital and related financing activities	<u>(383,075)</u>	<u>(1,874)</u>
 Cash flow from investing activities:		
Interest on cash and investments	<u>----</u>	<u>-----</u>
 Net increase (decrease) in cash and cash investments	(323,025)	6,357
Cash and Cash investments, July 1, 2012	<u>467,844</u>	<u>71,842</u>
Cash and Cash investments, June 30, 2012	<u>\$ 144,819</u>	<u>\$ 78,199</u>

(Continued)

Statement J

CDBG	Business - Type Activities Enterprise Fund		Totals
	Electric	Sewer	
\$ ---	\$ 49,413	22,640	\$ 2,154,221
(362,652)	(44,667)	(18,374)	(2,447,508)
---	(2,949)	(7,331)	(127,925)
<u>(362,652)</u>	<u>1,797</u>	<u>(3,065)</u>	<u>(421,212)</u>
---	---	---	5,421
362,697	10	752	388,822
<u>(100)</u>	<u>---</u>	<u>(3,000)</u>	<u>91,689</u>
<u>362,597</u>	<u>10</u>	<u>(2,248)</u>	<u>485,932</u>
---	---	---	(299,446)
---	---	---	---
---	---	---	(49,889)
---	---	---	---
---	---	---	---
<u>---</u>	<u>---</u>	<u>---</u>	<u>(35,614)</u>
<u>---</u>	<u>---</u>	<u>---</u>	<u>(384,949)</u>
<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
(55)	1,807	(5,313)	(320,229)
92	39,394	10,302	589,474
<u>\$37</u>	<u>\$ 41,201</u>	<u>\$ 4,989</u>	<u>\$ 269,245</u>

TOWN OF ELIZABETH, LOUISIANA  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2012

Statement J

	Business - Type Activities	
	<u>Enterprise Fund</u>	
	<u>Gas</u>	<u>Water</u>
Reconciliation of (loss) from operations to net cash provided by operating activities:		
Income from operations	\$(123,182)	\$ (58,995)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities		
Depreciation	60,590	35,072
Change in assets and liabilities:		
Increase (Decrease) in accounts receivable	96,471	(584)
Increase (Decrease) in other current liabilities	---	---
Increase (Decrease) in Due to/from other funds	---	---
Increase (Decrease) in accounts payable	(69,230)	995
Increase (Decrease) in other current liabilities	<u>1,571</u>	<u>---</u>
Increase (Decrease) in other assets		
Net Cash provided by operating activities	<u><u>\$ (33,780)</u></u>	<u><u>\$ (23,512)</u></u>

<u>CDBG</u>	<u>Business - Type Activities Enterprise Fund</u>		<u>Totals</u>
	<u>Electric</u>	<u>Sewer</u>	
(362,652)	\$ (2,061)	\$ (19,867)	\$ (566,757)
---	3,858	15,933	115,453
---	---	(134)	95,753
---	---	---	---
---	---	1,003	---
---	---	---	(67,232)
---	---	---	<u>1,571</u>
<u>\$ (362,652)</u>	<u>\$ 1,797</u>	<u>\$ (3,065)</u>	<u>\$ (421,212)</u> (Concluded)

# TOWN OF ELIZABETH, LOUISIANA

## Notes to the Financial Statements As of and for the Year Ended June 30, 2012

### INTRODUCTION

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

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

The Town maintains various funds that provide services and benefits to its citizens including repairs and maintenance of approximately 15 miles of road and streets, and water, sewer, and garbage collection services to approximately 586 residents.

#### I. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

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

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

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

# TOWN OF ELIZABETH, LOUISIANA

## Notes to the Financial Statements (Continued)

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

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

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

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

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

The municipality reports the following major governmental funds:

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



## TOWN OF ELIZABETH, LOUISIANA

### Notes to the Financial Statements (Continued)

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

The municipality reports the following major proprietary funds:

The Town operates proprietary funds for the gas, electric, sewer, and water operations. The gas operations began in late May 2004 when the Town purchased a natural gas distribution system from a private enterprise. The Town subleased the electrical system to Cleco in November 2011. The CDBG Fund accounts for grant proceeds used to finance utility repairs.

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

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

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

# TOWN OF ELIZABETH, LOUISIANA

## Notes to the Financial Statements (Continued)

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

### C Deposits and Investments

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

### D. Receivables and Payables

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

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

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

## TOWN OF ELIZABETH, LOUISIANA

### Notes to the Financial Statements (Continued)

#### E. Restricted Assets

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

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

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

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

#### F. Capital Assets

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

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

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

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

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

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

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

G.     Compensated Absences

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

H.     Long-Term Obligations

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

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

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

**I. Fund Equity**

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

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

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

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

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

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

**J. Extraordinary and Special Items**

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

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

**K. Estimates**

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

**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Budget Information the Town uses the following budget practices:

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

TOWN OF ELIZABETH, LOUISIANA

Notes to the Financial Statements (Continued)

3. CASH AND CASH EQUIVALENTS

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

At June 30, 2012, the Town had cash and investments as follows:

	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTAL</u>
Cash (demand deposits) and Certificate of deposit	<u>\$ 445,046</u>	<u>\$ ---</u>	<u>\$445,046</u>

At year end, the carrying amount of the Town's deposits (demand deposits and certificates of deposit) was \$445,046 and bank balances were \$ 473,026. A summary of collateralization of bank balances is presented below.

Insured (Federal deposit insurance)	\$ 400,000
Uncollateralized (In accordance with GAAP - See below)	<u>73,026</u>
	<u>\$ 473,026</u>

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

The uncollateralized amount shown above is secured by pledged securities with a market value of \$936,953 held in the name of the pledging fiscal agent banks in holding or custodial banks. Even though the pledged securities are considered uncollateralized under GAAP, Louisiana Revised Statutes impose a statutory requirement on the custodial bank to advertise and sell the pledge securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

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

**4. AD VALOREM**

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

For the year ended June 30, 2012, taxes of 6.63 mils were levied on property with an assessed valuation of \$1,311,080 and were dedicated to general corporate purposes.

Total taxes levied were \$8,693. Furthermore, collections of delinquent taxes and other adjustments resulted in total collections of \$10,331. No taxes were receivable at year-end.

**5 RECEIVABLES**

The receivables of \$228,460 at June 30, 2012 are as follows:

<u>Class</u>	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Franchise	\$11,253	\$ —	\$ 11,253
Charges for service	---	127,658	127,658
Intergovernmental	---	---	---
Total	<u>\$11,253</u>	<u>\$127,658</u>	<u>\$138,911</u>

**6. RISK MANAGEMENT**

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



TOWN OF ELIZABETH, LOUISIANA

Notes to the Financial Statement (Continued)

7 CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2012, for the primary government is as follows

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<b>Governmental Activities.</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 115,000	\$ —	\$ —	\$ 115,000
<b>Total capital assets, not be depreciated</b>	<u>115,000</u>	<u>---</u>	<u>—</u>	<u>115,000</u>
<b>Capital assets being depreciated</b>				
Vehicles	\$ 95,462	\$ ---	\$ ---	\$ 95,462
Office Equipment	5,021	---	—	5,021
Buildings	528,724	---	—	528,724
Land Improvements	20,000	—	—	20,000
Equipment	<u>128,034</u>	<u>---</u>	<u>—</u>	<u>128,034</u>
<b>Total capital assets being depreciated</b>	<u>\$ 777,241</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 777,241</u>
<b>Less accumulated depreciation for</b>				
Vehicles	(38,185)	(9,545)	---	(47,730)
Office Equipment	(4,479)	(272)	—	(4,751)
Buildings	(244,552)	(13,086)	—	(257,638)
Land Improvements	(20,000)	(---)	—	(20,000)
Equipment	<u>(115,551)</u>	<u>(5,097)</u>	<u>—</u>	<u>(120,432)</u>
<b>Total accumulated depreciation</b>	<u>(422,551)</u>	<u>(28,000)</u>	<u>---</u>	<u>(450,551)</u>
<b>Total capital assets, net</b>	<u>\$469,690</u>	<u>\$ (28,000)</u>	<u>\$ ---</u>	<u>\$441,690</u>

TOWN OF ELIZABETH, LOUISIANA

Notes to the Financial Statements (Continued)

7 CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 18,275	---	---	18,275
Construction in progress	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total capital assets, not be depreciated	<u>18,275</u>	<u>---</u>	<u>---</u>	<u>18,275</u>
Capital assets being depreciated				
Plant and Equipment	2,994,026	299,446	---	3,293,472
Autos and trucks	<u>19,656</u>	<u>---</u>	<u>---</u>	<u>19,656</u>
Total capital assets being depreciated	<u>3,013,682</u>	<u>299,446</u>	<u>---</u>	<u>3,313,128</u>
Less accumulated depreciation for:				
All depreciable assets	\$(1,198,009)	\$(115,453)	\$ ---	(1,313,462)
Total business-type assets, net	<u>\$ 1,833,948</u>	<u>\$ 183,993</u>	<u>\$ ---</u>	<u>\$2,017,941</u>

Depreciation expense of \$ 143,453, for the year ended June 30, 2012, was charged to the following governmental functions:

General administration	\$ 28,000
Business-type activities	<u>115,453</u>
Total	<u>\$143,453</u>

8. LONG-TERM OBLIGATIONS

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2012

	Gas <u>Revenue Bonds</u>	USDA <u>Debt</u>	<u>Totals</u>
Current Portion	\$ 26,110	\$38,234	\$ 64,344
Long-term portion	<u>390,478</u>	<u>536,950</u>	<u>927,458</u>
Total	<u>\$ 416,588</u>	<u>\$ 575,184</u>	<u>\$991,772</u>

The following activity occurred during the fiscal year ended June 30, 2012

Bonds Payable - 6/30/11	\$ 436,750	\$ 590,635	\$ 1,027,385
Additions	---	---	---
Bonds Retired	<u>(20,162)</u>	<u>(15,451)</u>	<u>(35,613)</u>
Bonds Payable -6/30/12	<u>\$ 416,588</u>	<u>\$575,184</u>	<u>\$991,772</u>

TOWN OF ELIZABETH, LOUISIANA

Notes to the Financial Statements (Continued)

8. LONG-TERM OBLIGATIONS (continued)

The Town has two revenue bond issues outstanding as follows:

\$ 677,478 USDA Revenue Bonds dated , due in annual installments of \$40,302 through July 21, 2036 beginning July 21, 2012 \$575,184 at interest of 4.375% secured by gas revenues

\$ 568,000 Gas Revenue Bonds dated May 24, 2004; due in annual installments of \$ 42,000 to \$ 48,000 through June 1, 2026, interest at 5%; secured by gas revenues. 416,588

Totals \$ 991,772

The annual requirements to amortize all revenue bonds outstanding as of June 30, 2012, including interest payments of \$411,123 are as follows:

<u>Year Ending</u>	<u>Gas Revenue Bonds</u>	<u>USDA Bonds</u>	<u>Totals</u>
2013	\$ 45,200	40,302	\$ 85,502
2014	45,200	40,302	85,502
2015	45,200	40,302	85,502
2016	45,200	40,302	85,502
2017	45,200	40,302	85,502
2018-2022	226,000	201,510	427,510
2023-2027	88,124	201,510	289,634
2028-2032	---	201,510	201,510
2033-2036	---	<u>56,731</u>	<u>56,731</u>
	<u>\$ 540,124</u>	<u>862,771</u>	<u>\$1,402,895</u>

**SUPPLEMENTAL INFORMATION**

TOWN OF ELIZABETH, LOUISIANA

Schedule of Per Diem Paid to Board Members  
Year Ended June 30, 2012

<u>Board Member</u>	<u># of Meetings</u>	<u>Total Paid</u>
Chris Oakes, Alderman	11	\$ 880
Lydia Kingam, Alderwoman	11	880
Charles Saunders, Alderman	12	960
Wayne Earl, Alderman	11	880
Shirley Smith, Alderwoman	12	960
		<u>\$ 4,560</u>

**ELLIOTT & ASSOCIATES, INC.**

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W Micheal Elliott, CPA

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

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Elizabeth, Louisiana, as of and for the year ended June 30, 2012, which collectively comprise the Town of Elizabeth's basic financial statements and have issued my report thereon dated December 31, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States

**Internal Control Over Financial Reporting**

Management of the Town of Elizabeth is responsible for establishing and maintaining effective control over financial reporting. In planning and performing my audit, I considered the Town of Elizabeth's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

However, I identified certain deficiencies in internal control over financial reporting, described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 12-1(IC) and 12-2(IC), that I consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or 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.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Elizabeth's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*

The Town of Elizabeth's response to the findings identified in our audit is described in the accompanying schedule of current year audit findings and management's corrective action plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and the Louisiana Legislative Auditor and is not intended to be, and should not be, used by anyone other than these specified parties, although under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Elliott & Assoc. "APAC"*  
Leesville, Louisiana  
December 31, 2012

TOWN OF ELIZABETH  
 Summary Schedule of Current Year Audit Findings  
 and Management's Corrective Action Plan  
 Year ended June 30, 2012

Fiscal Year Finding Initially	Corrective Action	Name of Contact Person	Anticipated Completion Date			
<u>Ref No.</u>	<u>Occurred</u>	<u>Description of finding</u>	<u>Taken</u>	<u>Corrective Action Planned</u>	<u>Person</u>	<u>Date</u>
CURRENT YEAR (6/30/12)—						
<u>Internal Control</u>						
12-1(IC)	Unknown	Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system	N/A	No response is considered necessary	Alice Chavez, Office Admin	N/A
12-2(IC)	2010	The Town does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes	No	The Town has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Town to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation	Alice Chavez, Office Admin	N/A



TOWN OF ELIZABETH  
 Summary Schedule of Current Year Audit Findings  
 and Management's Corrective Action Plan  
 Year ended June 30, 2012

Fiscal Year Finding Initially	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>Ref No</u>	<u>Occurred</u>	<u>Description of finding</u>	<u>Taken</u>	<u>Corrective Action Planned</u>	<u>Person</u> <u>Date</u>

PRIOR YEAR (6/30/11)—

Internal Control

11-1(IC)	Unknown	Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system	N/A	No response is considered necessary	Alice Chavez, Office Admin.	N/A
11-2(IC)	2010	The Town does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes	No	The Town has evaluated the cost vs benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Town to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Alice Chavez, Office Admin	N/A

TOWN OF ELIZABETH

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year ended June 30, 2012

Compliance

*There were no compliance findings for the fiscal year ended June 30, 2012*

PRIOR YEAR (6/30/11)—

There was one finding during the fiscal year ending June 30, 2011 as described below.

*11-1(C) Finding This audit is not being issued within the six months of the close of its June 30, 2011 fiscal year-end This is a violation of LSA R S #24 513 (A) (5)*

Management response

*The Town's financial statement issuance was delayed due to implementation of quality control standards by the audit firm*