

TOWN OF ELIZABETH
ANNUAL FINANCIAL STATEMENTS
JUNE 30, 2011

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

Release Date DEC 05 2012

TOWN OF ELIZABETH
TABLE OF CONTENTS

	<u>Statement</u>	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	—	1 - 2
 BASIC FINANCIAL STATEMENTS		
Statement of Net Assets	A	4
Statement of Activities	B	5
Balance Sheet - Governmental Funds	C	6
Reconciliation of the Governmental Funds Balance Sheet To Statement of Net Assets	D	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	E	8
Reconciliation of the Statement of Revenues Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	F	9
Govt. Fund Type - Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual—General Fund	G	10 - 11
Statement of Net Assets - Proprietary Funds	H	12 - 13
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds	I	14 - 15
Statement of Cash Flows - Proprietary Funds	J	16 - 19
Notes to the Financial Statements		20 - 32

TOWN OF ELIZABETH
TABLE OF CONTENTS

	<u>Page(s)</u>
Supplemental Information	33
Schedule of Per Diem Paid to Board Members	34
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	35 - 36
Summary Schedule of Current Year Findings and Management's Corrective Action Plan	37 - 39

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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, 2011, 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, 2011, 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, 2011 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, 2011

BASIC FINANCIAL STATEMENTS

TOWN OF ELIZABETH, LOUISIANA

Statement A

Statement of Net Assets
June 30, 2011

	Primary Government		Total
	Governmental Activities	Business - type Activities	
ASSETS			
Cash and cash equivalents	\$ 205,369	\$ 351,218	\$ 556,587
Receivables:			
Franchise taxes	4,395	---	4,395
Accounts	---	223,412	223,412
Intergovernmental	653	---	653
Restricted assets	---	238,256	238,256
Organization costs	---	---	---
Internal balances	73,797	(73,797)	---
Capital assets, net	<u>469,690</u>	<u>1,833,948</u>	<u>2,303,638</u>
Total assets	\$ <u>753,904</u>	\$ <u>2,573,037</u>	\$ <u>3,326,941</u>
LIABILITIES			
Accounts payable	\$ 4,507	\$ 173,177	\$ 177,684
Taxes payable	4,480	1,650	6,130
Deferred revenues	---	---	---
Accrued interest payable	---	1,820	1,820
Customer deposits	---	27,264	27,264
Current portion of revenue bonds	---	30,030	30,030
Revenue bonds payable-long-term	---	<u>997,355</u>	<u>997,355</u>
Total Liabilities	\$ <u>8,987</u>	\$ <u>1,231,296</u>	\$ <u>1,240,283</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 469,690	\$ 806,563	\$1,276,253
Restricted	---	238,256	238,256
Unrestricted	<u>275,227</u>	<u>296,922</u>	<u>572,149</u>
Total net assets	\$ <u>744,917</u>	\$ <u>1,341,741</u>	\$ <u>2,086,658</u>

The accompanying notes are an integral part of this statement.

TOWN OF ELIZABETH, LOUISIANA

Statements of Activities
For the Year Ended June 30, 2011

Program Activities	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Program Revenues Net (Expenses) Revenues And Changes in Net Assets Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Governmental Activities:						
General Government						
And administration	\$ 278,579	\$ 24,376	\$ 36,963	\$ (217,240)	\$ —	(217,240)
Public safety	<u>28,205</u>	<u>8,140</u>	<u>---</u>	<u>(20,065)</u>	<u>---</u>	<u>(20,065)</u>
Total governmental activities	<u>306,784</u>	<u>32,516</u>	<u>36,963</u>	<u>(237,305)</u>	<u>---</u>	<u>(237,305)</u>
Business-type Activities:						
All Utilities	<u>3,274,802</u>	<u>3,431,854</u>	<u>---</u>	<u>---</u>	<u>157,052</u>	<u>157,052</u>
Total government	<u>3,581,586</u>	<u>\$3,464,370</u>	<u>\$ 36,963</u>	<u>\$ (237,305)</u>	<u>\$157,052</u>	<u>\$ (80,253)</u>
General revenues						
Other revenue				146,107	22,655	168,762
Taxes				47,809	—	47,809
Franchise fees				4,124	—	4,124
Investment earnings				112	8	120
Transfers (net)				<u>98,345</u>	<u>(98,345)</u>	<u>---</u>
Total general revenues and transfers				<u>296,497</u>	<u>(75,682)</u>	<u>220,815</u>
Change in net assets				59,192	81,370	140,562
Net assets at beginning of year				<u>685,725</u>	<u>1,260,371</u>	<u>1,946,096</u>
Net assets at end of year				<u>\$ 744,917</u>	<u>\$1,341,741</u>	<u>2,086,658</u>

The accompanying notes are an integral part of this statement

TOWN OF ELIZABETH
Balance Sheet - Governmental Funds
June 30, 2011

ASSETS	<u>General Fund</u>
Cash and cash investments	\$ 205,369
Receivables	
Franchise	4,395
Intergovernmental	
Insurance rebates	653
State contract	—
Due from other funds	<u>95,881</u>
 Total assets	 <u>\$ 306,298</u>
 LIABILITIES AND FUND BALANCES	
Liabilities.	
Accounts payable	\$ 4,507
Deferred Revenue	—
Due To Other Funds	22,084
Taxes payable	<u>4,480</u>
Total Liabilities	<u>\$ 31,071</u>
 Fund Balances:	
Unassigned	<u>275,227</u>
Total fund balances	<u>\$ 275,227</u>
Total liabilities and fund balances	<u>\$ 306,298</u>

TOWN OF ELIZABETH

Reconciliation of the Governmental Funds Balance Sheet
To Statement of Net Assets
June 30, 2011

Total fund balance - total governmental funds		\$275,227
Cost of capital assets at June 30, 2011	892,241	
Less: Accumulated depreciation as of June 30, 2011	<u>(422,551)</u>	<u>469,690</u>
Long-term liabilities at June 30, 2011		
Bonds payable	----	
Accrued interest payable	<u>----</u>	<u>----</u>
Net assets at June 30, 2011-governmental activities		\$ <u>744,917</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, 2011

	<u>General Fund</u>
Revenues	
Taxes:	
Ad Valorem	\$ 8,937
Franchise	4,124
Sales	37,729
Intergovernmental	
Federal grants	12,023
State and local grants	24,940
Occupational licenses and permits	24,376
Fines and forfeits	8,140
Utility sales taxes	1,143
Rent Income	84,635
Public Support	5,160
Other revenues	<u>56,312</u>
Total revenues	<u>\$267,519</u>
Expenditures	
General government	318,228
Public Safety	28,205
Capital Outlay	---
Total Expenditures	<u>\$346,433</u>
Excess (deficiency) of revenues over expenditures	<u>(78,914)</u>
Other financing sources (uses)	
Transfer in	133,301
Transfer Out	(34,956)
Interest income	<u>112</u>
Total other financing sources (uses)	<u>98,457</u>
Net change in fund balances	19,543
Fund Balance at beginning of year	<u>255,684</u>
Fund Balance at end of year	<u>\$275,227</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, 2011

Net Change in fund balances - total governmental funds **\$ 19,543**

**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.**

39,649

Change in net assets of governmental activities

\$59,192

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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Differences Over (under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Ad Valorem	8,500	8,738	\$ 8,937	\$ 199
Franchise	6,000	4,000	4,124	124
Sales	38,000	34,361	37,729	3,368
Intergovernmental:				
Federal	---	---	12,023	12,023
State and local grants	29,475	29,475	24,940	(4,535)
Occupational licenses and permits	17,000	20,383	24,376	3,993
Fines and forfeits	8,000	8,000	8,140	140
Utility sales taxes	250	1,395	1,143	(252)
Rent Income	68,500	68,500	84,635	16,135
Public Support	6,175	6,175	5,160	(1,015)
Other revenues	<u>40,000</u>	<u>50,000</u>	<u>56,312</u>	<u>6,312</u>
Total revenues	\$ <u>221,900</u>	\$ <u>231,027</u>	\$ <u>267,519</u>	\$ <u>36,492</u>
Expenditures				
General government	305,000	316,000	318,228	(2,228)
Public Safety	26,000	29,500	28,205	1,295
Capital Outlay	---	---	---	---
Total Expenditures	\$ <u>331,000</u>	\$ <u>345,500</u>	\$ <u>346,433</u>	\$ <u>(933)</u>
Excess (deficiency) of revenues over expenditures	(109,400)	(114,473)	(78,914)	35,559
Other financing sources (uses)				
Transfer in	130,000	135,000	133,301	(1,699)
Transfer Out	(38,000)	(35,000)	(34,956)	44
Interest income	<u>25</u>	<u>45</u>	<u>112</u>	<u>67</u>
Total other financing sources (uses)	\$ <u>92,025</u>	\$ <u>100,045</u>	\$ <u>98,457</u>	\$ <u>(1,588)</u>

TOWN OF ELIZABETH
GENERAL FUND
Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Differences Over (under)</u>
	<u>Original</u>	<u>Final</u>		
Net change in fund balances	(17,375)	(14,428)	19,543	33,971
Fund Bal at beginning of year	<u>255,684</u>	<u>255,684</u>	<u>255,684</u>	<u>—</u>
Fund Balances at end of year	<u>\$ 238,309</u>	<u>\$241,256</u>	<u>\$ 275,227</u>	<u>33,971</u>

TOWN OF ELIZABETH
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business - Type Activities - <u>Enterprise Fund</u>	
	<u>Gas</u>	<u>Water</u>
ASSETS		
Current Assets		
Cash and cash investments	\$ 229,588	\$ 71,842
Receivable.		
Due from other funds	6,413	---
Accounts	<u>208,551</u>	<u>8,575</u>
Total current assets	<u>444,552</u>	<u>80,417</u>
Noncurrent Assets		
Restricted cash and cash investments	238,256	---
Organization Costs, net	---	---
Capital assets, net	<u>1,228,065</u>	<u>389,448</u>
Total noncurrent assets	<u>1,466,321</u>	<u>389,448</u>
Total assets	<u>\$ 1,910,873</u>	<u>\$469,865</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 164,718	\$2,464
Payroll taxes payable	1,650	---
Other accrued liabilities	---	---
Due to other funds	<u>63,420</u>	<u>10,143</u>
Total current liabilities	<u>\$ 229,788</u>	<u>\$12,607</u>
Liabilities payable from restricted assets		
Accrued interest payable	1,820	---
Customer deposits	11,054	16,210
Revenue bonds payable	<u>30,030</u>	<u>---</u>
Total liabilities payable from restricted assets	<u>42,904</u>	<u>\$16,210</u>
Noncurrent Liabilities		
Revenue bonds payable	<u>997,355</u>	<u>---</u>
Total Liabilities	<u>\$ 1,270,047</u>	<u>\$28,817</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 200,680	\$389,448
Restricted	238,256	---
Unrestricted	<u>201,890</u>	<u>51,600</u>
Total net assets	<u>\$ 640,826</u>	<u>\$441,048</u>

CDBG	Business - Type Activities Enterprise Fund		Totals
	Electric	Sewer	
\$ 92	\$ 39,394	\$ 10,302	\$ 351,218
---	8,955	---	15,368
---	4,268	2,018	223,412
<u>92</u>	<u>52,617</u>	<u>12,320</u>	<u>589,998</u>
---	---	---	238,256
---	---	---	---
---	48,404	168,031	1,833,948
---	48,404	168,031	2,072,204
<u>92</u>	<u>101,021</u>	<u>\$ 180,351</u>	<u>\$ 2,662,202</u>
---	\$ 5,995	\$ ---	\$ 173,177
---	---	---	1,650
---	---	---	---
<u>12,875</u>	<u>727</u>	<u>2,000</u>	<u>89,165</u>
<u>12,875</u>	<u>6,722</u>	<u>\$ 2,000</u>	<u>\$ 263,992</u>
---	---	---	1,820
---	---	---	27,264
---	---	---	30,030
---	---	\$ ---	\$ 59,114
---	---	---	997,355
<u>12,875</u>	<u>6,722</u>	<u>\$ 2,000</u>	<u>\$ 1,320,461</u>
---	\$ 48,404	\$ 168,031	\$ 806,563
---	---	---	238,256
<u>(12,783)</u>	<u>45,895</u>	<u>10,320</u>	<u>296,922</u>
<u>(12,783)</u>	<u>\$ 94,299</u>	<u>\$ 178,351</u>	<u>\$ 1,341,741</u>

TOWN OF ELIZABETH, LOUISIANA
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Business - Type Activities	
	<u>Enterprise Fund</u>	
	<u>Gas</u>	<u>Water</u>
Operating revenues		
Charges for services	\$ 3,207,008	\$ 89,755
Other fees/rentals	---	---
Miscellaneous/grant income	---	---
Total Revenue	<u>\$ 3,207,008</u>	<u>\$89,755</u>
Operating expenses		
Personal services	68,139	---
Utilities and telephone	5,162	14,092
Electric/Gas purchases	2,703,805	---
Repairs	7,435	12,910
Office expense/Advertising	259	---
Insurance	46,804	2,000
Miscellaneous	34,338	2,887
Truck Expense	7,336	---
Professional Fees	8,733	560
Material and Supplies	45,723	16,169
Travel	5,201	---
Contract labor	1,434	---
Depreciation and amortization	<u>49,730</u>	<u>34,794</u>
Total operating expenses	<u>\$ 2,984,099</u>	<u>\$ 83,412</u>
Income (loss) from operations	\$ 222,909	6,343
Nonoperating revenues (expenses)		
Investment income	---	---
Interest expense	(54,454)	---
Grant income	---	---
Other (expense)income	<u>17,707</u>	<u>4,948</u>
Total nonoperating revenues (expenses)	<u>\$ (36,747)</u>	<u>4,948</u>
Income (loss) before contributions and transfers	186,162	11,291
Transfers Out	(82,816)	(37,662)
Transfers in	<u>20,000</u>	<u>2,133</u>
Net Transfers	<u>(62,816)</u>	<u>(35,529)</u>
Change in net assets	123,346	(24,238)
Net Assets at beginning of year	<u>517,480</u>	<u>465,286</u>
Net Assets at end of year	<u>\$ 640,826</u>	<u>\$ 441,048</u>

Statement I

Business - Type Activities Enterprise Fund			
CDBG	Electric	Sewer	Totals
---	\$ ---	\$ 23,276	\$ 3,320,039
---	30,000	---	30,000
---	20,658	---	20,658
---	<u>\$ 50,658</u>	<u>\$ 23,276</u>	<u>\$3,370,697</u>
---	---	2,842	70,981
---	---	2,482	21,736
---	39,802	---	2,743,607
74,034	---	7,608	101,987
---	---	---	259
---	---	1,000	49,804
8	---	---	37,233
---	---	---	7,336
---	---	---	9,293
---	---	5,372	67,266
---	---	---	5,201
---	---	---	1,434
---	3,858	15,933	104,315
<u>74,042</u>	<u>43,660</u>	<u>\$ 35,237</u>	<u>\$ 3,220,450</u>
<u>(74,042)</u>	<u>6,998</u>	<u>(11,961)</u>	<u>150,247</u>
---	8	---	8
---	---	---	(54,454)
61,159	---	---	61,159
---	---	---	22,655
<u>61,159</u>	<u>\$ 8</u>	<u>\$ ---</u>	<u>\$ 29,368</u>
<u>(12,883)</u>	<u>7,006</u>	<u>(11,961)</u>	<u>179,615</u>
---	---	---	(120,478)
---	---	---	22,133
---	---	---	(98,345)
<u>(12,883)</u>	<u>7,006</u>	<u>(11,961)</u>	<u>81,370</u>
---	87,293	190,312	1,260,371
<u>(12,883)</u>	<u>\$ 94,299</u>	<u>\$ 178,351</u>	<u>\$1,341,741</u>

TOWN OF ELIZABETH, LOUISIANA
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2011

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	\$ 3,181,575	\$ 93,991
Cash payments to suppliers		
For goods and services	(3,060,641)	(30,056)
Cash payments to employees for services	<u>(62,347)</u>	<u>(23,277)</u>
Net cash provided by operating activities	<u>58,587</u>	<u>40,658</u>
 Cash flows from noncapital financing activities:		
Meter Deposits	17,707	4,948
Transfers from other funds	<u>(62,816)</u>	<u>(35,529)</u>
Net cash provided by noncapital financing activities	<u>(45,109)</u>	<u>(30,581)</u>
 Cash flows from capital and related financing activities:		
Acquisition or sale and construction of capital assets	(52,892)	(2,190)
Organization cost	-----	-----
Interest paid on bonds	(54,500)	-----
Retirement of bonds	----	-----
Construction in progress	----	-----
Repayment of indebtedness	<u>(32,202)</u>	<u>-----</u>
Net cash (used) by capital and related financing activities	<u>(139,594)</u>	<u>(2,190)</u>
 Cash flow from investing activities:		
Interest on cash and investments	<u>----</u>	<u>-----</u>
 Net increase (decrease) in cash and cash investments	(126,116)	7,887
Cash and Cash investments, July 1, 2011	<u>593,960</u>	<u>63,955</u>
Cash and Cash investments, June 30, 2011	<u><u>\$ 467,844</u></u>	<u><u>\$ 71,842</u></u>

(Continued)

Statement J

CDBG	Business - Type Activities Enterprise Fund		Totals
	Electric	Sewer	
\$74,134	\$ 51,849	22,944	\$ 3,424,493
(74,042)	(40,306)	(20,453)	(3,225,498)
---	---	(2,842)	(88,466)
<u>92</u>	<u>11,543</u>	<u>(351)</u>	<u>110,529</u>
---	---	---	22,655
---	---	---	<u>(98,345)</u>
---	---	---	<u>(75,690)</u>
---	---	3,405	(51,677)
---	---	---	---
---	---	---	(54,500)
---	---	---	---
---	---	---	---
---	---	---	<u>(32,202)</u>
---	---	<u>3,405</u>	<u>(138,379)</u>
---	8	---	8
92	11,551	3,054	(103,532)
---	<u>27,843</u>	<u>7,248</u>	<u>693,006</u>
<u>\$92</u>	<u>\$ 39,394</u>	<u>\$ 10,302</u>	<u>\$ 589,474</u>

TOWN OF ELIZABETH, LOUISIANA
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2011

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	\$ 222,909	\$ 6,341
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:		
Depreciation	49,730	34,793
Change in assets and liabilities:		
Increase (Decrease) in accounts receivable	25,435	(2,844)
Increase (Decrease) in other current liabilities	(5,359)	---
Increase (Decrease) in Due to/from other funds	(1,338)	---
Increase (Decrease) in accounts payable	(234,208)	282
Increase (Decrease) in customer deposits	1,418	2,086
Increase (Decrease) in other assets	---	---
Net Cash provided by operating activities	<u>\$ 58,587</u>	<u>\$ 40,658</u>

<u>CDBG</u>	<u>Business - Type Activities Enterprise Fund</u>		<u>Totals</u>
	<u>Electric</u>	<u>Sewer</u>	
(12,783)	\$ 6,998	\$ (11,961)	\$ 211,504
(1)	3,859	12,526	100,907
---	(5,870)	(332)	16,389
---	---	---	(5,359)
12,875	4,915	(428)	16,021
1	1,641	(156)	(232,440)
---	---	---	3,504
---	---	---	---
<u>\$ 92</u>	<u>\$ 11,543</u>	<u>\$ (351)</u>	<u>\$ 110,527</u>

(Concluded)

TOWN OF ELIZABETH, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended June 30, 2011

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), though 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

Beginning fund balances for the Village's governmental funds have been restated to reflect the above classifications.

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, 2011, 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>\$ 556,587</u>	<u>\$ 238,256</u>	<u>\$794,843</u>

At year end, the carrying amount of the Town's deposits (demand deposits and certificates of deposit) was \$794,843 and bank balances were \$ 803,444. A summary of collateralization of bank balances is presented below.

Insured (Federal deposit insurance)	\$ 400,000
Uncollateralized (In accordance with GAAP - See below)	<u>403,444</u>
	<u>\$ 803,444</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 \$492,486 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, 2011, taxes of 6.63 mills 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 \$8,937. No taxes were receivable at year-end.

5. RECEIVABLES

The receivables of \$228,460 at June 30, 2011 are as follows.

<u>Class</u>	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Franchise	\$4,395	\$ —	\$ 4,395
Charges for service	---	223,412	223,412
Intergovernmental	653	—	653
Total	<u>\$5,048</u>	<u>\$223,412</u>	<u>\$228,460</u>

6. INTERFUND RECEIVABLES/PAYABLES

At June 30, 2011, the following interfund receivables and payables existed:

<u>Due To</u>	<u>Due From.</u>						<u>Totals</u>
	<u>General</u>	<u>LCDBG</u>	<u>Gas</u>	<u>Sewer</u>	<u>Water</u>	<u>Electric Admin</u>	
Cap Imp. Fund	\$6,238	12,875	\$ 15,000	\$ —	---	---	\$ 34,113
Fire Fund	---	---	---	---	---	727	727
Gas Fund	---	---	---	---	---	6,413	6,413
Electric Fund	8,858	---	---	---	97	---	8,955
Water Fund	---	---	---	---	---	---	---
General Fund	---	---	48,420	2,000	10,046	---	61,041
Totals	<u>\$15,096</u>	<u>\$12,875</u>	<u>63,420</u>	<u>\$ 2,000</u>	<u>\$10,143</u>	<u>\$727</u>	<u>\$ 111,249</u>

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, 2011, for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 115,000	\$ ---	\$ ---	\$ 115,000
Total capital assets, not be depreciated	<u>115,000</u>	<u>---</u>	<u>---</u>	<u>115,000</u>
Capital assets being depreciated				
Vehicles	\$ 112,762	\$ ---	\$(17,300)	\$ 92,462
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>
Total capital assets being depreciated	<u>\$ 794,541</u>	<u>\$ ---</u>	<u>\$ (17,300)</u>	<u>\$ 777,241</u>
Less accumulated depreciation for:				
Vehicles	(45,939)	(9,546)	17,300	(38,185)
Office Equipment	(4,207)	(272)	—	(4,479)
Buildings	(231,466)	(13,086)	—	(244,552)
Land Improvements	(20,000)	(---)	—	(20,000)
Equipment	<u>(98,590)</u>	<u>(16,745)</u>	<u>---</u>	<u>(115,335)</u>
Total accumulated depreciation	<u>(400,202)</u>	<u>(39,649)</u>	<u>17,300</u>	<u>(422,551)</u>
Total capital assets, net	<u>\$509,339</u>	<u>\$ (39,649)</u>	<u>\$ ---</u>	<u>\$469,690</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	2,941,133	52,893	—	2,994,026
Autos and trucks	<u>19,656</u>	<u>---</u>	<u>---</u>	<u>19,656</u>
Total capital assets being depreciated	<u>2,960,789</u>	<u>52,893</u>	<u>---</u>	<u>3,013,682</u>
Less accumulated depreciation for:				
All depreciable assets	\$(1,093,694)	\$(104,315)	\$ —	(1,198,009)
Total business-type assets, net	<u>\$ 1,885,370</u>	<u>\$ (51,422)</u>	<u>\$ ---</u>	<u>\$1,833,948</u>

Depreciation expense of \$ 143,964, for the year ended June 30, 2011, was charged to the following governmental functions:

General administration	\$ 39,649
Business-type activities	<u>104,315</u>
Total	<u>\$143,964</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, 2011:

	Gas <u>Revenue Bonds</u>	USDA <u>Debt</u>	<u>Totals</u>
Current Portion	\$ 17,398	\$12,632	\$ 30,030
Long-term portion	<u>419,352</u>	<u>578,003</u>	<u>997,355</u>
Total	<u>\$ 436,750</u>	<u>\$ 590,635</u>	<u>\$1,027,385</u>

The following activity occurred during the fiscal year ended June 30, 2011

Bonds Payable - 6/30/10	\$ 454,148	\$ 605,439	\$ 1,059,587
Additions	---	---	---
Bonds Retired	<u>(17,398)</u>	<u>(14,804)</u>	<u>(32,202)</u>
Bonds Payable -6/30/11	<u>\$ 436,750</u>	<u>\$590,635</u>	<u>\$1,027,385</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, 2011 \$590,635 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 436,750

Totals \$1,027,385

The annual requirements to amortize all revenue bonds outstanding as of June 30, 2011, including interest payments of \$620,327 are as follows.

<u>Year Ending</u>	<u>Gas Revenue Bonds</u>	<u>USDA Bonds</u>	<u>Totals</u>
2012	\$ 42,000	40,302	\$ 82,302
2013	42,000	40,302	82,302
2014	42,000	40,302	82,302
2015	42,000	40,302	82,302
2016	42,000	40,302	82,302
2017-2021	210,000	201,510	411,510
2022-2026	210,000	201,510	411,510
2027-2031	10,162	201,510	211,672
2032-2036	---	<u>201,510</u>	<u>201,510</u>
	<u>\$ 640,162</u>	<u>1,007,550</u>	<u>\$1,647,712</u>

SUPPLEMENTAL INFORMATION

TOWN OF ELIZABETH, LOUISIANA

Schedule of Per Diem Paid to Board Members
Year Ended June 30, 2011

<u>Board Member</u>	<u># of Meetings</u>	<u>Total Paid</u>
Chris Oakes, Alderman	6	\$ 480
Nettie Clark, Alderwoman	6	480
Michael Melder, Alderman	6	480
Michael Sutton, Alderman	6	480
Lydia Kingam, Alderwoman	12	960
Charles Saunders, Alderman	6	480
Wayne Earl, Alderman	6	480
Shirley Smith, Alderwoman	12	960
		<u>\$ 4,800</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, 2011, which collectively comprise the Town of Elizabeth's basic financial statements and have issued my report thereon dated December 31, 2011. 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 11-1(IC) and 11-2(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 one instance of noncompliance, identified as 11-1 (C) that is 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, 2011

TOWN OF ELIZABETH
Summary Schedule of Current Year Audit Findings
and Management's Corrective Action Plan
Year ended June 30, 2011

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

CURRENT 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)	2011	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, 2011

Fiscal Year	Finding	Corrective	Name of Anticipated	Anticipated
Initially	Taken	Action	Contact Person	Completion Date
Ref No.	Occurred	Description of finding	Corrective Action Planned	Person Date
PRIOR YEAR (6/30/10)—				
<u>Internal Control</u>				
10-1(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
10-2(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, 2011

Compliance

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

PRIOR YEAR (6/30/10)—

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

10-1(C) Finding *This audit is not being issued within the six months of the close of its June 30, 2010 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 the auditor's hospitalization and illness in November and December 2010