

2243

RECEIVED
LEGISLATIVE AUDITOR

05 JAN -5 AM 11:29

VILLAGE OF ELIZABETH
ANNUAL FINANCIAL STATEMENTS
WITH AUDITOR'S REPORT

JUNE 30, 2004

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 1-26-05

VILLAGE 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	C	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	D	8
Reconciliation of the Statement of Revenues Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	D	9
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	E	10-11
Statement of Net Assets - Proprietary Funds	F	12
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds	G	13
Statement of Cash Flows - Proprietary Funds	H	14-15
Notes to the Financial Statements		16-27

VILLAGE OF ELIZABETH
TABLE OF CONTENTS

	<u>Schedule</u>	<u>Page(s)</u>
Required Supplemental Information	—	28
Schedule of Per Diem Paid to Board Members	1	29
Schedule of Prior Year Audit Findings	2	30
Schedule of Corrective Action Plan For the Current Year Audit Findings	3	31
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>		32-33

ELLIOTT & ASSOCIATES, INC.

A Professional Accounting Corporation

P. O. Box 1287

Leesville, Louisiana 71496-1287

(337) 239-2535
(337) 238-5135
Fax 239-2295

W. Micheal Elliott, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable Robert Crafton, Mayor
and Members of the Board of Aldermen
Village of Elizabeth:

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund, of the Village of Elizabeth, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village 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 Village of Elizabeth, Louisiana, as of June 30, 2004, 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
Village of Elizabeth, Louisiana
continued

In accordance with *Government Auditing Standards*, I have also issued my report dated December 28, 2004, on my consideration of the Village of Elizabeth, Louisiana's internal control over financial reporting and y tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The Village of Elizabeth, Louisiana, has not presented management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Elizabeth, Louisiana's basic financial statements. The schedules of per diem paid to board members, prior year audit findings, and current year audit findings are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of per diem paid to board members, prior year audit findings, and current year audit findings have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in the all material respects in relation to the basic financial statements taken as a whole. The schedules of per diem paid to board members, prior year audit findings and current year audit findings have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

This report is intended for the information and use of management and the Board of Aldermen, state awarding agencies and the Louisiana Legislative Auditor's office of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

Elliott & Assoc. "APAC"
Leesville, Louisiana
December 28, 2004

BASIC FINANCIAL STATEMENTS

VILLAGE OF ELIZABETH, LOUISIANA

Statement A

Statement of Net Assets
June 30, 2004

	Primary Government		
	Governmental Activities	Business - type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 182,728	\$ 53,053	\$ 235,781
Receivables:			
Franchise taxes	3,075	—	3,075
Accounts	—	54,100	54,100
Intergovernmental	3,642	—	3,642
Restricted assets	—	54,746	54,746
Organization Costs	—	40,646	40,646
Due from other funds	32,000	—	32,000
Capital assets, net	—	1,512,577	1,512,577
Total assets	<u>\$ 221,455</u>	<u>\$ 1,715,122</u>	<u>\$ 1,936,567</u>
LIABILITIES			
Accounts payable	\$ 6,315	\$ 27,146	\$ 33,461
Payroll taxes payable	300	2,604	2,904
Sales Tax payable	2,164	—	2,164
Due to other Funds	—	32,000	32,000
Accrued interest payable	—	—	—
Customer deposits	—	46,334	46,334
Current portion of revenue bonds	—	27,828	27,828
Revenue bonds payable	—	581,801	581,801
Total Liabilities	<u>\$ 8,779</u>	<u>\$ 717,713</u>	<u>\$ 726,492</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 12,055	\$ 902,947	\$ 915,002
Unrestricted	200,611	94,462	295,073
Total net assets	<u>\$ 212,666</u>	<u>\$ 997,409</u>	<u>\$ 1,210,075</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF ELIZABETH, LOUISIANA

Statement B

Statements of Activities

For the Year Ended June 30, 2004

	Program Revenues			Net (Expenses) Revenues And Changes in Net Assets	
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants And Contributions	Total
Program Activities					
Governmental Activities:					
General Government					
And administration	\$ 141,259	\$ 18,195	\$ 5,000	\$ —	\$ (118,064)
Public Works	144,523	—	16,615	127,182	(726)
Public safety	19,591	—	2,043	—	(17,548)
Total governmental activities	305,373	18,195	23,658	127,182	(136,338)
Business-type Activities:					
All Utilities	497,693	466,631	—	—	(31,062)
Total government	\$803,066	\$ 484,826	\$ 23,658	\$ 127,182	\$ (167,400)
General revenues:					
Taxes:					
Occupational licenses and permits					36,506
Franchise fees					19,451
Investment earnings					5,600
Miscellaneous					25
Transfers					28,288
Total general revenues and transfers					(28,189)
Change in net assets					(28,164)
Net assets at beginning of year					59,965
Net assets at end of year					(107,435)

VILLAGE OF ELIZABETH
 Balance Sheet - Governmental Funds
 June 30, 2004

	Fire Fund	Capital Impr.	Capital Projects Fund LCDBG Water Well # 2
ASSETS			
Cash and cash investments	\$ 2,858	\$ 167,421	\$ 50
Receivables			
Customers	—	—	—
Franchise	—	—	—
Intergovernmental			
Insurance rebates	492	—	—
State contract	—	—	3,150
Due from other funds	—	30,000	—
Total assets	\$ 3,350	\$ 197,421	\$ 3,200
 LIABILITIES AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts payable	\$ 210	\$ —	\$ 3,150
Sales Taxes Payable	—	—	—
Payroll taxes payable	—	—	—
Total Liabilities	\$ 210	\$ —	\$ 3,150
 <i>Net Assets:</i>			
Unreserved, reported in:			
General Fund	\$ —	\$ —	\$ —
Special revenue funds	3,140	197,421	50
Total net assets	\$ 3,140	\$ 197,421	\$ 50
Total liabilities and net assets	\$ 3,350	\$ 197,421	\$ 3,200

<u>General</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
\$ 12,399	\$ 182,728
—	—
3,075	3,075
—	492
—	3,150
2,000	32,000
<u>\$ 17,474</u>	<u>\$ 221,445</u>
\$ 2,955	\$ 6,315
300	300
2,164	2,164
<u>\$ 5,419</u>	<u>\$ 8,779</u>
\$ 12,055	\$ 12,055
—	200,611
12,055	212,666
<u>\$ 17,474</u>	<u>\$ 221,445</u>

VILLAGE OF ELIZABETH

Statement C

Reconciliation of the Governmental Funds Balance Sheet
 To Statement of Net Assets
 June 30, 2004

Total fund balance - total governmental funds	\$ 212,666
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.	1,512,577
Long-term liabilities are not due and Payable in the current period and therefore Are not reported in the funds.	<u>(609,629)</u>
Net assets of governmental activities	<u>\$ 1,210,075</u>

The accompanying notes are an integral part of this statement

VILLAGE OF ELIZABETH

Statement D

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2004

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Capital Impr.</u>
Revenues			
Taxes:			
Ad Valorem	\$ 7,054	\$ —	\$ —
Franchise	5,600	—	—
Sales	22,583	4,099	—
Intergovernmental:			
Federal grants - LCDBG	—	—	—
State grants	5,000	2,043	16,615
Occupational licenses and permits	19,451	—	—
Utility sales taxes	2,770	—	—
Rent Income	16,225	—	—
Public Support	—	1,970	—
Other revenues	27,941	325	22
Total revenues	<u>\$ 106,624</u>	<u>\$ 8,437</u>	<u>\$ 16,637</u>
Expenditures			
General government	132,217	—	9,042
Public Safety	6,412	12,446	—
Capital Outlay	—	—	800
Total Expenditures	<u>\$ 138,629</u>	<u>\$ 12,446</u>	<u>\$ 9,842</u>
Excess (deficiency) of revenues over expenditures	<u>(32,005)</u>	<u>(4,009)</u>	<u>6,795</u>
Other financing sources (uses)			
Transfer in	—	3,820	—
Transfer Out	<u>(2,762)</u>	<u>—</u>	<u>(2,874)</u>
Total other financing sources (uses)	<u>(2,762)</u>	<u>3,820</u>	<u>(2,874)</u>
Net change in fund balances	(34,767)	(189)	3,921
Fund Balances at beginning of year	<u>46,822</u>	<u>3,329</u>	<u>193,500</u>
Fund Balances at end of year	<u>\$ 12,055</u>	<u>\$ 3,140</u>	<u>\$ 197,421</u>

<u>Capital Projects Funds</u>	<u>Total</u>
<u>LCDBG Water Well # 2</u>	<u>Governmental Funds</u>
\$ —	\$ 7,054
—	5,600
—	26,682
127,182	127,182
—	23,658
—	19,451
—	2,770
—	16,225
—	1,970
—	28,288
<u>\$ 127,182</u>	<u>\$ 258,880</u>
91	141,350
—	18,858
<u>127,182</u>	<u>127,982</u>
<u>127,273</u>	<u>288,190</u>
<u>(91)</u>	<u>(29,310)</u>
100	3,920
—	(5,636)
<u>100</u>	<u>(1,716)</u>
9	(31,026)
<u>41</u>	<u>243,692</u>
<u>\$ 50</u>	<u>\$ 212,666</u>

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, 2004

Net Change in fund balances - total governmental funds	\$ (31,026)
<p>Amounts reported for governmental activities in the <i>statement of activities are different because:</i></p>	
<p><i>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.</i></p>	127,982
<p>Transfer of CDBG related assets to proper utility category - water well construction</p>	(127,982)
<p>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.</p>	<u>(17,183)</u>
Change in net assets of governmental activities	<u>\$ (48,209)</u>

The accompanying notes are an integral part of this statement

VILLAGE OF ELIZABETH
 Capital Projects Fund - LCDBG Water Well # 2
 Statement of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to GAAP differences Over (under)	Actual Amount GAAP Basis
	Original	Final			
Revenues					
Taxes:					
Franchise fees	\$ --	\$ --	\$ --	\$ --	\$ --
Charges for services	--	--	--	--	--
Intergovernmental:					
Federal grants	127,182	127,182	127,182	--	127,182
Investment income	--	--	--	--	--
Other revenue	--	--	--	--	--
Total revenues	\$ 127,182	\$ 127,182	\$ 127,182	\$ --	\$ 127,182
Expenditures					
General government and administration	--	--	91	(91)	91
Public safety	--	--	--	--	--
Capital Outlay	127,182	127,182	127,182	--	127,182
Total expenditures	\$ 127,182	\$ 127,182	\$ 127,273	\$ (91)	\$ 127,273
Excess (deficiency) of revenue over expenditures	\$ --	\$ --	\$ (91)	\$ (91)	\$ (91)

VILLAGE OF ELIZABETH
 Capital Projects Fund - LCDBG Water Well # 2
 Statement of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to GAAP differences Over (under)	Actual Amount GAAP Basis
	Original	Final			
Other financing sources(uses):					
Transfers In	—	—	100	100	100
Transfers Out	—	—	—	—	—
Net change in net assets	—	—	9	9	9
Net Assets at beginning of year	—	—	41	—	41
Net Assets at end of year	\$ —	\$ —	\$ 50	\$ 9	\$ 50

VILLAGE OF ELIZABETH
Statement of Net Assets
Proprietary Fund
June 30, 2004

	Business - Type Activities - Enterprise Fund	
	Gas	Water
ASSETS		
Current Assets		
Cash and cash investments	\$ 11,486	\$ 10,549
Receivable:		
Accounts	9,151	5,886
Total current assets	20,637	16,435
Noncurrent Assets		
Restricted cash and cash investments	—	54,746
Organization Costs	15,182	
Capital assets, net	566,545	632,848
Total noncurrent assets	581,727	687,594
Total assets	\$ 602,364	\$ 704,029
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 196	\$ 709
Payroll taxes payable	—	—
Other accrued liabilities	2,603	—
Due to other funds	30,000	—
Total current liabilities	\$ 32,799	\$ 709
Liabilities payable from restricted assets		
Accrued interest payable	—	—
Customer deposits	—	10,690
Revenue bonds payable	16,000	7,953
Total liabilities payable from restricted assets	\$ 16,000	\$ 18,643
Noncurrent Liabilities		
Revenue bonds payable	552,000	7,959
Total Liabilities	\$ 600,799	\$ 27,311
NET ASSETS		
Invested in capital assets, net of related debt	\$ (1,455)	\$ 616,935
Unrestricted	3,019	59,783
Total net assets	\$ 1,564	\$ 676,718
Total Liabilities and net assets	\$ 602,364	\$ 704,029

Business - Type Activities Enterprise Fund		
<u>Electric</u>	<u>Sewer</u>	<u>Totals</u>
\$ 28,107	\$ 2,911	\$ 53,053
<u>37,422</u>	<u>1,641</u>	<u>54,100</u>
<u>65,529</u>	<u>4,552</u>	<u>107,153</u>
25,464	—	54,746
—	—	40,646
<u>75,410</u>	<u>237,774</u>	<u>1,512,577</u>
<u>100,874</u>	<u>237,774</u>	<u>1,607,969</u>
<u>\$ 166,403</u>	<u>\$ 242,326</u>	<u>\$ 1,715,122</u>
\$ 24,849	\$ 1,392	\$ 27,146
—	—	—
—	—	2,604
—	<u>2,000</u>	<u>32,000</u>
<u>\$ 24,849</u>	<u>\$ 3,392</u>	<u>\$ 61,750</u>
—	—	—
35,644	—	46,334
—	<u>3,875</u>	<u>27,828</u>
<u>\$ 35,644</u>	<u>\$ 3,875</u>	<u>\$ 74,162</u>
—	<u>21,842</u>	<u>581,801</u>
<u>\$ 60,493</u>	<u>\$ 29,109</u>	<u>\$ 717,713</u>
\$ 75,410	\$ 212,057	\$ 902,947
<u>30,500</u>	<u>1,160</u>	<u>94,462</u>
<u>\$ 105,910</u>	<u>\$ 213,217</u>	<u>\$ 997,409</u>
<u>\$ 166,403</u>	<u>\$ 242,326</u>	<u>\$ 1,715,122</u>

VILLAGE OF ELIZABETH, LOUISIANA
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2004

	Business - Type Activities	
	Enterprise Fund	
	Gas	Water
Operating revenues		
Charges for services	\$ 9,151	\$ 74,735
Other fees	—	990
Miscellaneous	—	—
Total Revenue	<u>\$ 9,151</u>	<u>\$ 75,725</u>
Operating expenses		
Personal services	—	1,267
Utilities and telephone	222	6,791
Dues	50	657
Repairs	—	—
Office expense	—	251
Insurance	—	137
Miscellaneous	1,078	755
Truck Expense	3,111	----
Professional Fees	266	----
Material and Supplies	----	----
Contract Cost	----	7,071
Depreciation	257	34,820
Total operating expenses	<u>\$ 4,984</u>	<u>\$ 51,749</u>
Income (loss) from operations	<u>4,167</u>	<u>23,976</u>
Nonoperating revenues (expenses)		
Investment income	—	13
Interest expense	(2,603)	(1,100)
Grant income	—	—
Total nonoperating revenues (expenses)	<u>\$ (2,603)</u>	<u>\$ (1,087)</u>
Income (loss) before contributions and transfers	<u>1,564</u>	<u>22,889</u>
Transfers Out	—	(49,064)
Transfers in	—	19,675
Net Transfers	—	(29,389)
Change in net assets	1,564	(6,500)
Net Assets at beginning of year	—	683,218
Net Assets at end of year	<u>\$ 1,564</u>	<u>\$ 676,718</u>

Business - Type Activities Enterprise Fund		
Electric	Sewer	Totals
\$ 362,870	\$ 18,885	\$ 465,641
—	—	990
—	—	—
<u>\$ 362,870</u>	<u>\$ 18,885</u>	<u>\$ 466,631</u>
71,250	3,100	75,617
292,380	8,065	307,458
—	—	707
—	—	—
200	200	651
10,446	—	10,583
11,844	1,392	15,069
3,024	—	6,135
3,625	—	3,891
11,808	1,111	12,919
1,100	2,268	10,439
3,808	11,444	50,329
<u>\$ 409,485</u>	<u>\$ 27,580</u>	<u>\$ 493,798</u>
<u>(46,615)</u>	<u>(8,695)</u>	<u>(27,167)</u>
12	—	25
—	(192)	(3,895)
—	—	—
<u>\$ 12</u>	<u>\$ (192)</u>	<u>\$ (3,870)</u>
<u>(46,603)</u>	<u>(8,887)</u>	<u>(31,037)</u>
—	—	(49,064)
—	1,200	20,875
—	1,200	(28,189)
(46,603)	(7,687)	(59,226)
152,513	220,904	1,056,635
<u>\$105,910</u>	<u>\$ 213,217</u>	<u>\$ 997,409</u>

VILLAGE OF ELIZABETH, LOUISIANA
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2004

Statement H

	Business - Type Activities	
	Enterprise Fund	
	Gas	Water
Cash flows from operating activities:		
Cash received from customers	\$ 20,727	\$ 121,636
Cash payments to suppliers	(4,496)	(12,414)
For goods and services	(488)	(45,502)
Cash payments to employees for services	—	(7,071)
Net cash provided by operating activities	15,743	56,649
Cash flows from noncapital financing activities:		
Transfers from other funds	—	(29,389)
Net cash provided by noncapital financing activities	—	(29,389)
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(569,654)	(125,376)
Interest paid on bonds	(2,603)	(1,100)
Retirement of bonds	—	—
Contributed capital	—	130,859
Repayment of indebtedness	568,000	(14,569)
Net cash (used) by capital and related financing activities	(4,257)	(10,186)
Cash flow from investing activities:		
Interest on cash and investments	—	13
Net increase (decrease) in cash and cash investments	11,486	17,087
Cash and Cash investments, July 1, 2003	—	48,208
Cash and Cash investments, June 30, 2004	\$ 11,486	\$ 65,295

(Continued)

Business - Type Activities Enterprise Fund		
Electric	Sewer	Totals
\$ 379,466	\$ 21,463	\$ 543,292
(357,428)	(8,114)	(382,452)
(28,493)	(7,799)	(82,282)
(10,414)	(2,289)	(19,774)
<u>(16,869)</u>	<u>3,261</u>	<u>58,784</u>
—	1,200	(28,189)
—	1,200	(28,189)
—	—	(695,030)
—	(192)	(3,895)
—	---	—
—	—	130,859
—	(4,946)	548,485
—	(5,138)	(19,581)
12	—	25
(16,857)	(677)	11,039
70,428	3,588	122,224
<u>\$ 53,571</u>	<u>\$ 2,911</u>	<u>\$ 133,263</u>

VILLAGE OF ELIZABETH, LOUISIANA
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2004

Statement H

	Business - Type Activities	
	Enterprise Fund	
	<u>Gas</u>	<u>Water</u>
Reconciliation of (loss) from operations to net cash provided by operating activities:		
Income from operations	\$ 4,167	\$ 23,976
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:		
Depreciation	3,111	33,021
Change in assets and liabilities:		
Increase (Decrease) in accounts receivable	(9,151)	(336)
Increase (Decrease) in other current liabilities	32,603	(1,053)
Increase (Decrease) in accounts payable	195	—
Increase (Decrease) in customer deposits	—	1,041
Increase (Decrease) in other assets	<u>(15,182)</u>	<u>—</u>
Net Cash provided by operating activities	<u>\$ 15,743</u>	<u>\$ 56,649</u>

Statement H

Business - Type Activities Enterprise Fund		
Electric	Sewer	Totals
\$ (46,615)	\$ (8,695)	\$ (27,167)
3,809	11,443	51,384
(2,037)	(194)	(11,718)
—	----	31,550
22,325	707	23,227
5,649	----	6,690
—	—	(15,182)
<u>\$ (16,869)</u>	<u>\$ 3,261</u>	<u>\$ 58,784</u>
		(Concluded)

VILLAGE OF ELIZABETH, LOUISIANA

Note to the Financial Statements
As of and for the Year Ended June 30, 2004

INTRODUCTION

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

The accounting and reporting policies of the Village 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 Village 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 300 residents.

II. 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 interfund 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.

VILLAGE 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.

B. 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 soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The municipality reports the following major governmental funds:

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

VILLAGE OF ELIZABETH, LOUISIANA

Notes to the Financial Statements (Continued)

The municipality reports the following major proprietary fund:

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 Village operates proprietary funds for the gas, electric, sewer, and water operations. The gas operations began in late May 2004 when the Village purchased a partial natural gas distribution system from a private enterprise.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government - wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund 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 governments 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 nonoperating 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 Village'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 nonoperating revenues and expenses.

VILLAGE 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 interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicated 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.

VILLAGE 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 Waterworks Revenue Bonds dated March 15, 1968, require that a reserve fund be established. Money in these accounts are used to pay the maturing principal and interest on the bonds.

Depreciation and contingency fund - The Waterworks Revenue Bonds dated March 15, 1968, 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 village 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 Village of Elizabeth was not required to retroactively report infrastructure assets in it's 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.

VILLAGE 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 \$17,460. 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 Village 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.

VILLAGE OF ELIZABETH, LOUISIANA

Notes to the Financial Statements (Continued)

I. Fund Equity

In the fund financial statement, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balances represent tentative management plans that are subject to change.

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.

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 Village uses the following budget practices:

1. The Village 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.

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

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.

3. CASH AND CASH EQUIVALENTS

Under State law, the Village 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 Village 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, 2004, the Village had cash and investments as follows:

	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTAL</u>
Cash (demand deposits) and Certificate of deposit	\$ 235,781	\$ 54,746	\$ 290,527

At year end, the carrying amount of the Village's deposits (demand deposits and certificates of deposit) was \$ 290,527 bank balances were \$ 322,292. A summary of collateralization of bank balances is presented below.

Insured (Federal deposit insurance)	\$ 200,000
Uncollateralized (In accordance with GAAP - See below)	122,292
	\$ 322,292

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.

VILLAGE OF ELIZABETH, LOUISIANA

Notes to the Financial Statements (Continued)

3. CASH AND CASH EQUIVALENTS
(CONTINUED)

The uncollateralized amount shown above is secured by pledged securities with a market value of \$ 190,937 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 Village that the fiscal agent has failed to pay deposited funds upon demand.

4. AD VALOREM

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Village 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, 2004, taxes of 6.90 mils were levied on property with an assessed valuation of \$ 1,034,163 and were dedicated to general corporate purposes.

Total taxes levied were \$ 7,135. Furthermore, collections of delinquent taxes and other adjustments resulted in total collections of \$ 7,054. Taxes receivable at June 30, 2004, consisted of the following:

Taxes receivable - current roll	\$	—
Taxes receivable - prior years		<u>—</u>
		—
Allowance for uncollectible taxes		<u>—</u>
	<u>\$</u>	<u>—</u>

5. RECEIVABLES

The receivables of \$ 52,817 at June 30, 2004 are as follows:

Class	Fire	General Fund	Proprietary		Total
			Fund	CDBG	
Franchise	\$ —	\$ 3,075	\$ —	\$ —	\$ 3,075
Charges for service	—	—	47,100	—	47,100
Intergovernmental	492	—	—	3,150	3,642
Total	<u>\$ 492</u>	<u>\$ 3,075</u>	<u>\$ 47,100</u>	<u>\$ 3,150</u>	<u>\$ 52,817</u>

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

6. INTERFUND RECEIVABLES/PAYABLES

At June 30, 2004, the following interfund receivables and payables existed:

<u>Due To:</u>	Due From:		<u>Totals</u>
	<u>Gas Fund</u>	<u>Sewer Fund</u>	
Capital Improvement Fund	\$ 30,000	\$ —	\$ 30,000
General Fund	—	2,000	2,000
Totals	\$ 30,000	\$ 2,000	\$ 32,000

7. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2004, for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental Activities:				
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 115,000	\$ —	\$ —	\$ 115,000
Total capital assets, not be depreciated	115,000	—	—	115,000
Capital assets being depreciated				
Vehicles	\$ 4,500	\$ —	\$ —	\$ 4,500
Office Equipment	3,663	—	—	3,663
Buildings	516,419	—	—	516,419
Land Improvements	20,000	—	—	20,000
Equipment	26,165	—	—	26,165
Total capital assets being depreciated	\$ 570,747	\$ —	\$ —	\$ 570,747
Less accumulated depreciation for:				
Vehicles	—	(900)	—	(900)
Office Equipment	—	(733)	—	(733)
Buildings	(141,544)	(12,318)	—	(153,861)
Land Improvements	(18,000)	(1,000)	—	(19,000)
Equipment	(12,466)	(2,233)	—	(14,699)
Total accumulated depreciation	(172,010)	(17,183)	—	(189,193)
Total capital assets being depreciated, net	\$ 398,737	\$ (17,183)	\$ —	\$ 381,554

VILLAGE OF ELIZABETH, LOUISIANA

Notes to the Financial Statement (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	\$ 12,375	\$ —	\$ —	\$ 12,375
Total capital assets, not be depreciated	<u>12,375</u>	<u>—</u>	<u>—</u>	<u>12,375</u>
Capital assets being depreciated				
Plant and Equipment	1,170,158	951,537	—	2,121,695
Autos and trucks	—	19,656	—	19,656
Total capital assets being depreciated	<u>1,170,158</u>	<u>971,193</u>	<u>—</u>	<u>2,141,351</u>
Less accumulated depreciation for:				
All depreciable assets	\$(590,820)	\$ (50,329)	\$ —	(641,149)
Total business-type assets being depreciated, net	<u>\$ 579,338</u>	<u>\$ 920,864</u>	<u>\$ —</u>	<u>\$1,500,202</u>

Depreciation expense of \$ 17,183, for the year ended June 30, 2004, was charged to the following governmental functions:

General administration	\$ 17,183
Business-type activities	—
Total	<u>\$ 17,183</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, 2004:

	<u>Gas Revenue Bonds</u>	<u>Water Revenue Bonds</u>	<u>Sewer Revenue Bonds</u>	<u>Totals</u>
Current Portion	\$ 16,000	\$ 7,953	\$ 3,875	\$ 27,828
Long-term portion	552,000	7,960	21,842	581,802
Total	<u>\$ 568,000</u>	<u>\$ 15,913</u>	<u>\$ 25,717</u>	<u>\$ 609,630</u>

The following activity occurred during the fiscal year ended June 30, 2004:

Bonds Payable - 6/30/03	\$ —	\$ 26,802	\$ 30,662	\$ 57,464
Additions	568,000	—	—	568,000
Bonds Retired	—	(10,889)	(4,945)	(15,834)
Bonds Payable -6/30/04	<u>\$ 568,000</u>	<u>\$ 15,913</u>	<u>\$ 25,717</u>	<u>\$ 609,630</u>

VILLAGE OF ELIZABETH, LOUISIANA

Notes to the Financial Statement (Continued)

8. LONG-TERM OBLIGATIONS (continued)

The Village has two revenue bond issues outstanding as follows:

\$ 85,000 Sewer Revenue Bonds dated February 28, 1975; due in annual installments of \$ 5,136 through June 7, 2007; interest at 5%; secured by sewer revenues	\$ 25,717
\$ 160,000 Waterworks Revenue Bonds dated March 15, 1968; due in annual installments of \$ 716 through June 2007; interest at 4.125% secured by water revenues	15,913
\$ 568,000 Gas Revenue Bonds dated May 24, 2004; due in annual installments of \$ 42,000 to \$ 48,000 through June 1, 2024; interest at 5%; secured by gas revenues.	<u>568,000</u>
Totals	<u>\$ 609,630</u>

The annual requirements to amortize all revenue bonds outstanding as of June 30, 2004, including interest payments of \$ 345,979 are as follows:

<u>Year Ending</u>	<u>Water Revenue Bonds</u>	<u>Sewer Revenue Bonds</u>	<u>Gas Revenue Bonds</u>	<u>Totals</u>
2005	\$ 8,595	\$ 5,136	\$ 44,952	\$ 58,563
2006	8,266	5,136	47,600	61,000
2007	—	5,136	46,600	51,736
2008	—	5,136	45,600	50,736
2009	—	5,136	44,600	49,736
2010-2014	—	5,136	233,900	239,036
2015-2019	—	—	223,400	223,400
2020-2024	—	—	221,400	<u>\$ 221,402</u>
	<u>\$ 16,861</u>	<u>\$ 30,816</u>	<u>\$ 908,052</u>	<u>\$ 955,609</u>

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF ELIZABETH, LOUISIANA

Schedule 1

Schedule of Per Diem Paid to Board Members
Year Ended June 30, 2004

<u>Board Member</u>	<u># of Meetings</u>	<u>Total Paid</u>
Robert Crafton, Mayor	12	\$ 7,800
Nettie Clark, Alderwoman	12	720
James Doyey, Alderman	12	720
Michael Melder, Alderman	12	720
Alan Ware, Alderman	12	720
Shirley Smith, Alderwoman	12	720
		<u>\$ 11,400</u>

VILLAGE OF ELIZABETH, LOUISIANA

Schedule 2

Schedule of Prior Year Audit Findings
Year Ended June 30, 2004

Findings- Financial Statement Audit

There were no prior year audit findings reported as of June 30, 2004.

VILLAGE OF ELIZABETH, LOUISIANA

Schedule 3

Schedule of the Corrective Action Plan
For the Current Year Audit Findings
Year Ended June 30, 2004

Current Year Audit Findings

There were no current year Findings.

ELLIOTT & ASSOCIATES, INC.

A Professional Accounting Corporation

P. O. Box 1287

Leesville, Louisiana 71496-1287

(337) 239-2535
(337) 238-5135
Fax 239-2295

W. Micheal Elliott, CPA

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING 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
Village of Elizabeth, Louisiana

I have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Elizabeth, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the Village of Elizabeth, Louisiana's basic financial statements and have issued my report thereon date December 28, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the Village of Elizabeth, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 Honorable Robert Crafton, Mayor
Village of Elizabeth, Louisiana
Page 2

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Village of Elizabeth, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, the Board of Aldermen, and the 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 Legislative Auditor as a public document.

Elliott & Assoc. "APAC"
Leesville, Louisiana
December 28, 2004