

VILLAGE OF ELIZABETH, LOUISIANA

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORTS

YEAR ENDED JUNE 30, 2020

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Oberlin, LA

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VILLAGE OF ELIZABETH, LOUISIANA

Management's Discussion and Analysis

Within this section of the Village of Elizabeth, Louisiana's annual financial report, the Village's management is pleased to provide this narrative discussion and analysis of the financial activities of the Village for the fiscal year ended June 30, 2020. The Village's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The Village's assets exceeded its liabilities (net position) by \$2,957,544 and \$2,893,780 for the fiscal years ended June 30, 2020 and 2019, respectively.
- Total revenues of \$2,151,782 exceeded total expenses of \$2,088,018 which resulted in a current year surplus of \$63,764. In comparison, for the previous year ended June 30, 2019, the Village's total revenues of \$2,700,182 were exceeded by total expenses of \$2,895,975, yielding a deficit of \$195,793.
- Total net position is comprised of the following:
 - (1) Capital assets, net of related debt, of \$2,459,585 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets. In comparison, as of June 30, 2019, the Village's net capital assets were \$2,491,774.
 - (2) For the fiscal year ended June 30, 2020, net position of \$119,843 was restricted by constraints imposed from outside the Village such as debt covenants, grantors, laws, or regulations. The Village reported net position of \$73,513 as restricted in fiscal year ended June 30, 2019.
 - (3) Unrestricted net position, representing the portion of net position available to maintain the Village's continuing obligations to citizens and creditors, amounted to \$378,116 and \$328,493 for the fiscal years ended June 30, 2020 and 2019, respectively.
- The Village's governmental funds reported total ending fund balance of \$69,189 this year. This compares to the prior year ending fund balance of \$89,549 reflecting a deficit of \$20,360 during the current year. For the prior year ended June 30, 2019, a deficit of \$44,335 was reported in the total change to the fund balance. All positive fund balances are unassigned to particular uses.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$69,189, or 13% of total General Fund expenditures and 14% of total General Fund revenues including other financing sources. In comparison, for the fiscal year ended June 30, 2019, unassigned fund balance for the General Fund was \$89,549, or 16% of total General Fund expenditures and 17% of total General Fund revenues including other financing sources.
- Overall, the Village's financial position improved during the fiscal year and the Village continues to work to improve on its financial position.

VILLAGE OF ELIZABETH, LOUISIANA

Management's Discussion and Analysis (Continued)

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the Village's basic financial statements, which include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Village also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Village's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Village's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the Village's assets and deferred outflows of resources minus liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village as a whole is improving or deteriorating. Evaluation of the overall health of the Village would extend to other non-financial factors such as diversification of the taxpayer base, or the condition of Village infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Village's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Village's distinct activities or functions on revenues provided by the Village's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Village that are principally supported by sales taxes, fine income, ad valorem taxes, rent income, and licenses/permits and income from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities principally include general government, public safety and public works. Business-type activities include the gas, water, sewer, and electricity systems.

The government-wide financial statements are presented on pages 16 and 17 of this report.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Village uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Village's most significant funds rather than the Village as a whole. There is no individual fund data for non-major funds to be reported in any combining statements.

VILLAGE OF ELIZABETH, LOUISIANA

Management's Discussion and Analysis (Continued)

The Village has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Village's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 20 through 23 of this report.

Proprietary funds are reported in the fund financial statements and generally report utility services for which the Village charges customers a fee. The Village's proprietary fund is classified as an enterprise fund. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements.

The basic enterprise fund financial statements are presented on pages 24 through 26 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 27 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's budget presentations. The management's discussion and analysis on pages 3 through 11 and the general fund budgetary comparison schedule on pages 39 through 40 are included as "required supplementary information". The budgetary comparison schedule demonstrates compliance with the Village's adopted and final revised budgets.

The other supplementary information includes the schedule of operating expenses by department for the proprietary fund, the schedule of compensation paid to the Mayor and Council members and the schedule of compensation, benefits and other payments to the chief executive officer which are presented in a subsequent section of this report on pages 42 through 44.

VILLAGE OF ELIZABETH, LOUISIANA

Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

The Village's net position at fiscal year-end is \$2,957,544, summarized as follows:

Summary of Net Position

| | Governmental Activities | Business-Type Activities | 06/30/20 Total | Percentage Total | 06/30/19 Total |
|---|----------------------------|-----------------------------|---------------------|---------------------|---------------------|
| Assets: | | | | | |
| Current assets | \$ 77,786 | \$ 551,548 | \$ 629,334 | 17% | \$ 555,818 |
| Capital assets, net | <u>1,025,725</u> | <u>1,993,837</u> | <u>3,019,562</u> | <u>83</u> | <u>3,109,734</u> |
| Total assets | <u>1,103,511</u> | <u>2,545,385</u> | <u>3,648,896</u> | <u>100%</u> | <u>3,665,552</u> |
| Deferred outflows of resources | - | - | - | -% | - |
| Liabilities: | | | | | |
| Current liabilities | 8,597 | 150,011 | 158,608 | 23% | 190,152 |
| Long-term liabilities | - | <u>532,744</u> | <u>532,744</u> | <u>77</u> | <u>581,620</u> |
| Total liabilities | <u>8,597</u> | <u>682,755</u> | <u>691,352</u> | <u>100%</u> | <u>771,772</u> |
| Deferred inflows of resources | - | - | - | -% | - |
| Net Position: | | | | | |
| Invested in capital assets, net of debt | 1,025,725 | 1,433,860 | 2,459,585 | 83% | 2,491,774 |
| Restricted | - | 119,843 | 119,843 | 4% | 73,513 |
| Unrestricted | <u>69,189</u> | <u>308,927</u> | <u>378,116</u> | <u>13%</u> | <u>328,493</u> |
| Total net position | <u>\$ 1,094,914</u> | <u>\$ 1,862,630</u> | <u>\$ 2,957,544</u> | <u>100%</u> | <u>\$ 2,893,780</u> |

The Village continues to maintain moderate current ratios. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio is 9.05 to 1 for governmental activities and 3.68 to 1 for business-type activities. This compares with the prior year's ratios of 5.59 to 1 and 2.62 to 1, respectively. For the Village overall, the current ratio is 3.97 to 1 while that same financial indicator was 2.92 to 1 for the fiscal year ended June 30, 2019. These ratios reflect moderate liquidity.

The Village reported positive balances in net position for both governmental and business-type activities. For the fiscal years ended June 30, 2020 and 2019, respectively, net position increased (decreased) by (\$51,727) and (\$95,676) for governmental activities and by \$115,491 and (\$100,177) for business-type activities. The Village's overall financial position improved during the fiscal year ended in June 30, 2020, mainly due to increased utility profits and increased sales taxes and miscellaneous income.

Note that approximately 94% and 92% of the governmental activities' net position are tied up in capital assets as of June 30, 2020 and June 30, 2019, respectively. The Village uses these capital assets to provide services to its citizens. However, with business-type activities, the Village has invested approximately 77% and 82% of its net position on capital assets during the respective fiscal years ended June 30, 2020 and 2019. Capital assets in the business-type activities provide utility services, but they also generate revenues for these funds. For the respective fiscal years ended June 30, 2020 and 2019, 83% and 86% of the Village's total net position, net of debt, are included in capital assets.

VILLAGE OF ELIZABETH, LOUISIANA

Management's Discussion and Analysis (Continued)

The following table provides a summary of the Village's changes in net position:

| | Governmental Activities | Business-Type Activities | 2020 Total | % Total | 2019 Total | % Total |
|----------------------------|----------------------------|-----------------------------|---------------------|-------------|---------------------|-------------|
| Revenues: | | | | | | |
| Program | | | | | | |
| Charges for services/fines | \$ 117,857 | \$ 1,726,960 | \$ 1,844,817 | 86% | \$ 2,436,589 | 90% |
| Operating grants | 11,816 | - | 11,816 | - | 10,370 | - |
| Capital grants | - | - | - | - | 15,000 | 1 |
| General: | | | | | | |
| Sales taxes | 106,998 | - | 106,998 | 5 | 85,751 | 3 |
| Other taxes | 38,174 | - | 38,174 | 2 | 40,278 | 2 |
| Other | 149,937 | 40 | 149,977 | 7 | 112,194 | 4 |
| Total Revenues | 424,782 | 1,727,000 | 2,151,782 | 100% | 2,700,182 | 100% |
| Program expenses: | | | | | | |
| General government | 304,036 | - | 304,036 | 15% | 319,050 | 11% |
| Public safety | 204,611 | - | 204,611 | 10 | 238,763 | 8 |
| Public works | 51,181 | - | 51,181 | 3 | 49,845 | 2 |
| Gas | - | 1,219,657 | 1,219,657 | 58 | 1,960,064 | 68 |
| Water | - | 211,762 | 211,762 | 10 | 227,196 | 8 |
| Electricity | - | 3,858 | 3,858 | - | 3,858 | - |
| Sewer | - | 64,994 | 64,994 | 3 | 66,748 | 2 |
| Interest | - | 27,919 | 27,919 | 1 | 30,451 | 1 |
| Total Expenses | 559,828 | 1,528,190 | 2,088,018 | 100% | 2,895,975 | 100% |
| Excess (deficiency) | (135,046) | 198,810 | 63,764 | | (195,793) | |
| Transfers | 83,319 | (83,319) | - | | - | |
| Change in net position | (51,727) | 115,491 | 63,764 | | (195,793) | |
| Beginning net position | 1,146,641 | 1,747,139 | 2,893,780 | | 3,089,573 | |
| Ending net position | <u>\$ 1,094,914</u> | <u>\$ 1,862,630</u> | <u>\$ 2,957,544</u> | | <u>\$ 2,893,780</u> | |

GOVERNMENTAL REVENUES

The Village is heavily reliant on sales tax revenues to support governmental operations. Sales tax revenues equals 25% of the revenues for governmental activities, as compared with 22% in the prior year. Also note that program revenues cover only 23% (24% in the year ended June 30, 2019) of governmental operating expenses. This means that the government's taxpayers and the Village's other general revenues fund 77% (76% in the prior fiscal year) of the governmental activities. As a result, the general economy and the local businesses have a major impact on the Village's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

For the fiscal years ended June 30, 2020 and 2019, respectively, general government comprised 15% and 11% of the Village's total expenses and 54% and 53% of the total governmental expenses. For the fiscal years ended June 30, 2020 and 2019, public safety makes up 37% and 39% of the total governmental expenses.

This following table presents the cost of each of the Village's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the Village's taxpayers by each of these functions.

VILLAGE OF ELIZABETH, LOUISIANA

Management's Discussion and Analysis (Continued)

Governmental Activities

| | 06/30/20 | | 06/30/19 | |
|--------------------|---------------------------|-----------------------------------|---------------------------|-----------------------------------|
| | Total Cost of Services | Net Cost (Benefit) of Services | Total Cost of Services | Net Cost (Benefit) of Services |
| General government | \$ 304,036 | \$ 268,746 | \$ 319,050 | \$ 280,184 |
| Public safety | 204,611 | 122,044 | 238,763 | 144,288 |
| Public works | <u>51,181</u> | <u>39,365</u> | <u>49,845</u> | <u>39,475</u> |
| Total | <u>\$ 559,828</u> | <u>\$ 430,155</u> | <u>\$ 607,658</u> | <u>\$ 463,947</u> |

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs:

The operating revenues for the utility fund were 26% less than 2019 and operating expenses were 34% less than 2019. Within the total business-type activities of the Village, these activities reported a \$226,389 operating income compared to an operating income of \$60,382 for the prior year. However, after nonoperating revenues/expenses, the utility fund reported a surplus of \$115,491, which compares with the overall fund deficit of \$100,117 experienced in the year ended June 30, 2019.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$69,189 and \$89,549 for the fiscal years ended June 30, 2020 and 2019, respectively. Of the year-end totals for June 30, 2020, \$69,189 was unassigned, indicating availability for continuing Village service requirements. There were no restricted governmental funds at the end of the current fiscal year.

The total ending fund balance of governmental funds show a decrease of \$20,360. This compares with a decrease of \$44,335 experienced in the prior fiscal year ended June 30, 2019.

Major Governmental Funds

The General Fund is the Village's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance decreased by \$20,360 in the current fiscal year, while in the fiscal year ended June 30, 2019, the fund balance decreased by \$44,335. However, the reader needs to remember that the Village controls these differences by the amount of resources it transfers in from the Village's other funds.

The revenues show an increase of \$42,896 or 11% more than the prior year reflecting primarily increases in income from miscellaneous sources. The expenditures side shows a decrease of \$27,856 or 5% less than the prior year reflecting primarily decreases in general government spending.

VILLAGE OF ELIZABETH, LOUISIANA

Management's Discussion and Analysis (Continued)

The General Fund's ending fund balance of \$69,189 representing the equivalent of 13% of its annual expenditures and 14% of its annual revenues including operating transfers.

Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting short-term information about financial status.

BUDGETARY HIGHLIGHTS

Both the revenue and the expenditure sides of the current year final budget for the General Fund were revised by a \$49,368 increase and a \$63,950 decrease, respectively in relation to the prior year's final budget. The primary change in the General Fund's revenue budget relates to increases in miscellaneous income. The primary change in the expenditure budget relates to decreases in salaries and payroll taxes. With regard to the changes in the original budget to the final budget, the primary change to the revenues was to increase miscellaneous income and the primary change to the expenditures was to decrease salaries and payroll taxes. The actual revenues exceeded the final budget revenues by \$15,277 or 4% and the actual expenditures were exceeded by the budgeted expenditures by \$4,189 or 1%.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Village's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2020, were \$1,025,725 and \$1,993,837, respectively, while those figures as of June 30, 2019, were \$1,057,092 and \$2,052,642 respectively. The overall decrease was 3% for the Village as a whole. See Note D for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

| | Capital Assets | | | | | |
|-------------------------------|----------------------------|--------------|-----------------------------|--------------|--------------|--------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Non-depreciable assets: | | | | | | |
| Land | \$ 125,000 | \$ 125,000 | \$ 33,275 | \$ 33,275 | \$ 158,275 | \$ 158,275 |
| Total non-depreciable | 125,000 | 125,000 | 33,275 | 33,275 | 158,275 | 158,275 |
| Depreciable assets: | | | | | | |
| Vehicles | 191,701 | 191,701 | - | - | 191,701 | 191,701 |
| Buildings | 599,232 | 589,232 | - | - | 599,232 | 589,232 |
| Infrastructure | 598,821 | 598,821 | - | - | 598,821 | 598,821 |
| Equipment | 367,726 | 344,565 | - | - | 367,726 | 344,565 |
| Utility systems | - | - | 4,195,728 | 4,122,966 | 4,195,728 | 4,122,966 |
| Total depreciable assets | 1,757,480 | 1,724,319 | 4,195,728 | 4,122,966 | 5,953,208 | 5,847,285 |
| Less accumulated depreciation | 856,755 | 792,227 | 2,235,166 | 2,103,599 | 3,091,921 | 2,895,826 |
| Book value-depreciable assets | \$ 900,725 | \$ 932,092 | \$ 1,960,562 | \$ 2,019,367 | \$ 2,861,287 | \$ 2,951,459 |
| Percentage depreciated | 49% | 46% | 53% | 51% | 52% | 50% |
| Book value-all assets | \$ 1,025,725 | \$ 1,057,092 | \$ 1,993,837 | \$ 2,052,642 | \$ 3,019,562 | \$ 3,109,734 |

VILLAGE OF ELIZABETH, LOUISIANA

Management's Discussion and Analysis (Continued)

The depreciable capital assets for governmental activities were 49% and 46% depreciated for the fiscal years ended June 30, 2020 and June 30, 2019, respectively. This comparison indicates that the Village is replacing its governmental-type assets at a slower rate than the rate they are depreciating.

The major additions are:

- Roof on maintenance shop
- Speed humps
- Culverts
- Repeater
- Cameras

With the Village's business-type activities, 53% of the asset values were depreciated at June 30, 2020 compared to 51% at June 30, 2019. This comparison indicates that the village is replacing its business-type assets at a slower rate than they are depreciating.

The major additions are:

- Excavator
- Gear box

Long-Term Debt

At the end of the fiscal year, the Village had total long-term debt outstanding of \$557,960. All of this amount is backed by the full faith and credit of the Village with debt service funded by gas fund revenues.

During the year, the Village issued \$0 and retired \$57,764 in long-term debt. See Note F for additional information regarding long-term debt. The following is a summary of long-term debt outstanding as of June 30, 2019 and June 30, 2020, respectively:

| | Outstanding Borrowings | |
|------------------------|------------------------|-------------------|
| | <u>06/30/20</u> | <u>06/30/19</u> |
| Gas revenue bonds | \$ 156,000 | \$ 192,000 |
| USDA gas revenue bonds | <u>401,960</u> | <u>423,724</u> |
| Total | <u>\$ 557,960</u> | <u>\$ 615,724</u> |

ECONOMIC CONDITIONS AFFECTING THE VILLAGE

The Village's primary revenue stream comes from utility charges and sales taxes, which are subject to changes in the economy. Since sales are considered an "elastic" revenue stream, tax collections are higher in a flourishing economy and are lower in a depressed economy.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Village's finances, comply with finance-related laws and regulations, and demonstrate the Village's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Village's Mayor, Mandy Green, P.O. Box 457, Elizabeth, LA 70638.

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Member
Society of Louisiana
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

December 1, 2020

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the major funds of the Village of Elizabeth, Louisiana as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise the Village of Elizabeth, Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the major funds of the Village of Elizabeth, Louisiana, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Village of Elizabeth, Louisiana's financial statements as of and for the year ended June 30, 2019, and we expressed an unmodified audit opinion on those financial statements in our report dated December 3, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 39 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

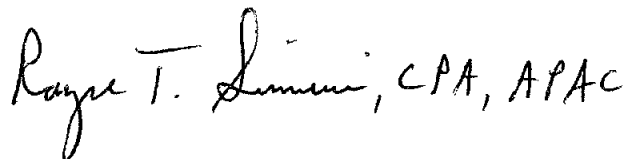
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Elizabeth, Louisiana's basic financial statements. The schedule of operating expenses by department for the proprietary fund, the schedule of compensation paid to Mayor and Council Members, and the schedule of compensation, benefits and other payments to the chief executive officer (Other Supplementary Information) are presented on pages 42 through 44 for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*; we have also issued our report dated December 1, 2020, on our consideration of the Village of Elizabeth, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Elizabeth, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Elizabeth, Louisiana's internal control over financial reporting and compliance.

Royce T. Scimemi, CPA, APAC



BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

Village of Elizabeth, Louisiana
Statement of Net Position
June 30, 2020

| | Primary Government | | |
|---|----------------------------|-----------------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Current assets: | | | |
| Cash and certificates of deposit | \$ 46,205 | \$ 260,076 | \$ 306,281 |
| Accounts receivable | 31,581 | 138,129 | 169,710 |
| Restricted cash and certificates of deposit | -- | 153,343 | 153,343 |
| Total current assets | 77,786 | 551,548 | 629,334 |
| Noncurrent assets: | | | |
| Land | 125,000 | 33,275 | 158,275 |
| Capital assets, net | 900,725 | 1,960,562 | 2,861,287 |
| <i>Total noncurrent assets</i> | <i>1,025,725</i> | <i>1,993,837</i> | <i>3,019,562</i> |
| Total Assets | 1,103,511 | 2,545,385 | 3,648,896 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Aggregated deferred outflows | -- | -- | -- |
| Total Deferred Outflows of Resources | -- | -- | -- |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 6,586 | 86,991 | 93,577 |
| Accrued interest payable | -- | 2,017 | 2,017 |
| Payroll taxes payable | 1,961 | -- | 1,961 |
| Sales taxes payable | 50 | 2,287 | 2,337 |
| Revenue bonds payable | -- | 58,716 | 58,716 |
| Total current liabilities | 8,597 | 150,011 | 158,608 |
| Noncurrent liabilities: | | | |
| Customer deposits | -- | 33,500 | 33,500 |
| Revenue bonds payable | -- | 499,244 | 499,244 |
| Total noncurrent liabilities | -- | 532,744 | 532,744 |
| Total Liabilities | 8,597 | 682,755 | 691,352 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Aggregated deferred inflows | -- | -- | -- |
| Total Deferred Inflows of Resources | -- | -- | -- |
| NET POSITION | | | |
| Invested in capital assets, net of related debt | 1,025,725 | 1,433,860 | 2,459,585 |
| Restricted - Note J | -- | 119,843 | 119,843 |
| Unrestricted | 69,189 | 308,927 | 378,116 |
| Total Net Position | \$ 1,094,914 | \$ 1,862,630 | \$ 2,957,544 |

See accompanying notes.

Village of Elizabeth, Louisiana
Statement of Activities
For the Year Ended June 30, 2020

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue | | |
|---------------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|-------------------------|--------------------------|---------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Primary Government | | | | | | | |
| Governmental Activities: | | | | | | | |
| General government | \$ 304,036 | \$ 35,290 | \$ -- | \$ -- | \$ (268,746) | \$ -- | \$ (268,746) |
| Public safety | 204,611 | 82,567 | -- | -- | (122,044) | -- | (122,044) |
| Public works | 51,181 | -- | 11,816 | -- | (39,365) | -- | (39,365) |
| Total Governmental Activities | 559,828 | 117,857 | 11,816 | -- | (430,155) | -- | (430,155) |
| Business-Type Activities: | | | | | | | |
| Gas department | 1,219,657 | 1,510,756 | -- | -- | -- | 291,099 | 291,099 |
| Water department | 211,762 | 149,535 | -- | -- | -- | (62,227) | (62,227) |
| Sewer department | 64,994 | 36,669 | -- | -- | -- | (28,325) | (28,325) |
| Electricity department | 3,858 | 30,000 | -- | -- | -- | 26,142 | 26,142 |
| Interest and fiscal charges-gas | 27,919 | -- | -- | -- | -- | (27,919) | (27,919) |
| Total Business-Type Activities | 1,528,190 | 1,726,960 | -- | -- | -- | 198,770 | 198,770 |
| Total Primary Government | \$ 2,088,018 | \$ 1,844,817 | \$ 11,816 | \$ -- | \$ (430,155) | \$ 198,770 | \$ (231,385) |

General Revenues and Transfers:

Revenues

Taxes:

| | | | |
|-------------------------|---------|----|---------|
| - Property | 9,732 | -- | 9,732 |
| - Franchise | 27,109 | -- | 27,109 |
| - Sales | 106,998 | -- | 106,998 |
| -Beer | 1,333 | -- | 1,333 |
| Intergovernmental-state | 4,940 | -- | 4,940 |
| Intergovernmental-local | 2,909 | -- | 2,909 |
| Miscellaneous | 55,930 | -- | 55,930 |
| Interest income | 5 | 40 | 45 |
| Rent | 86,153 | -- | 86,153 |

Transfers

| | | | |
|---|---------------------|---------------------|---------------------|
| | 83,319 | (83,319) | -- |
| Total General Revenues and Transfers | 378,428 | (83,279) | 295,149 |
| Change in Net Position | (51,727) | 115,491 | 63,764 |
| <i>Net Position at Beginning of Period</i> | <i>1,146,641</i> | <i>1,747,139</i> | <i>2,893,780</i> |
| Net Position at End of Period | \$ 1,094,914 | \$ 1,862,630 | \$ 2,957,544 |

See accompanying notes.

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUND DESCRIPTIONS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Proprietary Fund

The Proprietary Fund is used to account for the provision of gas, water, electricity, and sewer services to residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Village of Elizabeth, Louisiana

Balance Sheet

Governmental Fund

June 30, 2020 and 2019

| | <u>June 30, 2020</u> | <u>June 30, 2019</u> |
|--|----------------------|----------------------|
| ASSETS | | |
| Cash and certificates of deposit | \$ 46,205 | \$ 79,680 |
| Accounts receivable | 31,581 | 29,382 |
| Total Assets | <u>77,786</u> | <u>109,062</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Aggregated deferred outflows | -- | -- |
| Total Assets and Deferred Outflows of Resources | <u>\$ 77,786</u> | <u>\$ 109,062</u> |
| LIABILITIES | | |
| Accounts payable | \$ 6,586 | \$ 15,158 |
| Payroll taxes payable | 1,961 | 4,082 |
| Sales taxes payable | 50 | 273 |
| Total Liabilities | <u>8,597</u> | <u>19,513</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Aggregated deferred inflows | -- | -- |
| Total Liabilities and Deferred Inflows of Resources | <u>8,597</u> | <u>19,513</u> |
| FUND BALANCE | | |
| Unassigned | 69,189 | 89,549 |
| Total Fund Balance | <u>69,189</u> | <u>89,549</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | <u>\$ 77,786</u> | <u>\$ 109,062</u> |

See accompanying notes.

Village of Elizabeth, Louisiana
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2020

| | | |
|--|----|--------|
| Total Fund Balance - Governmental Fund | \$ | 69,189 |
|--|----|--------|

Fixed assets are capitalized in the Statement of Net Position and depreciated in the Statement of Activities. These are expensed when acquired in the Statement of Revenues, Expenditures, and Changes in Fund Balance.

| | | |
|--|--|-----------|
| | | 1,025,725 |
|--|--|-----------|

| | | |
|---|-----------|-------------------------|
| Total Net Position - Governmental Activities | \$ | <u>1,094,914</u> |
|---|-----------|-------------------------|

See accompanying notes.

Village of Elizabeth, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2020

| | General Fund |
|---|---------------------|
| Revenues | |
| Taxes: | |
| -Property | \$ 9,732 |
| -Franchise | 27,109 |
| -Sales | 106,998 |
| -Beer | 1,333 |
| Fines and forfeitures | 82,567 |
| Intergovernmental | 19,665 |
| Licenses and permits | 23,890 |
| Miscellaneous | 67,330 |
| Rental income | 86,153 |
| Total Revenues | 424,777 |
| Expenditures | |
| Current: | |
| General government | 289,989 |
| Public safety | 173,560 |
| Public works | 31,751 |
| Capital outlay | 33,161 |
| Total Expenditures | 528,461 |
| <i>Excess (Deficit) of Revenues Over (Under) Expenditures</i> | (103,684) |
| Other Financing Sources (Uses) | |
| Interest income | 5 |
| Operating transfers | 83,319 |
| Net Other Financing Sources (Uses) | 83,324 |
| <i>Net Change in Fund Balance</i> | (20,360) |
| <i>Fund Balance at Beginning of Period</i> | 89,549 |
| Fund Balance at End of Period | \$ 69,189 |

See accompanying notes.

Village of Elizabeth, Louisiana
Reconciliation of Governmental Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities
For the Year Ended June 30, 2020

| | |
|--|---------------------------|
| Total Net Change in Fund Balance - Governmental Fund | \$ (20,360) |
| Fixed assets expensed as capital outlay in governmental fund statements, capitalized as fixed assets in Statement of Net Position. | 33,161 |
| Depreciation expense reflected in entity-wide statements, not reflected in governmental fund statements. | (64,528) |
| Change in Net Position - Governmental Activities | <u>\$ (51,727)</u> |

See accompanying notes.

Village of Elizabeth, Louisiana
Statement of Net Position
Proprietary Fund
June 30, 2020 and 2019

| | Business-Type Activities - Enterprise Fund | |
|---|--|---------------------|
| | June 30, 2020 | June 30, 2019 |
| ASSETS | | |
| <i>Current Assets</i> | | |
| Cash and certificates of deposit | \$ 260,076 | \$ 179,374 |
| Accounts receivable | 138,129 | 170,209 |
| Restricted cash and certificates of deposit | 153,343 | 97,173 |
| Total Current Assets | 551,548 | 446,756 |
| <i>Noncurrent Assets</i> | | |
| Land | 33,275 | 33,275 |
| Capital assets, net | 1,960,562 | 2,019,367 |
| Total Noncurrent/Capital Assets | 1,993,837 | 2,052,642 |
| Total Assets | 2,545,385 | 2,499,398 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Aggregated deferred outflows | -- | -- |
| Total Deferred Outflows of Resources | -- | -- |
| LIABILITIES | | |
| <i>Current Liabilities</i> | | |
| Accounts payable | 86,991 | 107,583 |
| Accrued interest payable | 2,017 | 2,236 |
| Other accrued liabilities | 2,287 | 3,056 |
| Revenue bonds payable | 58,716 | 57,764 |
| Total Current Liabilities | 150,011 | 170,639 |
| <i>Noncurrent Liabilities</i> | | |
| Customer deposits | 33,500 | 23,660 |
| Revenue bonds payable | 499,244 | 557,960 |
| Total Noncurrent Liabilities | 532,744 | 581,620 |
| Total Liabilities | 682,755 | 752,259 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Aggregated deferred inflows | -- | -- |
| Total Deferred Inflows of Resources | -- | -- |
| NET POSITION | | |
| Invested in capital assets, net of related debt | 1,433,860 | 1,434,682 |
| Restricted | 119,843 | 73,513 |
| Unrestricted | 308,927 | 238,944 |
| Total Net Position | \$ 1,862,630 | \$ 1,747,139 |

See accompanying notes.

Village of Elizabeth, Louisiana
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2020

| | Business-Type Activities - Enterprise Fund |
|--|---|
| | Utility Fund |
| Operating Revenues | |
| Gas department revenues | \$ 1,510,756 |
| Water department revenues | 149,535 |
| Sewer department revenues | 36,669 |
| Electricity department revenues | 30,000 |
| Total Operating Revenues | 1,726,960 |
| Operating Expenses | |
| Gas department expenses | 1,219,657 |
| Water department expenses | 211,762 |
| Sewer department expenses | 64,994 |
| Electricity department expenses | 3,858 |
| Total Operating Expenses | 1,500,271 |
| Operating Income (Loss) | 226,689 |
| Non-Operating Revenues (Expenses) | |
| Interest income | 40 |
| Interest and fiscal charges-gas | (27,919) |
| Net Non-Operating Revenues (Expenses) | (27,879) |
| Income Before Contributions and Transfers | 198,810 |
| Operating transfers | (83,319) |
| Change in Net Position | 115,491 |
| <i>Net Position at Beginning of Period</i> | <i>1,747,139</i> |
| Net Position at End of Period | \$ 1,862,630 |

See accompanying notes.

VILLAGE OF ELIZABETH, LOUISIANA
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2020

| | Business-Type Activities |
|---|--------------------------|
| | Utility Fund |
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Receipts from customers | \$ 1,768,880 |
| Payments to suppliers | (1,258,288) |
| Payments to employees | <u>(131,777)</u> |
| Net cash from operating activities | 378,815 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Net proceeds (purchase) of investments | - |
| Interest earnings | <u>40</u> |
| Net cash used by noncapital financing activities | 40 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | |
| Interest paid on gas revenue bonds | (28,138) |
| Principal paid on gas revenue bonds | (57,764) |
| Purchase of fixed assets | <u>(72,762)</u> |
| Net cash from capital activities | (158,664) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | |
| Operating transfers | <u>(83,319)</u> |
| Net cash from non-capital financing activities | <u>(83,319)</u> |
| NET INCREASE (DECREASE) IN CASH | 136,872 |
| CASH – BEGINNING | <u>276,547</u> |
| CASH – ENDING | <u>\$ 413,419</u> |
| Reconciliation of operating income (loss) to net cash from operating activities: | |
| Operating income (loss) | \$ 226,689 |
| Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities: | |
| Depreciation | 131,567 |
| (Increase) decrease in receivables | 32,080 |
| Increase (decrease) in payables | (21,361) |
| Increase (decrease) in customer deposits | <u>9,840</u> |
| Net cash from operating activities | <u>\$ 378,815</u> |

See accompanying notes.

VILLAGE OF ELIZABETH, LOUISIANA
Notes to the Basic Financial Statements
Year Ended June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Elizabeth, Louisiana (Village) was created under the provisions of the Lawrason Act. The purpose of the Village is to provide services to its citizens, which include gas, electric, sewer and water utilities, police and fire protection and other services. The Village is governed by the Mayor and a board of three elected council members who are compensated. The Village is located in Allen Parish, Louisiana and its population is approximately 532. There are approximately 19 employees working for the Village.

The accompanying financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

1. Reporting Entity

As the municipal governing authority for reporting purposes, the Village is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Village for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality to impose its will on that organization, and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by GAAP, these financial statements present the financial data of the Village of Elizabeth, Louisiana (the primary government) which has no component units under the above criteria.

2. Basis of Presentation

The accompanying basic financial statements of the Village have been prepared in conformity with GAAP. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Village as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

VILLAGE OF ELIZABETH, LOUISIANA
Notes to the Basic Financial Statements
Year Ended June 30, 2020

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Village's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Village, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The Village uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Village functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Village are classified into two categories: governmental and proprietary. The emphasis of fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Village or if the total assets, liabilities, revenues, or expenditures of the individual governmental or proprietary fund is at least 10 percent of the corresponding total for all governmental and proprietary funds of that category or type, or total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

The Village reports the following major funds:

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

The Proprietary Fund is an enterprise fund that is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The enterprise fund distinguishes operating revenues and expenses from non-operating items. Operating revenues generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses and depreciation on capital assets. All other revenues and expenses are reported as non-operating revenues and expenses. The Village's Proprietary Fund is the utility fund which accounts for gas, water, sewer and electricity services.

3. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the "economic resources" measurement focus as defined in item b. below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.
- b. All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in

VILLAGE OF ELIZABETH, LOUISIANA
Notes to the Basic Financial Statements
Year Ended June 30, 2020

net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements utilize the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlays) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when the payments become due.

The Proprietary Fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. The Village applies all applicable FASB pronouncements in accounting and reporting for its Proprietary Fund.

Allocation of Indirect Expenses

The Village reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the statement of activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on long-term debt is considered an indirect expense and is separately reported on the statement of activities.

4. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General and Proprietary Funds. All annual appropriations lapse at fiscal year-end.

Prior to the beginning of each fiscal year, the Mayor submits a budget to the Village Council. The budget is prepared by fund, function and activity, based on information from the past year, current year estimates and requested appropriations for the next fiscal year.

The Village Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated and the revenue estimates must be changed by an affirmative vote of a majority of the government's council. Expenditures may not legally exceed budgeted appropriations at the activity level.

The original General Fund budget and one amendment during the year are reflected in the budget comparisons.

5. Deposits

Deposits include amounts in demand deposits, interest-bearing demand deposits, and time deposits as well as those investments with a maturity date of 90 days or less.

Louisiana Revised Statute 33:2955 authorizes the Village to invest in obligations of the U.S. Treasury, U.S. government agencies, or time certificates of deposit of banks domiciled or having a branch office in Louisiana or any other federally insured investment. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana. LAMP generates a local government investment pool.

VILLAGE OF ELIZABETH, LOUISIANA
Notes to the Basic Financial Statements
Year Ended June 30, 2020

As of June 30, 2020, the Village had deposits (book balances) totaling \$459,624. These deposits are stated at cost, which approximates market. Custodial credit risk is the risk that, in the event of bank failure, the Village's deposits may not be returned. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2020, the Village has \$472,557 in deposits (collected bank balances). These deposits are all secured from risk by federal deposit insurance and pledged collateral held by the custodial bank in the name of the fiscal agent bank.

6. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

7. Accounts Receivable

Uncollectible amounts due for ad valorem taxes and other receivables of governmental funds are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for utility user fees in the Proprietary fund. The Village's ability to collect the amounts due from the users of the Village utility systems and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disaster or other calamity in this one concentrated geographic location.

8. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In the government-wide statement of net position capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$1,000 or more for capitalization of asset purchases.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is expensed over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by asset type is as follows:

| | |
|----------------------------|-------------|
| Buildings and improvements | 40 years |
| Equipment and furniture | 3-20 years |
| Utility systems | 20-50 years |
| Vehicles | 5 years |
| Infrastructure | 20-50 years |

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in Proprietary Fund operations are accounted for the same as in the government-wide statements.

9. Statement of Cash Flows

For the purpose of the statement of cash flows, for the Proprietary fund, the Village considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. The statement reflects ending cash and cash equivalents of \$413,419 which represents unrestricted and restricted amounts of \$260,076 and \$153,343, respectively.

VILLAGE OF ELIZABETH, LOUISIANA
Notes to the Basic Financial Statements
Year Ended June 30, 2020

10. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as long-term liabilities. No expenditure or liability is reported for these amounts. Vested or accumulated vacation leave of the Proprietary Fund is recorded as an expense and liability of that fund as the benefits accrue to employees. In accordance with the provisions of Statement of Financial Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits for police personnel that is estimated will be taken as "terminal leave" prior to retirement.

The Village has the following policy relating to vacation and sick leave:

Vacation is earned at a rate of one day per calendar month of employment not to exceed ten days per calendar year. Vacation is cumulative up to five days. One week of sick leave is earned during the first year and two weeks each year thereafter. Upon termination, the employee is entitled to any unused vacation leave accrued during the previous calendar year. Sick leave is not payable upon termination.

At June 30, 2020, employees of the Village have accumulated \$5,004 in leave privileges, computed in accordance with GASB Statement No. 16. This amount was deemed immaterial and no provision for compensated absences has been recorded.

11. Long-Term Debt

The accounting treatment of long-term debt depends on whether the underlying financed assets are used in governmental fund operations or Proprietary Fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debts to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists of gas revenue bonds.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest reported as expenditures. The accounting for Proprietary Fund long-term debt is the same in the fund statements as it is in the government-wide statements.

12. Equity Classification

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - Consists of all other net position that has not been classified within the above components.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Village's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

In the fund statements, governmental fund equity is classified as fund balance and is further classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

VILLAGE OF ELIZABETH, LOUISIANA
Notes to the Basic Financial Statements
Year Ended June 30, 2020

- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used for specific purposes determined by a formal action of the Mayor and Council, who are the highest level of decision-making authority for the Village. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Mayor and Council.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Council's adopted policy, only Council members may assign amounts for specific purposes.
- e. Unassigned – includes positive fund balance within the general fund which has not been classified with the above-mentioned categories.

In governmental funds, when appropriate, the Village's policy is to first apply the expenditures toward restricted fund balance and then to other, less-restrictive classifications (committed and then assigned fund balances) before using unassigned fund balances.

13. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

14. Sales Taxes

Proceeds of a one percent (1%) sales and use tax levied by the Village are dedicated to and used for constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage disposal works, waterworks facilities, streets, alleys, bridges, drains and drainage facilities; public buildings, purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works, buildings, improvements and facilities; title to which shall be in the public, or for any one or more of said purposes; and for the purpose of paying principal and interest on any bonded or funded indebtedness of the Village incurred for any of said purposes; and such tax to be subject to funding into bonds by the Village, maturing not more than 25 years from the date of the first levy of said tax.

Proceeds of the three-tenths of one percent (0.3%) sales and use tax levied by the Village are dedicated to and used for the upkeep, maintenance and improvement of the Elizabeth fire department.

15. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

16. Revenues, Expenditures, and Expenses

Program Revenues

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the Village's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues.

VILLAGE OF ELIZABETH, LOUISIANA
Notes to the Basic Financial Statements
Year Ended June 30, 2020

Revenues

Ad valorem taxes are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent after December 31. The taxes are generally collected in December, January and February of the fiscal year. Sales taxes are considered as "measurable" when in the hands of sales tax collector and are recognized as revenue at that time. Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures/expenses

The Village's primary expenditures include gas purchases, salaries, materials and supplies, and insurance, which are recorded when the liabilities are incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

Other Financing Sources

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) when the transfers are authorized by the Village.

17. Environmental Remediation Costs

The Village accrues for losses associated with environmental remediation obligations when such losses are probable and reasonably estimable. Accruals for estimated losses from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study. Such accruals are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value.

18. Subsequent Events

Management has evaluated subsequent events through December 1, 2020, the date the financial statements were issued. In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain. On August 27, 2020 Hurricane Laura made landfall in Southwest Louisiana as a Category 4 hurricane which followed by Hurricane Delta on October 8, 2020. The full extent of damages to the Villages's facilities or effects on operations have not been determined.

NOTE B - PROPERTY TAXES

For the year ended June 30, 2020 taxes of 6.71 mills were levied on property with assessed valuations totaling \$1,422,760 and were dedicated as follows:

| | |
|----------------------------|-------------------------------|
| General corporate purposes | 6.71 mills with no expiration |
|----------------------------|-------------------------------|

Total taxes levied were \$9,547.

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien.

NOTE C - RECEIVABLES

Receivables at June 30, 2020, consisted of the following:

General Fund:

VILLAGE OF ELIZABETH, LOUISIANA
Notes to the Basic Financial Statements
Year Ended June 30, 2020

| | |
|---|-------------------|
| Sales tax receivable | \$ 20,290 |
| Franchise taxes receivable | 7,025 |
| Intergovernmental | 2,909 |
| Salary reimbursement receivable | 950 |
| Beer taxes receivable | <u>407</u> |
| Total governmental-type accounts receivable | 31,581 |
| | |
| Utility System Enterprise Fund: | |
| Accounts receivable - customers | <u>138,129</u> |
| Total business-type accounts receivable | <u>138,129</u> |
| | |
| Total accounts receivable | <u>\$ 169,710</u> |

Note D – CAPITAL ASSETS

| | Balance 06/30/19 | Additions | Deletions | Balance 06/30/20 |
|---------------------------------------|---------------------|--------------------|-------------|---------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 125,000 | \$ - | \$ - | \$ 125,000 |
| Other capital assets: | | | | |
| Vehicles | 191,701 | - | - | 191,701 |
| Buildings | 589,232 | 10,000 | - | 599,232 |
| Infrastructure | 598,821 | - | - | 598,821 |
| Equipment | <u>344,565</u> | <u>23,161</u> | - | <u>367,726</u> |
| Total capital assets | <u>1,849,319</u> | <u>33,161</u> | - | <u>1,882,480</u> |
| Less accumulated depreciation: | | | | |
| Vehicles | 141,716 | 16,821 | - | 158,537 |
| Buildings | 351,160 | 13,734 | - | 364,894 |
| Infrastructure | 12,974 | 11,976 | - | 24,950 |
| Equipment | <u>286,377</u> | <u>21,997</u> | - | <u>308,374</u> |
| Total accumulated depreciation | <u>792,227</u> | <u>64,528</u> | - | <u>856,755</u> |
| Governmental Activities | | | | |
| Capital assets, net | <u>\$ 1,057,092</u> | <u>\$ (31,367)</u> | <u>\$ -</u> | <u>\$ 1,025,725</u> |
| Business-Type Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 33,275 | \$ - | \$ - | \$ 33,275 |
| Other capital assets: | | | | |
| Gas system | 1,881,989 | 18,843 | - | 1,900,832 |
| Water system | 1,447,311 | 22,744 | - | 1,470,055 |
| Electricity system | 196,900 | - | - | 196,900 |
| Sewer system | <u>596,766</u> | <u>31,175</u> | - | <u>627,941</u> |
| Total capital assets | 4,156,241 | 72,762 | - | 4,229,003 |
| Less accumulated depreciation: | | | | |
| Gas system | 683,468 | 52,510 | - | 735,978 |
| Water system | 742,525 | 60,153 | - | 802,678 |
| Electricity system | 189,860 | 3,858 | - | 193,718 |
| Sewer system | <u>487,746</u> | <u>15,046</u> | - | <u>502,792</u> |
| Total accumulated depreciation | <u>2,103,599</u> | <u>131,567</u> | - | <u>2,235,166</u> |
| Business-Type Activities, | | | | |
| Capital assets, net | <u>\$ 2,052,642</u> | <u>\$ (58,805)</u> | <u>\$ -</u> | <u>\$ 1,993,837</u> |

Depreciation expense for the year ended June 30, 2020 was \$64,528 and \$131,567 for the governmental activities and the business-type activities, respectively.

Depreciation expense was charged to governmental activities as follows:

VILLAGE OF ELIZABETH, LOUISIANA
Notes to the Basic Financial Statements
Year Ended June 30, 2020

| | |
|----------------------------|------------------|
| General government | \$ 14,047 |
| Public safety | 31,051 |
| Public works | <u>19,430</u> |
| Total depreciation expense | <u>\$ 64,528</u> |

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

| | |
|----------------------------|-------------------|
| Gas | \$ 52,510 |
| Water | 60,153 |
| Electricity | 3,858 |
| Sewer | <u>15,046</u> |
| Total depreciation expense | <u>\$ 131,567</u> |

NOTE E - ACCOUNTS PAYABLE

The following is a summary of payables at June 30, 2020:

| <u>Class of Payable:</u> | <u>Governmental Activities Funds</u> | <u>Business Activities Funds</u> |
|--------------------------|--|--|
| Accounts | \$ 6,586 | \$ 86,991 |
| Total | <u>\$ 6,586</u> | <u>\$ 86,991</u> |

NOTE F - LONG-TERM DEBT

The following is a summary of revenue bonds and other long-term debts owed by the Village for the year ended June 30, 2020:

| | <u>June 30, 2019</u> | <u>Additions</u> | <u>Deletions</u> | <u>June 30, 2020</u> |
|------------------------|--------------------------|------------------|--------------------|--------------------------|
| Gas revenue bonds | \$ 192,000 | \$ - | \$ (36,000) | \$ 156,000 |
| USDA gas revenue bonds | <u>423,724</u> | - | <u>(21,764)</u> | <u>401,960</u> |
| | <u>\$ 615,724</u> | <u>\$ -</u> | <u>\$ (57,764)</u> | <u>\$ 557,960</u> |

Gas Revenue Bonds Payable-Proprietary:

\$568,000 gas revenue bonds dated March 18, 2004, bearing interest at a rate of 5% per annum, maturing over a period beginning December 2004 through June 2024 in annual installments of \$42,000 to \$48,000, and secured by and payable from income and revenues derived by the gas system after paying reasonable and necessary expenses of operation. \$ 156,000

\$655,000 USDA gas revenue bonds dated July 21, 2006, bearing interest at a rate of 4.375% per annum, maturing over a period beginning July 2012 through July 2033 in annual installments of \$40,302, and secured by and payable from income and revenues derived by the gas system after paying reasonable and necessary expenses of operation. 401,960

Total \$ 557,960

The annual requirements to amortize all debt outstanding as of June 30, 2020, including interest payments of \$156,986 are as follows:

VILLAGE OF ELIZABETH, LOUISIANA
Notes to the Basic Financial Statements
Year Ended June 30, 2020

| Year Ending June 30, | <u>Enterprise Activities</u> | | |
|-------------------------|-------------------------------|------------------------------|-------------------|
| | <u>Totals</u> | | |
| | <u>Principal Payments</u> | <u>Interest Payments</u> | <u>Totals</u> |
| 2021 | \$ 58,716 | \$ 25,386 | \$ 84,102 |
| 2022 | 63,710 | 22,592 | 86,302 |
| 2023 | 64,748 | 19,555 | 84,303 |
| 2024 | 65,830 | 16,472 | 82,302 |
| 2025 | 26,961 | 13,341 | 40,302 |
| 2026-2030 | 153,561 | 47,950 | 201,511 |
| 2031-2033 | <u>124,434</u> | <u>11,690</u> | <u>136,124</u> |
| Totals | <u>\$ 557,960</u> | <u>\$ 156,986</u> | <u>\$ 714,946</u> |

In accordance with La. R.S. 39:562, the Village is legally restricted from incurring long-term bonded debt (payable solely from ad valorem taxes) in excess of 35% of the assessed value of taxable property in the Village. At June 30, 2020 the statutory limit is \$497,966.

NOTE G – RESTRICTED ASSETS

Restricted assets, at June 30, 2020, consisted of the following:

| | <u>Cash and Cash Equivalents</u> |
|--|--|
| Customers' deposit accounts | \$ 33,500 |
| Sewer plant replacement accounts | 59,316 |
| Debt service sinking account | <u>60,527</u> |
| Total restricted assets - proprietary fund | <u>\$ 153,343</u> |

| | <u>Actual</u> | <u>Required</u> | <u>Over (Under)</u> |
|---|-------------------|-----------------|-------------------------|
| Requirements consisted of the following at June 30, 2020: | | | |
| Sewer revenue bond debt service sinking account | \$ 60,527 | \$ - | \$60,527 |
| Sewer revenue bond debt service reserve account | 29,658 | 27,204 | 2,454 |
| Sewer revenue bond debt service depreciation and contingency account | 29,658 | 27,204 | 2,454 |
| Customer deposits – gas, water, and sewer | <u>33,500</u> | <u>33,500</u> | <u>-</u> |
| Total restricted assets - proprietary fund | <u>\$ 153,343</u> | <u>\$87,908</u> | <u>\$65,435</u> |

NOTE H - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE I - CONTINGENCIES

The Village participates in a number of federal and state grant programs that are either partially or fully funded by grants received from other governmental units. Such grants are subject to audit by the grantor agencies which could result in requests for reimbursement to the granting agency for expenditures that are disallowed under the terms of the grant. Based on past experience, the Village believes that any disallowed costs as a result of such audits will be immaterial.

VILLAGE OF ELIZABETH, LOUISIANA
Notes to the Basic Financial Statements
Year Ended June 30, 2020

NOTE J – RESTRICTED NET POSITION

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

NOTE K - ON-BEHALF PAYMENTS FOR SALARIES

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

Intergovernmental Revenues:

| | |
|--------------|----------|
| State-Police | \$ 8,500 |
|--------------|----------|

Expenditures:

| | |
|-----------------|----------|
| Salaries-Police | \$ 8,500 |
|-----------------|----------|

NOTE L – OPERATING TRANSFERS

The Village's Proprietary Fund transferred a net amount of \$83,319 to the General Fund during the year. These operating transfers are required to support the general governmental operations.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF ELIZABETH, LOUISIANA
General Fund
Budgetary Comparison Schedule
For The Year Ended June 30, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance Favorable (Unfavorable) |
|----------------------------|-------------------------|-----------------------|-----------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ 8,300 | \$ 10,300 | \$ 9,732 | \$ (568) |
| Franchise | 44,000 | 40,900 | 27,109 | (13,791) |
| Sales | 73,500 | 102,600 | 106,998 | 4,398 |
| Beer | - | 1,300 | 1,333 | 33 |
| Total taxes | <u>125,800</u> | <u>155,100</u> | <u>145,172</u> | <u>(9,928)</u> |
| Licenses and permits | 13,000 | 10,800 | 23,890 | 13,090 |
| Fines and forfeitures | 107,000 | 84,600 | 82,567 | (2,033) |
| Intergovernmental: | | | | |
| State of Louisiana – | | | | |
| Fire fighting | - | - | 3,316 | 3,316 |
| State supplemental pay | - | - | 8,500 | 8,500 |
| Street maintenance | 5,000 | 4,950 | 4,940 | (10) |
| Local grant | - | 3,000 | 2,909 | (91) |
| Total intergovernmental | <u>5,000</u> | <u>7,950</u> | <u>19,665</u> | <u>11,715</u> |
| Other: | | | | |
| Interest | 11 | - | 5 | 5 |
| Rental income | 107,000 | 84,300 | 86,153 | 1,853 |
| Miscellaneous | 12,150 | 66,755 | 67,330 | 575 |
| Total miscellaneous | <u>119,161</u> | <u>151,055</u> | <u>153,488</u> | <u>2,433</u> |
| Total revenues | <u><u>369,961</u></u> | <u><u>409,505</u></u> | <u><u>424,782</u></u> | <u><u>15,277</u></u> |
| EXPENDITURES | | | | |
| General government: | | | | |
| Current: | | | | |
| Advertising | 4,000 | 4,200 | 4,275 | (75) |
| Contract labor | 23,000 | 28,900 | 10,182 | 18,718 |
| Dues and subscriptions | 1,500 | 4,600 | 4,736 | (136) |
| Insurance | 46,500 | 30,000 | 25,746 | 4,254 |
| Materials and supplies | 37,000 | 58,000 | 35,790 | 22,210 |
| Miscellaneous | 2,850 | 2,000 | 1,133 | 867 |
| Office supplies | 6,300 | 3,200 | 5,838 | (2,638) |
| Professional services | 23,500 | 8,950 | 21,681 | (12,731) |
| Repairs and maintenance | 8,500 | 6,500 | 11,724 | (5,224) |
| Salaries and payroll taxes | 141,200 | 127,050 | 117,126 | 9,924 |
| Travel and meetings | 4,000 | 3,600 | 2,794 | 806 |
| Uniforms | 600 | - | - | - |
| Utilities and telephone | 55,000 | 53,300 | 48,964 | 4,336 |
| Subtotal | <u>353,950</u> | <u>330,300</u> | <u>289,989</u> | <u>40,311</u> |
| Capital outlays | <u>10,000</u> | <u>700</u> | <u>700</u> | <u>-</u> |
| Total general government | 363,950 | 331,000 | 290,689 | 40,311 |

VILLAGE OF ELIZABETH, LOUISIANA
 General Fund
 Budgetary Comparison Schedule- Continued
 Year Ended June 30, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance |
|----------------------------|-------------------------|------------------|------------------|----------------------------|
| | <u>Original</u> | <u>Final</u> | | Favorable (Unfavorable) |
| Public safety – | | | | |
| Current: | | | | |
| Advertising | \$ - | \$ 200 | \$ 328 | \$ (128) |
| Contract Labor | 9,800 | 13,600 | 10,233 | 3,367 |
| Dues and subscriptions | 6,500 | 5,150 | 2,437 | 2,713 |
| Insurance | 28,500 | 33,300 | 23,280 | 10,020 |
| Materials and supplies | 10,500 | 23,300 | 13,115 | 10,185 |
| Miscellaneous | 700 | 20 | 20 | - |
| Office supplies | 400 | 50 | 826 | (776) |
| Professional fees | 2,500 | 6,850 | 7,110 | (260) |
| Repairs and maintenance | 15,900 | 16,180 | 19,126 | (2,946) |
| Salaries and payroll taxes | 88,600 | 83,200 | 89,988 | (6,788) |
| Travel and meetings | 1,000 | 650 | 101 | 549 |
| Uniforms | 500 | 400 | 360 | 40 |
| Utilities and telephone | <u>8,050</u> | <u>7,350</u> | <u>6,636</u> | <u>714</u> |
| Subtotal | 172,950 | 190,250 | 173,560 | 16,690 |
| Capital outlays | <u>17,500</u> | <u>-</u> | <u>8,378</u> | <u>(8,378)</u> |
| Total public safety | 190,450 | 190,250 | 181,938 | 8,312 |
| | | | | |
| Public works – | | | | |
| Current: | | | | |
| Insurance | - | - | 5,482 | (5,482) |
| Salaries and payroll taxes | <u>46,000</u> | <u>11,400</u> | <u>26,269</u> | <u>(14,869)</u> |
| Subtotal | 46,000 | 11,400 | 31,751 | (20,351) |
| Capital outlays | <u>-</u> | <u>-</u> | <u>24,083</u> | <u>(24,083)</u> |
| Total public works | <u>46,000</u> | <u>11,400</u> | <u>55,834</u> | <u>(44,434)</u> |
| | | | | |
| Total expenditures | <u>\$600,400</u> | <u>\$532,650</u> | <u>\$528,461</u> | <u>\$ 4,189</u> |

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF ELIZABETH
Proprietary Fund
Schedule of Operating Expenses by Department
Year Ended June 30, 2020

| | |
|------------------------------|--------------------|
| Gas Department: | |
| Advertising | \$ 599 |
| Depreciation | 52,510 |
| Gas purchases | 1,038,179 |
| Insurance | 13,634 |
| Materials and supplies | 23,205 |
| Miscellaneous | 12,407 |
| Payroll taxes | 3,936 |
| Professional fees | 6,604 |
| Repairs and maintenance | 14,578 |
| Salaries | 51,861 |
| Travel | 1,460 |
| Utilities and telephone | <u>684</u> |
| Total Gas Department | 1,219,657 |
| | |
| Water Department: | |
| Advertising | 653 |
| Depreciation | 60,153 |
| Insurance | 22,184 |
| Materials and supplies | 41,738 |
| Miscellaneous | 5,480 |
| Payroll taxes | 4,389 |
| Professional fees | 5,640 |
| Repairs and maintenance | 5,945 |
| Salaries | 57,366 |
| Travel | 21 |
| Utilities and telephone | <u>8,193</u> |
| Total Water Department | 211,762 |
| | |
| Sewer Department: | |
| Advertising | 215 |
| Depreciation | 15,046 |
| Insurance | 6,474 |
| Materials and supplies | 11,777 |
| Miscellaneous | 5,103 |
| Payroll taxes | 1,011 |
| Professional fees | 392 |
| Repairs and maintenance | 5,227 |
| Salaries | 13,214 |
| Utilities and telephone | <u>6,535</u> |
| Total Sewer Department | 64,994 |
| | |
| Electricity Department: | |
| Depreciation | <u>3,858</u> |
| Total Electricity Department | <u>3,858</u> |
| | |
| Total Operating Expenses | <u>\$1,500,271</u> |

VILLAGE OF ELIZABETH, LOUISIANA
Schedule of Compensation Paid to Mayor and Council Members
For The Year Ended June 30, 2020

| | |
|---------------|--------------|
| Mandy Green | \$ 21,200 |
| Kenneth Kelly | 1,500 |
| Angela Smith | 1,500 |
| Kelly Stalsby | <u>1,500</u> |

| | |
|--|------------------|
| Total Compensation Paid to Mayor and Council Members | <u>\$ 25,700</u> |
|--|------------------|

VILLAGE OF ELIZABETH, LOUISIANA
Schedule of Compensation, Benefits and Other Payments to
Chief Executive Officer
For The Year Ended June 30, 2020

Chief Executive Officer: Mandy Green, Mayor

| <u>Purpose</u> | <u>Amount</u> |
|--|---------------|
| Salary | \$21,200 |
| Benefits-insurance | -0- |
| Benefits-retirement | -0- |
| Benefits-cell phone | 420 |
| Car allowance | -0- |
| Vehicle provided by government | -0- |
| Per diem | -0- |
| Reimbursements | 306 |
| Travel | 581 |
| Registration fees | 2,700 |
| Conference travel | -0- |
| Continuing professional education fees | -0- |
| Housing | -0- |
| Unvouchered expenses | -0- |
| Special meals | -0- |

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

December 1, 2020

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and the major funds of the Village of Elizabeth, Louisiana, as of and for the year ended June 30, 2020 and the related notes to the basic financial statements, which collectively comprise the Village of Elizabeth, Louisiana's basic financial statements, and have issued our report thereon dated December 1, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs/responses as item 2020-1 I/C that we consider to be a significant deficiency.

Honorable Mandy Green, Mayor
and the Village Council
Village of Elizabeth, Louisiana
December 1, 2020
Page 2

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Village of Elizabeth, Louisiana's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs/responses as item 2020-2 C.

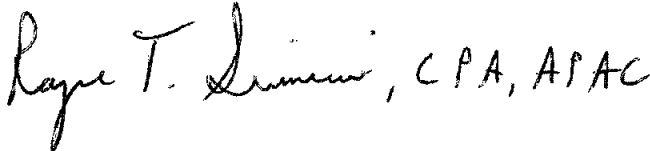
Village of Elizabeth, Louisiana's Response to Findings

The Village of Elizabeth, Louisiana's response to the findings identified in our audit is described in the accompanying management's corrective action plan for the current year audit findings and questioned costs/responses. The Village of Elizabeth, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor of the State of Louisiana as a public document.

Royce T. Scimemi, CPA, APAC



VILLAGE OF ELIZABETH, LOUISIANA
 Schedule of Findings and Questioned Costs/Responses
 Year Ended June 30, 2020

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
 - Significant deficiency(ies) identified? X yes no
 - Control deficiencies(s) identified that are not considered to be material weakness(es)? X yes none reported
- Noncompliance material to financial statements noted? yes X no

Findings:

Finding #2020-1 I/C:

Inadequate Segregation of Duties

- Condition: The small number of employees renders sufficient segregation of duties impractical.
- Criteria: Sufficient staff for adequate segregation of duties.
- Cause: Insufficient staff to adequately segregate cash flow functions.
- Effect: Possible Internal control deficiency.
- Recommendation: Ensure that management is involved in daily operating activities to ensure adequate oversight.
- Response: See Corrective Action Plan

Finding #2020-2 C:

Louisiana Public Bid Law Compliance

- Criteria: For purchases of materials and supplies in excess of \$30,000, the Louisiana Public Bid Law requires that the government agency advertise for bids two times in the official journal and let for contract with the lowest responsible bidder. The Village purchased a gear box for \$31,175 and no documentation of advertisements was provided as evidence of compliance.
- Cause: Lack of compliance or failure to maintain documentation of compliance with the Louisiana Public Bid Law.
- Effect: Possible violation of the Louisiana Public Bid Law.
- Recommendation: The Village Clerk should monitor large purchases to ensure compliance with the Louisiana Public Bid Law and maintain adequate documentation of such compliance.
- Response: See Corrective Action Plan

Findings and questioned costs for federal awards:

Not applicable

VILLAGE OF ELIZABETH, LOUISIANA
Management's Corrective Action Plan for
Current Year Audit Findings and
Questioned Costs/Responses (Unaudited)
Year Ended June 30, 2020

Finding #2020-1 I/C:

Inadequate Segregation of Duties

This is an ongoing finding that cannot be corrected due to lack of financial resources and the size of the entity.

Finding #2020-2 C:

Louisiana Public Bid Law Compliance

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

VILLAGE OF ELIZABETH, LOUISIANA
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2020

Finding #2019-1 I/C:

Inadequate Segregation of Duties

This is an ongoing finding that cannot be corrected due to lack of financial resources and the size of the entity.