

2244

RECEIVED  
LEGISLATIVE AUDITOR  
06 JUN 12 AM 10:55

**TOWN OF ELTON, LOUISIANA**

Financial Report

Year Ended December 31, 2005

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

Release Date 6-21-06

## TABLE OF CONTENTS

	Page
Independent Auditors' Report	1-2
 <b>BASIC FINANCIAL STATEMENTS</b>	
 <b>GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)</b>	
Statement of net assets	5
Statement of activities	6
 <b>FUND FINANCIAL STATEMENTS (FFS)</b>	
Balance sheet - governmental funds	9
Reconciliation of the governmental funds balance sheet to the statement of net assets	10
Statement of revenues, expenditures, and changes in fund balances - governmental funds	11
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	12
Statement of net assets - proprietary fund	13
Statement of revenues, expenses, and changes in fund net assets - proprietary fund	14
Statement of cash flows - proprietary fund	15-16
 Notes to basic financial statements	 17-34
 <b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary comparison schedules:	
General Fund	36
Coushatta Tribe Community Grant Fund	37
 <b>OTHER SUPPLEMENTARY INFORMATION</b>	
 <b>OTHER FINANCIAL INFORMATION</b>	
Major Governmental Funds -	
General Fund - budgetary comparison schedule - revenues	40
General Fund - budgetary comparison schedule- expenditures	41-42
2002 Certificates of Indebtedness Debt Service Fund - budgetary comparison schedule	43

(continued)

TABLE OF CONTENTS (continued)

	Page
<b>Nonmajor Governmental Funds -</b>	
Combining balance sheet	45
Combining statement of revenues, expenditures, and changes in fund balances	46
 <b>Nonmajor Special Revenue Funds -</b>	
Combining balance sheet	48
Combining statement of revenues, expenditures, and changes in fund balances	49
Statement of revenues, expenditures, and changes in fund balance-budget (GAAP basis) and actual - 1975 Sales Tax Fund	50
Statement of revenues, expenditures, and changes in fund balance-budget (GAAP basis) and actual - 1991 Sales Tax Fund	51
 <b>Nonmajor Debt Service Funds -</b>	
Combining balance sheet	53
Combining statement of revenues, expenditures and changes in fund balances	54
Statement of revenues, expenditures, and changes in fund balance-budget (GAAP basis) and actual - 1980 Public Improvement Bond Fund	55
Statement of revenues, expenditures, and changes in fund balance-budget (GAAP basis) and actual - 2001 Certificates of Indebtedness Fund	56
 <b>Nonmajor Capital Projects Funds -</b>	
Statement of revenues, expenditures, and changes in fund balance - budget (GAAP basis) and actual - Louisiana Community Development Block Grant Fund	58
Statement of revenues, expenditures, and changes in fund balance - budget (GAAP basis) and actual - Drainage Improvements Fund	59
Schedule of number of utility customers (unaudited)	60
Comparative statement of operating expenses by department - utility fund	61
Combined schedule of interest-bearing deposits - all funds	62
Schedule of insurance in force (unaudited)	63
 <b>INTERNAL CONTROL AND COMPLIANCE</b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	65-66
Summary schedule of current and prior year audit findings and corrective action plan	67

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA\*  
Russell F. Champagne, CPA\*  
Victor R. Slaven, CPA\*  
P. Troy Courville, CPA\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA

Tynes E. Mixon, Jr., CPA  
Allen J. LaBry, CPA  
Albert R. Leger, CPA, PFS, CSA\*  
Harry J. Clostio, CPA  
Penny Angelle Scruggins, CPA  
Christine L. Cousin, CPA  
Mary T. Thibodeaux, CPA  
James R. Roy, CPA  
Robert J. Metz, CPA  
Kelly M. Doucet, CPA  
Kenneth J. Rachal, CPA  
Cheryl L. Bartley, CPA, CVA  
Mandy B. Self, CPA  
Chris E. Bliski, CPA

Retired:  
Conrad O. Chapman, CPA\* 2006

\* A Professional Accounting Corporation

## OFFICES

183 South Beadle Rd. Lafayette, LA 70508 Phone (337) 232-4141 Fax (337) 232-8660	113 East Bridge St. Breaux Bridge, LA 70517 Phone (337) 332-4020 Fax (337) 332-2867
133 East Weddill Marksville, LA 71351 Phone (318) 253-9252 Fax (318) 253-8681	1234 David DR. Ste 105 Morgan City, LA 70380 Phone (985) 384-2020 Fax (985) 384-3020
408 West Cotton Street Ville Platte, LA 70586 Phone (337) 363-2792 Fax (337) 363-3049	332 West Sixth Avenue Oberlin, LA 70655 Phone (337) 839-4737 Fax (337) 839-4568
200 South Main Street Abbeville, LA 70510 Phone (337) 893-7944 Fax (337) 893-7948	450 East Main Street New Iberia, LA 70560 Phone (337) 367-9204 Fax (337) 367-9208

## INDEPENDENT AUDITORS' REPORT

WEB SITE:  
[WWW.KCSRCPAS.COM](http://WWW.KCSRCPAS.COM)

The Honorable Catherine Hollingsworth, Mayor  
and Members of the Board of Aldermen  
Town of Elton, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Elton, Louisiana, as of and for the year ended December 31, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, each major fund, and the aggregate remaining fund information of the Town of Elton, Louisiana as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 5, 2006 on our consideration of the Town of Elton, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

Member of:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Member of:  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

The required supplementary information on pages 36 and 37 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Town of Elton has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Elton, Louisiana's basic financial statements. The other supplementary information on pages 40 through 63 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The prior year comparative information on the other supplementary information has been derived from the Town of Elton's 2004 financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, was fairly presented in all material respects in relation to the basic financial statements taken as a whole.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Oberlin, Louisiana  
May 5, 2006

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

TOWN OF ELTON, LOUISIANA

Statement of Net Assets  
December 31, 2005

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and interest-bearing deposits	\$ 973,349	\$ 261,998	\$1,235,347
Receivables, net	13,796	26,868	40,664
Due from other governmental units	<u>153,326</u>	<u>-</u>	<u>153,326</u>
Total current assets	<u>1,140,471</u>	<u>288,866</u>	<u>1,429,337</u>
<b>Noncurrent assets:</b>			
<b>Restricted assets:</b>			
Cash and interest-bearing deposits	-	37,696	37,696
Capital assets, net	<u>1,270,646</u>	<u>2,189,634</u>	<u>3,460,280</u>
Total noncurrent assets	<u>1,270,646</u>	<u>2,227,330</u>	<u>3,497,976</u>
Total assets	<u>2,411,117</u>	<u>2,516,196</u>	<u>4,927,313</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts and other payables	38,080	9,988	48,068
Bonds payable	40,000	-	40,000
Accrued interest	<u>6,546</u>	<u>-</u>	<u>6,546</u>
Total current liabilities	<u>84,626</u>	<u>9,988</u>	<u>94,614</u>
<b>Noncurrent liabilities:</b>			
Customers' deposits payable	-	37,696	37,696
Bonds payable	<u>215,000</u>	<u>-</u>	<u>215,000</u>
Total noncurrent liabilities	<u>215,000</u>	<u>37,696</u>	<u>252,696</u>
Total liabilities	<u>299,626</u>	<u>47,684</u>	<u>347,310</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,015,646	2,189,634	3,205,280
Restricted for debt service	20,000	-	20,000
Unrestricted	<u>1,075,845</u>	<u>278,878</u>	<u>1,354,723</u>
Total net assets	<u>\$2,111,491</u>	<u>\$2,468,512</u>	<u>\$4,580,003</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF ELTON, LOUISIANA

Statement of Activities  
For the Year Ended December 31, 2005

	Activities		Program Revenues		Net (Expense) Revenues and Changes in Net Assets		
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 168,157	\$ 38,769	\$ -	\$ -	\$ (129,388)	\$ -	\$ (129,388)
Public safety:							
Police	200,617	31,004	12,270	12,667	(144,676)	-	(144,676)
Fire	37,024	-	37,024	-	-	-	-
Highways and streets	193,360	-	-	10,000	(183,360)	-	(183,360)
Housing rehabilitation	11,161	-	-	11,161	-	-	-
Parks and recreation	12,820	-	-	-	(12,820)	-	(12,820)
Education	82,835	-	82,835	-	(6,739)	-	(6,739)
Animal control	6,739	-	-	-	(26,468)	-	(26,468)
Interest on long-term debt	26,468	-	-	-	(503,451)	-	(503,451)
Total governmental activities	<u>739,181</u>	<u>69,773</u>	<u>132,129</u>	<u>33,828</u>	<u>(503,451)</u>	<u>-</u>	<u>(503,451)</u>
<b>Business-type activities:</b>							
Water	142,992	119,603	-	-	-	(23,389)	(23,389)
Sewer	88,467	86,427	-	-	-	(2,040)	(2,040)
Sanitation	67,873	62,374	-	-	-	(5,499)	(5,499)
Total business-type activities	<u>299,332</u>	<u>268,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,928)</u>	<u>(30,928)</u>
Total	<u>\$1,038,513</u>	<u>\$338,177</u>	<u>\$132,129</u>	<u>\$33,828</u>	<u>(503,451)</u>	<u>(30,928)</u>	<u>(534,379)</u>
<b>General revenues:</b>							
Taxes -							
Property taxes, levied for general purposes					20,321	-	20,321
Sales and use taxes, levied for general purposes					166,612	-	166,612
Franchise taxes					59,479	-	59,479
Grants and contributions not restricted to specific programs -							
State sources					22,502	-	22,502
Community grant revenue					471,817	-	471,817
Interest and investment earnings					25,080	4,191	29,271
Miscellaneous					12,625	8,150	20,775
Transfers					(85,478)	85,478	-
Total general revenues and transfers					<u>692,958</u>	<u>97,819</u>	<u>790,777</u>
Change in net assets					189,507	66,891	256,398
Net assets - January 1, 2005					<u>1,921,984</u>	<u>2,401,621</u>	<u>4,323,605</u>
Net assets - December 31, 2005					<u>\$2,111,491</u>	<u>\$2,468,512</u>	<u>\$4,580,003</u>

The accompanying notes are an integral part of the basic financial statements.

**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.

### **Special Revenue Fund**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

### **Coushatta Tribe Community Grant Fund**

To assist in the construction, maintenance and repair of Elton public schools and to assist with the purchase of books, equipment and supplies to further the educational needs of students attending Elton public schools; to provide fire protection to the reservation of the Coushatta Tribe of Louisiana; to assist in the furnishing of municipal police services; to assist in the construction, maintenance and repair of municipal infrastructure and housing.

### **Debt Service Fund**

Debt service funds are used to accumulate resources to be used to make debt service principal and interest payments on general obligation long-term debt.

### **Certificates of Indebtedness, Series 2002**

To accumulate monies for payment of the 2002 \$800,000 Certificates of Indebtedness. Debt service is financed by the Coushatta Community Grant Fund.

### **Enterprise Fund**

#### **Utility Fund -**

To account for the provision of water, sewer, and sanitation (garbage) services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing related debt service, and billing and collection.

TOWN OF ELTON, LOUISIANA

Balance Sheet - Governmental Funds  
December 31, 2005

	General	Coushatta Tribe Community Grant	2002 Certificates of Indebtedness	Nonmajor Funds	Total
<b>ASSETS</b>					
Cash	\$ 4,397	\$ -	\$ -	\$ 101,699	\$ 106,096
Interest-bearing deposits	-	790,734	-	76,519	867,253
Receivables -					
Taxes	3,870	-	-	9,926	13,796
Due from other funds	9,854	-	-	-	9,854
Due from other governmental units	5,407	147,919	-	-	153,326
Total assets	<u>\$ 23,528</u>	<u>\$ 938,653</u>	<u>\$ -</u>	<u>\$ 188,144</u>	<u>\$ 1,150,325</u>
<b>LIABILITIES AND FUND EQUITY</b>					
Liabilities:					
Accounts payable	\$ 8,486	\$ 29,594	\$ -	\$ -	\$ 38,080
Due to other funds	-	9,854	-	-	9,854
Total liabilities	<u>8,486</u>	<u>39,448</u>	<u>-</u>	<u>-</u>	<u>47,934</u>
Fund balances -					
Reserved for debt service	-	-	-	26,546	26,546
Designated for street improvements	-	-	-	114,432	114,432
Unreserved, undesignated	15,042	899,205	-	47,166	961,413
Total fund balances	<u>15,042</u>	<u>899,205</u>	<u>-</u>	<u>188,144</u>	<u>1,102,391</u>
Total liabilities and fund equity	<u>\$ 23,528</u>	<u>\$ 938,653</u>	<u>\$ -</u>	<u>\$ 188,144</u>	<u>\$ 1,150,325</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF ELTON, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
December 31, 2005

Total fund balances for governmental funds at December 31, 2005			\$1,102,391
Total net assets reported for governmental activities in the statement of net assets is different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:			
Land		\$ 77,858	
Buildings and improvements, net of \$269,755 accumulated depreciation		105,126	
Infrastructure, net of \$374,894 accumulated depreciation		863,277	
Equipment, furniture, and fixtures net of \$203,487 accumulated depreciation		<u>224,385</u>	1,270,646
Long-term liabilities at December 31, 2005:			
Bonds payable		(255,000)	
Accrued interest payable		<u>(6,546)</u>	<u>(261,546)</u>
Total net assets of governmental activities at December 31, 2005			<u>\$2,111,491</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF ELTON, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds

Year Ended December 31, 2005

	General	Coushatta Tribe Community Grant	2002 Certificates of Indebtedness	Nonmajor Funds	Total
<b>Revenues:</b>					
Taxes	\$ 79,800	\$ -	\$ -	\$166,612	\$ 246,412
Licenses and permits	31,500	-	-	-	31,500
Intergovernmental	48,414	10,000	-	11,161	69,575
Community grant revenue	-	591,676	-	-	591,676
Fines and forfeits	31,004	-	-	-	31,004
Miscellaneous	19,401	1,251	20,055	3,292	43,999
Total revenues	<u>210,119</u>	<u>602,927</u>	<u>20,055</u>	<u>181,065</u>	<u>1,014,166</u>
<b>Expenditures:</b>					
Current -					
General government	117,741	9,014	72	8,761	135,588
Public safety:					
Police	178,889	1,845	-	-	180,734
Fire	-	35,511	-	-	35,511
Highways and streets	90,554	56,043	-	-	146,597
Housing rehabilitation	-	-	-	-	-
Parks and recreation	6,852	-	-	11,161	11,161
Education	-	-	-	-	6,852
Animal control	5,950	82,835	-	-	82,835
Capital outlay	3,046	-	-	-	5,950
Debt service -					
Principal retirement	-	62,189	-	-	65,235
Interest	-	-	575,000	53,000	628,000
Total expenditures	<u>403,032</u>	<u>247,437</u>	<u>22,838</u>	<u>15,961</u>	<u>38,799</u>
Excess (deficiency) of revenues over expenditures	<u>(192,913)</u>	<u>355,490</u>	<u>(577,855)</u>	<u>92,182</u>	<u>(323,096)</u>
<b>Other financing sources (uses):</b>					
Transfers in	207,151	284,839	251,186	54,212	797,388
Transfers out	(2,055)	(130,315)	(284,839)	(465,657)	(882,866)
Total other financing sources (uses)	<u>205,096</u>	<u>154,524</u>	<u>(33,653)</u>	<u>(411,445)</u>	<u>(85,478)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	12,183	510,014	(611,508)	(319,263)	(408,574)
Fund balances, beginning	2,859	389,191	611,508	507,407	1,510,965
Fund balances, ending	<u>\$ 15,042</u>	<u>\$ 899,205</u>	<u>\$ -</u>	<u>\$188,144</u>	<u>\$1,102,391</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF ELTON, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended December 31, 2005

Total net changes in fund balances at December 31, 2005 per Statement of Revenues, Expenditures and Changes in Fund Balances			\$ (408,574)
The change in net assets reported for governmental activities in the statement of activities is different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 65,235	
Depreciation expense for the year ended December 31, 2005		<u>(107,485)</u>	(42,250)
Governmental funds report bonded debt repayments as expenditures. However, this expenditure does not appear in the statement of activities since the payment is applied against the bond payable balance on the statement of net assets.			
			628,000
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis			
			<u>12,331</u>
Total changes in net assets at December 31, 2005 per Statement of Activities			<u>\$ 189,507</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF ELTON, LOUISIANA

Statement of Net Assets  
 Proprietary Fund  
 December 31, 2005

	<u>Enterprise Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 39,012
Interest-bearing deposits	222,986
Receivables -	
Accounts	<u>26,868</u>
Total current assets	<u>288,866</u>
Noncurrent assets:	
Restricted assets-	
Customers' deposits -	
Cash	6,286
Interest-bearing deposits	<u>31,410</u>
Total restricted assets	<u>37,696</u>
Capital assets, net of accumulated depreciation	<u>2,189,634</u>
Total noncurrent assets	<u>2,227,330</u>
Total assets	<u>2,516,196</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	7,302
Accrued liabilities	110
Due to other governmental units	<u>2,576</u>
Total current liabilities	<u>9,988</u>
Noncurrent liabilities:	
Customers' deposits	<u>37,696</u>
Total liabilities	<u>47,684</u>
<b>NET ASSETS</b>	
Invested in capital assets	2,189,634
Unrestricted	<u>278,878</u>
Total net assets	<u>\$2,468,512</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF ELTON, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Assets  
 Proprietary Fund  
 Year Ended December 31, 2005

	<u>Enterprise Fund</u>
Operating revenues:	
Charges for services -	
Water charges	\$ 119,603
Sewer charges	86,427
Sanitation charges	62,374
Miscellaneous	<u>8,150</u>
Total operating revenues	<u>276,554</u>
Operating expenses:	
Water department	142,992
Sewer department	87,376
Sanitation department	<u>67,873</u>
Total operating expenses	<u>298,241</u>
Operating loss	<u>(21,687)</u>
Nonoperating revenues (expenses):	
Interest income	4,191
Interest and fiscal charges	<u>(1,091)</u>
Total nonoperating income (expenses)	<u>3,100</u>
Loss before transfers	(18,587)
Transfers in	<u>85,478</u>
Change in net assets	66,891
Net assets, beginning	<u>2,401,621</u>
Net assets, ending	<u>\$ 2,468,512</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF ELTON, LOUISIANA

Statement of Cash Flows  
 Proprietary Fund  
 Year Ended December 31, 2005

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$262,913
Payments to suppliers	(189,594)
Payments to employees	(60,112)
Other receipts	<u>8,150</u>
Net cash provided by operating activities	<u>21,357</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	<u>85,478</u>
Cash flows from capital and related financing activities:	
Principal paid on revenue bond maturities	(27,000)
Interest paid on revenue bonds	(1,350)
Increase in meter deposits	2,396
Acquisition of capital assets	<u>(6,318)</u>
Net cash used by noncapital financing activities	<u>(32,272)</u>
Cash flows from investing activities:	
Purchase of investments	(187,081)
Proceeds from maturities of investments	117,872
Interest received on interest-bearing deposits	<u>4,191</u>
Net cash used by investing activities	<u>(65,018)</u>
Net increase in cash and cash equivalents	9,545
Cash and cash equivalents, beginning of period	<u>103,068</u>
Cash and cash equivalents, end of period	<u>\$112,613</u>

(continued)

TOWN OF ELTON, LOUISIANA

Statement of Cash Flows (Continued)

Proprietary Fund

Year Ended December 31, 2005

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Operating loss	<u>\$(21,687)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities -	
Depreciation	59,700
Changes in current assets and liabilities:	
Increase in accounts receivable	(5,491)
Decrease in other receivable	3,493
Decrease in accounts payable	(14,625)
Decrease in accrued liabilities	(192)
Increase in due to other governments	<u>159</u>
Total adjustments	<u>43,044</u>
Net cash provided by operating activities	<u>\$ 21,357</u>
Cash and cash equivalents, beginning of period -	
Cash - unrestricted	\$ 28,264
Cash - restricted	3,943
Interest-bearing deposits - unrestricted	62,486
Interest-bearing deposits - restricted	126,247
Less: Certificates of deposit with a maturity over three months when purchased	<u>(117,872)</u>
Total cash and cash equivalents	<u>103,068</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	39,012
Cash - restricted	6,286
Interest-bearing deposits - unrestricted	222,986
Interest-bearing deposits - restricted	31,410
Less: Certificates of deposit with a maturity over three months when purchased	<u>(187,081)</u>
Total cash and cash equivalents	<u>112,613</u>
Net increase	<u>\$ 9,545</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

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

The accounting and reporting policies of the Town of Elton conform to generally accepted accounting principles as applicable to governments. The Town applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Elton 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.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Elton 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. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability 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 financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship.

## TOWN OF ELTON, LOUISIANA

### Notes to Basic Financial Statements (Continued)

As required by generally accepted accounting principals, these financial statements present the Town of Elton (the primary government) and its component units. By applying the above criteria, there are no component units of the Town of Elton.

#### B. Basis of Presentation

##### Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government 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 nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental 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, fines, and charges paid by the recipients of goods or services offered by the programs, 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 accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the Town are described below:

Governmental Funds -

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund

Coushatta Tribe Community Grant Fund -

The Coushatta Tribe Community Grant Fund is used to account for funds collected for assisting in the construction, maintenance and repair of Elton public schools, purchasing books, equipment and supplies to further the education needs of students attending Elton public schools; providing fire protection to the reservation of the Coushatta Tribe of Louisiana; assisting in the furnishing of municipal police services; and assisting in the construction, maintenance and repair of municipal infrastructure and housing.

Debt Service Fund

Certificates of Indebtedness, Series 2002

The Certificates of Indebtedness, Series 2002 Fund is used to account for the accumulation of resources for, and the payment of the 2002 \$800,000 Certificates of Indebtedness.

Proprietary Fund -

Enterprise Fund

Enterprise funds are 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 Town of Elton's enterprise fund is the Utility Fund.

## TOWN OF ELTON, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### C. 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 assets and the 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 balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

##### Basis of Accounting

In the government-wide statement of net assets 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.

## TOWN OF ELTON, LOUISIANA

### Notes to Basic Financial Statements (Continued)

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

#### D. Assets, Liabilities and Equity

##### Cash and interest-bearing deposits

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town.

Under state law, the Town may invest in United States bonds, treasury notes, or certificates. Investments are stated at amortized cost.

For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit with an original maturity of three months or less.

##### Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables."

Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and amounts due from other governmental units. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible amounts due for ad valorem taxes and customer's utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables is recorded due to immateriality at December 31, 2005 and 2004.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets.

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

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 assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20 years
Infrastructure	10-30 years
Equipment	5-15 years
Utility system and improvements	30-70 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.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits.

## TOWN OF ELTON, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Long-term debt

The accounting treatment of long-term debt depends on whether the 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 debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of the revenue bonds payable and utility meter deposits payable.

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 payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund financial statements as it is in the government-wide statements.

#### Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Vacation must be taken in the year accrued and cannot be carried over. Sick leave is accumulated by employees at a rate dependent upon number of years of employment. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment. At December 31, 2005, the Town has no material accumulated leave benefits required to be reported in accordance with GASB Statement No. 16 "Accounting for Compensated Absences".

#### Equity Classifications

In the government-wide statements, equity is classified as net assets 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 assets – Consists of net assets 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 assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character  
Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 3
Water, sewer and sanitation revenue	Debt service and utility operations

The Town uses unrestricted resources only when restricted resources are fully depleted.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

G. Budget and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to December 15, the Town Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following January 1.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

H. Capitalization of Interest Expense

It is the policy of the Town of Elton to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At December 31, 2005 there was no interest expense capitalized.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

I. Use of Estimates

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

J. Report Classification

Certain previously reported amounts for the year ended December 31, 2004 have been reclassified to conform to the December 31, 2005 classifications.

(2) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessors of Jefferson Davis and Allen Parishes. Town property tax revenues are budgeted in the year billed.

For the year ended December 31, 2005, taxes of 6.07 mills were levied on property with assessed valuations totaling \$3,347,719 and were dedicated for general corporate purposes.

Total taxes levied were \$20,321. Taxes receivable at December 31, 2005 and 2004 were \$3,870 and \$9,378, respectively.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(3) Dedication of Sales Tax Proceeds

Proceeds of a 1 percent sales and use tax (accounted for in the 1975 Sales Tax Fund – a special revenue fund) levied by the Town of Elton (2005 collections \$83,306; 2004 collections \$78,777) are dedicated to the following purposes:

Opening, constructing, paving, resurfacing, and improving streets, sidewalks and bridges, constructing and purchasing street lighting facilities; constructing and improving drains, drainage canals and sub-surface drainage; constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment; constructing and purchasing garbage disposal and health and sanitation equipment and facilities; constructing public buildings; purchasing, constructing and improving public parks and recreational facilities and acquiring the necessary equipment and furnishings therefore; purchasing equipment and furnishings therefore; purchasing equipment for civil defense; improving any work of permanent public improvement; and purchasing and acquiring all equipment and furnishings for the public works, buildings, improvements and facilities of the Town of Elton, Louisiana, title to which all shall be in the public.

Proceeds of a 1 percent sales and use tax (accounted for in the 1991 Sales Tax Fund – a special revenue fund) levied by the Town of Elton (2005 collections \$83,306; 2004 collections \$78,777) are dedicated to the following purpose:

Maintenance, repair and upkeep of the streets in the Town of Elton, Louisiana and payment of the 2001 certificates of indebtedness.

(4) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2005, the Town had cash and interest-bearing deposits (book balances) totaling \$1,273,043 as follows:

Demand deposits	\$ 151,394
Money market accounts and certificates of deposit	<u>1,121,649</u>
Total	<u>\$ 1,273,043</u>

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

These deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. 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. Deposit balances (bank balances) at December 31, 2005 were secured as follows:

Bank balances	<u>\$1,294,022</u>
Federal deposit insurance	\$ 300,000
Pledged securities (Category 3)	<u>994,022</u>
 Total FDIC insurance and pledged securities	 <u>\$1,294,022</u>

Pledged securities in Category 3 include uninsured or unregistered investments, for which securities are held by the broker or dealer, or by its trust department or agent, but not in the Town's name. Even though the pledged securities are considered uncollateralized (Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

(5) Receivables

Receivables at December 31, 2005 of \$40,664 consist of the following:

	<u>General</u>	<u>Other Governmental</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$26,868	\$ 26,868
Taxes:				
Ad valorem	3,870	-	-	3,870
Sales tax	-	9,926	-	9,926
	<u>3,870</u>	<u>9,926</u>	<u>26,868</u>	<u>40,664</u>
Totals	<u>\$ 3,870</u>	<u>\$ 9,926</u>	<u>\$26,868</u>	<u>\$ 40,664</u>

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Due from Other Governmental Units

The amount due from other governmental units of \$153,326 consisted of the following at December 31, 2005:

Amount due from State of Louisiana for beer taxes earned for the fiscal year ending December 31, 2005	\$ 500
Amount due from State of Louisiana for video poker revenue earned for the months of November and December, 2005	3,567
Amount due from State of Louisiana Department of Transportation and Development for street maintenance for the fiscal year ending December 31, 2005	1,340
Amount due from the Coshatta Tribe of Louisiana for the Town's share of gaming revenues earned for the quarter ended December, 2005	<u>147,919</u>
	<u>\$153,326</u>

(7) Restricted Assets - Proprietary Fund Type

Restricted assets of \$37,696 at December 31 consisted of amounts owed for customers' deposits.

(8) Accounts and Other Payables

The accounts and other payables of \$48,068 consisted of the following at December 31, 2005:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 38,080	\$ 7,302	\$ 45,382
Other liabilities	-	110	110
Due to other governmental units	-	<u>2,576</u>	<u>2,576</u>
Totals	<u>\$ 38,080</u>	<u>\$ 9,988</u>	<u>\$ 48,068</u>

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(9) Capital Assets

Capital asset activity for the year ended December 31, 2005 was as follows:

	<u>01/01/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/05</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 77,858	\$ -	\$ -	\$ 77,858
<b>Other capital assets:</b>				
Buildings	374,881	-	-	374,881
Infrastructure	1,236,411	1,760	-	1,238,171
Equipment, furniture and fixtures	364,397	63,475	-	427,872
Totals	<u>2,053,547</u>	<u>65,235</u>	<u>-</u>	<u>2,118,782</u>
Less accumulated depreciation				
Buildings	261,791	7,964	-	269,755
Infrastructure	317,641	57,253	-	374,894
Equipment, furniture and fixtures	161,219	42,268	-	203,487
Total accumulated depreciation	<u>740,651</u>	<u>107,485</u>	<u>-</u>	<u>848,136</u>
Governmental activities, capital assets, net	<u>\$ 1,312,896</u>	<u>\$ (42,250)</u>	<u>\$ -</u>	<u>\$ 1,270,646</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land - water system	\$ 10,000	\$ -	\$ -	\$ 10,000
<b>Other capital assets:</b>				
Water system -				
Plant and lines	1,295,917	-	-	1,295,917
Equipment	32,276	-	-	32,276
Autos and trucks	11,250	-	-	11,250
Office equipment	16,056	-	-	16,056
Sewer system -				
Plant and lines	2,191,347	6,318	-	2,197,665
Equipment	43,507	-	-	43,507
Autos and trucks	2,700	-	-	2,700
Office equipment	715	-	-	715
Totals	<u>3,603,768</u>	<u>6,318</u>	<u>-</u>	<u>3,610,086</u>
Less accumulated depreciation				
Water system	607,606	25,644	-	633,250
Sewer system	753,146	34,056	-	787,202
Total accumulated depreciation	<u>1,360,752</u>	<u>59,700</u>	<u>-</u>	<u>1,420,452</u>
Business-type activities, capital assets, net	<u>\$ 2,243,016</u>	<u>\$ (53,382)</u>	<u>\$ -</u>	<u>\$ 2,189,634</u>

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 32,569
Police	19,883
Fire	1,513
Highways and streets	46,763
Parks and recreation	5,968
Animal control	<u>789</u>
Total depreciation expense	<u>\$ 107,485</u>

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

Water	\$ 25,644
Sewer	<u>34,056</u>
Total depreciation expense	<u>\$ 59,700</u>

(10) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended December 31, 2005:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Long-term debt payable, January 1, 2005	\$ 883,000	\$ 27,000	\$ 910,000
Long-term debt issued	-	-	-
Long-term debt retired	<u>(628,000)</u>	<u>(27,000)</u>	<u>(655,000)</u>
Long-term debt payable, December 31, 2005	<u>\$ 255,000</u>	<u>\$ -</u>	<u>\$ 255,000</u>

Long-term debt payable at December 31, 2005 is comprised of the following individual general obligation debt issue:

Certificates of Indebtedness:

\$380,000 certificates of indebtedness dated July 1, 2001; due in semi-annual installments of \$20,000 to \$25,000 through July 1, 2011; interest starting at 4.85 percent and increasing to 5.30 percent from July 1, 2001 through July 1, 2011; payable from sales taxes.

\$ 255,000

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

The certificates are due as follows:

Year ending June 30,	Governmental Activities	
	Principal payments	Interest payments
2006	\$ 40,000	\$ 12,598
2007	40,000	10,612
2008	40,000	8,603
2009	40,000	6,557
2010	45,000	4,488
2011	50,000	1,987
Total	<u>\$ 255,000</u>	<u>\$ 44,845</u>

(11) Employee Retirement

All employees of the Town of Elton participate in the Social Security System. For the years ended December 31, 2005 and 2004, the Town and its employees contributed a percentage of each employee's salary to the System (7.65% contributed by the Town, 7.65% by the employees). The Town's contribution during the years ended December 31, 2005 and 2004 amounted to \$19,186 and \$18,665, respectively.

(12) Segment Information for the Enterprise Fund

The Town of Elton maintains one enterprise fund with three departments which provide water, sewerage and sanitation services. Segment information for the year ended December 31, 2005, was as follows:

	Water Department	Sewer Department	Sanitation Department	Total Enterprise Fund
Operating revenues	<u>\$127,753</u>	<u>\$ 86,427</u>	<u>\$ 62,374</u>	<u>\$ 276,554</u>
Operating expenses:				
Depreciation	25,644	34,056	-	59,700
Other	<u>117,348</u>	<u>53,320</u>	<u>67,873</u>	<u>238,541</u>
Total operating expenses	<u>142,992</u>	<u>87,376</u>	<u>67,873</u>	<u>298,241</u>
Operating loss	<u>\$ (15,239)</u>	<u>\$ (949)</u>	<u>\$ (5,499)</u>	<u>\$ (21,687)</u>

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(13) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended December 31, 2005 follows:

Mayor:

Catherine Hollingsworth	<u>\$ 15,600</u>
-------------------------	------------------

Aldermen:

Durffey Fontenot, Jr.	2,400
Alphonse Guillory	2,400
Kimberly Guidry	2,400
Margaret Langley	2,400
Tracie Treme	<u>2,400</u>
	<u>12,000</u>
	<u>\$ 27,600</u>

(14) Risk Management

The Town is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage for each of those risks of loss. Management believes coverage is sufficient to preclude any significant uninsured losses to the Town.

(15) Pending Litigation

There were several lawsuits pending against the Town of Elton involving monetary liability at December 31, 2005; however management and counsel believe insurance coverage is sufficient to pay any claims.

(16) Water Contract

Under a contract dated January 1, 2005, the Town of Elton is required to purchase its water from the East Allen Parish Waterworks District until December 31, 2005. During the fiscal year ended December 31, 2005, the Town's water purchases amounted to \$54,696. These purchases included \$5,176 owed at December 31, 2005 for water purchased for the month of December.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(17) Interfund Transactions

A. Receivables and Payables

The interfund receivable and payable in the amount of \$9,854 at December 31, 2005 consisted of the amount due to the General Fund from the Coushatta Tribe Community Grant Fund for short-term loans.

B. Transfers

Transfers consisted of the following at December 31, 2005:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$207,151	\$ 2,055
Coushatta Tribe Community Grant Fund	284,839	130,315
2002 Certificates of Indebtedness Fund	251,186	284,839
Non-major governmental funds:		
1975 Sales Tax Fund	-	90,461
1991 Sales Tax Fund	-	54,212
1980 Public Improvement Bond	-	69,798
2001 Certificates of Indebtedness Fund	54,212	-
Drainage Improvements Capital Projects Fund		251,186
Proprietary Fund:		
Enterprise Fund	<u>85,478</u>	<u>-</u>
Total	<u>\$882,866</u>	<u>\$882,866</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the different funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

TOWN OF ELTON, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
Year Ended December 31, 2005

	2005			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 82,500	\$ 82,500	\$ 79,800	\$ (2,700)
Licenses and permits	35,000	36,000	31,500	(4,500)
Intergovernmental	41,800	45,510	48,414	2,904
Fines and forfeits	43,000	37,000	31,004	(5,996)
Miscellaneous	15,350	16,100	19,401	3,301
<b>Total revenues</b>	<u>217,650</u>	<u>217,110</u>	<u>210,119</u>	<u>(6,991)</u>
<b>Expenditures:</b>				
<b>Current -</b>				
General government	143,800	140,800	117,741	23,059
Public safety - police	151,800	155,300	178,889	(23,589)
Highways and streets	90,000	101,000	90,554	10,446
Parks and recreation	2,100	6,000	6,852	(852)
Animal control	5,450	5,630	5,950	(320)
<b>Capital outlay</b>	-	13,138	3,046	10,092
<b>Total expenditures</b>	<u>393,150</u>	<u>421,868</u>	<u>403,032</u>	<u>18,836</u>
<b>Deficiency of revenues over expenditures</b>	<u>(175,500)</u>	<u>(204,758)</u>	<u>(192,913)</u>	<u>11,845</u>
<b>Other financing sources (uses):</b>				
Transfers in	170,000	220,000	207,151	(12,849)
Transfers out	-	-	(2,055)	(2,055)
<b>Total other financing sources (uses)</b>	<u>170,000</u>	<u>220,000</u>	<u>205,096</u>	<u>(14,904)</u>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<u>(5,500)</u>	<u>15,242</u>	<u>12,183</u>	<u>(3,059)</u>
Fund balance, beginning	<u>2,859</u>	<u>2,859</u>	<u>2,859</u>	<u>-</u>
Fund balance, ending	<u>\$ (2,641)</u>	<u>\$ 18,101</u>	<u>\$ 15,042</u>	<u>\$ (3,059)</u>

TOWN OF ELTON, LOUISIANA  
Coushatta Tribe Community Grant Fund

Budgetary Comparison Schedule  
Year Ended December 31, 2005

	2005			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<b>Revenues:</b>				
Intergovernmental - state grant	\$ -	\$ 10,000	\$ 10,000	\$ -
Community grant revenue	750,000	590,000	591,676	1,676
Miscellaneous - interest	6,000	1,200	1,251	51
<b>Total revenues</b>	<u>756,000</u>	<u>601,200</u>	<u>602,927</u>	<u>1,727</u>
<b>Expenditures:</b>				
<b>Current -</b>				
<b>General government:</b>				
Professional fees	4,000	7,000	7,021	(21)
Miscellaneous	1,000	1,000	1,993	(993)
<b>Total general government</b>	<u>5,000</u>	<u>8,000</u>	<u>9,014</u>	<u>(1,014)</u>
<b>Public safety:</b>				
Repairs and maintenance	-	-	505	(505)
Police training	-	1,340	1,340	-
<b>Total police</b>	<u>-</u>	<u>1,340</u>	<u>1,845</u>	<u>(505)</u>
Appropriation to Fire District - fire protection	45,000	35,400	35,511	(111)
<b>Highways and streets:</b>				
Repairs and maintenance	68,000	42,000	56,043	(14,043)
<b>Education:</b>				
Public schools	105,000	82,600	82,835	(235)
<b>Capital outlay -</b>				
<b>General government:</b>				
Equipment	8,000	33,652	28,109	5,543
<b>Public safety:</b>				
Equipment - police	7,000	21,139	21,139	-
<b>Highways and streets:</b>				
Street improvements	-	-	-	-
Barn addition	-	-	-	-
Equipment	-	-	-	-
<b>Parks and recreation:</b>				
Improvements	50,000	12,941	12,941	-
<b>Total capital outlay</b>	<u>65,000</u>	<u>67,732</u>	<u>62,189</u>	<u>5,543</u>
<b>Total expenditures</b>	<u>288,000</u>	<u>237,072</u>	<u>247,437</u>	<u>(10,365)</u>
<b>Excess of revenues over expenditures</b>	<u>468,000</u>	<u>364,128</u>	<u>355,490</u>	<u>(8,638)</u>
<b>Other financing sources (uses):</b>				
Transfers to General Fund	(120,000)	(120,000)	(112,325)	7,675
Transfers to Utility Fund	(35,000)	(32,000)	(17,990)	14,010
Transfers from (to) 2002 Certificates of Indebtedness Fund	(385,000)	(250,000)	284,839	534,839
<b>Total other financing sources (uses)</b>	<u>(540,000)</u>	<u>(402,000)</u>	<u>154,524</u>	<u>556,524</u>
<b>Excess (deficiency) of revenues and other sources     over expenditures and other uses</b>	<u>(72,000)</u>	<u>(37,872)</u>	<u>510,014</u>	<u>547,886</u>
<b>Fund balance, beginning</b>	<u>389,191</u>	<u>389,191</u>	<u>389,191</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$317,191</u>	<u>\$ 351,319</u>	<u>\$899,205</u>	<u>\$547,886</u>

**OTHER SUPPLEMENTARY INFORMATION**

**OTHER FINANCIAL INFORMATION**

TOWN OF ELTON, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Revenues  
Year Ended December 31, 2005

With Comparative Actual Amounts for the Year Ended December 31, 2004

	2005			Variance with Final Budget Positive (Negative)	2004 Actual
	Budget		Actual		
	Original	Final			
<b>Taxes:</b>					
Ad valorem	\$ 19,500	\$ 19,500	\$ 20,321	\$ 821	\$ 21,097
Franchise tax	63,000	63,000	59,479	(3,521)	59,376
Total taxes	<u>82,500</u>	<u>82,500</u>	<u>79,800</u>	<u>(2,700)</u>	<u>80,473</u>
<b>Licenses and permits:</b>					
Occupational licenses	<u>35,000</u>	<u>36,000</u>	<u>31,500</u>	<u>(4,500)</u>	<u>38,152</u>
<b>Intergovernmental:</b>					
State of Louisiana -					
State revenue sharing	6,000	6,000	5,346	(654)	5,477
Beer taxes	2,500	2,500	2,120	(380)	2,377
Video poker	12,000	15,000	15,036	36	10,338
Supplemental pay	14,400	10,640	12,270	1,630	12,190
Grants	3,000	10,395	12,667	2,272	4,855
Jeff Davis Parish Police Jury	3,900	975	975	-	3,900
Total intergovernmental	<u>41,800</u>	<u>45,510</u>	<u>48,414</u>	<u>2,904</u>	<u>39,137</u>
Fines and forfeits	<u>43,000</u>	<u>37,000</u>	<u>31,004</u>	<u>(5,996)</u>	<u>39,263</u>
<b>Miscellaneous:</b>					
Interest income	650	800	482	(318)	536
Fire protection fees	6,500	6,500	6,294	(206)	6,360
Other	8,200	8,800	12,625	3,825	7,142
Total miscellaneous	<u>15,350</u>	<u>16,100</u>	<u>19,401</u>	<u>3,301</u>	<u>14,038</u>
<b>Total revenues</b>	<u>\$217,650</u>	<u>\$217,110</u>	<u>\$210,119</u>	<u>\$ (6,991)</u>	<u>\$211,063</u>

TOWN OF ELTON, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures  
Year Ended December 31, 2005  
With Comparative Actual Amounts for the Year Ended December 31, 2004

	2005			Variance with Final Budget Positive (Negative)	2004 Actual
	Budget		Actual		
	Original	Final			
<b>Current:</b>					
<b>General government -</b>					
Coroner fees	\$ 500	\$ 1,500	\$ 1,350	\$ 150	\$ 675
Dues and subscriptions	700	500	439	61	816
Fire assessments	6,500	6,500	6,294	206	6,360
Insurance	27,000	26,000	27,717	(1,717)	25,308
Janitorial supplies	2,500	3,000	3,214	(214)	2,208
Legal and professional	15,000	12,000	7,412	4,588	10,674
Mayor's expense	100	100	134	(34)	27
Miscellaneous	200	400	569	(169)	1,396
Office expenditures	6,500	6,000	8,993	(2,993)	7,047
Payroll taxes	4,600	4,600	3,778	822	4,877
Publishing and recording	1,000	1,000	659	341	1,024
Rent - fire hydrant	3,900	3,900	975	2,925	3,900
Salaries	60,000	60,000	42,842	17,158	60,176
Telephone	5,000	4,600	4,618	(18)	4,961
Meetings, workshops, and conventions	1,100	500	-	500	914
Repairs and maintenance	200	2,200	1,923	277	333
Utilities	9,000	8,000	6,824	1,176	9,004
Total general government	<u>143,800</u>	<u>140,800</u>	<u>117,741</u>	<u>23,059</u>	<u>139,700</u>
<b>Public safety - police -</b>					
Auto expenditures	12,000	12,000	14,802	(2,802)	12,610
Insurance	9,500	10,000	10,240	(240)	9,119
Salaries	89,500	95,000	106,884	(11,884)	86,843
Miscellaneous	1,300	4,000	801	3,199	1,183
Payroll taxes	6,900	8,500	8,177	323	6,844
Prisoners' expenditures	5,600	2,500	2,181	319	4,876
Supplies	5,600	2,500	14,833	(12,333)	6,286
Repairs and maintenance	14,000	14,000	15,950	(1,950)	12,530
State court costs	1,300	1,000	671	329	1,018
Training academy	500	300	62	238	300
Telephone and utilities	4,000	3,500	3,258	242	4,404
Uniforms	1,600	2,000	1,030	970	2,082
Total public safety	<u>151,800</u>	<u>155,300</u>	<u>178,889</u>	<u>(23,589)</u>	<u>148,095</u>

(continued)

TOWN OF ELTON, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
Year Ended December 31, 2005  
With Comparative Actual Amounts for the Year Ended December 31, 2004

	2005			Variance with Final Budget Positive (Negative)	2004 Actual
	Budget		Actual		
	Original	Final			
Highways and streets -					
Auto expenditures	3,300	4,000	3,239	761	3,677
Insurance	5,000	5,000	4,911	89	4,925
Miscellaneous	100	-	-	-	66
Payroll taxes	2,700	3,500	3,173	327	2,800
Repairs and maintenance	25,000	27,000	21,699	5,301	21,342
Salaries	35,000	43,500	41,479	2,021	35,189
Supplies	900	1,000	940	60	1,140
Utilities	18,000	17,000	15,113	1,887	17,261
Total highways and streets	<u>90,000</u>	<u>101,000</u>	<u>90,554</u>	<u>10,446</u>	<u>86,400</u>
Parks and recreation -					
Repairs and maintenance	1,000	4,800	5,419	(619)	1,697
Utilities	1,100	1,200	1,433	(233)	966
Total parks and recreation	<u>2,100</u>	<u>6,000</u>	<u>6,852</u>	<u>(852)</u>	<u>2,663</u>
Animal control -					
Insurance	450	450	433	17	419
Payroll taxes	300	280	284	(4)	274
Salaries	3,700	3,600	3,708	(108)	3,554
Supplies	1,000	1,300	1,525	(225)	905
Total animal control	<u>5,450</u>	<u>5,630</u>	<u>5,950</u>	<u>(320)</u>	<u>5,152</u>
Capital outlay:					
Public safety - police -					
Equipment	-	10,312	1,286	9,026	-
Highways and streets -					
Fence	-	2,826	1,760	1,066	-
Total capital outlay	<u>-</u>	<u>13,138</u>	<u>3,046</u>	<u>10,092</u>	<u>-</u>
Total expenditures	<u>\$393,150</u>	<u>\$421,868</u>	<u>\$403,032</u>	<u>\$ 18,836</u>	<u>\$382,010</u>

TOWN OF ELTON, LOUISIANA  
2002 Certificates of Indebtedness Debt Service Fund

Budgetary Comparison Schedule  
Year Ended December 31, 2005

With Comparative Actual Amounts for the Year Ended December 31, 2004

	2005			Variance with Final Budget Positive (Negative)	2004 Actual
	Budget		Actual		
	Original	Final			
<b>Revenues:</b>					
Miscellaneous - interest	\$ 6,000	\$ 21,600	\$ 20,055	\$ (1,545)	\$ 7,157
<b>Expenditures:</b>					
General government-					
Miscellaneous	-	100	72	28	73
Debt service -					
Principal retirement	135,000	575,000	575,000	-	130,000
Interest	21,355	22,000	22,838	(838)	26,246
Total debt service	156,355	597,000	597,838	(838)	156,246
Total expenditures	156,355	597,100	597,910	(810)	156,319
Deficiency of revenues over expenditures	(150,355)	(575,500)	(577,855)	(2,355)	(149,162)
<b>Other financing sources (uses):</b>					
Transfer from Drainage Improvements Fund	-	250,000	251,186	1,186	-
Transfers from (to) Coushatta Tribe Community Grant Fund	385,000	-	(284,839)	(284,839)	277,514
Total other financing sources (uses)	385,000	250,000	(33,653)	(283,653)	277,514
Excess (deficiency) of revenues and other sources over expenditures and other uses	234,645	(325,500)	(611,508)	(286,008)	128,352
Fund balance, beginning	611,508	611,508	611,508	-	483,156
Fund balance, ending	\$846,153	\$286,008	\$ -	\$ (286,008)	\$611,508

**NONMAJOR GOVERNMENTAL FUNDS**

TOWN OF ELTON, LOUISIANA  
Nonmajor Governmental Funds

Combining Balance Sheet  
December 31, 2005  
With Comparative Totals for December 31, 2004

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>	
				<u>2005</u>	<u>2004</u>
ASSETS					
Cash	\$ 75,153	\$ 26,546	\$ -	\$101,699	\$ 80,520
Interest-bearing deposits	76,519	-	-	76,519	392,790
Receivables:					
Taxes	9,926	-	-	9,926	16,492
Due from other funds	-	-	-	-	<u>17,605</u>
<b>TOTAL ASSETS</b>	<b><u>\$161,598</u></b>	<b><u>\$ 26,546</u></b>	<b><u>\$ -</u></b>	<b><u>\$188,144</u></b>	<b><u>\$507,407</u></b>
FUND BALANCES					
Fund balances:					
Reserved for debt service	\$ -	\$ 26,546	\$ -	\$ 26,546	\$112,491
Unreserved, designated for street improvements	114,432	-	-	114,432	337,421
Unreserved, undesignated	<u>47,166</u>	<u>-</u>	<u>-</u>	<u>47,166</u>	<u>57,495</u>
<b>Total fund balances</b>	<b><u>\$161,598</u></b>	<b><u>\$ 26,546</u></b>	<b><u>\$ -</u></b>	<b><u>\$188,144</u></b>	<b><u>\$507,407</u></b>

TOWN OF ELTON, LOUISIANA  
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended December 31, 2005  
With Comparative Totals for the Year Ended December 31, 2004

	Special Revenue	Debt Service	Capital Projects	Totals	
				2005	2004
<b>Revenues:</b>					
Taxes -					
Sales	\$166,612	\$ -	\$ -	\$166,612	\$ 157,554
Ad valorem	-	-	-	-	28,163
Intergovernmental - federal grant			11,161	11,161	16,028
Miscellaneous	1,520	1,274	498	3,292	1,419
Total revenues	<u>168,132</u>	<u>1,274</u>	<u>11,659</u>	<u>181,065</u>	<u>203,164</u>
<b>Expenditures:</b>					
Current -					
General government:					
Professional fees	2,570	2,672	-	5,242	6,409
Collection fees	3,500	-	-	3,500	3,376
Miscellaneous	19	-	-	19	20
Total general government	<u>6,089</u>	<u>2,672</u>	<u>-</u>	<u>8,761</u>	<u>9,805</u>
Housing rehabilitation -					
Cost relocation	-	-	-	-	7,440
Administration and other	-	-	11,161	11,161	8,588
Total housing rehabilitation	<u>-</u>	<u>-</u>	<u>11,161</u>	<u>11,161</u>	<u>16,028</u>
Debt service -					
Principal retirement	-	53,000	-	53,000	46,000
Interest and fiscal charges	-	15,961	-	15,961	18,039
Total debt service	<u>-</u>	<u>68,961</u>	<u>-</u>	<u>68,961</u>	<u>64,039</u>
Total expenditures	<u>6,089</u>	<u>71,633</u>	<u>11,161</u>	<u>88,883</u>	<u>89,872</u>
Excess (deficiency) of revenues over expenditures	<u>162,043</u>	<u>(70,359)</u>	<u>498</u>	<u>92,182</u>	<u>113,292</u>
Other financing sources (uses):					
Transfers in	-	54,212	-	54,212	45,856
Transfers out	<u>(144,673)</u>	<u>(69,798)</u>	<u>(251,186)</u>	<u>(465,657)</u>	<u>(102,123)</u>
Total financing sources (uses)	<u>(144,673)</u>	<u>(15,586)</u>	<u>(251,186)</u>	<u>(411,445)</u>	<u>(56,267)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	17,370	(85,945)	(250,688)	(319,263)	57,025
Fund balances, beginning	<u>144,228</u>	<u>112,491</u>	<u>250,688</u>	<u>507,407</u>	<u>450,382</u>
Fund balances, ending	<u>\$161,598</u>	<u>\$26,546</u>	<u>\$ -</u>	<u>\$188,144</u>	<u>\$ 507,407</u>

## **NONMAJOR SPECIAL REVENUE FUNDS**

### **1975 Sales Tax Fund**

To account for the receipt and use of proceeds of the Town's 1% sales and use tax. These taxes are dedicated to the opening, constructing, paving, resurfacing and improving streets, sidewalks and bridges, constructing and purchasing street lighting facilities; constructing and improving drains, drainage canals and sub-surface drainage; constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment; constructing and purchasing garbage disposal and health and sanitation equipment and facilities; constructing public buildings; purchasing, constructing and improving public parks and recreational facilities and acquiring the necessary equipment and furnishing thereof; purchasing equipment for civil defense; improving any work of permanent public improvement; and purchasing and acquiring all equipment and furnishings for the public works, buildings, improvements and facilities of the Town of Elton, Louisiana.

### **1991 Sales Tax Fund**

To account for the receipt and use of proceeds of the Town's 1% sales and use tax. These taxes are dedicated to the maintenance, repairs, and upkeep of streets in the Town of Elton, Louisiana.

TOWN OF ELTON, LOUISIANA  
Nonmajor Special Revenue Funds

Combining Balance Sheet  
December 31, 2005  
With Comparative Totals for December 31, 2004

	1975 Sales Tax	1991 Sales Tax	Totals	
	<u>          </u>	<u>          </u>	<u>2005</u>	<u>2004</u>
ASSETS				
Cash	\$42,203	\$ 32,950	\$ 75,153	\$ 58,125
Interest-bearing deposits	-	76,519	76,519	75,000
Taxes receivable	<u>4,963</u>	<u>4,963</u>	<u>9,926</u>	<u>11,103</u>
Total assets	<u>\$47,166</u>	<u>\$ 114,432</u>	<u>\$161,598</u>	<u>\$ 144,228</u>
FUND BALANCES				
Fund balances:				
Designated for street improvements	\$ -	\$ 114,432	\$114,432	\$ 86,733
Unreserved, undesignated	<u>47,166</u>	<u>-</u>	<u>47,166</u>	<u>57,495</u>
Total fund balances	<u>\$47,166</u>	<u>\$ 114,432</u>	<u>\$161,598</u>	<u>\$ 144,228</u>

TOWN OF ELTON, LOUISIANA  
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Year Ended December 31, 2005  
With Comparative Totals for the Year Ended December 31, 2004

	1975 Sales Tax	1991 Sales Tax	Totals	
			2005	2004
<b>Revenues:</b>				
Taxes - sales	\$ 83,306	\$ 83,306	\$ 166,612	\$ 157,554
Miscellaneous - interest	-	1,520	1,520	-
Total revenues	<u>83,306</u>	<u>84,826</u>	<u>168,132</u>	<u>157,554</u>
<b>Expenditures:</b>				
Current -				
General government:				
Professional fees	1,420	1,150	2,570	4,109
Collection fees	1,750	1,750	3,500	3,376
Miscellaneous	4	15	19	20
Total general government	<u>3,174</u>	<u>2,915</u>	<u>6,089</u>	<u>7,505</u>
Excess of revenues over expenditures	<u>80,132</u>	<u>81,911</u>	<u>162,043</u>	<u>150,049</u>
<b>Other financing uses:</b>				
Transfers to General Fund	(83,961)	-	(83,961)	(48,204)
Transfers to Utility Fund	(6,500)	-	(6,500)	(8,300)
Transfers to 2001 Cert of Indebtedness Fund	-	(54,212)	(54,212)	(45,619)
Total other financing uses	<u>(90,461)</u>	<u>(54,212)</u>	<u>(144,673)</u>	<u>(102,123)</u>
Excess (deficiency) of revenues over expenditures and other uses	(10,329)	27,699	17,370	47,926
Fund balances, beginning	<u>57,495</u>	<u>86,733</u>	<u>144,228</u>	<u>96,302</u>
Fund balances, ending	<u>\$ 47,166</u>	<u>\$ 114,432</u>	<u>\$ 161,598</u>	<u>\$ 144,228</u>

TOWN OF ELTON, LOUISIANA  
 Nonmajor Special Revenue Fund  
 1975 Sales Tax Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance-  
 Budget (GAAP Basis) and Actual  
 Year Ended December 31, 2005  
 With Comparative Actual Amounts for the Year Ended December 31, 2004

	2005		Variance -	2004
	Budget	Actual	Favorable (Unfavorable)	Actual
<b>Revenues:</b>				
Taxes	<u>\$ 79,000</u>	<u>\$ 83,306</u>	<u>\$ 4,306</u>	<u>\$ 78,777</u>
<b>Expenditures:</b>				
Current -				
General government:				
Professional fees	3,000	1,420	1,580	1,947
Collection fees	2,000	1,750	250	1,688
Miscellaneous	<u>50</u>	<u>4</u>	<u>46</u>	<u>3</u>
Total general government	<u>5,050</u>	<u>3,174</u>	<u>1,876</u>	<u>3,638</u>
Excess of revenues over expenditures	<u>73,950</u>	<u>80,132</u>	<u>6,182</u>	<u>75,139</u>
<b>Other financing uses:</b>				
Transfers to General Fund	(100,000)	(83,961)	16,039	(48,204)
Transfers to Utility Fund	<u>(10,000)</u>	<u>(6,500)</u>	<u>3,500</u>	<u>(8,300)</u>
Total other financing uses	<u>(110,000)</u>	<u>(90,461)</u>	<u>19,539</u>	<u>(56,504)</u>
Excess (deficiency) of revenues over expenditures and other uses	(36,050)	(10,329)	25,721	18,635
Fund balance, beginning	<u>57,495</u>	<u>57,495</u>	-	<u>38,860</u>
Fund balance, ending	<u>\$ 21,445</u>	<u>\$ 47,166</u>	<u>\$ 25,721</u>	<u>\$ 57,495</u>

TOWN OF ELTON, LOUISIANA  
 Nonmajor Special Revenue Fund  
 1991 Sales Tax Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance-  
 Budget (GAAP Basis) and Actual  
 Year Ended December 31, 2005  
 With Comparative Actual Amounts for the Year Ended December 31, 2004

	2005		Variance - Favorable (Unfavorable)	2004 Actual
	Budget	Actual		
<b>Revenues:</b>				
Taxes	\$ 79,000	\$ 83,306	\$4,306	\$78,777
Miscellaneous - interest	-	1,520	1,520	-
Total revenues	<u>79,000</u>	<u>84,826</u>	<u>5,826</u>	<u>78,777</u>
<b>Expenditures:</b>				
Current -				
General government:				
Professional fees	3,000	1,150	1,850	2,162
Collection fees	2,000	1,750	250	1,688
Miscellaneous	50	15	35	17
Total general government	<u>5,050</u>	<u>2,915</u>	<u>2,135</u>	<u>3,867</u>
Excess of revenues over expenditures	73,950	81,911	7,961	74,910
<b>Other financing uses:</b>				
Transfers to 2001 Certificates of Indebtedness	<u>(49,426)</u>	<u>(54,212)</u>	<u>(4,786)</u>	<u>(45,619)</u>
Excess of revenues over expenditures and other uses	24,524	27,699	3,175	29,291
Fund balance, beginning	<u>86,733</u>	<u>86,733</u>	-	<u>57,442</u>
Fund balance, ending	<u>\$111,257</u>	<u>\$114,432</u>	<u>\$3,175</u>	<u>\$86,733</u>

## **NONMAJOR DEBT SERVICE FUNDS**

### **Public Improvement Bonds dated 10/22/80**

To accumulate monies for payment of the 1980 \$224,000 Public Improvement Sewer Bonds. Debt Service is financed by the levy of a specific ad valorem tax.

### **Certificates of Indebtedness, Series 2001**

To accumulate monies for payment of the 2001 \$380,000 Certificates of Indebtedness. Debt service is financed by the levy of a 1% sales and use tax.

TOWN OF ELTON, LOUISIANA  
Nonmajor Debt Service Funds

Combining Balance Sheet  
December 31, 2005  
With Comparative Totals for December 31, 2004

	<u>1980 Public Improvement Bond</u>	<u>2001 Certificates of Indebtedness</u>	<u>Totals</u>	
			<u>2005</u>	<u>2004</u>
<b>ASSETS</b>				
Cash	\$ -	\$ 26,546	\$ 26,546	\$ 22,395
Interest-bearing deposits	-	-	-	76,479
Receivables				
Taxes	-	-	-	5,389
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,228</u>
Total assets	<u>\$ -</u>	<u>\$ 26,546</u>	<u>\$ 26,546</u>	<u>\$ 112,491</u>
<b>FUND BALANCES</b>				
Fund balances:				
Reserved for debt service	<u>\$ -</u>	<u>\$ 26,546</u>	<u>\$ 26,546</u>	<u>\$ 112,491</u>

TOWN OF ELTON, LOUISIANA  
Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended December 31, 2005  
With Comparative Totals for the Year Ended December 31, 2004

	1980 Public Improvement Bond	2001 Certificates of Indebtedness	Totals	
			2005	2004
<b>Revenues:</b>				
Taxes -				
Ad valorem	\$ -	\$ -	\$ -	\$ 28,163
Miscellaneous -				
Interest on deposits	<u>1,274</u>	<u>-</u>	<u>1,274</u>	<u>594</u>
Total revenues	<u>1,274</u>	<u>-</u>	<u>1,274</u>	<u>28,757</u>
<b>Expenditures:</b>				
Current -				
General government:				
Professional fees	2,672	-	2,672	2,300
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general government	<u>2,672</u>	<u>-</u>	<u>2,672</u>	<u>2,300</u>
Debt service -				
Principal retirement	18,000	35,000	53,000	46,000
Interest	<u>900</u>	<u>15,061</u>	<u>15,961</u>	<u>18,039</u>
Total debt service	<u>18,900</u>	<u>50,061</u>	<u>68,961</u>	<u>64,039</u>
Total expenditures	<u>21,572</u>	<u>50,061</u>	<u>71,633</u>	<u>66,339</u>
Deficiency of revenues over expenditures	<u>(20,298)</u>	<u>(50,061)</u>	<u>(70,359)</u>	<u>(37,582)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	54,212	54,212	45,856
Transfers out	<u>(69,798)</u>	<u>-</u>	<u>(69,798)</u>	<u>-</u>
Total other financing sources (uses)	<u>(69,798)</u>	<u>54,212</u>	<u>(15,586)</u>	<u>45,856</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(90,096)	4,151	(85,945)	8,274
Fund balances, beginning	<u>90,096</u>	<u>22,395</u>	<u>112,491</u>	<u>104,217</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ 26,546</u>	<u>\$ 26,546</u>	<u>\$ 112,491</u>

TOWN OF ELTON, LOUISIANA  
 Nonmajor Debt Service Fund  
 1980 Public Improvement Bond Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance-  
 Budget (GAAP Basis) and Actual  
 Year Ended December 31, 2005  
 With Comparative Actual Amounts for the Year Ended December 31, 2004

	2005		Variance - Favorable (Unfavorable)	2004 Actual
	Budget	Actual		
<b>Revenues:</b>				
Taxes -ad valorem	\$ -	\$ -	\$ -	\$ 28,163
Miscellaneous - interest	<u>500</u>	<u>1,274</u>	<u>774</u>	<u>594</u>
Total revenues	<u>500</u>	<u>1,274</u>	<u>774</u>	<u>28,757</u>
<b>Expenditures:</b>				
Current -				
General government:				
Professional fees	<u>2,500</u>	<u>2,672</u>	<u>(172)</u>	<u>2,300</u>
Debt service -				
Principal retirement	18,000	18,000	-	16,000
Interest	<u>900</u>	<u>900</u>	<u>-</u>	<u>1,700</u>
Total debt service	<u>18,900</u>	<u>18,900</u>	<u>-</u>	<u>17,700</u>
Total expenditures	<u>21,400</u>	<u>21,572</u>	<u>(172)</u>	<u>20,000</u>
Excess (deficiency) of revenues over expenditures	<u>(20,900)</u>	<u>(20,298)</u>	<u>602</u>	<u>8,757</u>
<b>Other financing sources (uses):</b>				
Transfer from (to) General Fund	-	(10,865)	(10,865)	237
Transfer to Utility fund	<u>-</u>	<u>(58,933)</u>	<u>(58,933)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(69,798)</u>	<u>(69,798)</u>	<u>237</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(20,900)</u>	<u>(90,096)</u>	<u>(69,196)</u>	<u>8,994</u>
Fund balance, beginning	<u>90,096</u>	<u>90,096</u>	<u>-</u>	<u>81,102</u>
Fund balance, ending	<u>\$ 69,196</u>	<u>\$ -</u>	<u>\$ (69,196)</u>	<u>\$ 90,096</u>

TOWN OF ELTON, LOUISIANA  
 Nonmajor Debt Service Fund  
 2001 Certificates of Indebtedness Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance-  
 Budget (GAAP Basis) and Actual  
 Year Ended December 31, 2005  
 With Comparative Actual Amounts for the Year Ended December 31, 2004

	2005			
	Budget	Actual	Variance - Favorable (Unfavorable)	2004 Actual
Revenues:	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Debt service -				
Principal retirement	35,000	35,000	-	30,000
Interest	<u>14,426</u>	<u>15,061</u>	<u>(635)</u>	<u>16,339</u>
Total debt service	<u>49,426</u>	<u>50,061</u>	<u>(635)</u>	<u>46,339</u>
Deficiency of revenues over expenditures	(49,426)	(50,061)	(635)	(46,339)
Other financing sources:				
Transfers from 1991 Sales Tax Fund	<u>49,426</u>	<u>54,212</u>	<u>4,786</u>	<u>45,619</u>
Excess (deficiency) of revenues and other financing sources over expenditures	-	4,151	4,151	(720)
Fund balance, beginning	<u>22,395</u>	<u>22,395</u>	-	<u>23,115</u>
Fund balance, ending	<u>\$22,395</u>	<u>\$26,546</u>	<u>\$ 4,151</u>	<u>\$22,395</u>

## **NONMAJOR CAPITAL PROJECTS FUNDS**

### **Louisiana Community Development Block Grant Fund (LCDBG)**

To account for the administration of grant funds received from the State of Louisiana Division of Administration for housing rehabilitation.

### **Drainage Improvements Fund**

To account for the \$800,000 proceeds from the 2002 Certificates of Indebtedness to be used for drainage improvements.

TOWN OF ELTON, LOUISIANA  
 Nonmajor Capital Projects Fund  
 Community Development Block Grant Capital Projects Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance-  
 Budget (GAAP Basis) and Actual  
 Year Ended December 31, 2005  
 With Comparative Actual Amounts for the Year Ended December 31, 2004

	2005		Variance - Favorable (Unfavorable)	2004 Actual
	Budget	Actual		
<b>Revenues:</b>				
Intergovernmental - federal grant	\$ 11,161	\$ 11,161	\$ -	\$ 16,028
<b>Expenditures:</b>				
Housing rehabilitation -				
Cost relocation	-	-	-	7,440
Administration and other	11,161	11,161	-	8,588
Total expenditures	11,161	11,161	-	16,028
Excess of revenues over expenditures	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -

TOWN OF ELTON, LOUISIANA  
 Nonmajor Capital Projects Fund  
 Drainage Improvements Capital Projects Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance-  
 Budget (GAAP Basis) and Actual  
 Year Ended December 31, 2005  
 With Comparative Actual Amounts for the Year Ended December 31, 2004

	2005		Variance with Final Budget Positive (Negative)	2004 Actual
	Budget	Actual		
Revenues:				
Miscellaneous - interest	\$ -	\$ 498	\$ 498	\$ 825
Expenditures:	-	-	-	-
Excess of revenues over expenditures	-	498	498	825
Other financing use:				
Transfer to 2002 Certificates of Indebtedness Fund	-	(251,186)	(251,186)	-
Excess (deficiency) of revenues over expenditures and other use	-	(250,688)	(250,688)	825
Fund balance, beginning	<u>250,688</u>	<u>250,688</u>	<u>-</u>	<u>249,863</u>
Fund balance, ending	<u>\$250,688</u>	<u>\$ -</u>	<u>\$(250,688)</u>	<u>\$250,688</u>

TOWN OF ELTON, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Number of Utility Customers  
(Unaudited)  
December 31, 2005

Records maintained by the Town indicated the following number of customers were being served during the months of December, 2005 and 2004:

<u>Department</u>	<u>2005</u>	<u>2004</u>
Water (metered)	532	531
Sewer	502	495
Garbage	487	502

TOWN OF ELTON, LOUISIANA  
Enterprise Fund  
Utility Fund

Comparative Statement of Operating Expenses by Department  
Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<b>Water department:</b>		
Bad debts	\$ 84	\$ 1,870
Depreciation	25,644	28,557
Insurance	1,887	4,243
Legal and professional fees	3,437	3,767
Miscellaneous	150	220
Office expense and supplies	5,685	3,164
Payroll taxes	3,056	2,877
Repairs and maintenance	4,511	4,857
Salaries	39,946	36,560
Supplies	765	801
Truck expense	970	565
Utilities	649	841
Water analysis	1,512	-
Water purchases	<u>54,696</u>	<u>53,358</u>
Total water department	<u>142,992</u>	<u>141,680</u>
<b>Sewer department:</b>		
Bad debts	704	2,243
Depreciation	34,056	34,295
Insurance	5,020	4,982
Legal and professional fees	3,134	3,797
Licenses and permits	838	-
Miscellaneous	536	471
Office expense and supplies	175	145
Payroll taxes	1,216	1,728
Repairs and maintenance	7,966	19,229
Salaries	15,894	21,644
Supplies	4,125	6,571
Sewer analysis	2,541	2,275
Truck expense	1,255	1,015
Utilities	<u>9,916</u>	<u>21,509</u>
Total sewer department	<u>87,376</u>	<u>119,904</u>
<b>Sanitation department:</b>		
Bad debts	667	2,205
Office expense and supplies	176	169
Collection fees	<u>67,030</u>	<u>64,216</u>
Total sanitation department	<u>67,873</u>	<u>66,590</u>
Total operating expenses	<u>\$ 298,241</u>	<u>\$ 328,174</u>

TOWN OF ELTON, LOUISIANA

Combined Schedule of Interest-Bearing Deposits - All Funds  
December 31, 2005

	<u>Financial Institution</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
<b>Major governmental funds:</b>				
<b>1991 Sales Tax Fund -</b>				
Certificate of Deposit	(H)	08/12/06	3.70%	\$ 76,519
<b>Coushatta Tribe Community Grant Fund -</b>				
Money market account	(H)	N/A	variable	534,839
Money market account	(A)	N/A	variable	255,895
				<u>790,734</u>
<b>Utility Fund:</b>				
<b>Unrestricted assets -</b>				
Certificate of Deposit	(A)	02/11/06	2.65%	21,000
Certificate of Deposit	(A)	03/24/06	3.50%	19,217
Certificate of Deposit	(A)	04/11/06	3.50%	17,679
Certificate of Deposit	(A)	12/10/06	3.45%	10,880
Certificate of Deposit	(A)	12/10/06	3.45%	48,594
Certificate of Deposit	(A)	01/30/06	2.00%	2,628
Certificate of Deposit	(A)	03/05/06	2.75%	2,945
Certificate of Deposit	(A)	08/25/06	2.75%	3,214
Certificate of Deposit	(A)	09/06/06	2.75%	2,731
Certificate of Deposit	(A)	09/29/06	2.75%	2,653
Certificate of Deposit	(A)	09/29/06	2.85%	3,049
Certificate of Deposit	(A)	10/03/06	3.00%	3,327
Certificate of Deposit	(A)	10/05/06	3.00%	3,039
Certificate of Deposit	(A)	10/17/06	3.45%	2,627
Certificate of Deposit	(A)	11/30/06	3.45%	2,617
Certificate of Deposit	(A)	12/02/06	3.55%	2,500
Certificate of Deposit	(A)	12/04/06	3.55%	3,221
Certificate of Deposit	(A)	11/30/06	2.50%	2,563
Certificate of Deposit	(A)	03/01/06	2.55%	5,000
Money market account	(A)	N/A	variable	5,836
Money market account	(A)	N/A	variable	32,675
Money market account	(A)	N/A	variable	1,037
Money market account	(H)	N/A	variable	23,954
<b>Total unrestricted assets</b>				<u>222,986</u>
<b>Restricted assets -</b>				
Certificate of Deposit	(A)	05/03/06	2.75%	16,959
Certificate of Deposit	(A)	12/10/06	3.45%	10,638
Money market account	(A)	N/A	variable	3,813
<b>Total restricted assets</b>				<u>31,410</u>
<b>Total Utility Fund</b>				<u>254,396</u>
<b>Total - all funds</b>				<u>\$1,121,649</u>

Investments with:

- (A) American Bank, Welsh, Louisiana
- (H) Hibernia National Bank, New Orleans, Louisiana

TOWN OF ELTON, LOUISIANA

Schedule of Insurance in Force  
(Unaudited)  
December 31, 2005

<u>Description of Coverage</u>	<u>Coverage Amounts</u>
Workmen's Compensation:	Statutory
Employer's liability - accident	\$ 100,000
All risk coverage on water tower	130,000
Sewer equipment coverage	257,107
Surety Bonds:	
Mayor/Council	80,000
Town clerk	30,000
Assistant town clerk	7,000
Fire and wind coverage on Town of Elton buildings:	
Senior citizens building	25,000
City hall and police station	218,000
Contents of city hall and police station	15,000
Law enforcement and officer liability:	
All coverage (other than products - completed operations and errors and omissions injury) aggregate	500,000
Error or omission, aggregate	500,000
Automobile coverage:	
General liability, aggregate	500,000
Bodily injury and property damage	1,000
Uninsured motorist	50,000
Commercial:	
General liability, aggregate	500,000

**INTERNAL CONTROL  
AND  
COMPLIANCE**

**KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA\*  
Russell F. Champagne, CPA\*  
Victor R. Slaven, CPA\*  
P. Troy Courville, CPA\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Nixon, CPA

Tynes E. Nixon, Jr., CPA  
Allen J. LaBry, CPA  
Albert R. Leger, CPA, PFS, CSA\*  
Harry J. Clostio, CPA  
Penny Angelle Scruggins, CPA  
Christine L. Cousin, CPA  
Mary T. Thibodeaux, CPA  
James R. Roy, CPA  
Robert J. Metz, CPA  
Kelly M. Doucet, CPA  
Kenneth J. Rachal, CPA  
Cheryl L. Bartley, CPA, CVA  
Mandy B. Self, CPA  
Chris E. Blakel, CPA

Retired:  
Conrad O. Chapman, CPA\* 2006

\* A Professional Accounting Corporation

**OFFICES**

183 South Beadle Rd. 113 East Bridge St.  
Lafayette, LA 70508 Breaux Bridge, LA 70517  
Phone (337) 232-4141 Phone (337) 332-4020  
Fax (337) 232-8660 Fax (337) 332-2867

133 East Waddell 1234 David DR. Ste 105  
Marksville, LA 71351 Morgan City, LA 70380  
Phone (318) 253-9252 Phone (985) 384-2020  
Fax (318) 253-8681 Fax (985) 384-3020

408 West Cotton Street 332 West Sixth Avenue  
Ville Platte, LA 70586 Oberlin, LA 70655  
Phone (337) 363-2792 Phone (337) 639-4737  
Fax (337) 363-3049 Fax (337) 639-4568

200 South Main Street 450 East Main Street  
Abbeville, LA 70510 New Iberia, LA 70560  
Phone (337) 893-7944 Phone (337) 367-9204  
Fax (337) 893-7946 Fax (337) 367-9208

WEB SITE:  
[WWW.KCSRCPAS.COM](http://WWW.KCSRCPAS.COM)

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

The Honorable Catherine Hollingsworth, Mayor  
and members of the Board of Aldermen  
Town of Elton, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Elton, Louisiana, as of and for the year ended December 31, 2005, which collectively comprise the Town's basic financial statements and have issued our report thereon dated May 5, 2006. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town of Elton's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying summary schedule of current and prior year audit findings as item 05-1(IC).

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

Member of:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Member of:  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Elton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of current and prior year audit findings as item 05-2 (C).

This report is intended solely for the information and use of the Town's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Oberlin, Louisiana  
May 5, 2006

TOWN OF ELTON, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan  
December 31, 2005

<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Date of Completion</u>
<u>CURRENT YEAR (12/31/05) --</u>					
<u>Internal Control</u>					
05-1 (IC)	Unknown Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Verian Ortego, Assistant Town Clerk	N/A
<u>Compliance</u>					
05-2 (C)	2005 The Town failed to follow Internal Revenue Service regulations by failing to include personal use of vehicles as income for police officers who used police vehicles for personal use.	Yes	The Town concurs with this finding and has implemented a policy to include personal use of vehicles as income for police officers who use police vehicles for personal use.	Verian Ortego, Assistant Town Clerk	2006
<u>PRIOR YEAR (12/31/04) --</u>					
<u>Internal Control</u>					
04-1 (IC)	Unknown Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Verian Ortego, Assistant Town Clerk	N/A
<u>Management Letter</u>					
04-2(ML)	2004 Management should implement procedures to ensure adequate oversight of revenues passed through the Town of Elton to other governmental entities. The Town should obtain assurances from these entities that the revenues passed through to them are being utilized for the purposes that are required by governmental agreements and/or state laws.	Yes	The Town concurs with this finding and will ensure adequate oversight of revenues passed through the Town to other governmental entities.	Verian Ortego, Assistant Town Clerk	2005