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**TOWN OF ELTON, LOUISIANA**

**Financial Report**

**Year Ended December 31, 2006**

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 6-20-07

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## INDEPENDENT AUDITORS' REPORT

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\* A Professional Accounting Corporation

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, 2006, which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these basic 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, 2006, 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 24, 2007 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.

The required supplementary information on pages 36 through 39 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 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 42 through 59 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for the schedule of number of utility customers and the schedule of insurance in force, 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 2005 financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, was fairly presented in all material respects in relation to the basic financial statements taken as a whole, except for the schedule of number of utility customers and the schedule of insurance in force which were not subjected to the auditing procedures and on which we expressed no opinion.

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

Oberlin, Louisiana  
May 24, 2007

**BASIC FINANCIAL STATEMENTS**

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

TOWN OF ELTON, LOUISIANA

Statement of Net Assets  
December 31, 2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and interest-bearing deposits	\$1,259,275	\$ 257,879	\$1,517,154
Receivables, net	17,915	35,652	53,567
Due from other governmental units	158,480	-	158,480
Prepaid items	<u>1,900</u>	<u>-</u>	<u>1,900</u>
<b>Total current assets</b>	<u><b>1,437,570</b></u>	<u><b>293,531</b></u>	<u><b>1,731,101</b></u>
<b>Noncurrent assets:</b>			
<b>Restricted assets:</b>			
Cash and interest-bearing deposits	-	39,454	39,454
Capital assets, net	<u>1,236,417</u>	<u>2,138,203</u>	<u>3,374,620</u>
<b>Total noncurrent assets</b>	<u><b>1,236,417</b></u>	<u><b>2,177,657</b></u>	<u><b>3,414,074</b></u>
<b>Total assets</b>	<u><b>2,673,987</b></u>	<u><b>2,471,188</b></u>	<u><b>5,145,175</b></u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts and other payables	55,369	18,432	73,801
Bonds payable	40,000	-	40,000
Accrued interest	<u>5,556</u>	<u>-</u>	<u>5,556</u>
<b>Total current liabilities</b>	<u><b>100,925</b></u>	<u><b>18,432</b></u>	<u><b>119,357</b></u>
<b>Noncurrent liabilities:</b>			
Customers' deposits payable	-	39,453	39,453
Bonds payable	<u>175,000</u>	<u>-</u>	<u>175,000</u>
<b>Total noncurrent liabilities</b>	<u><b>175,000</b></u>	<u><b>39,453</b></u>	<u><b>214,453</b></u>
<b>Total liabilities</b>	<u><b>275,925</b></u>	<u><b>57,885</b></u>	<u><b>333,810</b></u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,021,417	2,138,203	3,159,620
Restricted for debt service	20,000	-	20,000
Unrestricted	<u>1,356,645</u>	<u>275,100</u>	<u>1,631,745</u>
<b>Total net assets</b>	<u><b>\$2,398,062</b></u>	<u><b>\$2,413,303</b></u>	<u><b>\$4,811,365</b></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, 2006

	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	\$ 169,879	\$ 41,545	\$ -	\$ -	\$ (128,334)	\$ -	\$ (128,334)
Public safety:							
Police	295,436	40,992	18,450	1,000	(234,994)	-	(234,994)
Fire	33,053	-	-	-	(33,053)	-	(33,053)
Highways and streets	148,441	-	54,086	-	(94,355)	-	(94,355)
Housing rehabilitation	136,261	-	-	136,261	-	-	-
Parks and recreation	9,855	-	-	-	(9,855)	-	(9,855)
Education	73,699	-	73,699	-	-	-	-
Animal control	6,485	-	-	-	(6,485)	-	(6,485)
Interest on long-term debt	11,813	-	-	-	(11,813)	-	(11,813)
Total governmental activities	<u>884,922</u>	<u>82,537</u>	<u>146,235</u>	<u>137,261</u>	<u>(518,889)</u>	<u>-</u>	<u>(518,889)</u>
<b>Business-type activities:</b>							
Water	165,568	120,720	-	-	-	(44,848)	(44,848)
Sewer	91,784	64,068	-	-	-	(27,716)	(27,716)
Sanitation	70,699	68,394	-	-	-	(2,305)	(2,305)
Total business-type activities	<u>328,051</u>	<u>253,182</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(74,869)</u>	<u>(74,869)</u>
Total	<u>\$1,212,973</u>	<u>\$335,719</u>	<u>\$146,235</u>	<u>\$137,261</u>	<u>(518,889)</u>	<u>(74,869)</u>	<u>(593,758)</u>
<b>General revenues:</b>							
Taxes -							
Property taxes, levied for general purposes					19,796	-	19,796
Sales and use taxes, levied for general purposes					194,110	-	194,110
Franchise taxes					72,495	-	72,495
Grants and contributions not restricted to specific programs -							
State sources					20,281	-	20,281
Community grant revenue					452,721	-	452,721
Interest and investment earnings					39,914	4,096	44,010
Miscellaneous					9,227	12,480	21,707
Transfers					(3,084)	3,084	-
Total general revenues and transfers					<u>805,460</u>	<u>19,660</u>	<u>825,120</u>
Change in net assets					286,571	(55,209)	231,362
Net assets - January 1, 2006					2,111,491	2,468,512	4,580,003
Net assets - December 31, 2006					<u>\$2,398,062</u>	<u>\$2,413,303</u>	<u>\$4,811,365</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.

#### **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.

### **Capital Projects Fund**

The Capital Projects Fund is used to account for the acquisition and construction of major capital assets other than those financed by proprietary 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.

### **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, 2006

	General	Coushatta Tribe Community Grant	1991 Sales Tax	LCDBG	Nonmajor Funds	Total
<b>ASSETS</b>						
Cash	\$ 6,810	\$ -	\$ 24,145	\$ -	\$ 106,643	\$ 137,598
Interest-bearing deposits	-	992,287	129,390	-	-	1,121,677
Receivables -						
Taxes	5,645	-	6,135	-	6,135	17,915
Due from other funds	9,854	-	-	-	-	9,854
Due from other governmental units	4,076	131,605	-	22,799	-	158,480
Prepaid items	1,900	-	-	-	-	1,900
Total assets	<u>\$ 28,285</u>	<u>\$ 1,123,892</u>	<u>\$ 159,670</u>	<u>\$ 22,799</u>	<u>\$ 112,778</u>	<u>\$ 1,447,424</u>
<b>LIABILITIES AND FUND EQUITY</b>						
Liabilities:						
Accounts payable	\$ 6,238	\$ 26,332	\$ -	\$ 22,799	\$ -	\$ 55,369
Due to other funds	-	9,854	-	-	-	9,854
Total liabilities	<u>6,238</u>	<u>36,186</u>	<u>-</u>	<u>22,799</u>	<u>-</u>	<u>65,223</u>
Fund balances -						
Reserved for debt service	-	-	-	-	25,556	25,556
Designated for street improvements	-	-	159,670	-	-	159,670
Unreserved, undesignated	22,047	1,087,706	-	-	87,222	1,196,975
Total fund balances	<u>22,047</u>	<u>1,087,706</u>	<u>159,670</u>	<u>-</u>	<u>112,778</u>	<u>1,382,201</u>
Total liabilities and fund equity	<u>\$ 28,285</u>	<u>\$ 1,123,892</u>	<u>\$ 159,670</u>	<u>\$ 22,799</u>	<u>\$ 112,778</u>	<u>\$ 1,447,424</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, 2006

Total fund balances for governmental funds at December 31, 2006		\$1,382,201
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 \$277,911 accumulated depreciation	102,725	
Infrastructure, net of \$432,122 accumulated depreciation	806,049	
Equipment, furniture, and fixtures net of \$253,422 accumulated depreciation	<u>249,785</u>	1,236,417
Long-term liabilities at December 31, 2006:		
Bonds payable	(215,000)	
Accrued interest payable	<u>(5,556)</u>	<u>(220,556)</u>
Total net assets of governmental activities at December 31, 2006		<u>\$2,398,062</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

For the Year Ended December 31, 2006

	General	Coushatta Tribe Community Grant	1991 Sales Tax	LCDBG	Nonmajor Funds	Total
<b>Revenues:</b>						
Taxes	\$ 92,291	-	\$ 97,055	\$ -	\$ 97,055	\$ 286,401
Licenses and permits	35,128	-	-	-	-	35,128
Intergovernmental	93,817	-	-	136,261	-	230,078
Community grant revenue	-	526,420	-	-	-	526,420
Fines and forfeits	40,992	-	-	-	-	40,992
Miscellaneous	15,817	36,871	2,870	-	-	55,558
<b>Total revenues</b>	<u>278,045</u>	<u>563,291</u>	<u>99,925</u>	<u>136,261</u>	<u>97,055</u>	<u>1,174,577</u>
<b>Expenditures:</b>						
Current -						
General government	124,987	3,806	2,874	-	3,299	134,966
Public safety:						
Police	271,467	-	-	-	-	271,467
Fire	-	31,585	-	-	-	31,585
Highways and streets	101,308	-	-	-	-	101,308
Housing rehabilitation	-	-	-	136,261	-	136,261
Parks and recreation	2,809	-	-	-	-	2,809
Education	-	73,699	-	-	-	73,699
Animal control	5,696	-	-	-	-	5,696
Capital outlay	67,089	14,000	-	-	-	81,089
Debt service -						
Principal retirement	-	-	-	-	40,000	40,000
Interest	-	-	-	-	12,803	12,803
<b>Total expenditures</b>	<u>573,356</u>	<u>123,090</u>	<u>2,874</u>	<u>136,261</u>	<u>56,102</u>	<u>891,683</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(295,311)</u>	<u>440,201</u>	<u>97,051</u>	<u>-</u>	<u>40,953</u>	<u>282,894</u>
<b>Other financing sources (uses):</b>						
Transfers in	302,316	-	-	-	51,813	354,129
Transfers out	-	(251,700)	(51,813)	-	(53,700)	(357,213)
<b>Total other financing sources (uses)</b>	<u>302,316</u>	<u>(251,700)</u>	<u>(51,813)</u>	<u>-</u>	<u>(1,887)</u>	<u>(3,084)</u>
<b>Excess of revenues and other sources over expenditures and other uses</b>	<u>7,005</u>	<u>188,501</u>	<u>45,238</u>	<u>-</u>	<u>39,066</u>	<u>279,810</u>
<b>Fund balances, beginning</b>	<u>15,042</u>	<u>899,205</u>	<u>114,432</u>	<u>-</u>	<u>73,712</u>	<u>1,102,391</u>
<b>Fund balances, ending</b>	<u>\$ 22,047</u>	<u>\$ 1,087,706</u>	<u>\$ 159,670</u>	<u>\$ -</u>	<u>\$ 112,778</u>	<u>\$ 1,382,201</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, 2006

Total net changes in fund balances at December 31, 2006 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 279,810
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	\$ 81,089	
Depreciation expense for the year ended December 31, 2006	<u>(115,318)</u>	(34,229)
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.		
		40,000
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis		
		<u>990</u>
Total changes in net assets at December 31, 2006 per Statement of Activities		<u>\$ 286,571</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, 2006

	<u>Enterprise Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 22,903
Interest-bearing deposits	234,976
Receivables -	
Accounts	<u>35,652</u>
Total current assets	<u>293,531</u>
Noncurrent assets:	
Restricted assets-	
Customers' deposits -	
Cash	7,917
Interest-bearing deposits	<u>31,537</u>
Total restricted assets	<u>39,454</u>
Capital assets, net of accumulated depreciation	<u>2,138,203</u>
Total noncurrent assets	<u>2,177,657</u>
Total assets	<u>2,471,188</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	18,335
Accrued liabilities	<u>97</u>
Total current liabilities	18,432
Noncurrent liabilities:	
Customers' deposits	<u>39,453</u>
Total liabilities	<u>57,885</u>
<b>NET ASSETS</b>	
Invested in capital assets	2,138,203
Unrestricted	<u>275,100</u>
Total net assets	<u>\$2,413,303</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  
 For the Year Ended December 31, 2006

	<u>Enterprise Fund</u>
Operating revenues:	
Charges for services -	
Water charges	\$ 120,720
Sewer charges	64,068
Sanitation charges	68,394
Miscellaneous	<u>12,480</u>
Total operating revenues	<u>265,662</u>
Operating expenses:	
Water department	165,568
Sewer department	91,784
Sanitation department	<u>70,699</u>
Total operating expenses	<u>328,051</u>
Operating loss	<u>(62,389)</u>
Nonoperating revenues:	
Interest income	<u>4,096</u>
Total nonoperating income	<u>4,096</u>
Loss before transfers	(58,293)
Transfers in (out):	
Transfers in	5,700
Transfers out	<u>(2,616)</u>
Total transfers in (out)	3,084
Change in net assets	(55,209)
Net assets, beginning	<u>2,468,512</u>
Net assets, ending	<u>\$ 2,413,303</u>

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

TOWN OF ELTON, LOUISIANA

Statement of Cash Flows  
 Proprietary Fund  
 For the Year Ended December 31, 2006

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$244,398
Payments to suppliers	(211,980)
Payments to employees	(49,386)
Other receipts	<u>12,480</u>
Net cash used by operating activities	<u>(4,488)</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	5,700
Transfers to other funds	<u>(2,616)</u>
Net cash provided by noncapital financing activities	3,084
Cash flows from capital and related financing activities:	
Increase in meter deposits	1,757
Acquisition of capital assets	<u>(6,810)</u>
Net cash used by noncapital financing activities	<u>(5,053)</u>
Cash flows from investing activities:	
Purchase of investments	(263,281)
Proceeds from maturities of investments	187,081
Interest received on interest-bearing deposits	<u>4,096</u>
Net cash used by investing activities	<u>(72,104)</u>
Net decrease in cash and cash equivalents	(78,561)
Cash and cash equivalents, beginning of period	<u>112,613</u>
Cash and cash equivalents, end of period	<u>\$ 34,052</u>

(continued)

TOWN OF ELTON, LOUISIANA

Statement of Cash Flows (Continued)  
 Proprietary Fund  
 For the Year Ended December 31, 2006

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Operating loss	<u>\$(62,389)</u>
Adjustments to reconcile operating loss to net cash used by operating activities -	
Depreciation	58,241
Changes in current assets and liabilities:	
Increase in accounts receivable	(8,784)
Increase in accounts payable	11,033
Decrease in accrued liabilities	(13)
Decrease in due to other governments	<u>(2,576)</u>
Total adjustments	<u>57,901</u>
Net cash used by operating activities	<u>\$ (4,488)</u>
Cash and cash equivalents, beginning 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>
Cash and cash equivalents, end of period -	
Cash - unrestricted	22,903
Cash - restricted	7,917
Interest-bearing deposits - unrestricted	234,976
Interest-bearing deposits - restricted	31,537
Less: Certificates of deposit with a maturity over three months when purchased	<u>(263,281)</u>
Total cash and cash equivalents	<u>34,052</u>
Net decrease	<u>\$(78,561)</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 Funds -**

**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.

**1991 Sales Tax Fund**

The 1991 Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

**Capital Projects Fund -**

**Louisiana Community Development Block Grant Fund**

The Louisiana Community Development Block Grant Fund is used to account for the receipt and subsequent disbursements of funds for housing rehabilitation.

## TOWN OF ELTON, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### 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.

#### 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.

## TOWN OF ELTON, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### 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.

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."



TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

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, 2006.

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.

## TOWN OF ELTON, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### 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.

#### 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, 2006, 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.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

- 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.”

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.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

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.

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

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, 2006 there was no interest expense capitalized.

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, 2005 have been reclassified to conform to the December 31, 2006 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, 2006, taxes of 6.07 mills were levied on property with assessed valuations totaling \$3,261,184 and were dedicated for general corporate purposes.

Total taxes levied were \$19,796. Taxes receivable at December 31, 2006 were \$5,645.

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 (2006 collections \$97,055) 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 (2006 collections \$97,055) 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, 2006, the Town had cash and interest-bearing deposits (book balances) totaling \$1,556,608 as follows:

Demand deposits	\$ 168,418
Money market accounts and certificates of deposit	<u>1,388,190</u>
Total	<u>\$1,556,608</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, 2006 were secured as follows:

Bank balances	<u>\$1,578,383</u>
Federal deposit insurance	\$ 300,000
Pledged securities (Category 3)	<u>1,278,383</u>
 Total FDIC insurance and pledged securities	 <u>\$1,578,383</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, 2006 of \$53,567 consist of the following:

	<u>General</u>	<u>Other Governmental</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$35,652	\$ 35,652
Taxes:				
Ad valorem	5,645	-	-	5,645
Sales tax	<u>-</u>	<u>12,270</u>	<u>-</u>	<u>12,270</u>
Totals	<u>\$ 5,645</u>	<u>\$12,270</u>	<u>\$35,652</u>	<u>\$ 53,567</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 \$158,480 consisted of the following at December 31, 2006:

Amount due from State of Louisiana for beer taxes earned for the fiscal year ending December 31, 2006	\$ 587
Amount due from State of Louisiana for video poker revenue earned for the months of November and December, 2006	2,084
Amount due from State of Louisiana Department of Transportation and Development for street maintenance for the fiscal year ending December 31, 2006	1,405
Amount due from the Coshatta Tribe of Louisiana for the Town's share of gaming revenues earned for the quarter ended December, 2006	131,605
Amount due from the State of Louisiana Community Development Block Grant for housing rehabilitation for the fiscal year ending December 31, 2006	<u>22,799</u>
	<u>\$158,480</u>

(7) Restricted Assets - Proprietary Fund Type

Restricted assets of \$39,454 at December 31 consisted of amounts owed for customers' deposits.

(8) Accounts and Other Payables

The accounts and other payables of \$73,801 consisted of the following at December 31, 2006:

	Governmental Activities	Business-type Activities	Total
Accounts	\$ 55,369	\$ 18,335	\$ 73,704
Other liabilities	-	97	97
Totals	\$ 55,369	\$ 18,432	\$ 73,801



TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(9) Capital Assets

Capital asset activity for the year ended December 31, 2006 was as follows:

	<u>Balance 01/01/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/06</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 77,858	\$ -	\$ -	\$ 77,858
<b>Other capital assets:</b>				
Buildings	374,881	5,755	-	380,636
Infrastructure	1,238,171	-	-	1,238,171
Equipment, furniture and fixtures	<u>427,872</u>	<u>75,334</u>	-	<u>503,206</u>
Totals	<u>2,118,782</u>	<u>81,089</u>	-	<u>2,199,871</u>
Less accumulated depreciation				
Buildings	269,755	8,156	-	277,911
Infrastructure	374,894	57,228	-	432,122
Equipment, furniture and fixtures	<u>203,487</u>	<u>49,934</u>	-	<u>253,421</u>
Total accumulated depreciation	<u>848,136</u>	<u>115,318</u>	-	<u>963,454</u>
<b>Governmental activities, capital assets, net</b>	<u>\$ 1,270,646</u>	<u>\$ (34,229)</u>	<u>\$ -</u>	<u>\$ 1,236,417</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	2,427	-	34,703
Autos and trucks	11,250	-	-	11,250
Office equipment	16,056	-	-	16,056
Sewer system -				
Plant and lines	2,197,665	-	-	2,197,665
Equipment	43,507	4,383	-	47,890
Autos and trucks	2,700	-	-	2,700
Office equipment	<u>715</u>	<u>-</u>	<u>-</u>	<u>715</u>
Totals	<u>3,610,086</u>	<u>6,810</u>	-	<u>3,616,896</u>
Less accumulated depreciation				
Water system	633,250	24,347	-	657,597
Sewer system	<u>787,202</u>	<u>33,894</u>	-	<u>821,096</u>
Total accumulated depreciation	<u>1,420,452</u>	<u>58,241</u>	-	<u>1,478,693</u>
<b>Business-type activities, capital assets, net</b>	<u>\$ 2,189,634</u>	<u>\$ (51,431)</u>	<u>\$ -</u>	<u>\$ 2,138,203</u>

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 34,913
Police	23,969
Fire	1,468
Highways and streets	47,133
Parks and recreation	7,046
Animal control	<u>789</u>
Total depreciation expense	<u>\$ 115,318</u>

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

Water	\$ 24,347
Sewer	<u>33,894</u>
Total depreciation expense	<u>\$ 58,241</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, 2006:

	Governmental Activities
Long-term debt payable, January 1, 2006	\$ 255,000
Long-term debt issued	-
Long-term debt retired	<u>(40,000)</u>
Long-term debt payable, December 31, 2006	<u>\$ 215,000</u>

Long-term debt payable at December 31, 2006 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.

\$ 215,000

TOWN OF ELTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

The certificates are due as follows:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal payments</u>	<u>Interest payments</u>
2007	\$ 40,000	\$ 10,612
2008	40,000	8,603
2009	40,000	6,557
2010	45,000	4,488
2011	<u>50,000</u>	<u>1,987</u>
Total	<u>\$ 215,000</u>	<u>\$ 32,247</u>

(11) Employee Retirement

All employees of the Town of Elton participate in the Social Security System. For the year ended December 31, 2006, 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 year ended December 31, 2006 amounted to \$23,319.

(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, 2006, was as follows:

	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Enterprise Fund</u>
Operating revenues	<u>\$133,200</u>	<u>\$ 64,068</u>	<u>\$ 68,394</u>	<u>\$ 265,662</u>
Operating expenses:				
Depreciation	24,347	33,894	-	58,241
Other	<u>141,221</u>	<u>57,890</u>	<u>70,699</u>	<u>269,810</u>
Total operating expenses	<u>165,568</u>	<u>91,784</u>	<u>70,699</u>	<u>328,051</u>
Operating loss	<u>\$ (32,368)</u>	<u>\$ (27,716)</u>	<u>\$ (2,305)</u>	<u>\$ (62,389)</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, 2006 follows:

Mayor:

Catherine Hollingsworth	<u>\$ 15,600</u>
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Aldermen:

Durffey Fontenot, Jr.	2,400
Alphonse Guillory	2,400
Kimberly Guidry	2,400
Margaret Langley	2,400
Tracie Doescher	<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, 2006; however management and counsel believe insurance coverage is sufficient to pay any claims.

(16) Water Contract

Under a contract dated January 1, 2006, the Town of Elton is required to purchase its water from the East Allen Parish Waterworks District until December 31, 2006. During the fiscal year ended December 31, 2006, the Town's water purchases amounted to \$70,926. These purchases included \$6,318 owed at December 31, 2006 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, 2006 consisted of the amount due to the General Fund from the Coshatta Tribe Community Grant Fund for short-term loans.

B. Transfers

Transfers consisted of the following at December 31, 2006:

	In	Out
Major governmental funds:		
General Fund	\$302,316	\$ -
Coshatta Tribe Community Grant Fund	-	251,700
1991 Sales Tax Fund	-	51,813
Non-major governmental funds:		
1975 Sales Tax Fund	-	53,700
2001 Certificates of Indebtedness Fund	51,813	-
Proprietary Fund:		
Enterprise Fund	5,700	2,616
Total	\$359,829	\$359,829

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  
For the Year Ended December 31, 2006

	2006			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 82,500	\$ 91,550	\$ 92,291	\$ 741
Licenses and permits	36,000	35,130	35,128	(2)
Intergovernmental	40,900	92,641	93,817	1,176
Fines and forfeits	37,000	40,900	40,992	92
Miscellaneous	<u>38,900</u>	<u>17,300</u>	<u>15,817</u>	<u>(1,483)</u>
Total revenues	<u>235,300</u>	<u>277,521</u>	<u>278,045</u>	<u>524</u>
<b>Expenditures:</b>				
Current -				
General government	140,600	127,815	124,987	2,828
Public safety - police	153,300	254,350	271,467	(17,117)
Highways and streets	93,700	101,500	101,308	192
Parks and recreation	3,200	2,600	2,809	(209)
Animal control	5,450	5,970	5,696	274
Capital outlay	<u>100,000</u>	<u>60,829</u>	<u>67,089</u>	<u>(6,260)</u>
Total expenditures	<u>496,250</u>	<u>553,064</u>	<u>573,356</u>	<u>(20,292)</u>
Deficiency of revenues over expenditures	<u>(260,950)</u>	<u>(275,543)</u>	<u>(295,311)</u>	<u>(19,768)</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>295,000</u>	<u>335,000</u>	<u>302,316</u>	<u>(32,684)</u>
Total other financing sources (uses)	<u>295,000</u>	<u>335,000</u>	<u>302,316</u>	<u>(32,684)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	34,050	59,457	7,005	(52,452)
Fund balance, beginning	<u>15,042</u>	<u>15,042</u>	<u>15,042</u>	<u>-</u>
Fund balance, ending	<u>\$ 49,092</u>	<u>\$ 74,499</u>	<u>\$ 22,047</u>	<u>\$ (52,452)</u>

TOWN OF ELTON, LOUISIANA  
Coushatta Tribe Community Grant Fund

Budgetary Comparison Schedule  
For the Year Ended December 31, 2006

	2006			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<b>Revenues:</b>				
Community grant revenue	\$ 575,000	\$ 526,420	\$ 526,420	\$ -
Miscellaneous - interest	1,000	35,000	36,871	1,871
<b>Total revenues</b>	<u>576,000</u>	<u>561,420</u>	<u>563,291</u>	<u>1,871</u>
<b>Expenditures:</b>				
<b>Current -</b>				
<b>General government:</b>				
Professional fees	4,000	4,000	2,658	1,342
Miscellaneous	1,000	1,000	1,148	(148)
<b>Total general government</b>	<u>5,000</u>	<u>5,000</u>	<u>3,806</u>	<u>1,194</u>
<b>Public safety:</b>				
Appropriation to Fire District - fire protection	34,500	31,585	31,585	-
<b>Highways and streets:</b>				
Repairs and maintenance	5,000	-	-	-
<b>Education:</b>				
Public schools	80,500	73,699	73,699	-
<b>Capital outlay -</b>				
<b>Public safety:</b>				
Vehicles - police	-	14,000	14,000	-
<b>Total capital outlay</b>	<u>-</u>	<u>14,000</u>	<u>14,000</u>	<u>-</u>
<b>Total expenditures</b>	<u>125,000</u>	<u>124,284</u>	<u>123,090</u>	<u>1,194</u>
<b>Excess of revenues over expenditures</b>	<u>451,000</u>	<u>437,136</u>	<u>440,201</u>	<u>3,065</u>
<b>Other financing sources (uses):</b>				
Transfers to General Fund	(220,000)	(250,000)	(251,700)	(1,700)
Transfers to Utility Fund	(35,000)	-	-	-
<b>Total other financing sources (uses)</b>	<u>(255,000)</u>	<u>(250,000)</u>	<u>(251,700)</u>	<u>(1,700)</u>
<b>Excess of revenues and other sources     over expenditures and other uses</b>	196,000	187,136	188,501	1,365
<b>Fund balance, beginning</b>	<u>899,205</u>	<u>899,205</u>	<u>899,205</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$1,095,205</u>	<u>\$1,086,341</u>	<u>\$1,087,706</u>	<u>\$ 1,365</u>



TOWN OF ELTON, LOUISIANA  
1991 Sales Tax Fund

Budgetary Comparison Schedule  
For the Year Ended December 31, 2006

	2006			Variance - Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 80,000	\$ 90,000	\$ 97,055	\$ 7,055
Miscellaneous - interest	-	1,650	2,870	1,220
Total revenues	<u>80,000</u>	<u>91,650</u>	<u>99,925</u>	<u>8,275</u>
<b>Expenditures:</b>				
<b>Current -</b>				
<b>General government:</b>				
Professional fees	3,000	1,500	837	663
Collection fees	2,000	2,000	2,033	(33)
Miscellaneous	50	10	4	6
Total general government	<u>5,050</u>	<u>3,510</u>	<u>2,874</u>	<u>636</u>
Excess of revenues over expenditures	74,950	88,140	97,051	8,911
<b>Other financing uses:</b>				
Transfers to 2001 Certificates of Indebtedness	<u>(52,597)</u>	<u>(52,000)</u>	<u>(51,813)</u>	<u>187</u>
Excess of revenues over expenditures and other uses	22,353	36,140	45,238	9,098
Fund balance, beginning	<u>114,432</u>	<u>114,432</u>	<u>114,432</u>	-
Fund balance, ending	<u>\$136,785</u>	<u>\$150,572</u>	<u>\$159,670</u>	<u>\$ 9,098</u>

TOWN OF ELTON, LOUISIANA  
LCDBG Fund

Budgetary Comparison Schedule  
For the Year Ended December 31, 2006

	2006			Variance - Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
<b>Revenues:</b>				
Intergovernmental - federal grant	\$ 65,839	\$136,261	\$136,261	\$ -
<b>Expenditures:</b>				
Housing rehabilitation -				
Construction costs	32,000	127,211	109,108	18,103
Cost relocation	7,500	2,100	13,500	(11,400)
Administration and other	26,339	6,950	13,653	(6,703)
Total expenditures	65,839	136,261	136,261	-
Excess of revenues over expenditures	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -

**OTHER SUPPLEMENTARY INFORMATION**

**OTHER FINANCIAL INFORMATION**

TOWN OF ELTON, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Revenues  
For the Year Ended December 31, 2006  
With Comparative Actual Amounts for the Year Ended December 31, 2005

	2006			Variance with Final Budget Positive (Negative)	2005 Actual
	Budget		Actual		
	Original	Final			
<b>Taxes:</b>					
Ad valorem	\$ 19,500	\$ 19,660	\$ 19,796	\$ 136	\$ 20,321
Franchise tax	63,000	71,890	72,495	605	59,479
Total taxes	<u>82,500</u>	<u>91,550</u>	<u>92,291</u>	<u>741</u>	<u>79,800</u>
<b>Licenses and permits:</b>					
Occupational licenses	<u>36,000</u>	<u>35,130</u>	<u>35,128</u>	<u>(2)</u>	<u>31,500</u>
<b>Intergovernmental:</b>					
Federal -					
FEMA	-	54,086	54,086	-	-
State of Louisiana -					
State revenue sharing	6,000	4,400	5,293	893	5,346
Beer taxes	2,500	2,200	2,387	187	2,120
Video poker	15,000	15,000	12,601	(2,399)	15,036
Supplemental pay	14,400	14,400	18,450	4,050	12,270
Grants	3,000	2,555	1,000	(1,555)	12,667
Jeff Davis Parish Police Jury	-	-	-	-	975
Total intergovernmental	<u>40,900</u>	<u>92,641</u>	<u>93,817</u>	<u>1,176</u>	<u>48,414</u>
Fines and forfeits	<u>37,000</u>	<u>40,900</u>	<u>40,992</u>	<u>92</u>	<u>31,004</u>
<b>Miscellaneous:</b>					
Interest income	23,600	200	173	(27)	482
Fire protection fees	6,500	6,300	6,417	117	6,294
Other	8,800	10,800	9,227	(1,573)	12,625
Total miscellaneous	<u>38,900</u>	<u>17,300</u>	<u>15,817</u>	<u>(1,483)</u>	<u>19,401</u>
<b>Total revenues</b>	<u>\$235,300</u>	<u>\$277,521</u>	<u>\$278,045</u>	<u>\$ 524</u>	<u>\$210,119</u>

TOWN OF ELTON LOUISIANA  
General Fund

Budgetary Comparison Schedule Expenditures  
For the Year Ended December 31 2006  
With Comparative Actual Amounts for the Year Ended December 31 2005

	2006			Variance with Final Budget Positive (Negative)	2005 Actual
	Budget		Actual		
	Original	Final			
<b>Current</b>					
<b>General government</b>					
Coroner fees	\$ 1 000	\$ 750	\$ 500	\$ 250	\$ 1 350
Dues and subscriptions	500	500	1 177	(677)	439
Fire assessments	6 500	6 300	6 417	(117)	6 294
Insurance	27 000	28 300	29 698	(1 398)	27 717
Janitorial supplies	3 000	3 000	2 961	39	3 214
Legal and professional	12 000	13 500	11 777	1 723	7 412
Mayor s expense	100				134
Miscellaneous	400	2 000	1 046	954	569
Office expenditures	6 000	9 500	7 546	1 954	8 993
Payroll taxes	4 600	3 445	3 442	3	3 778
Publishing and recording	1 000	900	1 103	(203)	659
Rent fire hydrant	3 900				975
Salaries	60 000	45 000	44 996	4	42 842
Telephone	4 600	4 620	4 483	137	4 618
Meetings workshops and conventions	500				
Repairs and maintenance	1 500	1 000	421	579	1 923
Utilities	8 000	9 000	9 420	(420)	6 824
Total general government	<u>140 600</u>	<u>127 815</u>	<u>124 987</u>	<u>2 828</u>	<u>117 741</u>
<b>Public safety police</b>					
Auto expenditures	12 000	20 000	20 572	(572)	14 802
Insurance	10 000	12 300	13 740	(1 440)	10 240
Salaries	95 000	150 000	162 629	(12 629)	106 884
Miscellaneous	2 000	1 500	823	677	801
Payroll taxes	8 500	10 500	12 526	(2 026)	8 177
Prisoners expenditures	2 500	4 200	3 851	349	2 181
Supplies	2 500	1 800	14 566	(12 766)	14 833
Repairs and maintenance	14 000	35 000	22 455	12 545	15 950
State court costs	1 000	1 250	1 254	(4)	671
Training academy	300	1 000	2 447	(1 447)	62
Telephone and utilities	3 500	3 300	2 944	356	3 258
Uniforms	2 000	13 500	13 660	(160)	1 030
Total public safety	<u>153 300</u>	<u>254 350</u>	<u>271 467</u>	<u>(17 117)</u>	<u>178 889</u>

(continued)

TOWN OF ELTON, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended December 31, 2006  
With Comparative Actual Amounts for the Year Ended December 31, 2005

	2006			Variance with Final Budget Positive (Negative)	2005 Actual
	Budget		Actual		
	Original	Final			
Highways and streets -					
Auto expenditures	3,700	6,500	3,960	2,540	3,239
Insurance	5,000	5,000	3,967	1,033	4,911
Miscellaneous	-	-	-	-	-
Payroll taxes	3,000	3,300	3,626	(326)	3,173
Repairs and maintenance	25,000	27,000	23,580	3,420	21,699
Salaries	40,000	42,000	47,402	(5,402)	41,479
Supplies	1,000	1,200	745	455	940
Utilities	16,000	16,500	18,028	(1,528)	15,113
Total highways and streets	<u>93,700</u>	<u>101,500</u>	<u>101,308</u>	<u>192</u>	<u>90,554</u>
Parks and recreation -					
Repairs and maintenance	2,000	1,000	1,132	(132)	5,419
Utilities	1,200	1,600	1,677	(77)	1,433
Total parks and recreation	<u>3,200</u>	<u>2,600</u>	<u>2,809</u>	<u>(209)</u>	<u>6,852</u>
Animal control -					
Insurance	450	450	331	119	433
Payroll taxes	300	300	300	-	284
Salaries	3,700	3,920	3,918	2	3,708
Supplies	1,000	1,300	1,147	153	1,525
Total animal control	<u>5,450</u>	<u>5,970</u>	<u>5,696</u>	<u>274</u>	<u>5,950</u>
Capital outlay:					
General and administrative -					
Improvements	-	5,755	5,755	-	-
Equipment	-	2,398	4,795	(2,397)	-
Public safety - police -					
Equipment	-	52,676	52,594	82	1,286
Highways and streets -					
Equipment	-	-	3,945	(3,945)	-
Fence	-	-	-	-	1,760
Culture & recreation -					
Community center	100,000	-	-	-	-
Total capital outlay	<u>100,000</u>	<u>60,829</u>	<u>67,089</u>	<u>(6,260)</u>	<u>3,046</u>
Total expenditures	<u>\$496,250</u>	<u>\$553,064</u>	<u>\$573,356</u>	<u>\$ (20,292)</u>	<u>\$403,032</u>

**NONMAJOR GOVERNMENTAL FUNDS**



TOWN OF ELTON, LOUISIANA  
Nonmajor Governmental Funds

Combining Balance Sheet  
December 31, 2006  
With Comparative Totals for December 31, 2005

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals</u>	
			2006	2005
<b>ASSETS</b>				
Cash	\$ 81,087	\$ 25,556	\$106,643	\$ 68,749
Receivables:				
Taxes	<u>6,135</u>	<u>-</u>	<u>6,135</u>	<u>4,963</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 87,222</b></u>	<u><b>\$ 25,556</b></u>	<u><b>\$112,778</b></u>	<u><b>\$ 73,712</b></u>
<b>FUND BALANCES</b>				
Fund balances:				
Reserved for debt service	\$ -	\$ 25,556	\$ 25,556	\$ 26,546
Unreserved, undesignated	<u>87,222</u>	<u>-</u>	<u>87,222</u>	<u>47,166</u>
<b>Total fund balances</b>	<u><b>\$ 87,222</b></u>	<u><b>\$ 25,556</b></u>	<u><b>\$112,778</b></u>	<u><b>\$ 73,712</b></u>

TOWN OF ELTON, LOUISIANA  
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended December 31, 2006  
With Comparative Totals for the Year Ended December 31, 2005

	Special Revenue	Debt Service	Totals	
			2006	2005
<b>Revenues:</b>				
Taxes -				
Sales	\$ 97,055	\$ -	\$ 97,055	\$ 83,306
Miscellaneous	-	-	-	1,274
<b>Total revenues</b>	<b>97,055</b>	<b>-</b>	<b>97,055</b>	<b>84,580</b>
<b>Expenditures:</b>				
Current -				
General government:				
Professional fees	1,266	-	1,266	4,092
Collection fees	2,033	-	2,033	1,750
Miscellaneous	-	-	-	4
<b>Total general government</b>	<b>3,299</b>	<b>-</b>	<b>3,299</b>	<b>5,846</b>
Debt service -				
Principal retirement	-	40,000	40,000	53,000
Interest and fiscal charges	-	12,803	12,803	15,961
<b>Total debt service</b>	<b>-</b>	<b>52,803</b>	<b>52,803</b>	<b>68,961</b>
<b>Total expenditures</b>	<b>3,299</b>	<b>52,803</b>	<b>56,102</b>	<b>74,807</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>93,756</b>	<b>(52,803)</b>	<b>40,953</b>	<b>9,773</b>
<b>Other financing sources (uses):</b>				
Transfers in	-	51,813	51,813	54,212
Transfers out	(53,700)	-	(53,700)	(160,259)
<b>Total financing sources (uses)</b>	<b>(53,700)</b>	<b>51,813</b>	<b>(1,887)</b>	<b>(106,047)</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>40,056</b>	<b>(990)</b>	<b>39,066</b>	<b>(96,274)</b>
<b>Fund balances, beginning</b>	<b>47,166</b>	<b>26,546</b>	<b>73,712</b>	<b>169,986</b>
<b>Fund balances, ending</b>	<b>\$ 87,222</b>	<b>\$ 25,556</b>	<b>\$ 112,778</b>	<b>\$ 73,712</b>

## NONMAJOR SPECIAL REVENUE FUND

### 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.

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

Comparative Balance Sheet  
 December 31, 2006

	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
Cash	\$ 81,087	\$ 42,203
Taxes receivable	<u>6,135</u>	<u>4,963</u>
Total assets	<u>\$ 87,222</u>	<u>\$ 47,166</u>
<b>FUND BALANCES</b>		
Fund balances:		
Unreserved, undesignated	<u>87,222</u>	<u>47,166</u>
Total fund balances	<u>\$ 87,222</u>	<u>\$ 47,166</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  
 For the Year Ended December 31, 2006  
 With Comparative Actual Amounts for the Year Ended December 31, 2005

	2006		Variance - Favorable (Unfavorable)	2005
	Budget	Actual		Actual
<b>Revenues:</b>				
Taxes	\$ 90,000	\$ 97,055	\$ 7,055	\$ 83,306
<b>Expenditures:</b>				
Current -				
General government:				
Professional fees	1,500	1,266	234	1,420
Collection fees	2,000	2,033	(33)	1,750
Miscellaneous	10	-	10	4
<b>Total general government</b>	<u>3,510</u>	<u>3,299</u>	<u>211</u>	<u>3,174</u>
<b>Excess of revenues over expenditures</b>	<u>86,490</u>	<u>93,756</u>	<u>7,266</u>	<u>80,132</u>
<b>Other financing uses:</b>				
Transfers to General Fund	(85,000)	(48,000)	37,000	(83,961)
Transfers to Utility Fund	(10,000)	(5,700)	4,300	(6,500)
<b>Total other financing uses</b>	<u>(95,000)</u>	<u>(53,700)</u>	<u>41,300</u>	<u>(90,461)</u>
<b>Excess (deficiency) of revenues over expenditures and other uses</b>	(8,510)	40,056	48,566	(10,329)
Fund balance, beginning	47,166	47,166	-	57,495
Fund balance, ending	<u>\$ 38,656</u>	<u>\$ 87,222</u>	<u>\$ 48,566</u>	<u>\$ 47,166</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, 2006  
With Comparative Totals for December 31, 2005

	1980 Public Improvement Bond	2001 Certificates of Indebtedness	Totals	
			2006	2005
<b>ASSETS</b>				
Cash	<u>\$ -</u>	<u>\$ 25,556</u>	<u>\$ 25,556</u>	<u>\$ 26,546</u>
<b>FUND BALANCES</b>				
Fund balances:				
Reserved for debt service	<u>\$ -</u>	<u>\$ 25,556</u>	<u>\$ 25,556</u>	<u>\$ 26,546</u>

TOWN OF ELTON, LOUISIANA  
Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended December 31, 2006  
With Comparative Totals for the Year Ended December 31, 2005

	1980	2001	Totals	
	Public Improvement Bond	Certificates of Indebtedness	2006	2005
<b>Revenues:</b>				
Taxes -				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Miscellaneous -				
Interest on deposits	-	-	-	1,274
Total revenues	-	-	-	1,274
<b>Expenditures:</b>				
Current -				
General government:				
Professional fees	-	-	-	2,672
Miscellaneous	-	-	-	-
Total general government	-	-	-	2,672
Debt service -				
Principal retirement	-	40,000	40,000	53,000
Interest	-	12,803	12,803	15,961
Total debt service	-	52,803	52,803	68,961
Total expenditures	-	52,803	52,803	71,633
Deficiency of revenues over expenditures	-	(52,803)	(52,803)	(70,359)
<b>Other financing sources (uses):</b>				
Transfers in	-	51,813	51,813	54,212
Transfers out	-	-	-	(69,798)
Total other financing sources (uses)	-	51,813	51,813	(15,586)
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(990)	(990)	(85,945)
Fund balances, beginning	-	26,546	26,546	112,491
Fund balances, ending	\$ -	\$ 25,556	\$ 25,556	\$ 26,546



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  
 For the Year Ended December 31, 2006  
 With Comparative Actual Amounts for the Year Ended December 31, 2005

	2006		Variance - Favorable (Unfavorable)	2005 Actual
	Budget	Actual		
<b>Revenues:</b>				
Taxes -ad valorem	\$ -	\$ -	\$ -	\$ -
Miscellaneous - interest	-	-	-	1,274
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,274</u>
<b>Expenditures:</b>				
<b>Current -</b>				
General government:				
Professional fees	-	-	-	2,672
<b>Debt service -</b>				
Principal retirement	-	-	-	18,000
Interest	-	-	-	900
<b>Total debt service</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,900</u>
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,572</u>
<b>Excess (deficiency) of revenues   over expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,298)</u>
<b>Other financing sources (uses):</b>				
Transfer to General Fund	-	-	-	(10,865)
Transfer to Utility fund	-	-	-	(58,933)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(69,798)</u>
<b>Excess (deficiency) of revenues and   other sources over expenditures   and other uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,096)</u>
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,096</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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  
 For the Year Ended December 31, 2006  
 With Comparative Actual Amounts for the Year Ended December 31, 2005

	2006		Variance - Favorable (Unfavorable)	2005 Actual
	Budget	Actual		
Revenues:	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Debt service -				
Principal retirement	40,000	40,000	-	35,000
Interest	12,597	12,803	(206)	15,061
Total debt service	<u>52,597</u>	<u>52,803</u>	<u>(206)</u>	<u>50,061</u>
Deficiency of revenues over expenditures	(52,597)	(52,803)	(206)	(50,061)
Other financing sources:				
Transfers from 1991 Sales Tax Fund	<u>52,000</u>	<u>51,813</u>	<u>(187)</u>	<u>54,212</u>
Excess (deficiency) of revenues and other financing sources over expenditures	(597)	(990)	(393)	4,151
Fund balance, beginning	<u>26,546</u>	<u>26,546</u>	-	<u>22,395</u>
Fund balance, ending	<u>\$25,949</u>	<u>\$25,556</u>	<u>\$ (393)</u>	<u>\$26,546</u>

TOWN OF ELTON, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Number of Utility Customers  
(Unaudited)  
December 31, 2006

Records maintained by the Town indicated the following number of customers were being served during the months of December, 2006 and 2005:

<u>Department</u>	<u>2006</u>	<u>2005</u>
Water (metered)	537	532
Sewer	505	502
Garbage	499	487

TOWN OF ELTON, LOUISIANA  
Enterprise Fund  
Utility Fund

Comparative Statement of Operating Expenses by Department  
Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Water department:		
Bad debts	\$ 1,712	\$ 84
Depreciation	24,347	25,644
Insurance	1,533	1,887
Legal and professional fees	3,726	3,437
Miscellaneous	814	150
Office expense and supplies	4,178	5,685
Payroll taxes	2,880	3,056
Repairs and maintenance	13,703	4,511
Salaries	37,651	39,946
Supplies	164	765
Truck expense	1,629	970
Utilities	793	649
Water analysis	1,512	1,512
Water purchases	<u>70,926</u>	<u>54,696</u>
Total water department	<u>165,568</u>	<u>142,992</u>
Sewer department:		
Bad debts	68	704
Depreciation	33,894	34,056
Insurance	3,662	5,020
Legal and professional fees	5,727	3,134
Licenses and permits	30	838
Miscellaneous	45	536
Office expense and supplies	546	175
Payroll taxes	629	1,216
Repairs and maintenance	24,532	7,966
Salaries	8,226	15,894
Supplies	3,978	4,125
Sewer analysis	2,314	2,541
Truck expense	599	1,255
Utilities	<u>7,534</u>	<u>9,916</u>
Total sewer department	<u>91,784</u>	<u>87,376</u>
Sanitation department:		
Bad debts	22	667
Office expense and supplies	154	176
Collection fees	<u>70,523</u>	<u>67,030</u>
Total sanitation department	<u>70,699</u>	<u>67,873</u>
Total operating expenses	<u>\$ 328,051</u>	<u>\$ 298,241</u>

TOWN OF ELTON, LOUISIANA

Combined Schedule of Interest-Bearing Deposits - All Funds  
December 31, 2006

	<u>Financial Institution</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Major governmental funds:				
1991 Sales Tax Fund -				
Certificate of Deposit	(C)	08/12/07	5.03%	\$ 129,390
Coushatta Tribe Community Grant Fund -				
Money market account	(C)	N/A	variable	919,664
Money market account	(A)	N/A	variable	72,623
				<u>992,287</u>
Utility Fund:				
Unrestricted assets -				
Certificate of Deposit	(C)	11/30/07	4.93%	59,171
Certificate of Deposit	(A)	11/30/07	4.93%	41,834
Certificate of Deposit	(A)	03/24/07	3.50%	19,729
Certificate of Deposit	(A)	04/11/07	3.50%	17,990
Certificate of Deposit	(A)	12/10/07	3.45%	11,165
Certificate of Deposit	(A)	12/10/07	3.45%	49,869
Certificate of Deposit	(A)	01/30/07	2.00%	2,683
Certificate of Deposit	(A)	03/05/07	2.75%	3,017
Certificate of Deposit	(A)	08/25/07	2.75%	3,292
Certificate of Deposit	(A)	09/06/07	2.75%	2,769
Certificate of Deposit	(A)	09/29/07	2.75%	2,714
Certificate of Deposit	(A)	09/29/07	2.85%	3,093
Certificate of Deposit	(A)	10/03/07	3.00%	3,377
Certificate of Deposit	(A)	10/06/07	3.00%	3,085
Certificate of Deposit	(A)	10/17/07	3.45%	2,695
Certificate of Deposit	(A)	11/30/07	3.45%	2,686
Certificate of Deposit	(A)	12/02/07	3.55%	2,500
Certificate of Deposit	(A)	12/04/07	3.55%	3,307
Total unrestricted assets				<u>234,976</u>
Restricted assets -				
Certificate of Deposit	(A)	05/03/07	2.75%	17,388
Certificate of Deposit	(A)	12/10/06	3.45%	10,917
Money market account	(A)	N/A	variable	3,232
Total restricted assets				<u>31,537</u>
Total Utility Fund				<u>266,513</u>
Total - all funds				<u>\$1,388,190</u>

Investments with:

- (A) American Bank, Welsh, Louisiana
- (C) Capital One Bank, New Orleans, Louisiana

TOWN OF ELTON, LOUISIANA

Schedule of Insurance in Force  
(Unaudited)  
December 31, 2006

<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	307,766
Surety Bonds:	
Mayor/Council	110,000
Town clerk	30,000
Assistant town clerk	7,000
Fire and wind coverage on Town of Elton buildings:	
Senior citizens building	50,000
City hall and police station	218,000
Contents of city hall and police station	15,000
Maintenance building	75,000
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, COMPLIANCE**

**AND**

**OTHER MATTERS**

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\* A Professional Accounting Corporation

## 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, 2006, which collectively comprise the Town's basic financial statements and have issued our report thereon dated May 24, 2007. 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, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Elton, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying summary schedule of current and prior year control deficiencies and corrective action plan as item 06-1(IC) to be a significant deficiency in internal control over financial reporting.

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SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS



A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider item 06-1(IC) to be a material weakness.

#### 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

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

Oberlin, Louisiana  
May 24, 2007

TOWN OF ELTON, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan  
December 31, 2006

<u>Fiscal Year</u>	<u>Finding</u>	<u>Description of Finding</u>	<u>Corrective</u>	<u>Corrective Action Planned</u>	<u>Name of</u>	<u>Anticipated</u>
<u>Ref.</u>	<u>Initially</u>		<u>Action</u>		<u>Contact Person</u>	<u>Date of</u>
<u>No.</u>	<u>Occurred</u>		<u>Taken</u>			<u>Completion</u>
<u>CURRENT YEAR (12/31/06) --</u>						
<u>Internal Control</u>						
06-1 (1C)	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>PRIOR YEAR (12/31/05) --</u>						
<u>Internal Control</u>						
05-1 (1C)	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