

TOWN OF ELIZABETH



INVESTIGATIVE AUDIT
JUNE 3, 2015

**LOUISIANA LEGISLATIVE AUDITOR
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LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

DIRECTOR OF INVESTIGATIVE AUDIT
ROGER W. HARRIS, J.D., CCEP

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

June 3, 2015

**THE HONORABLE WAYNE EARL, MAYOR,
AND MEMBERS OF THE BOARD OF ALDERMEN
TOWN OF ELIZABETH**
Elizabeth, Louisiana

We have audited certain transactions of the Town of Elizabeth. Our audit was conducted in accordance with Title 24 of the Louisiana Revised Statutes to determine the validity of allegations we received.

Our audit consisted primarily of inquiries and the examination of selected financial records and other documentation. The scope of our audit was significantly less than that required by *Government Auditing Standards*.

The accompanying report presents our findings and recommendations, as well as managements' responses. This is a public report. Copies of this report have been delivered to the District Attorney for the 33rd Judicial District of Louisiana, the Louisiana Board of Ethics, and others as required by law.

Respectfully submitted,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/aa

TOWNOFELIZABETH 2015

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EXECUTIVE SUMMARY

Improper Payments to Town Employees and Vendors

Between June 3, 2014 and June 20, 2014, the Town of Elizabeth (Town) paid former Mayor Robert Crafton, Town Gas System Supervisor Alvin Earl, and two Town vendors an aggregate of \$117,354 without any apparent legal obligation to do so. Mayor Crafton appears to have falsified minutes of a Board of Aldermen (Board) meeting authorizing such payments. By falsifying records and directing payments to himself and others for which the Town had no legal obligation, Mayor Crafton may have violated the Louisiana Constitution and state law. In addition, Mayor Crafton and Mr. Earl may have violated the Code of Governmental Ethics by receiving additional payments in excess of their salary.

Mayor Received Excess Compensation

From August 7, 2013 to December 12, 2014, former Mayor Crafton received excess compensation totaling \$4,800. This amount included two additional payroll checks totaling \$3,200 and unused leave payouts totaling \$1,600. Mayor Crafton received additional payroll checks after he increased his monthly salary without authority. In addition, as an elected official, Mayor Crafton did not complete time sheets and may not have been entitled to leave benefits. By receiving excess compensation, Mayor Crafton may have violated state law.

Noncompliance with Local Government Budget Act

During our audit, we noticed that management did not fully comply with the Local Government Budget Act, which directs political subdivisions of the state as to the manner in which budgets shall be adopted, implemented, and amended.

Noncompliance with Open Meetings Law

On January 6, 2015, the Board voted, in writing, to approve salary adjustments for Town employees and elected officials. Because the vote was not made by live voice, Town management may have violated the state's open meetings law.

Board of Aldermen Improperly Fixed Salaries of Municipal Officers

The Board appears to have violated state law by failing to fix the salaries of municipal officers by ordinance and by reducing the salary of an elected official during his current term.

Municipality Improperly Classified as a Town

The Town appears to be improperly classified as a town under the provisions of the Lawrason Act. Because the Town has less than 1,000 inhabitants, state law requires the Board to adopt a resolution requesting the governor to change its classification to the appropriate classification based on the Town's current population.

BACKGROUND AND METHODOLOGY

The Town of Elizabeth (Town) is located in Allen Parish and has a population of 532 residents (2010 Census). The Town was incorporated under the provisions of the Lawrason Act and has a mayor-board of aldermen form of government. The Town's mayor and five aldermen are elected at-large and serve four-year terms. The Town provides utility, public safety (police), streets maintenance, and general administrative services.

The Town has owned and operated a natural gas distribution system since 2005. In 2007, the Town entered into a 20-year Gas Sale Contract (GSC) with the Public Energy Authority of Kentucky, Inc. (PEAK). The GSC allowed the Town to purchase natural gas at discounted prices. In 2012, the GSC was terminated early; the Town received a \$382,101 payment on June 2, 2014, as a result of that early termination.

According to Town records, \$117,354 (approximately 30% of the amount the Town received from PEAK) was paid to former Mayor Robert Crafton, Town Gas System Supervisor Alvin Earl, and two Town vendors. Our audit sought to determine the propriety of these payments to Town employees and vendors. The procedures performed during this audit included:

- interviewing Town employees;
- interviewing other persons as appropriate;
- examining selected Town documents and records;
- gathering and examining external parties' documents and records; and
- reviewing applicable state laws and regulations.

FINDINGS AND RECOMMENDATIONS

Improper Payments to Town Employees and Vendors

Between June 3, 2014 and June 20, 2014, the Town of Elizabeth (Town) paid former Mayor Robert Crafton, Town Gas System Supervisor Alvin Earl, and two Town vendors an aggregate of \$117,354 without any apparent legal obligation to do so. Mayor Crafton appears to have falsified minutes of a Board of Aldermen (Board) meeting authorizing such payments. By falsifying records and directing payments to himself and others for which the Town had no legal obligation, Mayor Crafton may have violated the Louisiana Constitution¹ and state law.^{2,3,4,5} In addition, Mayor Crafton and Mr. Earl may have violated the Code of Governmental Ethics by receiving additional payments in excess of their salary.⁶

The Town owns and operates a natural gas distribution system. On December 18, 2007, the Town entered into a 20-year Gas Sale Contract (GSC) with Public Energy Authority of Kentucky, Inc. (PEAK) that began on January 1, 2008, and was scheduled to end on December 31, 2027. PEAK is a nonprofit, Kentucky joint-action agency that develops, acquires, finances, and promotes secure, reliable, and economic sources and supplies of natural gas on behalf of its members and other public utilities. To do so, PEAK issues tax-exempt revenue bonds to prepay natural gas that PEAK distributes to its members and other public utilities (called “project participants”). PEAK developed the Gas Supply Acquisition Project for the acquisition of long-term natural gas supplies under a prepaid Gas Purchase Agreement with Société Générale Energie (USA) Corp., a Delaware corporation (“SGEC”).

The GSC allowed the Town to purchase natural gas at discounted prices under the PEAK-SGEC Gas Purchase Agreement. For reasons unknown to us, PEAK’s Gas Purchase Agreement with SGEC terminated early in March 2012. The early termination resulted in the mandatory redemption of PEAK’s tax-exempt bonds and the termination of the Town’s GSC with PEAK. After both a regular financial audit and an IRS audit, PEAK distributed the funds remaining after the bond redemption and payment of related expenses to the PEAK-SGEC transaction’s “project participants.” As one of the smaller project participants, the Town was entitled to 5.02% of the remaining funds, or \$382,101, which was deposited into the Town bank account used to account for gas system operations on June 2, 2014.

The Town also contracted with DeQuincy, Louisiana-based Elizabeth Natural Gas, Inc. and Austin, Texas-based AMESCo, LLC, to provide management services for the Town’s gas distribution system. According to these agreements, Elizabeth Natural Gas managed the Town’s gas purchases and AMESCo. assisted the Town with management, gas supply, and transportation services. Each month, Elizabeth Natural Gas provided the Town an invoice for all gas purchases through PEAK, as well as all services provided by Elizabeth Natural Gas and AMESCo.

Improper Payments to Town Employees and Vendors

According to records, the Town used funds received from PEAK totaling \$117,354 to make payments to the following Town employees and vendors from June 3, 2014 to June 20, 2014:

- Town Gas System Supervisor Alvin Earl - \$38,210
- Elizabeth Natural Gas (Vendor) - \$38,210
- AMESCo (Vendor) - \$38,210
- Mayor Robert Crafton - \$2,724

Documentation supporting these payments included minutes of a special meeting of the Board dated June 2, 2014. According to these minutes, the Board discussed the funds received from PEAK and voted to disburse the funds, as outlined by the mayor, to the “parties/project participants” in the following manner:

- Town Gas System Supervisor, Alvin Earl 10% - \$38,210
- Elizabeth Natural Gas (Vendor) 10% - \$38,210
- AMESCo. (Vendor) 10% - \$38,210
- Mayor Robert Crafton 5% - \$19,105

The minutes also included an addendum which stated:

“TO AVOID ANY PERCEPTION OF AN ETHICS VIOLATION, I WILL NOT ACCEPT THE 5% PRE-PAY DISBURSEMENT FROM THE PEAK AGREEMENT SETTLEMENT. ROBERT CRAFTON, MAYOR.”

Town Clerk Alice Chavez stated that Mayor Crafton instructed her to issue checks to the project participants according to the meeting minutes. In addition, the payments were supported by invoices from each of the project participants, including Mayor Crafton and Mr. Earl, which referenced the PEAK transaction and listed management services for prior periods ranging from February 2008 to May 2014. However, since each party had already been compensated for their management services from 2008 to 2014, either through payroll checks to Town employees or payments to vendors for specific services, the Town had no obligation to make these payments. As such, these payments appear to represent a gratuitous donation of public funds in possible violation of the Louisiana Constitution.¹

Further, state ethics laws prohibit public employees from receiving additional compensation for the performance of their duties and responsibilities. By receiving additional payments for their duties and responsibilities, Mayor Crafton and Mr. Earl may have violated state ethics laws.⁶ Although Mayor Crafton only received one payment in the amount of

\$2,724,^A it appears that the payment was made after the addendum referencing a possible ethics violation was added to the meeting minutes. Mayor Crafton stated he instructed the Town clerk to include the addendum to the minutes seven to 10 days after the meeting took place. Although he stated that the check had already been prepared by the Town clerk, records indicate that the check was dated June 20, 2014, (18 days after the meeting) and that the check was deposited into Mayor Crafton's bank account on July 11, 2014, (39 days after the meeting). As such, it appears that Mayor Crafton received extra compensation with knowledge that the transaction would violate state law. Mayor Crafton reimbursed the funds to the Town after we discussed the matter with him on January 29, 2015.

On March 11, 2015, the Town issued letters to Elizabeth Natural Gas, AMESCO, and Mr. Earl, indicating that the PEAK funds had been paid to them in error and requesting reimbursement. All funds were subsequently reimbursed to the Town.

Inaccurate Meeting Minutes

When asked about the special meeting allegedly held on June 2, 2014, Mayor Crafton stated that the Board came up with a fair and equitable way to distribute the PEAK funds to the project participants. Mayor Crafton stated that Ms. Chavez and four alderpersons attended the meeting at Town hall and that the meeting did not take place over the phone. Mayor Crafton added that the Board determined the amounts to be paid to the project participants.

Based on interviews with Town officials and employees, it appears that the Board did not meet on June 2, 2014, nor did it vote to approve the distribution of funds received from PEAK. Ms. Chavez stated that the meeting did not take place and that she prepared meeting minutes based on handwritten notes provided by Mayor Crafton. According to the minutes prepared by Ms. Chavez, four of the five alderpersons were present and voted to approve the distribution of the PEAK funds. None of the four alderpersons could recall attending a special meeting on June 2, 2014. Three of the aldermen recalled discussing the PEAK funds with Mayor Crafton over the phone. Mayor Crafton later acknowledged that the Board did not meet on June 2, 2014. He stated that he held separate meetings with each of the council members in his office on June 2, 2014, where he "polled" each member on how to distribute the PEAK funds.

Conclusion

From June 3-20, 2014, the Town issued payments totaling \$117,354 to two Town employees and two vendors without a legal obligation to do so. Mayor Crafton appears to have falsified minutes of a Board meeting to authorize these payments. By falsifying records and directing payments to himself and others for which the Town had no legal obligation, Mayor Crafton may have violated the Louisiana Constitution¹ and state law.^{2,3,4,5} In addition, Town employees who received payments in excess of their salary may have violated the Louisiana Code of Governmental Ethics.⁶

^A Town records indicate that the 5% (\$19,105) distribution for Mayor Crafton was to be paid in seven installments of \$2,724 from June 20, 2014 to December 20, 2014.

Mayor Received Excess Compensation

From August 7, 2013, to December 12, 2014, former Mayor Robert Crafton received excess compensation totaling \$4,800. This amount included two additional payroll checks totaling \$3,200 and unused leave payouts totaling \$1,600. Mayor Crafton received additional payroll checks after he increased his monthly salary without authority. In addition, as an elected official, Mayor Crafton did not complete time sheets and may not have been entitled to leave benefits. By receiving excess compensation, Mayor Crafton may have violated state law.^{2,4,5}

Louisiana Revised Statute (La. R.S.) 33:404.1⁷ requires the Board of Aldermen (Board) to fix the compensation of the mayor by ordinance. According to Town Clerk Alice Chavez, Mayor Crafton's salary was set by ordinance in the amount of \$19,200 (\$1,600 per month) in 2013. Although the Town could not provide the mayor's salary ordinance, payroll records confirmed that Mayor Crafton's salary was increased to \$19,200 in February 2013. These records indicate that Mayor Crafton's salary was paid once per month and that he did not complete time sheets nor accrue and use leave in accordance with Town policy.

Extra Payroll Checks

Town records indicate that Mayor Crafton received two extra payroll checks totaling \$3,200 from November 13, 2014 to December 12, 2014. These checks were issued to Mayor Crafton in addition to his monthly payroll checks, which doubled his salary for the months of November and December 2014. Ms. Chavez stated that in November 2014, Mayor Crafton instructed her verbally, and in writing, to pay his monthly salary twice per month. According to Ms. Chavez, Mayor Crafton decided to discontinue reporting his quarterly travel expenses^B and instead receive two payroll checks each month. Ms. Chavez stated that Mayor Crafton did not receive approval from the Board to increase his salary. We reviewed meeting minutes and Town ordinances and found no documentation to indicate that the Board increased Mayor Crafton's compensation or appropriated funds for a monthly travel allowance.

Payroll records further indicate that Mayor Crafton was issued a payroll check in the amount of \$1,600 on January 15, 2015, for the period January 1, 2015 to January 15, 2015. This would suggest that Mayor Crafton was to receive two payroll checks for the month of January 2015. We spoke to Mayor Crafton on January 29, 2015, and he informed us that he requested his December 2014 payroll check early to pay personal expenses. Mayor Crafton could not explain why he received additional payroll checks in November and December 2014. Ms. Chavez stated that after we spoke with Mayor Crafton, he instructed her to discontinue paying his monthly salary twice per month and made a reimbursement in the amount of \$3,200. According to Ms. Chavez, Mayor Crafton provided her with a written note that indicated the \$3,200 was for the November and December overpayments.

^B Town records indicate that Mayor Crafton incurred travel expenses totaling \$515 per month from January 2014 to September 2014.

Unused Leave Payouts

Elected officials are not required by state law to work a designated number of hours to receive a paycheck or other full-time benefits. Because elected officials are not required to work a specific number of hours, they usually do not earn vacation and sick leave and, thus, are not required to take leave when not at work. During our audit, we noted that the Town paid Mayor Crafton \$1,600 for unused leave from August 7, 2013 to September 5, 2014. The Town could not provide time sheets for Mayor Crafton, nor did the Town maintain records to indicate that Mayor Crafton accrued and used leave. As such, Mayor Crafton may not have been entitled to receive payouts for unused leave.

Based on available records, it appears that Mayor Crafton increased his salary without authorization from the Board and improperly received unused leave payouts. By receiving excess compensation, Mayor Crafton may have violated state law.^{2,4,5}

Noncompliance with Local Government Budget Act

During our audit, we noticed that management did not fully comply with the Local Government Budget Act (LGBA), which directs political subdivisions of the state as to the manner in which budgets shall be adopted, implemented, and amended.

The Local Government Budget Act (La. R.S. 39:1301, et seq.) directs a political subdivision to allow for public participation prior to the adoption of a budget. The laws further call for financial planning and budgeting practices, which will secure the public dollars entrusted to the leaders of the political subdivision.

The Town's noncompliance with the LGBA is described as follows:

- **Budgets Not Adopted by Ordinance** - La. R.S. 39:1309(A) and La. R.S. 33:406(A)(3) require municipal budgets to be adopted by ordinance. The Town could not provide budget ordinances for fiscal years ended June 30, 2013; June 30, 2014; and June 30, 2015. As such, it appears that the Board of Aldermen (Board) did not perform their legislative function of appropriating funds as required by the LGBA.
- **No Annual Budgets Prepared for the General Fund** - La. R.S. 39:1305(A) requires the preparation of a comprehensive budget presenting a complete financial plan for each fiscal year for the general fund and each special revenue fund. For the fiscal years ended June 30, 2013; June 30, 2014; and June 30, 2015, the Town's budget document did not include a complete financial plan for the general fund. It appears as though the revenues and expenditures of the Town are budgeted based on the different bank accounts maintained by the Town. Although the Town has a general fund bank account for which a budget is presented, it is not consolidated with other bank accounts that receive and spend public funds that would be accounted for in a general fund.

- **No Budget Messages** - The budgets adopted by the Town for fiscal years ended June 30, 2013; June 30, 2014; and June 30, 2015, did not include budget messages. La. R.S. 39:1305(C)(1) requires a budget message for the general and each special revenue fund signed by the budget preparer that provides a summary description of the proposed financial plan, policies, objectives, assumptions, budgetary basis, and a discussion of the most important features.
- **Fund Balances Not Shown in Budgets** - For the fiscal years ended June 30, 2013; June 30, 2014; and June 30, 2015, the estimated fund balances at the beginning and end of each fiscal year were not presented for the general fund as required by La. R.S. 39:1305(C)(2)(A).

In summary, former Mayor Robert Crafton did not submit budgets in accordance with the LGBA. La. R.S. 33:404(5) states that the duties of the mayor will be “to prepare and submit an annual operations budget and a capital improvements budget for the municipality to the Board in accordance with the provisions of R.S. 39:1301 et seq. and any other supplementary laws or ordinances.” In addition, it appears that the Board did not perform their legislative function of properly appropriating funds by ordinance as required by the LGBA and state law.

Noncompliance with Open Meetings Law

On January 6, 2015, the Board of Aldermen (Board) voted, in writing, to approve salary adjustments for Town employees and elected officials. Because the vote was not made by live voice, Town management may have violated the state’s open meetings law.⁸

According to minutes of the meeting held on January 6, 2015, the Board “approved all salary recommendations...” submitted by the mayor. Attached to the meeting minutes was a list of town employees/officials with the recommended adjustments. The list appears to have been initialed for approval by the four council members present at the meeting.

Ms. Chavez informed us that the list of salary adjustments was provided to the Board members present at the meeting. Ms. Chavez stated there was no public discussion and that no vote was taken by the council during the public meeting. La. R.S. 42:14(C)⁸ requires that all votes made by members of a public body shall be by live voice. By failing to vote on salary recommendations by live voice, the Board may have violated state open meetings law.

Board Improperly Fixed Salaries of Municipal Officers

The Board appears to have violated state law by failing to fix the salaries of municipal officers by ordinance and by reducing the salary of an elected official during his current term.

La. R.S. 33:404.1⁷ requires the Board to fix, by ordinance, the compensation of the mayor, aldermen, clerk, and chief of police and prohibits the Board from reducing the compensation of an elected official during the term which he/she is elected. As stated in the previous finding (see *Noncompliance with Open Meetings Law*), the salary recommendations that the Board improperly voted on during the meeting held on January 6, 2015, included salary

increases for the Town clerk and mayor and a salary decrease for the chief of police. Although the salary changes were approved by the Board, the changes were not made by ordinance as required by La. R.S. 33:404.1. In addition, the Board may have violated state law by reducing the compensation of the Town's chief of police during his current term.

Municipality Improperly Classified as a Town

The Town appears to be improperly classified as a town under the provisions of the Lawrason Act. Because the Town has less than 1,000 inhabitants, state law requires the Board to adopt a resolution requesting the governor to change its classification to the appropriate classification based on the Town's current population.

The Town was incorporated under the provisions of the Lawrason Act (La. R.S. 33:321 - 33:463), which determines how municipalities will be classified and the appropriate number of aldermen to be elected. La. R.S. 33:341 provides that municipal corporations shall be divided into three classes: cities, towns, and villages. Those having 5,000 inhabitants or more are cities; those having less than 5,000 but more than 1,000 inhabitants are towns; and those having 1,000 or fewer inhabitants are villages. In addition, La. R.S. 33:382 (A) provides that the number of aldermen in a city shall be not less than five nor more than nine; the number of aldermen in a town shall be five; and the number of aldermen in a village shall be three.

Although the Town has operated under the Lawrason Act as a town with five elected aldermen, United States census data indicates that the municipality has had fewer than 1,000 inhabitants since at least 1990. Based on this information, the Town should be classified as a village with three elected aldermen. La. R.S. 33:342 (A)(1) provides, in part, that when a municipality's population has decreased as to take the municipality out of its present municipal class, the Board shall adopt a resolution requesting the governor to change the classification of the municipality. Because the Town has had less than 1,000 inhabitants since at least 1990 and did not adopt a resolution requesting the governor to change its classification, the Town may be in violation of the Lawrason Act.

Recommendations

Town management should:

- (1) establish written policies and procedures to ensure that all payments made to employees and vendors are in compliance with the Louisiana Constitution and state law, which prohibit of the donation of public assets;
- (2) ensure that all records submitted as official Town records are genuine and accurate;
- (3) implement written policies and procedures to ensure compliance with the Code of Governmental Ethics;

- (4) develop and implement policies and procedures to ensure that amounts paid to employees are appropriately earned and approved;
- (5) require all employees to complete time sheets and leave records and evidence supervisory review and approval;
- (6) adopt policies and procedures that address the awarding of pay increases and require appropriate documentation;
- (7) implement policies and procedures to ensure that compensation for municipal officers is set by ordinance in accordance with state law;
- (8) strictly comply with all provisions of the Local Government Budget Act;
- (9) strictly comply with all provisions of Open Meetings law; and
- (10) adopt a resolution of the Board requesting the governor to change the Town's municipal classification based on the Town's current population.

LEGAL PROVISIONS

¹ **Louisiana Constitution Article VII, Section 14(A)** provides, in part, “Prohibited Uses. Except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.”

² **Louisiana Revised Statute (La. R.S.) 14:67(A)** provides that “Theft is the misappropriation or taking of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations. An intent to deprive the other permanently of whatever may be the subject of the misappropriation or taking is essential.”

³ **La. R.S. 14:133(A)** provides that “Filing false public records is the filing or depositing for record in any public office or with any public official, or the maintaining as required by law, regulation, or rule, with knowledge of its falsity, any of the following: (1) Any forged document. (2) Any wrongfully altered document. (3) Any document containing a false statement or false representation of a material fact.”

⁴ **La. R.S. 14:134(A)** provides that “Malfeasance in office is committed when any public officer or public employee shall: (1) Intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; or (2) Intentionally perform any such duty in an unlawful manner; or (3) Knowingly permit any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him, or to perform any such duty in an unlawful manner.”

⁵ **La. R.S. 42:1461(A)** provides that “Officials, whether elected or appointed and whether compensated or not, and employees of any ‘public entity,’ which, for purposes of this Section shall mean and include any department, division, office, board, agency, commission, or other organizational unit of any of the three branches of state government or of any parish, municipality, school board or district, court of limited jurisdiction, or other political subdivision or district, or the office of any sheriff, district attorney, coroner, or clerk of court, by the act of accepting such office or employment assume a personal obligation not to misappropriate, misapply, convert, misuse, or otherwise wrongfully take any funds, property, or other thing of value belonging to or under the custody or control of the public entity in which they hold office or are employed.”

⁶ **La. R.S. 42:1111(A)(1)** provides, in part, that “No public servant shall receive anything of economic value, other than compensation and benefits from the governmental entity to which he is duly entitled, for the performance of the duties and responsibilities of his office or position...”

La. R.S. 42:1112(A) states, in part, that “No public servant, except as provided in R.S. 42:1120, shall participate in a transaction in which he has a personal substantial economic interest of which he may be reasonably expected to know involving the governmental entity.”

⁷ **La. R.S. 33:404.1** provides that “Compensation of municipal officers. The board of aldermen shall by ordinance fix the compensation of the mayor, aldermen, clerk, chief of police, and all other municipal officers. The board of aldermen may by ordinance increase or decrease their compensation and the compensation of any nonelected municipal officer and may increase the compensation of other elected officials. However, the board of aldermen shall not reduce the compensation of any elected official during the term for which he is elected.”

⁸ **La. R.S. 42:14(C)** provides that “All votes made by members of a public body shall be viva voce and shall be recorded in the minutes, journal, or other official, written proceeding of the body, which shall be a public document.”

APPENDIX A

Management's Response

VILLAGE OF ELIZABETH

WAYNE A. EARL, MAYOR
PO BOX 457
ELIZABETH, LA 70638
EMAIL: elizabethcityhall@camtel.net

PHONE: 318-634-5100
FAX: 318-634-7881
CELL: 318-491-1360

May 19, 2015

Mr. Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Re: Findings in Legislative Report

Dear Mr. Purpera:

In regard to Audit Finding No. 1 – Improper Payments to Town Employees and Vendors: The town agrees completely with the findings and facts noted in the legislative report.

In regard to Audit Finding No. 2 – Mayor Received Excess Compensation: The town agrees that the facts noted in the legislative report are correct.

In regard to Audit Finding No. 3 – Noncompliance with Local Government Budget Act: The town agrees that they failed to comply with the local budgeting act.

In regard to Audit Finding No. 4 – Noncompliance with Open Meetings Law: The town Aldermen were unaware that at the January 6, 2015 meeting, that the Board had approved amending salaries and reduced the salary of the Town's Chief of Police. To correct this, the Board and Town Council met at the March meeting and adopted some salary increases.

In regard to Audit Finding No. 6 – Municipality Improperly Classified as a Town: The Board is in agreement with improper classification, and sent a request to the Governor to reclassify said town as a village. They are waiting on certification from the United States Census Bureau of their data, to them be forwarded to the Governor's office.

"The intultion is an equal opportunity provider and employer."



Mr. Daryl G. Purpera, CPA, CFE
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May 19, 2015

In regard to the ten recommendations that the auditor has made, the town is in agreement with said recommendations, and is currently adopting policies and procedures and agreeing to come into strict compliance with said recommendations.

If you have any further question, please contact me.

Sincerely,

A handwritten signature in black ink that reads "Wayne A. Earl". The signature is written in a cursive style with a large, prominent "W" and "E".

Wayne A. Earl
Mayor

APPENDIX B

Former Mayor Robert Crafton's Response

IMPROPER PAYMENTS:

I PERSONALLY CONTACTED EACH OF THE COUNCIL-MEMBERS IN MY OFFICE AT SEPERATE INDIVIDUAL MEETINGS. THE MEETINGS WERE SPREAD OVER SEVERAL DAYS DUE TO THE FACT THAT 3 OF THE COUNCIL-MEMBERS WERE NOT AVAILABLE TO HAVE A CALLED-MEETING. THESE PAYMENTS WERE SUGGESTED TO EACH COUNCIL-MEMBER BY ME, ALSO DISCUSSED THE PRIMARY REASON FOR THE PAYMENTS. THERE WAS AMPLE TIME AND OPPORTUNITY FOR EACH ONE TO EITHER AGREE OR DISAGREE. FOUR OF THE FIVE MEMBERS AGREED TO THESE PAYMENTS KNOWING THAT WE HAD NO LEGAL OBLIGATION TO DO SO, BUT UNDERSTANDING THAT WITHOUT THESE "VENDORS" WE COULD NOT HAVE BEEN A PARTICIPANT IN THIS ENDEAVOR. THE VOTE OF COUNCIL-MEMBERS WERE AS FOLLOWS - CHARLES SAUNDERS - YEA, DAVID SMITH - YEA, LYDIA KINGAN - YEA, SHIRLEY SMITH - YEA (HER MEETING WAS DELAYED BECAUSE SHE WAS VISITING HER TERMINALLY-ILL DAUGHTER IN ATLANTA, GEORGIA. MR. WAYNE EARL WAS IN DALLAS TX, FOR A FOLLOW-UP VISIT REGARDING HIS LUNG-TRANSPLANT.

PLEASE BE AWARE THAT ALL FUNDS HAVE BEEN PAID/RETURNED TO TOWN BY EACH RECEPIENT. THERE WAS NEVER ANY INTENT TO VIOLATE OR GIVE THE PERCEPTION OF ETHICS-VIOLATION.

INACCURATE MEETING MINUES:

THE MEETING TOOK PLACE IN MY OFFICE AS STATED ABOVE. SINCE THE COUNCIL-MEMBERS WERE UNABLE TO ATTEND A CALLED MEETING - I DID PREPARE HAND-WRITTEN NOTES OF THE RESULTS OF THE COUNCIL'S OPINIONS AND I GAVE THESE NOTES TO THE CITY-CLERK (MS. ALICE CHAVEZ).

I CAN ATTEST TO THE FACT THAT MS. CHAVEZ IS A VERY HONEST PERSON WHOSE INTEGRITY IS ABOVE REPROACH.

EXCESS COMPENSATION:

THE EXCESS-COMPENSATION AS STATED WOULD INDICATE THAT I MAY HAVE VIOLATED STATE-LAW. PLEASE BE ADVISED THAT I DID EXPLAIN MY REASONS FOR REQUESTING TEMPORARY-ADVANCED PAYMENTS TO JOHNATHAN, ONE

OF THE AUDITORS. I SPOKE WITH Ms. Alice about these payments ASKING her to pay me early so that I could pay the ONCOLOGIST-DOCTOR FOR A PET-SCAN ON MY WIFE WHO WAS DIAGNOSED WITH SMALL-CELL CARCINOMA. I WAS INFORMED THAT MEDI-CARE WOULD NOT PAY FOR THIS AND PAYMENT WAS REQUIRED UP-FRONT.

Ms. Alice complied by writing the checks, I USED THESE FUNDS FOR PERSONAL EXPENSES WITH FULL INTENTIONS OF REPAYING THE TOWN.

TOTAL REPAYMENT WAS MADE. AGAIN, THERE WAS NEVER ANY INTENT TO VIOLATE STATE LAW.

NONCOMPLIANCE WITH BUDGET ACT

BUDGETS WERE PROPERLY PREPARED BY Mayor Crafton WITH THE ASSISTANCE OF ELLIOTT AND ASSOCIATES AUDITORS + ASSISTANT FOR THE TOWN OF ELIZABETH FOR THE PAST TWENTY-YEARS. THERE WERE NEVER ANY ATTEMPTS TO CIRCUMVENT PUBLIC-PARTICIPATION DURING ANY OF THE BUDGETING PROCESS. PUBLIC PARTICIPATION WAS ALWAYS ENCOURAGED. THE AUDITOR REVIEWED EVERY BUDGET PRIOR TO OFFERING THE BUDGET TO THE COUNCIL FOR APPROVAL.

Municipality IMPROPERLY CLASSIFIED:

I BECAME A RESIDENT OF ELIZABETH IN 1972. THE POPULATION HAS BEEN CONSIDERABLY LESS THAN 1000 SINCE THEN. ELIZABETH WAS INCORPORATED IN 1964 AND HAS ALWAYS BE RECOGNIZED AS TOWN OF ELIZABETH. PREVIOUS ADMINISTRATIONS DID NOT SEEK TO HAVE CHANGES MADE AND AS SUCH - NEITHER DID I.

RECOMMENDATIONS: TOWN MANAGEMENT SHOULD:

I TOTALLY AGREE WITH ITEMS #1 - #9, #10 HAS BEEN REQUESTED. AFTER SERVING ON THE COUNCIL FOR 8 YEARS AND 12 YEARS AS MAYOR I AM VERY PROUD OF OUR ACCOMPLISHMENTS. MY COUNCIL AND I WORKED DILIGENTLY TO MAKE OUR TOWN VILLAGE A PLACE TO RAISE OUR FAMILIES AND ENJOY THE AMMENITIES OF A SMALL TOWN. IN MY OPINION - WE SUCCEEDED.

Sincerely, Robert Crafton, P.O. Box 153 Elizabeth, LA. 70638.