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TOWN OF NEWELLTON, LOUISIANA

Financial Statements
As of and For the Year Ended June 30, 2005

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

Release Date 2-1-06

TOWN OF NEWELLTON, LOUISIANA
Financial Report
As Of and For The Year Ended June 30, 2005

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Financial Report
As Of and For The Year Ended June 30, 2005

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Francis I. Huffman, CPA
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INDEPENDENT AUDITORS' REPORT

**Mayor Alex Davis
and Members of the Board of Aldermen
Town of Newellton
Newellton, 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 Newellton, Louisiana (the Town) as of June 30, 2005, and for the year then ended, which collectively comprise the Town's basic financial statements as listed in the accompanying Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, published by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2005 and the results of its operations and cash flows, where applicable, 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 October 19, 2005 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**Mayor Alex Davis
and Members of the Board of Aldermen
Town of Newellton**

The Management's Discussion and Analysis and the budgetary information on pages 4 through 11 and page 48, are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as Other Supplemental Information, Schedules 2 through 8 in the accompanying Table of Contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Town. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



(A Professional Accounting Corporation)

**October 19, 2005
(except for Note 8, as to
which the date is December 14, 2005)**

**REQUIRED SUPPLEMENTAL INFORMATION
(PART A)**

Town of Newellton
Management's Discussion and Analysis (MD&A)
June 30, 2005

As management of the Town of Newellton, we offer readers of the Town of Newellton's financial statements this narrative overview and analysis of the financial activities of the Town of Newellton for the fiscal year ended June 30, 2005. It is designed to assist the reader in focusing on significant financial issues, identify changes in the Town's financial position, and identify material deviations and individual fund issues or concerns.

Financial Highlights

- The assets of the Town of Newellton exceeded its liabilities at the close of the most recent fiscal year by \$4,500,456.
 - ✓ Of this amount \$3,687,867 represented a restriction equal to the net amount invested in land, building, equipment and construction in progress.
 - ✓ The remainder of \$650,820 of unrestricted net assets could be used to fund the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$52,603. This increase was attributable to an increase in water, sewer and gas rates.
- The Town spent \$86,340 on capital additions and \$108,151 on construction in progress during the fiscal year.
- As of the close of the current fiscal year, the Town of Newellton's governmental funds reported combined ending fund balances of \$83,534 a decrease of \$9,545 in comparison with the prior year. Of this total amount, \$69,516 is available for spending at the government's discretion (*unreserved fund balance*).
- The Town of Newellton's total debt decreased by approximately \$59,000 during the current fiscal year.

Overview of the Financial Statements

The MD&A is intended to serve as an introduction to the Town of Newellton's basic financial statements. The Town of Newellton's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Newellton's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town of Newellton's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Newellton is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Town of Newellton that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Newellton include general government, public safety and public works. The business-type activities of the Town of Newellton include water, sewer, and gas systems.

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Newellton, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Newellton can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Newellton maintains 5 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be major fund. Data from the other 4 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town of Newellton adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided on page 48 for the General Fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 16 and 18 of this report.

Proprietary funds. The Town of Newellton maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements can be found on pages 20 through 24 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 25 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Newellton's compliance with budgets for its major funds. The combining statements for non-major governmental funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Newellton, assets exceeded liabilities by \$4,500,456 at June 30, 2005. The combined net assets increased between fiscal years 2004 and 2005 by approximately \$53,000.

Capital assets consisting of land, buildings, machinery and equipment account for the majority of the Town's net assets of \$4,500,456. Capital assets, net of depreciation and related debt included in Net Assets, total \$3,687,867. The Town of Newellton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Newellton's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Financial Statements

Table 1
Condensed Statement of Net Assets
As of June 30, 2005 and 2004

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current and other assets	\$ 147,325	\$ 89,527	\$ 536,514	\$ 523,999	\$ 683,839	\$ 613,526
Capital assets	318,707	243,417	4,840,146	4,911,586	5,158,853	5,155,003
Total assets	<u>466,032</u>	<u>332,944</u>	<u>5,376,660</u>	<u>5,435,585</u>	<u>5,842,692</u>	<u>5,768,529</u>
Current and other liabilities	84,470	(3,276)	191,821	138,389	276,291	135,113
Long-term liabilities	49,338	82,276	1,016,607	1,103,017	1,065,945	1,185,293
Total liabilities	<u>133,808</u>	<u>79,000</u>	<u>1,208,428</u>	<u>1,241,406</u>	<u>1,342,236</u>	<u>1,320,406</u>
Net Assets:						
Invested in capital assets, net of related debt:						
Restricted	253,431	243,417	3,434,436	3,808,567	3,687,867	4,051,984
Unrestricted	23,783	23,782	137,986	135,721	161,769	159,503
Total net assets	<u>55,010</u>	<u>(13,525)</u>	<u>595,810</u>	<u>249,891</u>	<u>650,820</u>	<u>236,366</u>
Total net assets	<u>\$ 332,224</u>	<u>\$ 253,674</u>	<u>\$ 4,168,232</u>	<u>\$ 4,194,179</u>	<u>\$ 4,500,456</u>	<u>\$ 4,447,853</u>

Net assets of the Town's governmental activities increased 31 percent to approximately \$332,000. Net assets of the Town's business-type activities decreased 1 percent to approximately \$4.17 million.

Changes in net assets. The Town's total revenue increased by approximately \$188,000 to \$1.3 million (see Table 2). Approximately 65 percent of the Town's revenue comes from charges for services, and 10 percent comes from tax collections.

The total cost of programs and services increased approximately \$109,000 or 10 percent. The Town's expenses cover all services performed by its office.

Governmental Activities

Revenues for the Town's governmental activities increased 21 percent while total expenses increased by 9 percent.

Table 2
Changes in the Town's Net Assets
Fiscal Years Ended June 30,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues						
Program Revenues:						
Charges for services	\$ 77,877	\$ 82,549	\$ 731,077	\$ 652,109	\$ 808,954	\$ 734,658
Operating grants and contributions	44,985	42,835	-	-	44,985	42,835
Capital Grants and contributions	84,551	-	52,500	49,298	137,051	49,298
General Revenues:						
Property taxes	58,005	58,771	-	-	58,005	58,771
Sales taxes	67,392	62,211	-	-	67,392	62,221
Other taxes	2,951	4,047	-	-	2,951	4,047
Other general revenues	100,979	110,699	60,396	29,279	161,375	139,978
Total revenues	<u>436,740</u>	<u>361,112</u>	<u>843,973</u>	<u>730,686</u>	<u>1,280,713</u>	<u>1,091,808</u>
Expenses:						
General government	138,977	110,396	-	-	138,977	110,396
Public safety	113,396	120,099	-	-	113,396	120,099
Public works	154,314	142,846	-	-	154,314	142,846
Culture and recreation	1,152	-	-	-	1,152	-
Interest on long-term debt	3,392	4,678	53,674	52,846	57,066	57,524
Water, sewer, and gas expenses	-	-	763,205	687,889	763,205	687,889
Total expenses	<u>411,231</u>	<u>378,019</u>	<u>816,879</u>	<u>740,735</u>	<u>1,228,110</u>	<u>1,118,754</u>
Increase (decrease) in assets	<u>\$ 25,509</u>	<u>\$ (16,907)</u>	<u>\$ 27,094</u>	<u>\$ (10,049)</u>	<u>\$ 52,603</u>	<u>\$ (26,946)</u>

Expenses are classified by functions/programs. General government accounts for approximately 34 percent or \$139,000 while public works and public safety accounts for approximately 28 percent and 37 percent or \$113,000 and \$154,000 respectively for the 2005 fiscal year.

The related program revenues for fiscal 2005 directly related to these expenses totaled \$207,413, which resulted in net program expenses of \$203,818. The remaining balance of expenses represents the cost to the taxpayers. The costs of governmental activities exceeding restricted state and federal grants are paid primarily from the following sources:

- Sales tax revenues are the largest revenue source for the Town of Newellton. It provides approximately \$67,000 of General Fund Revenue
- Licenses and Permits are a significant source of revenue to the Town, generating approximately \$64,000 of General Fund Revenue.
- Property taxes provide the other major source of revenue for the Town, generating approximately \$58,000 in General Fund Revenue.

Business-type activities.

Business-type activities decreased the Town of Newellton's net assets by approximately \$26,000. Revenues increased approximately 16 % to \$843,973 and expenses of the Town's business-type

activities increased approximately 10% to 816,879.

Financial Analysis of the Government's Funds

As noted earlier, the Town of Newellton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Town of Newellton's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Newellton's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Newellton's governmental funds reported an ending fund balance of \$83,534, a decrease of \$9,545 in comparison with the prior year. Approximately 91 percent of this total amount (\$69,516) constitutes unreserved fund balance, which is available for spending at the Town's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed.

General Fund Budgetary Highlights

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA- R.S 39:1301 et seq), the Town of Newellton must adopt a budget for the General Fund and all Special Revenue funds prior to June 30. The original budget for the Town was adopted on June 9, 2004, and the final budget amendment was adopted on June 8, 2005.

Revenues: Overall revenues for the General Fund were projected to decrease during FY 2005 by \$38,450 from the previous year. Property and Sales taxes were together projected to remain the same from 2004 estimates. All other revenues were projected to decrease by approximately \$14,000.

Expenditures: General governmental expenditures comprise 34% of the General Funds Appropriations. Police and fire expenditures were expected to decrease by approximately \$4,500. Appropriations for all other major categories increased from the prior year's budget.

Capital Asset and Debt Administration

Capital assets: The Town of Newellton's investment in capital assets for its governmental and business type activities as of June 30, 2005, amounts to \$5,158,853 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery, vehicles and equipment (See Table 3). This represents a net increase (including additions and deductions) of approximately \$3,800 or .1 percent.

Table 3
The Town of Newellton Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ -	\$ -	\$ 19,650	\$ 19,650	\$ 19,650	\$ 19,650
Buildings	21,000	-	-	-	21,000	-
Furniture and equipment	497,765	497,765	139,241	109,711	637,006	607,476
Water system	-	-	2,033,380	2,033,380	2,033,380	2,033,380
Sewer system	-	-	3,370,449	3,370,449	3,370,449	3,370,449
Gas system	-	-	1,337,455	1,337,455	1,337,455	1,337,455
Construction in Progress	108,151	-	-	-	108,151	-
Total	626,916	497,765	6,900,175	6,870,645	7,527,091	7,368,410
Less: accumulated depreciation	(308,209)	(254,348)	(2,060,029)	(1,959,059)	(2,368,238)	(2,213,407)
Total Capital Assets	\$ 318,707	\$ 243,417	\$ 4,840,146	\$ 4,911,586	\$ 5,158,853	\$ 5,155,003

Long-Term Debt At the end of the current fiscal year, the Town had \$61,552 in general obligations bonds and notes outstanding and an outstanding capital lease balance of \$8,128. They also had revenue bonds outstanding of \$1,055,517. This debt represents bonds secured solely by specified revenue sources such as the Utility Fund revenues.

Table 4
Town of Newellton Outstanding Debt
As of June 30,

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenue Bonds	\$ -	\$ -	\$ 1,046,517	\$ 1,091,937	\$ 1,046,517	\$ 1,091,937
General Obligation Bonds	-	-	9,000	10,000	9,000	10,000
General Obligation Notes	61,552	66,435	-	-	61,552	66,435
Capital Leases	8,128	8,128	-	213	8,128	8,341
Total Debt	\$ 69,680	\$ 74,563	\$ 9,000	\$ 10,213	\$ 1,125,197	\$ 1,176,713

Economic Factors and Next Year's Budgets and Rates

Factors considered in preparing the Town of Newellton's budget for the 2006 fiscal year included the impact that will be made by the loss of some businesses due to a declining population base.

This loss will impact the Town's sales and property tax revenue and occupational licenses.

Requests for Information

This financial report is designed to provide a general overview of the Town of Newellton's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Clerk.

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

TOWN OF NEWELLTON
Newellton, Louisiana

Statement of Net Assets

June 30, 2005

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash	\$ 51,444	\$ 25,167	\$ 76,611
Receivables	11,868	87,655	99,523
Due from other governmental units	52,495	15,000	67,495
Prepaid expenses	6,534	13,536	20,070
Restricted Assets:			
Cash	24,984	121,535	146,519
Investments, at market value	-	62,705	62,705
Capital assets, net	318,707	4,840,146	5,158,853
Investment in jointly owned gas operations and maintenance fund	-	210,916	210,916
Total Assets	<u>466,032</u>	<u>5,376,660</u>	<u>5,842,692</u>
Liabilities			
Accounts payable and accrued expenses	84,113	56,486	140,599
Internal balances	(20,322)	20,322	-
Deposits held	-	68,760	68,760
Accrued interest payable	337	7,343	7,680
Long-term liabilities			
Capital lease payable due within one year	8,128	-	8,128
Due within one year	12,214	38,910	51,124
Due in more than one year	49,338	1,016,607	1,065,945
Total liabilities	<u>133,808</u>	<u>1,208,428</u>	<u>1,342,236</u>
Net Assets			
Invested in capital assets, net of related debt	253,431	3,434,436	3,687,867
Restricted for:			
Debt Service	23,783	37,312	61,095
Depreciation and contingency	-	100,674	100,674
Unrestricted	55,010	595,810	650,820
Total net assets	<u>\$ 332,224</u>	<u>\$ 4,168,232</u>	<u>\$ 4,500,456</u>

The accompanying notes are an integral part of this statement.

TOWN OF NEWELLTON
Newellton, Louisiana

Statement of Activities

June 30, 2005

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Primary government:							
Governmental activities:							
General government:	\$ 138,977	\$ -	\$ -	\$ -	\$ (138,977)	\$ -	\$ (138,977)
Public safety	113,396	-	10,855	-	(102,541)	-	(102,541)
Public works	154,314	77,877	32,880	84,551	40,994	-	40,994
Culture and recreation	1,152	-	1,250	-	98	-	98
Interest and fiscal charges on long-term debt	3,392	-	-	-	(3,392)	-	(3,392)
Total governmental activities	411,231	77,877	44,985	84,551	(203,818)	-	(203,818)
Business-type activity:							
Utility fund	763,205	731,077	-	52,500	-	20,372	20,372
Interest and fiscal charges on long-term debt	53,674	-	-	-	-	(53,674)	(53,674)
Total business-type activities	816,879	731,077	-	52,500	-	(33,302)	(33,302)
Total primary government	\$ 1,228,110	\$ 808,954	\$ 44,985	\$ 137,051	(203,818)	(33,302)	(237,120)
General revenues:							
Taxes:							
Ad valorem taxes					58,005	-	58,005
Sales taxes					67,392	-	67,392
Other Taxes					2,951	-	2,951
Video poker					13,054	-	13,054
Licenses and permits					64,224	-	64,224
Fines and forfeitures					20,132	-	20,132
Interest and investment earnings					643	2,743	3,386
Other					2,926	-	2,926
Gain on sale of assets					-	6,137	6,137
Income from jointly owned gas operations and maintenance fund					-	51,516	51,516
Transfers in (out)					53,041	(53,041)	-
Total general revenues					282,368	7,355	289,723
Change in net assets					78,550	(25,947)	52,603
Net assets at beginning of year					253,674	4,194,179	4,447,853
NET ASSETS AT END OF YEAR					\$ 332,224	\$ 4,168,232	\$ 4,500,456

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

TOWN OF NEWELLTON
Newellton, Louisiana
Governmental Funds
Balance Sheet
June 30, 2005

	<u>Major Funds</u>	<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Governmental</u>	
	<u>Fund</u>	<u>Funds</u>	
ASSETS			
Cash & cash equivalents	\$ 36,804	\$ 14,640	\$ 51,444
Receivables:			
Sales taxes	5,894	-	5,894
Other receivables	5,974	-	5,974
Due from other governmental units	2,804	49,691	52,495
Restricted Assets:			
Cash	-	24,984	24,984
Prepaid Expenses	6,534	-	6,534
Due from other funds	37,822	3,150	40,972
TOTAL ASSETS	\$ 95,832	\$ 92,465	\$ 188,297
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable and accrued expenses	\$ 31,272	\$ 52,841	\$ 84,113
Due to other funds	3,150	17,500	20,650
Total liabilities	34,422	70,341	104,763
Fund equity:			
Fund balance:			
Reserved for debt service	-	7,484	7,484
Reserved for prepaid expenses	6,534	-	6,534
Unreserved/undesignated	54,876	14,640	69,516
Total fund balance	61,410	22,124	83,534
TOTAL LIABILITIES AND FUND EQUITY	\$ 95,832	\$ 92,465	\$ 188,297

The accompanying notes are an integral part of this statement.

TOWN OF NEWELLTON
Newellton, Louisiana
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2005

Fund balances - total governmental funds	\$	83,534
<p>Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the governmental funds</p>		
Governmental capital assets		626,916
Less: accumulated depreciation		(308,209)
		318,707
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the governmental funds.</p>		
Accrued interest payable		(337)
Certificates of indebtedness payable		(61,552)
Capital lease payable		(8,128)
		(70,017)
Net assets of governmental funds	\$	332,224

TOWN OF NEWELLTON
Newellton, Louisiana
Governmental Funds
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2005

	<u>Major Funds</u>	<u>Other</u>	
	<u>General</u>	<u>Governmental</u>	
	<u>Fund</u>	<u>Funds</u>	<u>Total</u>
Revenues:			
Taxes:			
Ad valorem	\$ 58,005	\$ -	\$ 58,005
Sales	67,392	-	67,392
Charges for services	77,877	-	77,877
Licenses and permits, and commission for services	64,224	-	64,224
Intergovernmental:			
Federal	-	84,551	84,551
State	16,905	-	16,905
Local	34,130	9,955	44,085
Fines and forfeitures	20,132	-	20,132
Use of money and property	438	205	643
Other revenues	2,926	-	2,926
Total Revenues	<u>342,029</u>	<u>94,711</u>	<u>436,740</u>
Expenditures:			
Current:			
General government	138,302	-	138,302
Public safety	83,642	-	83,642
Public works	130,884	-	130,884
Culture and recreation	1,152	-	1,152
Debt service	9,730	27,465	37,195
Capital outlay	21,000	108,151	129,151
Total Expenditures	<u>384,710</u>	<u>135,616</u>	<u>520,326</u>
Excess (Deficiency) of Revenues	(42,681)	(40,905)	(83,586)
Other Financing Sources/(Uses)			
Proceeds of debt issued	21,000	-	21,000
Transfers in	53,041	24,679	77,720
Transfers out	(24,679)	-	(24,679)
Total Other Financing Sources/(Uses)	<u>49,362</u>	<u>24,679</u>	<u>74,041</u>
Excess (Deficiency) of Revenues Over Expenditures	6,681	(16,226)	(9,545)
Fund Balances at Beginning of Year	<u>54,729</u>	<u>38,350</u>	<u>93,079</u>
FUND BALANCES AT END OF YEAR	<u>\$ 61,410</u>	<u>\$ 22,124</u>	<u>\$ 83,534</u>

The accompanying notes are an integral part of this statement.

TOWN OF NEWELLTON
Newellton, 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 June 30, 2005**

Net change in fund balances - total governmental funds	\$	(9,545)
Amount reported for governmental activities in the statement of activities are different because:		
<p>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.</p>		
Capital outlay	129,151	
Depreciation expense	<u>(53,859)</u>	75,292
<p>The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.</p>		
Principal payments	25,883	
Capital lease payments	7,713	
Proceeds from notes payable	<u>(21,000)</u>	12,596
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Accrued interest payable		<u>207</u>
Change in net assets of governmental activities	\$	<u><u>78,550</u></u>

TOWN OF NEWELLTON
Newellton, Louisiana

Business-type Activities - Enterprise Fund
Statement of Net Assets
June 30, 2005

	Utility Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 25,167
Accounts receivable - net	102,655
Prepaid expenses	13,536
Total current assets	141,358
Restricted assets:	
Cash	121,535
Investments	62,705
Total restricted assets	184,240
Capital assets:	
Non-depreciable	19,650
Depreciable	6,880,525
Total capital assets	6,900,175
Accumulated depreciation	(2,060,029)
Net capital assets	4,840,146
Other assets:	
Investment in jointly owned gas operations and maintenance fund	210,916
Total assets	\$ 5,376,660
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable and accrued expenses	\$ 56,486
Due to other funds	20,322
Total current liabilities	76,808
Liabilities payable from restricted assets:	
Accrued interest payable	7,343
Customer deposits (net)	68,760
Current portion of revenue bonds payable	38,910
Total restricted liabilities	115,013
Noncurrent liabilities:	
Revenue bonds payable	1,016,607
Total noncurrent liabilities	1,016,607
Total liabilities	1,208,428
Net assets	
Invested in capital assets, net of related debt	3,434,436
Restricted	
Debt Service	37,312
Depreciation and contingency	100,674
Unrestricted	595,810
Total net assets	4,168,232
Total liabilities and net assets	\$ 5,376,660

The accompanying notes are an integral part of this financial statement.

TOWN OF NEWELLTON
Newellton, Louisiana

Business Type Activity - Enterprise Fund
Statement of Revenues, Expenses, and Changes in
Net Assets
For The Year Ended June 30, 2005

	<u>Utility Fund</u>
OPERATING REVENUES	
Water sales	\$ 203,004
Gas sales	357,220
Sewerage fees	151,018
Plumbing fees	4,495
Penalties	14,101
Other operating revenues	1,239
Total operating revenues	<u>731,077</u>
OPERATING EXPENSES	
Water supplies and expenses	47,141
Gas purchases	257,426
Gas supplies and expenses	3,762
Sewer supplies and expenses	67,519
Supplies	2,357
Backhoe, mower and tractor	9,586
Bad debts	1,310
Depreciation	133,817
Utilities	53,434
Engineering	2,166
Insurance - general	43,503
Legal and audit	12,617
Meter reader	1,458
Office rent	865
Office supplies	6,982
Payroll taxes	8,783
Postage	1,797

(Continued)

The accompanying notes are an integral part of this financial statement.

TOWN OF NEWELLTON
Newellton, Louisiana

Business Type Activity - Enterprise Fund
Statement of Revenues, Expenses, and Changes in
Net Assets (Concluded)
For The Year Ended June 30, 2005

	<u>Utility Fund</u>
Salaries and related benefits	90,903
Telephone	5,727
Truck	5,879
Dues and subscriptions	967
Travel and meetings	2,304
Miscellaneous expenses	2,902
Total operating expenses	<u>763,205</u>
 Operating loss	 (32,128)
 NONOPERATING REVENUES (EXPENSES)	
Grants	52,500
Interest earnings	2,743
Gain on sale of assets	6,137
Income from jointly owned gas line	51,516
Interest expense	(53,674)
Total nonoperating revenue (expenses)	<u>59,222</u>
 Net income before operating transfers	 27,094
 OPERATING TRANSFERS	
Transfers out	<u>(53,041)</u>
 Net loss	 (25,947)
 Net assets beginning of year	 <u>4,194,179</u>
 Net assets end of year	 <u>\$ 4,168,232</u>

Statement I

TOWN OF NEWELLTON
Newellton, Louisiana

Business-type Activity - Enterprise Fund
Statement of Cash Flows
For the Year Ended June 30, 2005

	<u>Utility Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 792,894
Cash paid for employee services	(99,686)
Cash payments to suppliers for goods and services	(531,531)
Net cash provided by operating activities	<u>161,677</u>
Cash flows from noncapital financing activities	
Transfers to general fund from the utility fund	<u>(120,475)</u>
Net cash used in noncapital financing activities	<u>(120,475)</u>
Cash flows from capital and related financing activities	
Grant received for acquisition of capital assets	52,500
Acquisition of capital assets	(65,340)
Proceeds from sale of capital assets	9,100
Principal paid on debt	(47,500)
Interest paid on debt	(54,271)
Net cash used for financing activities	<u>(105,511)</u>
Cash flows from investing activities	
Interest received on investments	2,743
Purchase of short-term investments	(1,667)
Distribution from jointly owned gas and maintenance fund	12,500
Net cash provided by investing activities	<u>13,576</u>
Net decrease in cash and cash equivalents	(50,733)
Cash and cash equivalents, beginning of year	<u>197,435</u>
Cash and cash equivalents, end of year	<u>\$ 146,702</u>
Shown on the accompanying statement of net assets as:	
Cash	\$ 25,167
Restricted assets:	
Cash	<u>121,535</u>
Total	<u>\$ 146,702</u>

(Continued)

The accompanying notes are an integral part of this financial statement.

TOWN OF NEWELLTON
Newellton, Louisiana

Business-type Activity - Enterprise Fund
Statement of Cash Flows (Concluded)
For the Year Ended June 30, 2005

	<u>Utility Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$ (32,128)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	133,817
Bad Debt Expense	1,310
Change in assets and liabilities	
Accounts receivable	(11,818)
Prepaid expenses	(12,057)
Accounts payable and accrued liabilities	8,918
Due to other funds	70,185
Customer deposits	<u>3,450</u>
Net cash provided by operating activities	\$ <u>161,677</u>
Supplemental disclosure of noncash capital investing activities:	
Increase in the investment of the jointly owned gas operations and maintenance fund	\$ <u>36,016</u>

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2005

Note 1 - Summary of Significant Accounting Policies

A. Financial Reporting Entity

The accompanying financial statements include all funds and account groups of the Town of Newellton, Louisiana (the Town). The accompanying financial statements of the Town have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Town consists of an executive branch of government headed by a mayor and a legislative branch of government consisting of five aldermen. The Town's major operations include police and fire protection, street and drain maintenance, garbage and trash collection and administrative services. The Town also operates a Utilities Enterprise Fund to provide gas, sewerage and water services.

As the governing authority for the municipality, the Town is the reporting entity. The financial reporting entity consists of (a) the primary government (the Town), (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 Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

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

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2005

Based on the foregoing criteria, the Public Housing Authority for the Town is not included as a component unit of the Town reporting entity. Although the governing board of the Public Housing Authority is substantially the same as that of the Town, the Town cannot impose its will on the Public Housing Authority nor does the Town have any fiscal responsibility for the Public Housing Authority.

The following is a summary of certain significant accounting policies and practices:

B. Basis of Presentation

The Town's basic financial statements consist of the government-wide statements on all of the activities of the government and the fund financial statements (individual major fund and combined non-major fund). The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities for all activities of the government. As a general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Governmental Activities represent programs which normally are supported by taxes and intergovernmental revenues.

Business-Type Activities are financed in whole or in part by fees charged to external parties for goods and services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. This includes dedicated resources such as a restricted property tax.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2005

Fund Financial Statements

The Town uses funds, both major and non-major, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate.

Emphasis of fund reporting is on the major fund level in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column in the basic financial statements.

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the provision of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The Town's current operations require the use of the governmental and proprietary categories. The fund types used by the Town are described as follows:

Governmental activities presented as Governmental Funds in the fund financial statements:

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

Special Revenue Fund – This fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Project Funds - These funds are use to account for financial resources to be used for the acquisition or construction of major capital facilities, improvements, other major projects (other than those financed by Proprietary Funds).

Debt Service Funds - These funds are used to account for financial resources accumulated to pay principal and interest on general long-term debt.

Business-type activities presented as Enterprise Funds in the fund financial statements:

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2005

Enterprise Funds - These 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. Enterprise funds are presented in the business-type activities column in government-wide financial statements and the major funds section of the basic financial statements.

In accordance with the provisions of GASB Statement 20, the Town has elected not to apply FASB statements and interpretations issued after November 30, 1989, to proprietary activities unless they are adopted by the GASB.

Revenues:

Ad valorem taxes attach as enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October of each year and are actually billed to the taxpayer in November. Billed taxes become delinquent on January 1 of the year following the year in which the taxes are due. Revenues from ad valorem taxes are budget in the year billed to the extent of collections expected. The Town bill and collects its own property taxes using the assessed values determined by the tax assessor of Tensas Parish.

Sales taxes are considered "measurable" when in the hands of the intermediary collecting governments and are recognized as revenue at that time.

Interest earnings on time deposits are recognized as revenue when the time deposits have matured and the interest is available. Substantially all other revenues are recognized when actually received by the Town.

Expenditures:

Expenditures in the governmental funds are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Proprietary Funds:

The Proprietary Fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred. During the current year, the Town increased its utility rates.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2005

Rates are charged for services are as follows:

1. Water rates charged:
 - a. Residential customers are charged \$15.00 for the first 2,000 gallons of water and \$3.86 for each additional 1,000 gallons or fraction thereof.
 - b. Commercial customers are charged \$19.00 for the first 2,000 gallons of water used and then \$3.86 for each additional 1,000 gallons or fraction thereof.
2. Sewer rates charged;
 - a. Residential customers are billed \$14.20 for the first 3,000 gallons of water used. They are then billed \$3.21 for each 1,000 gallons or fraction thereof.
 - b. Commercial customers are charged \$18.46 for the first 3,000 gallons of water purchased. They are then charged \$3.86 for each additional 1,000 gallons or fraction thereof of water used.
3. Gas rates charged to customers are \$16.50 for the first 1,000 cubic feet of gas used and \$16.50 for each additional 1,000 cubic feet used.

C. Budgets and Budgetary Accounting

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

1. The proposed budget is submitted by the Town Clerk and the Mayor to the Board of Aldermen prior to July 1 of the ensuing year. Notice of the location and availability of the proposed budget for public inspection and the date of the public hearing to be conducted on the budget is then advertised in the official journal of the Town.
2. After the public hearing, the budget is adopted by passing an ordinance approving the budget at the selected June board meeting.
3. 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.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2005

4. All legally adopted budgets of the Town are adopted on a basis consistent with GAAP. A budget is adopted for the General Fund and the Special Revenue Fund; encumbrance accounting is not used by the Town.

For the year ended June 30, 2005, the Town adopted a budget for the General Fund and the Special Revenue fund

E. Assets, Liabilities, and Fund Equity

Cash, Cash Equivalents, and Investments

Under state law, the Town may deposit funds in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana .

At June 30, 2005, the Town had cash and cash equivalents totaling \$223,130, as follows:

Petty Cash	\$	90
Demand Deposits		<u>223,040</u>
Total	\$	<u><u>223,130</u></u>

These deposits are stated at cost, which approximates market, under state law; these deposits (or resulting bank balances) must be secured by federal deposit insurance or pledged securities owned by the fiscal agent bank. The market value of pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances other than these backed by the U. S. government) at June 30, 2005, are secured, as follows:

Bank Balances	\$	<u>287,358</u>
Federal deposit insurance	\$	104,902
Pledged Securities		<u>200,480</u>
Total	\$	<u><u>305,382</u></u>

Because the pledge securities are held by the Town's agent in the Town's name they are considered collateralized (Category 1) under the provisions of GASB Codification C20.106.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2005

For the purpose of the Statement of Cash Flows, cash equivalents include all highly liquid investments (including restricted assets) with a maturity date of three months or less when purchased.

Under state law, the Town may invest funds in obligations of the United States, in federally-insured investments, or in time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At June 30, 2005, the Town had the following investments stated at cost, which approximates market:

Certificates of deposit	\$ 62,705
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The investments are considered collateralized (Category 1) under GASB Codification I50.164.

Interfund Receivables and Payables

Short-term cash loans between funds are considered temporary in nature. These amounts are reported as "due from/due to other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Capital Assets

Capital assets, which include land, buildings, other improvements, machinery and equipment, vehicles, furniture and fixtures, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

As permitted by GASB Statement No. 34, the Town has elected not to report infrastructure assets retroactively.

The accounting and reporting treatment applied to the fixed assets associated with a particular fund is determined by the fund's measurement focus.

All purchased capital assets are recorded at cost where historical records are available and at estimated cost where no historical records are available. Donated fixed assets are value date fair market value at date of gift. Major additions are capitalized while maintenance and repairs that do not improve or extend the life of the respective assets are charged to expense. Interest is capitalized on funds used during construction of projects acquired with bond funds. No interest was capitalized during the year ended June 30, 2005.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2005

Depreciation of all exhaustible fixed assets used by the enterprise fund is charged as an expense against its operations. Accumulated depreciation is reported in the proprietary fund balance sheet. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. Estimated useful lives are as follows (in years):

Water System	50 - 99
Sewerage System	50
Gas Transmission and Distribution System	50 - 99
Equipment	3 - 10

Long-Term Liabilities

In the government-wide statement of net assets and in the proprietary fund type financial statements, long-term debt is reported as liabilities. Long-term liabilities expected to be financed from enterprise fund operations are accounted for in the enterprise fund.

Bad Debts

Uncollectible amounts for ad valorem taxes are generally not significant. As a result, the direct write-off method for recognizing bad debts is used. Under this method, the receivable is charged to expense when the account is deemed to be uncollectible. The Town uses the allowance method for recognizing bad debts for customers' utility receivables. An allowance of \$17,341 has been set up for the year ended June 30, 2005.

Compensated Absences

The Town has no provision for vesting of vacation and sick leave. Consequently, the financial statements of the Town reflect no liability for compensated absences.

Reserves of Fund Equity

Some portion of fund equity is reserved to indicate that a portion of fund equity is legally restricted to a specific future use and is not available for appropriation or expenditure.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2005

Electrical System Operating Agreement

On September 9, 1998, the Board of Aldermen of the Town authorized an operating agreement between the Town and Louisiana Power and Light (Entergy) for Entergy to operate the electric system within the corporate limits of the Town for a period of twenty-five years. The agreement provides that Entergy will pay to the Town two percent of total revenue collected from the sale of electric service to residential and commercial customers within the Town. Revenues under this agreement totaled \$18,601 for the year ended June 30, 2005.

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.

Net Assets

Net assets represent the difference between asset and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvement to those assets. Net assets are reported as restricted when there are limitations imposed on their use by external parties such as creditors, grantors, laws or regulations of other governments.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Details of restricted net assets at year-end are presented in Note 11.

Note 2 - Ad Valorem Taxes

Ad valorem taxes attach as enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October of each year and are actually billed to the taxpayer in November. Billed taxes become delinquent on January 1 of the year following the year in which the taxes are due.

The Town bills and collects its own property taxes using the assessed values determined by the assessor of Tensas Parish.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2005

The ad valorem tax millage is as follows:

	Mills
General Ad Valorem Tax	16.16

Note 3 - Accounts Receivable

Receivables are primarily composed of amounts due from residential customers living in the Town. Accounts receivable, net of allowance for doubtful accounts, are \$99,523 at of June 30, 2005 and are comprised of the following:

Fund Type	Franchise		Other	Total
	Fees	Accounts		
General	\$ 5,918	\$ -	\$ 5,950	\$ 11,868
Proprietary	-	104,788	208	104,996
Less allowance for doubtful accounts	-	(17,341)	-	(17,341)
Total	\$ 5,918	\$ 87,447	\$ 6,158	\$ 99,523

The town has 564 residential and 4 commercial water and sewer customers. They also serve 441 residential and 4 commercial gas customers. An aging of the utility receivables as of June 30, 2005 is as follows:

	Water	Gas	Sewer	Other	Total
Current	\$ 31,544	\$ 24,329	\$ 24,813	\$ 9,610	\$ 90,296
31-60 Days	133	784	171	116	1,204
61-90 Days	112	162	89	20	383
91-120 Days	422	228	301	74	1,025
Over 120 Days	1,919	5,886	2,692	1,383	11,880
Total	\$ 34,130	\$ 31,389	\$ 28,066	\$ 11,203	\$ 104,788

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2005

Note 4- Changes in Capital Assets

The changes in general fixed assets follows:

	<u>6/30/2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2005</u>
Governmental Activities:				
Depreciable assets:				
Building	\$ -	\$ 21,000	\$ -	\$ 21,000
Vehicles	322,723	-	-	322,723
Furniture and Equipment	<u>175,042</u>	<u>-</u>	<u>-</u>	<u>175,042</u>
Total capital assets being depreciated	497,765	21,000	-	518,765
Less accumulated depreciation	(254,351)	(53,858)	-	(308,209)
Total depreciable assets, net	243,414	(32,858)	-	210,556
Construction in progress	<u>-</u>	<u>108,151</u>	<u>-</u>	<u>108,151</u>
Total governmental activities capital assets, net	<u>\$ 243,414</u>	<u>\$ 75,293</u>	<u>\$ -</u>	<u>\$ 318,707</u>

	<u>Balance 6/30/2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2005</u>
Business-type activities:				
Nondepreciable assets:				
Land	\$ 19,650	\$ -	\$ -	\$ 19,650
Depreciable Assets:				
Water System	2,033,380	-	-	2,033,380
Gas System	1,328,027	-	-	1,328,027
Sewer System	3,370,449	-	-	3,370,449
Pipeline	9,428	-	-	9,428
Service Equipment	105,151	65,340	(35,810)	134,681
Office Equipment	<u>4,560</u>	<u>-</u>	<u>-</u>	<u>4,560</u>
Total Depreciable Assets	6,850,995	65,340	(35,810)	6,880,525
Less: Accumulated Depreciation	(1,959,059)	(133,817)	32,847	(2,060,029)
Net Business-type Capital Assets	<u>\$ 4,911,586</u>	<u>\$ (68,477)</u>	<u>\$ (2,963)</u>	<u>\$ 4,840,146</u>

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2005

Detailed records of fixed assets acquired prior to June 30, 1974, are not available. Estimation of the cost of these assets was made through examinations of bond and grant proceeds for construction and additions, and discussion with elected officials and long-time Town employees. All major proprietary fund asset additions have been made through bond and grant programs. Therefore, depreciation on these assets has been estimated at an amount consistent with that charged to operations in previous years. Depreciation on assets placed in service subsequent to June 30, 1974, has been calculated on the straight-line basis over their estimated useful lives.

Depreciation of \$133,817 as of June 30, 2005 was charged to expense in the utility fund. Depreciation was charged to governmental activities as follows: General Government: \$675; Public Safety: \$29,754; and Public Works: \$23,430.

Note 8 - Investment in Jointly Owned Gas Line

The Towns of Newellton and St. Joseph, Louisiana have entered into a joint venture, called the Town of Newellton and the Town of St. Joseph, Louisiana Jointly Owned Gas Operations and Maintenance Fund (the Joint Gas Line) to provide natural gas to the two towns for resale to their citizens and approximately fifteen other customers in the service area. The Board of Aldermen and the Mayors of the two Towns govern the Joint Gas Line. Each of the Towns own 50% of the net worth of the joint venture. This amount is shown as an asset called Investment in Jointly Owned Gas Line. (See Note 14)

Summary financial information for the joint venture at June 30, 2005 and for the year then ended, is as follows:

Total Assets	\$ 435,178
Total Liabilities	13,346
Total Fund Equity	<u>\$ 421,832</u>
Total Revenues	\$ 593,982
Total Cost of Sales	449,913
Gross Profit	<u>144,069</u>
Total Expenses	63,945
Net Income	<u>\$ 80,124</u>

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2005

Note 9 - Pension and Retirement Plans

Municipal Employees' Retirement System of Louisiana (MERS)

Substantially all Town employees, except policemen, are members of the MERS, a multiple-employer, cost-sharing, public employee retirement system (PERS), controlled and administered by a separate board of trustees. The MERS is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All participants of the Town are covered by Plan A.

All full-time Town employees and elected Town officials are eligible to participate in the system. Under the plan provisions, a member who retires at or after age 60 with at least 10 years of creditable service, at or after age 55 with 25 years of creditable service, or at any age with at least 30 years of creditable service is entitled to a retirement benefit, payable monthly for life, equal to 3% of the member's final compensation multiplied by his years of creditable service.

Funding Policy. Contributions to the system include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of the parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of members on which contributions were made for the previous fiscal year. State statute requires covered employees to contribute a percentage of their salaries to the system; As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the MERS for the years ended June 30, 2005, 2004 and 2003 were \$28,741, \$19,280 and \$12,881; respectively, equal to the statutorily required contributions for each year.

The MERS issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Municipal Employees' Retirement System, 6750 Van Gogh, Baton Rouge, LA 70806 or by calling (225) 925-4810.

Note 10 - Long-Term Debt

The following is a summary of long term debt transactions of the Town for the year ended June 30, 2005:

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Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2005

	General Obligation Bonds Notes	Capital Lease	Utilities Enterprise Fund Bonds	Utilities Enterprise Fund Capital Lease	Total
Balance at Beginning of Year	\$ 66,435	\$ 15,841	\$ 1,101,438	\$ 231	\$ 1,183,945
Additions	21,000	-	-	-	21,000
Retirements	(25,883)	(7,713)	(45,921)	(231)	(79,748)
BALANCE END OF YEAR	<u>\$ 61,552</u>	<u>\$ 8,128</u>	<u>\$ 1,055,517</u>	<u>\$ -</u>	<u>\$ 1,125,197</u>

Bonds payable at June 30, 2005 are comprised of the following individual issues:

Business-Type Activities:

General Obligation Bonds:

\$30,000 Water Distribution Bonds dated April 2, 1974; due in annual installments of \$1,687, through April 2, 2010; interest at 5%.	\$ 9,000
Total General Obligation Bonds - Utilities Enterprise Fund	<u>9,000</u>

Revenue Bonds:

\$83,000 Sewer Revenue Bonds dated August 8, 1973; due in annual installments of \$5,050, through July 1, 2013; interest at 4.125%.	32,000
\$200,000 Sewer Revenue bonds dated February 1, 1968; due in annual installments of \$10,898, through February 1, 2008; interest at 4.125%	1,684

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2005

Revenue Bonds (continued):

\$550,000 Revenue bonds dated April 6, 1976; due in annual installments of \$29,250 - \$34,350 through April 6, 2016; interest at 5%.	262,000
\$100,000 Revenue bonds dated April 6, 1976; due in annual installments of \$4,400 - \$6,000, through April 6, 2016; interest at 5%.	43,000
\$315,000 Sewer Revenue bonds dated March 23, 1988; due in annual installments of \$18,512 through May 12, 2028; interest at 5%.	242,446
\$506,000 Water Revenue bonds dated April 24, 1998; due in monthly installments of \$2,398.44 through December 2038; interest at 4.875%	465,387
Total Revenue Bonds - Utilities Enterprise Fund	1,046,517
Total Utilities Enterprise Fund Bonds	\$ 1,055,517

Governmental Activities:

General Obligation Notes and Revenue Notes:

\$80,000 Certificate of Indebtness, Series 1999, to finance the purchase of a fire truck and equipment. Payments are made monthly at an interest rate of 4.5%. Matures on February 8, 2010.	\$ 41,510
\$21,000 Revenue Note to finance the purchase of town hall building. Payments are made mothly at an interest rate of 4.0%. Matures March 10, 2010.	20,042
Total General Obligation Notes and Revenue Notes	\$ 61,552

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2005

Maturities of long term obligations (exclusive of capital lease obligations) of the Town including interest of \$730,698 are as follows:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Enterprise</u> <u>Fund</u> <u>Bonds</u>	<u>Total</u>
2006	\$ 15,030	\$ 90,872	\$ 105,902
2007	14,616	93,126	107,742
2008	15,004	91,876	106,880
2009	14,616	90,626	105,242
2010	9,115	90,934	100,049
2011-2015	-	421,801	421,801
2016-2020	-	272,445	272,445
2021-2025	-	235,695	235,695
2026-2030	-	187,251	187,251
2031-2035	-	143,906	143,906
2035-2038	-	60,854	60,854
	<u>\$ 68,381</u>	<u>\$ 1,779,386</u>	<u>\$ 1,847,767</u>

For the fiscal year ended June 30, 2005, the amount of interest charged to expense on general obligations bonds was \$3,392 the amount on revenue bonds was \$53,674.

Note 11 - Restriction on Use of Funds

Under the terms of the Revenue Promissory Note loan agreement dated February 1, 1968, all income and revenue (hereinafter referred to as revenue) from operation of the sewerage system are pledged and shall be set aside into a "Sewerage Revenue Fund" to provide for the payment for the reasonable and necessary expenses of operating and maintaining the sewerage system, for the payment of the note and interest thereon and provide an adequate depreciation fund, as follows:

1. Each month, there will be paid from the Sewerage Revenue Fund into a "Sewerage Operation and Maintenance Fund" an amount sufficient to assure the prompt payment of operating expenses and make reasonable provision for repair and maintenance of the sewerage system;

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2005

2. There shall also be set aside into a "Sewerage Note Fund" monthly amounts equal to 1/12th of the principal and interest becoming due on the next payment date plus \$40 until there shall have been accumulated in the fund an amount equal to \$5,000. The \$5,000 reserve is designated as the "Reserve Fund" and may be used to meet payments of principal and interest to the extent funds in the Sewerage Note Fund are insufficient for that purpose. Any money so used shall be replaced as soon as possible to restore the Reserve Fund to a balance of \$5,000; and,
3. Funds will also be set aside from the Sewerage Revenue Fund into a "Sewerage Depreciation Fund" at the rate of \$40 each month. Money in this fund may be used for making major repairs or replacements to the sewerage system, which are necessary to keep the system in operating condition.

Under the terms of the bond indenture pertaining to General Obligation Bonds dated April 2, 1974, and Sewer Revenue Bonds dated July 1, 1974, an unlimited ad valorem tax of the Town, and all income and revenue (hereinafter referred to as revenue) earned from operations of the sewer system are pledge to secure the payment of the principal and interest of these issues.

1. Each month an amount of \$20 will be taken from the revenue fund and deposited into a Revenue Note Fund until a balance of \$2,500 is accumulated in this account.
2. Funds in the amount \$20 each month will be deposited into a depreciation fund.

Under the terms of the bond indenture pertaining to Revenue Bonds dated April 6, 1976, all income and revenue (hereinafter referred to as revenue) earned from operation of the combined waterworks and gas system (the System) are pledged to secure payment of principal and interest of the Revenue Bond. Pursuant to the terms of the indenture, the revenue from the System is to be deposited into a separate "Water and Gas Revenue Fund" (the Revenue Fund) bank account. Disbursements from the Revenue Fund are prioritized as follows:

1. The payment of the reasonable and necessary expenses of administering, operating, repairing and insuring the System;
2. Making monthly contributions to a "Water and Gas Revenue Bond and Interest Sinking Fund" (the Sinking Fund) in an amount equal to 1/12th of the total principal and interest becoming due in the ensuing year;
3. Making contributions to a "Water and Gas Reserve Fund" (the Reserve Fund) in an amount equal to 5% of the amount paid into the Sinking Fund until the balance reaches \$41,700; and,

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2005

4. Making contributions to a "Water and Gas Depreciation and Contingency Fund" to assure proper operation of the system by depositing monthly \$180 from the Revenue Fund. This fund shall also be used to pay the principal and interest on any bonds authorized under the indenture for which there is not sufficient money in the Sinking Fund or Reserve Fund. Any money so used shall be replaced as soon as possible from the earnings of the System.

Under the terms of the Revenue Promissory Note Agreement dated May 12, 1988, income and revenues from the operation of the sewerage system after payments required by the outstanding Sewerage Revenue Promissory Note dated February 1, 1968 (the "Prior Lien Bonds") are to be set aside as follows:

1. There shall be set aside into a "1988 Sewer Bond and Interest Sinking Fund" monthly amounts equal to one-twelfth (1/12th) of the total amount of principal and interest becoming due on the next payment date;
2. There shall be set aside into a "1988 Sewer Revenue Bond Reserve Fund" monthly amounts at least equal to 5% of the amount to be paid into the "1988 Sewer Revenue Bond and Interest Sinking Fund". The payments are to continue until such time as there has been accumulated a sum equal to the highest combined principal and interest falling due in any year; and,
3. Funds will also be set aside at the rate of \$92 per month from the Sewerage Revenue Fund into a "1988 Sewerage Depreciation and Contingency Fund" to provide for depreciation, extensions, additions and replacements necessary to properly operate the sewerage system.

Under the terms of the Certificate of Indebtedness, Series 1999 dated February 8, 2000, excess revenues over statutory, necessary and usual charges are to be set aside as follows:

1. There shall be set aside into a "Debt Service Fund" monthly amounts equal to one-twelfth (1/12th) of the total amount of principal and interest becoming due on the next payment date;
2. There shall be set aside into "Reserve Fund" monthly amounts at least equal to 10% of the amount to be paid into the "Debt Service Fund". The payments are to continue until such time as there has been accumulated a sum equal to the highest combined principal and interest falling due in any year.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2005

Restricted Assets were composed of the following as of June 30, 2005:

	<u>Total</u>	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
<u>General Fund</u>			
\$80,000 Certificate of Indebtness			
Bond and Interest Redemption Fund	\$ 5,541	\$ 5,541	\$ -
\$130,000 Certificate of Indebtness			
Bond and Interest Redemption Fund	19,443	19,443	-
<u>Utility Fund</u>			
1968 Sewer Revenue Bonds			
1973 Sewer Revenue Bonds			
1974 Water Distribution G. O. Bonds			
Bond and Interest Redemption Fund	13,534	13,534	-
Bond Reserve Fund	7,500	-	7,500
Depreciation and Contingency Fund	55,514	309	55,205
1976 Water and Gas Revenue Bonds			
Bond and Interest Redemption Fund	31,215	31,215	-
Bond Reserve Fund	8,012	8,012	-
Depreciation and Contingency Fund	28,564	28,564	-
1988 Sewer Revenue Bonds			
Bond and Interest Redemption Fund	5,374	5,374	-
Bond Reserve Fund	3,260	3,260	-
Depreciation and Contingency Fund	4,075	4,075	-
1998 Water Revenue Bonds			
Bond and Interest Redemption Fund	2,795	2,795	-
Bond Reserve Fund	11,875	11,875	-
Depreciation and Contingency Fund	12,522	12,522	-
Total	\$ <u>209,224</u>	\$ <u>146,519</u>	\$ <u>62,705</u>

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2005

Note 12 - Capital Leases

The Town has entered into a lease agreement as lessee for financing the acquisition of a tractor for the public works department. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future lease minimum lease payments as of the inception date. This tractor lease will be paid out of general fund revenues.

The asset acquired through the capital lease is as follows:

	Governmental Fund Activities
Assets:	
Machinery and Equipment	\$ 38,671
Less Depreciation	(19,332)
Total	\$ 19,339

The future minimum lease payments until maturity are as follows:

Fiscal Year Ended June 30,	Governmental Fund Activities
2006	\$ 8,565
Less Amount representing Interest at 5.25%	(437)
Present value of future minimum lease payments	\$ 8,128

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2005

Note 13 - Interfund Receivables and Payables

Individual fund interfund receivables and payables at June 30, 2005 are as follows:

Fund	Receivables	Payables
General Fund	\$ 37,822	\$ 3,150
Utility Enterprise Fund	-	20,322
Debt Service Fund	-	17,500
Capital Project Fund	3,150	-
TOTAL	\$ 40,972	\$ 40,972

These balances resulted from the time lag between dates (1) interfund goods and services are provided or reimbursable expenses occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made.

Individual fund transfers in and out at June 30, 2005 are as follows:

	Operating Transfers	
	In	Out
General Fund	\$ 53,041	\$ 24,679
Utility Enterprise Fund	-	53,041
Capital Project Fund	23,600	
Debt Service Fund	1,079	-
TOTAL	\$ 77,720	\$ 77,720

Transfers are used to (1) move revenues from the fund that is required by statute or budget to collect them to the fund that is required by statute or budget to expend them, (2) move restricted receipts to debt service funds from the funds collecting the receipts to the debt service funds as payments become due and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In the year ended June 30, 2005, the Town made transfers of \$53,041 from the Utility Fund to the General Fund to subsidize, in part, the Town's matching share of the LCDBG Street Improvement Program and to cover the cash short fall in the General Fund.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2005

Note 14 - Related Party Transactions

The Town jointly operates with the Town of St. Joseph, Louisiana that portion of the gas transmission line from Lake St. John Field to the Town of Newellton. The town purchases gas from the jointly owned transmission line to be resold to its citizens. For 2005 the Town purchased \$204,127 of natural gas from the jointly owned gas line. As of June 30, 2005 the Town owed \$8,978 for natural gas delivered to the Town for the month of June.

Note 15 - On Behalf Payments

Certain employees in the Newellton Police Department receive supplemental pay from the State of Louisiana. In accordance with GASB Statement No. 24, the Town has recorded revenue and expense for the payment. Revenues received and expenditures made under this arrangement totaled \$900 for the year ended June 30, 2005.

Note 16 - Risk Financing Activities

The Town is a participating member in the Louisiana Risk Management Agency's Group Self-Insurance Fund for Municipal Liability Risk Sharing and Group Self-Insurance Fund for Workmen's compensation and Employer Liability (the Agency). The Agency functions as a Public Entity Risk Pool formed to pool the risk of public liability exposure to its members. The Town insures its law enforcement officers' comprehensive liability and errors and omissions risk through its participation in the Agency pools. The coverage provided by the pools is subject to \$1,000 deductibles for certain coverages and provides coverages up to \$500,000 for each type of insured risk. Premiums for coverage are retroactively rated based on experience and premiums are calculated based on the ultimate cost of the experience to date of the pool participants.

Note 17 - Commitments

The Town entered into a contract with Temple Management Services, Inc. in 1995 to clean and maintain the sewer oxidation pond belonging to the Town. Under this contract the Town agrees to pay \$1,800 a month for the service provided. The contract automatically renews every twelve months unless either the contractor or the Town notifies the other party in writing 30 days prior to the renewal. Maintenance expenses for the year ended June 30, 2005 were \$21,600.

**REQUIRED SUPPLEMENTARY INFORMATION
(PART B)**

TOWN OF NEWELLTON
Newellton, Louisiana

General Fund
Budgetary Comparison Schedule (GAAP Basis)

Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
Budgetary fund balance at beginning of year	\$ 58,404	\$ 54,729	\$ 54,729	\$ -
Resources (inflows)				
Ad valorem taxes	58,800	58,800	58,005	(795)
Sales and other taxes	64,000	64,000	67,392	3,392
License and permits:				
Franchise Revenue	30,500	29,500	27,598	(1,902)
Occupational & Other Licenses	35,000	35,000	36,626	1,626
Intergovernmental revenue	43,100	52,450	51,035	(1,415)
Charges for services	89,200	80,000	77,877	(2,123)
Fines and forfeitures	35,000	19,000	20,132	1,132
Interest income	600	400	438	38
Miscellaneous	1,000	1,000	2,926	1,926
Total Revenues	357,200	340,150	342,029	1,879
Transfers In	34,700	34,000	53,041	19,041
Proceeds from Debt Issuance	-	21,000	21,000	-
Amounts available for appropriations	391,900	395,150	470,799	20,920
Charges to appropriations (outflows)				
Current:				
General government	120,520	136,520	138,302	1,782
Public safety:				
Police department	89,650	83,875	81,852	(2,023)
Fire department	3,600	3,720	1,790	(1,930)
Public Works	121,500	137,000	130,884	(6,116)
Culture and Recreation	-	-	1,152	1,152
Capital outlay	-	26,000	21,000	(5,000)
Debt Service	8,564	9,728	9,730	2
Total Charges	343,834	396,843	384,710	(12,133)
Transfers out	9,000	15,800	24,679	(8,879)
Total Charges to Appropriations	352,834	412,643	409,389	3,254
Budgetary fund balance at end of year	\$ 39,066	\$ (17,493)	\$ 61,410	\$ 78,903

OTHER SUPPLEMENTAL INFORMATION

TOWN OF NEWELLTON
Newellton, Louisiana
Nonmajor Governmental Funds
Combining Balance Sheet
As of June 30, 2005

	<u>Special Revenue Fund</u>	<u>Debt Service Funds</u>		<u>Capital Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Downtown Revitalization</u>	<u>Fire Department</u>	<u>Street Project</u>	<u>Street Improvement</u>	
ASSETS					
Cash and cash equivalents	\$ 14,640	\$ -	\$ -	\$ -	\$ 14,640
Accounts receivable	-	-	-	49,691	49,691
Due from other funds	-	-	-	3,150	3,150
Restricted Assets:					
Cash	-	5,541	19,443	-	24,984
Investments	-	-	-	-	-
TOTAL ASSETS	\$ 14,640	\$ 5,541	\$ 19,443	\$ 52,841	\$ 92,465
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 52,841	\$ 52,841
Due to other funds	-	-	17,500	-	17,500
Total liabilities	-	-	17,500	52,841	70,341
Fund balance					
Reserved for:					
Debt Service	-	5,541	1,943	-	7,484
Unreserved/undesignated	14,640	-	-	-	14,640
Total fund balance	14,640	5,541	1,943	-	22,124
TOTAL LIABILITIES AND FUND BALANCE	\$ 14,640	\$ 5,541	\$ 19,443	\$ 52,841	\$ 92,465

TOWN OF NEWELLTON
Newellton, Louisiana
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2005

	Special	Debt Service Funds		Capital	Total Nonmajor Governmental Funds
	Revenue Fund			Project Fund	
	Downtown Revitalization	Fire Department	Street Project	Street Improvement	
REVENUES					
Intergovernmental					
Federal	\$ -	\$ -	\$ -	84,551	\$ 84,551
Local	-	9,955	-	-	9,955
Program Income	-	-	-	-	-
Interest Income	73	37	95	-	205
Total Revenues	<u>73</u>	<u>9,992</u>	<u>95</u>	<u>84,551</u>	<u>94,711</u>
EXPENDITURES					
Retirement of Principal	-	7,925	17,000	-	24,925
Interest and Fiscal Charges	-	2,030	510	-	2,540
Capital outlay	-	-	-	108,151	108,151
Total expenditures	<u>-</u>	<u>9,955</u>	<u>17,510</u>	<u>108,151</u>	<u>135,616</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	73	37	(17,415)	(23,600)	(40,905)
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	1,079	-	23,600	24,679
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES	73	1,116	(17,415)	-	(16,226)
FUND BALANCE, beginning of year	<u>14,567</u>	<u>4,425</u>	<u>19,358</u>	<u>-</u>	<u>38,350</u>
FUND BALANCE END OF YEAR	<u>\$ 14,640</u>	<u>\$ 5,541</u>	<u>\$ 1,943</u>	<u>\$ -</u>	<u>\$ 22,124</u>

TOWN OF NEWELLTON
Newellton, Louisiana

Statements of Net Assets - Utility Fund
June 30, 2005 and 2004

	2005	2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 25,167	\$ 67,056
Accounts receivable - net	102,655	92,147
Prepaid expenses	13,536	1,479
Total current assets	141,358	160,682
Restricted assets:		
Cash and cash equivalents	121,535	130,379
Investments	62,705	61,038
Total restricted assets	184,240	191,417
Capital assets:		
Non-depreciable	19,650	19,650
Depreciable	6,880,525	6,850,995
Total capital assets	6,900,175	6,870,645
Accumulated depreciation	(2,060,029)	(1,959,059)
Net capital assets	4,840,146	4,911,586
Other assets:		
Investment in jointly owned gas operations and maintenance fund	210,916	171,900
Total assets	\$ 5,376,660	\$ 5,435,585
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 56,486	\$ 48,435
Current portion of capital lease obligations	-	213
Due to other funds	20,322	17,571
Total current liabilities	76,808	66,219
Liabilities payable from restricted assets:		
Accrued interest payable	7,343	7,940
Customer deposits	68,760	65,310
Current portion of revenue bonds payable	38,910	46,663
Total restricted liabilities	115,013	119,913
Noncurrent liabilities:		
Revenue bonds payable	1,016,607	1,055,274
Total noncurrent liabilities	1,016,607	1,055,274
Total liabilities	1,208,428	1,241,406
Net assets:		
Invested in capital assets, net of related debt	3,434,436	3,808,567
Restricted:		
Debt service	37,312	38,469
Depreciation and contingency	100,674	97,252
Unrestricted	595,810	249,891
Total net assets	4,168,232	4,194,179
Total liabilities and net assets	\$ 5,376,660	\$ 5,435,585

TOWN OF NEWELLTON
Newellton, Louisiana

**Statements of Revenues, Expenses, and Changes in
Net Assets - Utility Fund
For The Year Ended June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Operating Revenues:		
Water sales	\$ 203,004	\$ 181,259
Gas sales	357,220	303,820
Sewerage fees	151,018	128,227
Plumbing fees	4,495	3,394
Penalties	14,101	13,428
Other operating revenues	1,239	21,981
Total operating revenues	<u>731,077</u>	<u>652,109</u>
 Operating expenses:		
Water supplies and expenses	47,141	68,538
Gas purchases	257,426	204,128
Gas supplies and expenses	3,762	2,109
Sewer supplies and expense	67,519	58,281
Supplies	2,357	2,590
Backhoe, mower, and tractor	9,586	1,185
Bad debts	1,310	3,525
Depreciation	133,817	128,984
Utilities	53,434	52,398
Engineering	2,166	4,340
Insurance - general	43,503	31,239
Legal and audit	12,617	11,590
Meter reader	1,458	5,996
Office rent	865	2,791
Office supplies	6,982	5,398
Payroll taxes	8,783	413
Postage	1,797	2,714
Salaries and related benefits	90,903	84,565
Telephone	5,727	3,469
Truck	5,879	5,641

(Continued)

TOWN OF NEWELLTON
Newellton, Louisiana

Statements of Revenues, Expenses, and Changes in
Net Assets - Utility Fund (Concluded)
For The Year Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Dues and subscriptions	967	850
Travel and meetings	2,304	3,812
Miscellaneous expenses	2,902	3,333
Total operating expenses	<u>763,205</u>	<u>687,889</u>
Operating profit (loss)	(32,128)	(35,780)
Nonoperating revenues (expenses):		
Grants	52,500	49,298
Interest earnings	2,743	2,606
Gain on sale of assets	6,137	-
Income from jointly owned gas operations and maintenance fund	51,516	26,673
Interest expense	<u>(53,674)</u>	<u>(52,846)</u>
Total nonoperating revenue (expense)	<u>59,222</u>	<u>25,731</u>
Income (Loss) before operating transfers	27,094	(10,049)
Operating transfers:		
Transfers out	<u>(53,041)</u>	<u>-</u>
Net loss	(25,947)	(10,049)
Net assets beginning of year	<u>4,194,179</u>	<u>4,204,228</u>
Net assets end of year	<u>\$ 4,168,232</u>	<u>4,194,179</u>

TOWN OF NEWELLTON
Newellton, Louisiana

Statements of Cash Flows - Utility Fund
For the Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities		
Cash received from customers	\$ 792,894	\$ 677,089
Cash paid for employee services	(99,686)	(84,978)
Cash payments to suppliers for goods and services	(531,531)	(445,994)
Net cash provided by operating activities	<u>161,677</u>	<u>146,117</u>
Cash flows from noncapital financing activities:		
Transfers to general fund	(120,475)	(69,881)
Net cash used in noncapital financing activities	<u>(120,475)</u>	<u>(69,881)</u>
Cash flows from capital and related financing activities		
Grant received for acquisition of capital assets	52,500	49,298
Acquisition of capital assets	(65,340)	(59,362)
Proceeds from sale of capital assets	9,100	-
Principal paid on debt	(47,500)	(46,766)
Interest paid on debt	(54,271)	(55,126)
Net cash used for financing activities	<u>(105,511)</u>	<u>(111,956)</u>
Cash flows from investing activities		
Interest received on investments	2,743	2,606
Maturity of short-term investments	-	8,290
Purchase of short-term investments	(1,667)	-
Distribution from jointly owned gas line	12,500	-
Net cash provided by investing activities	<u>13,576</u>	<u>10,896</u>
Net decrease in cash and cash equivalents	(50,733)	(24,824)
Cash and cash equivalents, beginning of year	<u>197,435</u>	<u>222,259</u>
Cash and cash equivalents, end of year	<u>\$ 146,702</u>	<u>\$ 197,435</u>
Shown on the accompanying balance sheet as		
Cash	\$ 25,167	\$ 67,056
Restricted assets:		
Cash	<u>121,535</u>	<u>130,379</u>
Total	<u>\$ 146,702</u>	<u>\$ 197,435</u>

(Continued)

TOWN OF NEWELLTON
Newellton, Louisiana

Statements of Cash Flows - Utility Fund (Concluded)
For the Years Ended June 30, 2005 and 2004

	2005	2004
Reconciliation of operating income to net cash provided by operating activities:		
Operating loss	\$ (32,128)	\$ (35,780)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	133,817	128,984
Bad Debts	1,310	
Change in assets and liabilities		
Accounts receivable	(11,818)	(48,013)
<i>Due from other funds</i>	-	351
Prepaid Expenses	(12,057)	-
Accounts payable and accrued liabilities	8,918	27,932
Due to other funds	70,185	72,093
Customer deposits	3,450	550
	<u>\$ 161,677</u>	<u>\$ 146,117</u>
Net cash provided by operating activities		
	<u>\$ 161,677</u>	<u>\$ 146,117</u>
Supplemental disclosure of noncash capital investing and financing activities:		
Increase in the investment in the jointly owned gas operations and maintenance fund	39,016	26,674
	<u>39,016</u>	<u>26,674</u>
Total noncash capital investing and financing activities	<u>\$ 39,016</u>	<u>\$ 26,674</u>

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Changes in Restricted Assets
For The Year Ended June 30, 2005

	<u>Bond and Interest Redemption</u>	<u>Bond Reserve</u>	<u>Depreciation and Contingency</u>	<u>Total</u>
\$200,000 1968 Sewer revenue bonds				
\$83,000 1973 Sewer revenue bonds				
<u>\$30,000 1974 Water distribution G.O. bonds</u>				
Balance - July 1, 2004	\$ 14,083	\$ 7,500	\$ 53,826	\$ 75,409
Add:				
Transfers from operating account	500	-	660	1,160
Transfers from bond reserve account	-	-	49	49
Interest earned	99	49	979	1,127
Total funds available	<u>14,682</u>	<u>7,549</u>	<u>55,514</u>	<u>77,745</u>
Less:				
Payments on principal and interest	(1,148)	-	-	(1,148)
Transfers to depreciation and contingency account	-	(49)	-	(49)
Balance - June 30, 2005	<u>\$ 13,534</u>	<u>\$ 7,500</u>	<u>\$ 55,514</u>	<u>\$ 76,548</u>
<u>\$500,000 1976 Water and Gas Revenue Bonds</u>				
<u>\$100,000 1976 Water and Gas Revenue Bonds</u>				
Balance - July 1, 2004	\$ 31,368	\$ 6,309	\$ 26,378	64,055
Add:				
Transfers from operating	35,750	1,650	1,980	39,380
Interest earned	347	53	206	606
Total funds available	<u>67,465</u>	<u>8,012</u>	<u>28,564</u>	<u>104,041</u>
Less:				
Principal and interest	(36,250)	-	-	(36,250)
Balance - June 30, 2005	<u>\$ 31,215</u>	<u>\$ 8,012</u>	<u>\$ 28,564</u>	<u>\$ 67,791</u>
<u>\$315,000 1988 Sewer Revenue Bonds</u>				
Balance - July 1, 2004	\$ 6,825	\$ 11,343	\$ 7,115	25,283
Add:				
Transfers from operating	16,970	848	1,012	18,830
Interest earned	91	69	48	208
Total funds available	<u>23,886</u>	<u>12,260</u>	<u>8,175</u>	<u>44,321</u>
Less:				
Transfer for sewer repairs	-	(9,000)	(4,100)	(13,100)
Principal and interest	(18,512)	-	-	(18,512)
Balance - June 30, 2005	<u>\$ 5,374</u>	<u>\$ 3,260</u>	<u>\$ 4,075</u>	<u>\$ 12,709</u>

(Continued)

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Changes in Restricted Assets (Concluded)
For The Year Ended June 30, 2005

	Bond and Interest Redemption	Bond Reserve	Depreciation and Contingency	Total
<u>\$506,000 1998 Water Revenue Bonds</u>				
Balance - July 1, 2004	\$ 5,172	\$ 10,472	\$ 11,026	\$ 26,670
Add:				
Transfers from operating	26,383	1,320	1,408	29,111
Interest earned	21	83	88	192
Total Funds Available	31,576	11,875	12,522	55,973
Less:				
Principal and interest	(28,781)	-	-	(28,781)
Balance - June 30, 2005	\$ 2,795	\$ 11,875	\$ 12,522	\$ 27,192
<u>\$130,000 Certificate of Indebtness</u>				
Balance - July 1, 2004	\$ 19,358	\$ -	\$ -	\$ 19,358
Add:				
Transfers from operating	17,500	-	-	17,500
Interest earned	95	-	-	95
Total funds available	36,953	-	-	36,953
Less:				
Principal and interest	(17,510)	-	-	(17,510)
Balance - June 30, 2005	\$ 19,443	\$ -	\$ -	\$ 19,443
<u>\$80,000 Certificate of Indebtness</u>				
Balance - July 1, 2004	\$ 4,425	\$ -	\$ -	\$ 4,425
Add:				
Transfers from operating	1,079	-	-	1,079
Intergovernmental revenue - local	9,955	-	-	9,955
Interest earned	37	-	-	37
Total funds available	15,496	-	-	15,496
Less:				
Principal and interest	(9,955)	-	-	(9,955)
Balance - June 30, 2005	\$ 5,541	\$ -	\$ -	\$ 5,541

**TOWN OF NEWELLTON, LOUISIANA
COMPENSATION PAID ALDERMEN
FOR THE YEAR ENDED JUNE 30, 2005**

The schedule of compensation paid to Aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of Louisiana Legislature. Compensation of the Aldermen is included in general administration expenditures of the General Fund.

	<u>Compensation</u>
Kenneth Morgan	\$ 3,600
Edwin Britt	3,600
David Delaney	3,600
Billy Mitchell	3,600
Clara Bass	<u>3,600</u>
 Total Compensation	 \$ <u><u>18,000</u></u>

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS



Francis I. Huffman, CPA
L. Fred Monroe, CPA
Esther Atteberry, CPA

John L. Luffey, MBA, CPA (1963-2002)

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

**Town of Newellton
Newellton, Louisiana**

We have audited the financial statements of the Town of Newellton, Louisiana (the Town) as of and for the year ended June 30, 2005, and have issued our report thereon dated October 19, 2005 (except for Note 8, which is dated December 14, 2005). We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

Compliance

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design operation of the internal control over financial reporting that could adversely affect the Town's ability to record, process,

**Town of Newellton
Newellton, Louisiana**

summarize, and report financial data consistent with the assertions of the management in the financial statements. The reportable conditions are reported in the Schedule of Findings as item 05-01, 05-02, and 05-03.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. However we consider items 05-01 and 05-02 to be material weaknesses.

This report is intended for the information of management of the Town, Federal and State awarding agencies and other entities granting funds to the Town and the Legislative Auditor for the state of Louisiana and is not intended to be used and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



(A Professional Accounting Corporation)

October 19, 2005

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Findings
June 30, 2005

05-01 CONDITION OF THE ACCOUNTING RECORDS

Finding:

In performing our audit of the financial statements of the Town of Newellton (the Town), we determined the Town could not produce financial statements and reports in an accurate and timely manner, both for purposes of external financial reporting and internal decision making.

Fifty-three journal entries were required to correct the Town's accounting records before the audit could begin. This indicates that review of account balances and timely reconciliation of accounts is inadequate. Examples of items that indicate improvement is needed are as follows:

1. Utility accounts receivable control account was not being reconciled to the subsidiary account.
2. Payroll tax liability accounts contained debit balances that had not been reconciled to the payroll tax returns.
3. Transactions were recorded in the wrong revenue account, thereby overstating one source of revenue and understating the other.
4. The refund to a customer for an overpayment of approximately \$26,000 was posted to accounts receivable instead of reducing income.
5. Interfund accounts receivables and payables and interfund transfers in and out were out of balance and had not been reconciled during the year.

The problems in the accounting function increase the risk that decision making personnel may be provided with inaccurate or incomplete information used to carry out the day to day activities of the Town and for making long-term strategic decisions. In addition, it increases the risk of misappropriation of assets and/or risk of errors in amounts material to the Town's financial position and results of operations.

Recommendation:

We recommend the Town contract with a consultant CPA to work with the Town Clerk at the end of each month to review all balance sheet accounts along with revenue and expense accounts and provide any journal entries needed to correct the books.

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Findings
June 30, 2005

Management's Corrective Action Plan:

The Town Clerk will contact a consulting CPA in January 2006 to work with her each month in reviewing the trial balances and making appropriate journal entries and corrections that are needed.

05-02 CAPITAL PROJECT FUND

Finding:

In March 2004 the Town of Newellton received a pass-through grant of \$499,693 from the Louisiana Community Development Block Grant Program for the resurfacing of the streets within the Town. The Town's matching portion of the grant was 5% or \$23,600. As of July 1, 2004 the Town established a capital project fund to account for the cost of construction and engineering on the project.

During the year ended June 30, 2005 the Town paid engineering costs for the street resurfacing project out of the Utility Fund and recorded those payments as engineering expense in the Utility Fund. Monies should have been transferred from the Utility Fund to the Street Capital Project Fund and recorded as either a loan or transfer. The remaining portion of the local matching funds were made from the General Fund and recorded as capital additions instead of transfers to the Street Capital Project Fund. By not showing the transfer of the local matching funds to the Capital Project Fund, the cost of engineering and construction for this project were reported in three different funds.

Recommendation:

We recommend that the Town take steps to insure that the matching funds for capital projects are recorded in the proper fund either as loans or transfers. We also recommend that the revenue and expense accounts for the Capital Project Fund be review each month for obvious errors and omissions.

Management's Corrective Action Plan:

Due to the fact that the Town does not have enough money in a single account to pay its portion of the grant, the Clerk has to take money from where ever she can to pay for projects. It is very confusing as to what accounts this money needs to be posted to and transferring money from Utilities to General Fund is also confusing. The Town Clerk will contact a consulting CPA in January 2006 to work with her each month in reviewing the trial balances and making appropriate journal entries and or corrections.

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Findings
June 30, 2005

05-03 TRAVEL

Finding -

It has been the Town of Newellton's policy to reimburse its employees for out of pocket expenses for out of town travel. However, the Town has been reimbursing the Mayor for in town travel and/or has been providing him with gasoline which also covers his in town travel. There is no written policy that defines what should be reimbursed by the Town. During the year ended June 30, 2005, the Mayor received \$1,131 in either gasoline provided by the Town or mileage reimbursement for in town travel..

The Internal Revenue Service's taxation of reimbursed expenses of an employee depends on whether the reimbursement arrangement is either an accountable plan or a nonaccountable plan. For a plan to be an accountable plan the following conditions must be satisfied:

1. There must be a business connection for the expenses. This means that the expenses are incurred in connection with the performance of services by the employee.
2. The employee must either substantiate or be deemed to have substantiated the expenses. Substantiation of automobile expenses would include:
 - a. The beginning and ending odometer reading
 - b. The miles traveled and
 - c. The business purpose of the travel.

Substantiation of other travel would include (1) a copy of the hotel bill and (2) a copy of any meal, or other expenses for which reimbursement is requested.

3. The employee must return to the employer amounts in excess of the substantiated or deemed substantiated expenses.

If the plan meets the above criteria, the expenses are considered accountable and are not to be included in the employees W-2. On the other hand, if the plan is considered to be nonaccountable, the amount of the reimbursement would be included in the employees W-2 at year end.

Based on the expenses paid by the Town for the Mayor during the year ended June 30, 2005, it appears that they were paid under a nonaccountable plan and they should be included in the employee's W-2.

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Findings
June 30, 2005

Recommendation:

We recommend that the Town establish a written policy for how employee travel will be accounted for. This policy should determine if the travel reimbursement plan will be either accountable or nonaccountable. It should also provide specific guidance as to what is allowable relating to business, conference, and seminar travel. We also recommend that a form be designed to be used by all employees in requesting reimbursement for travel expenses incurred.

Management's Corrective Action Plan:

When the Mayor was made aware that you could not use public funds (gas) in a private vehicle, the credit card was never used again for that purpose. The Mayor was not receiving money for travel expenses unless he went out of town on business purposes over fifty miles. The Mayor has not been reimbursed for any travel expense if the credit card was used. The Town has not provided the Mayor with in town travel and gasoline. The Town does not provide transportation for the Mayor which results in wear and tear on his own private automobile. When travel is involved all receipts for lodging and eating are placed in the files for accurate records. The Town will design a travel policy and a form that will meet the criteria for an accountable plan, which will be presented to the Board of Aldermen for their approval.

Town of Newellton
Newellton, Louisiana

Summary Status of Prior Year Findings

The following is a summary of the status of the findings included in the Schedule of Findings and Questioned Cost and Management Letter dated December 10, 2004, issued in connection with our examination of the financial statements of the Town of Newellton, Louisiana as of and for the year ended June 30, 2004.

Schedule of Findings and Questioned Costs

04-01 Bid-Law Violation

Finding:

The Town purchased approximately \$33,000 of chemicals for the water and sewer treatment facility for one vendor without bids.

Status:

The Town is now taking bids for the purchase of chemicals for the water and sewer treatment facility.

04-02 Utility Accounts Receivable

Finding:

The Utility accounts receivable control account is not being reconciled to the subsidiary ledger on a daily basis.

Status:

The Town Clerk is posting the transactions which occur in the utility receivable subsidiary on a daily basis, but the control account is still not being reconciled to the subsidiary ledger. See current finding 05-01

Management Letter

1. Compliance with Local Government Budget Act

Finding:

The Local Government Budget Act requires, among other things, the amendment of the budget when actual expenditures exceed budget amounts by 5% or more. Even though the town amended its budget during the year, actual expenditures exceeded budget expenditures by 8.5%.

**Town of Newellton
Newellton, Louisiana**

Summary Status of Prior Year Findings

Status:

No longer applicable.

2. Compliance with Water, Sewer, Garbage, and Trash Ordinances

Finding:

The Board of Aldermen is not passing the required increases in Utility Rates based on the Consumer Price Index as required by Ordinances passed in February 2003,

Status:

This finding has been corrected.