

TOWN OF NEWELLTON, LOUISIANA

**Financial Report
As of and For the Year Ended June 30, 2010**

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 1/26/11

TOWN OF NEWELLTON, LOUISIANA

Financial Report
As Of and For The Year Ended June 30, 2010

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TOWN OF NEWELLTON, LOUISIANA

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LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)
Francis I. Huffman, CPA
Philip A. Ragsdale, CPA
David Ray Soignier, CPA, MBA

John Herman, CPA
Lynn Andries, CPA
Esther Atteberry, CPA
Sandra Harrington, CPA

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 and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2010, 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 agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 and page 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Shaffery Huffman Reynolds & Squires

(A Professional Accounting Corporation)

December 30, 2010

**REQUIRED SUPPLEMENTAL INFORMATION
(PART A)**

Town of Newellton
Management's Discussion and Analysis (MD&A)
June 30, 2010

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, 2010. 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 \$5,573,458 (net assets).
 - ✓ Of this amount \$4,364,899 represented a restriction equal to the net amount invested in land, building, equipment and construction in progress and \$176,998 restricted for debt service and depreciation and contingencies.
 - ✓ The remainder of \$1,031,561 of unrestricted net assets could be used by the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets decreased by \$63,588.
- As of the close of the current fiscal year, the Town of Newellton's governmental funds reported combined ending fund balances of \$101,038, a decrease of \$47,601 in comparison with the prior year. Of this total amount, \$97,020 is available for spending at the government's discretion (*unreserved fund balance*).
- The Town of Newellton's total debt decreased by approximately \$49,000 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 12 and 13 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 3 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 a major fund. Data from the other 2 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 schedules 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 44 for the General Fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 15 and 17 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 19 through 23 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 24 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 governmental fund. The combining schedules for non-major governmental funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis. 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 \$5,573,458 at June 30, 2010. The combined net assets decreased between fiscal years 2009 and 2010 by approximately \$63,588.

Capital assets consisting of land, buildings, machinery and equipment account for the majority of the Town's net assets of \$5,573,458. Capital assets, net of depreciation and related debt included in Net Assets total \$4,364,899. 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, 2010 and 2009

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 119,537	\$ 213,142	\$ 1,196,483	\$ 1,081,289	\$ 1,316,020	\$ 1,294,431
Capital assets	962,665	1,043,908	4,231,709	4,341,309	5,194,374	5,385,217
Total assets	<u>1,082,202</u>	<u>1,257,050</u>	<u>5,428,192</u>	<u>5,422,598</u>	<u>6,510,394</u>	<u>6,679,648</u>
Current and other liabilities	18,499	73,320	134,440	144,280	152,939	217,600
Long-term liabilities	-	-	783,997	825,005	783,997	825,005
Total liabilities	<u>18,499</u>	<u>73,320</u>	<u>918,437</u>	<u>969,285</u>	<u>936,936</u>	<u>1,042,605</u>
Net Assets:						
Invested in capital assets, net of related debt:						
Restricted	962,665	1,035,091	3,402,234	3,471,109	4,364,899	4,506,200
Unrestricted	-	9,714	176,998	163,763	176,998	173,477
Total net assets	<u>101,038</u>	<u>138,925</u>	<u>930,523</u>	<u>818,441</u>	<u>1,031,561</u>	<u>957,366</u>
Total net assets	<u>\$ 1,063,703</u>	<u>\$ 1,183,730</u>	<u>\$ 4,509,755</u>	<u>\$ 4,453,313</u>	<u>\$ 5,573,458</u>	<u>\$ 5,637,043</u>

Net assets of the Town's governmental activities decreased 10.1% to approximately \$1.06 million. Net assets of the Town's business-type activities increased 1.3% to approximately \$4.51 million.

Changes in net assets. The Town's total revenue decreased by approximately \$633,000 to nearly \$1.22 million (see Table 2). Approximately 74% of the Town's revenue comes from charges for services, and 9% comes from other general revenues

The total cost of programs and services decreased approximately \$93,000 or 7%. The Town's expenses cover all services performed by its office.

Governmental Activities

Revenues for the Town's governmental activities decreased 52% which is largely attributable to a decline in capital grants and contributions. In fiscal year 2009, the Town received a capital grant for the funding of its fire station. However, these funds were not available in fiscal year 2010, resulting in the 97 % decrease in capital grants and contributions. Total expenses increased by 3%.

Expenses are classified by functions/programs. Public works accounts for approximately 36% or \$198,000, while public safety and general government account for approximately 33% and 32% or \$183,000 and \$175,000, respectively, for the fiscal year 2010.

Table 2
Changes in the Town's Net Assets
Fiscal Years Ended June 30, 2010 and 2009

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues						
Program Revenues:						
Charges for services	\$ 77,587	\$ 78,852	\$ 820,213	\$ 913,127	\$ 897,800	\$ 991,979
Operating grants and contributions	73,789	118,721	-	-	73,789	118,721
Capital Grants and contributions	3,150	407,288	26,041	-	29,191	407,288
General Revenues:						
Property taxes	59,599	59,092	-	-	59,599	59,092
Sales taxes	46,260	60,664	-	-	46,260	60,664
Other taxes	2,605	2,878	-	-	2,605	2,878
Other general revenues	93,055	103,497	15,947	106,217	109,002	209,714
Transfers	80,000	80,000	(80,000)	(80,000)	-	-
Total revenues	<u>436,045</u>	<u>910,992</u>	<u>782,201</u>	<u>939,344</u>	<u>1,218,246</u>	<u>1,850,336</u>
Expenses:						
General government	175,163	173,342	-	-	175,163	173,342
Public safety	182,589	183,295	-	-	182,589	183,295
Public works	197,815	182,125	-	-	197,815	182,125
Interest on long-term debt	505	1,012	42,071	44,678	42,576	45,690
Water, sewer, and gas expenses	-	-	683,691	789,214	683,691	789,214
Total expenses	<u>556,072</u>	<u>539,774</u>	<u>725,762</u>	<u>833,892</u>	<u>1,281,834</u>	<u>1,373,666</u>
Increase (decrease) in assets	\$ <u>(120,027)</u>	\$ <u>371,218</u>	\$ <u>56,439</u>	\$ <u>105,452</u>	\$ <u>(63,588)</u>	\$ <u>476,670</u>

The related program revenues for fiscal year 2010 directly related to these expenses totaled \$154,526, which resulted in net program expense of \$401,546. 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:

- Property tax revenue is the largest general revenue source for the Town of Newellton. It provides approximately \$60,000 of general fund revenue.
- Licenses and permits are a significant source of revenue to the Town, generating approximately \$59,000 of general fund revenue.
- Sales taxes provide approximately \$46,000 in general fund revenue.

Business-type activities.

Business-type activities increased the Town of Newellton's net assets by approximately \$56,000.

Revenues decreased approximately 17% to \$782,000 and expenses of the Town's business-type activities decreased approximately 13% to \$726,000.

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 \$101,038, a decrease of \$47,601 in comparison with the prior year. Approximately 96% of this total amount (\$97,020) 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 prior to June 30. The original budget for the Town was adopted in June of 2009, and the final budget amendment was adopted in July of 2010.

Revenues: Overall revenues for the General Fund were projected to decline during FY 2010 by approximately \$409,000 from the previous year. The vast amount of the decrease was caused by the expected decrease in grant revenues which were projected to decrease \$408,000 from 2009 actual figures. All other revenues were projected to decrease by approximately \$900.

Expenditures: General governmental expenditures comprise 36% of the General Funds Appropriations. Police and fire expenditures comprise another 24%. Public Works comprises 26%. Capital outlay and debt service comprise the remainder at 14%.

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, 2010, amounts to \$5,194,374 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery, vehicles and equipment (See Table 3). Additions to capital assets for the general fund in current year include a \$4,990 sweeper for streets and drainage, \$3,150 in engineering costs for the fire station built in 2009, and \$4,331 of Christmas decorations. Also, \$30,401 of service equipment was added to the utility fund during the current fiscal year. In addition, depreciation expense totaled \$234,102.

Table 3
The Town of Newellton Capital Assets
As of June 30, 2010 and 2009

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 6,100	\$ 6,100	\$ 19,650	\$ 19,650	\$ 25,750	\$ 25,750
Construction in Progress	-	-	-	-	-	-
Buildings	525,126	521,976	-	-	525,126	521,976
Vehicles	324,735	352,694	-	-	324,735	352,694
Furniture and equipment	162,807	166,184	118,447	105,195	281,254	271,379
Water system	-	-	2,579,669	2,579,669	2,579,669	2,579,669
Sewer system	-	-	2,828,652	2,828,652	2,828,652	2,828,652
Gas system	-	-	1,337,455	1,337,454	1,337,455	1,337,454
Streets and drainage	497,175	544,726	-	-	497,175	544,726
Total	<u>1,515,943</u>	<u>1,591,680</u>	<u>6,883,873</u>	<u>6,870,620</u>	<u>8,399,816</u>	<u>8,462,300</u>
Less: accumulated depreciation	<u>(553,278)</u>	<u>(547,772)</u>	<u>(2,652,164)</u>	<u>(2,529,311)</u>	<u>(3,205,442)</u>	<u>(3,077,083)</u>
Total Capital Assets	<u>\$ 962,665</u>	<u>\$ 1,043,908</u>	<u>\$ 4,231,709</u>	<u>\$ 4,341,309</u>	<u>\$ 5,194,374</u>	<u>\$ 5,385,217</u>

Long-Term Debt At the end of the current fiscal year, the Town fully repaid its general obligation bonds. The Town had revenue bonds outstanding of \$825,005. 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, 2010 and 2009

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenue Bonds	\$ -	\$ -	\$ 825,005	\$ 865,253	\$ 825,005	\$ 865,253
General Obligation Notes	-	9,191	-	-	-	9,191
Total Debt	<u>\$ -</u>	<u>\$ 9,191</u>	<u>\$ 825,005</u>	<u>\$ 865,253</u>	<u>\$ 825,005</u>	<u>\$ 874,444</u>

Economic Factors and Next Year's Budgets and Rates

Factors considered in preparing the Town of Newellton's budget for the 2011 fiscal year included the impact that will be made by the loss of the Town's jail and nursing home due to a declining population base. This loss will impact the Town's sales and property tax revenue. Also, the general bond obligation for fire equipment was repaid in 2010, resulting in no funds being budgeted for debt service payments or transfers out of the debt service fund for fiscal year 2011. Capital outlay is expected to increase from \$12,857 in 2010 to \$70,000 in 2011 for the purchase of plant lab equipment and improvements to Ferrington Street. Grant revenues are also projected to increase by \$70,000 to cover the capital outlay expenses.

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, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 99,647	\$ 127,268	\$ 226,915
Investments	-	720,164	720,164
Receivables	9,336	76,477	85,813
Due from other governmental units	6,536	-	6,536
Prepaid expenses	4,018	4,406	8,424
Restricted assets			
Cash	-	176,997	176,997
Capital assets, net	962,665	4,231,709	5,194,374
Investment in jointly owned gas operations and maintenance fund	-	91,171	91,171
Total Assets	<u>1,082,202</u>	<u>5,428,192</u>	<u>6,510,394</u>
Liabilities			
Accounts payable and accrued expenses	15,445	15,950	31,395
Internal balances	3,054	(3,054)	-
Deposits held and customer prepayments	-	76,066	76,066
Accrued interest payable	-	4,470	4,470
Long-term liabilities			
Due within one year	-	41,008	41,008
Due in more than one year	-	783,997	783,997
Total Liabilities	<u>18,499</u>	<u>918,437</u>	<u>936,936</u>
Net Assets			
Invested in capital assets, net of related debt	962,665	3,402,234	4,364,899
Restricted for			
Debt service	-	105,082	105,082
Depreciation and contingency	-	71,916	71,916
Unrestricted	101,038	930,523	1,031,561
Total Net Assets	<u>\$ 1,063,703</u>	<u>\$ 4,509,755</u>	<u>\$ 5,573,458</u>

The accompanying notes are an integral part of this statement.

TOWN OF NEWELLTON
Newellton, Louisiana

Statement of Activities

For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 175,163	\$ -	\$ -	\$ -	\$ (175,163)	\$ -	\$ (175,163)
Public safety	182,589	-	34,909	3,150	(144,530)	-	(144,530)
Public works	197,815	77,587	38,880	-	(81,348)	-	(81,348)
Interest and fiscal charges on long-term debt	505	-	-	-	(505)	-	(505)
Total governmental activities	556,072	77,587	73,789	3,150	(401,546)	-	(401,546)
Business-type activity:							
Utility fund	683,691	820,213	-	26,041	-	162,563	162,563
Interest and fiscal charges on long-term debt	42,071	-	-	-	-	(42,071)	(42,071)
Total business-type activities	725,762	820,213	-	26,041	-	120,492	120,492
Total primary government	\$ 1,281,834	\$ 897,800	\$ 73,789	\$ 29,191	(401,546)	120,492	(281,054)
General revenues:							
Taxes:							
Ad valorem taxes					59,599	-	59,599
Sales taxes					46,260	-	46,260
Other taxes					2,605	-	2,605
Video poker					4,512	-	4,512
Licenses and permits					58,742	-	58,742
Fines and forfeitures					24,548	-	24,548
Interest and investment earnings					302	7,512	7,814
Other					1,801	-	1,801
Gain on disposition of assets					3,150	1,000	4,150
Income from jointly owned gas operations and maintenance fund					-	7,435	7,435
Transfers in (out)					80,000	(80,000)	-
Total general revenues					281,519	(64,053)	217,466
Change in net assets					(120,027)	56,439	(63,588)
Net assets at beginning of year					1,183,730	4,453,316	5,637,046
NET ASSETS AT END OF YEAR					\$ 1,063,703	\$ 4,509,755	\$ 5,573,458

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

TOWN OF NEWELLTON
Newellton, Louisiana
Governmental Funds
Balance Sheet
June 30, 2010

	Major Fund	Other	Total
	General	Governmental	
	Fund	Funds	Total
ASSETS			
Cash and cash equivalents	\$ 84,190	\$ 15,457	\$ 99,647
Receivables:			
Sales taxes	3,916	-	3,916
Other receivables	5,420	-	5,420
Due from other governmental units	6,536	-	6,536
Prepaid Expenses	4,018	-	4,018
TOTAL ASSETS	\$ 104,080	\$ 15,457	\$ 119,537
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable and accrued expenses	\$ 15,445	\$ -	\$ 15,445
Due to other funds	3,054	-	3,054
Total liabilities	18,499	-	18,499
Fund equity:			
Fund balance:			
Reserved for prepaid expenses	4,018	-	4,018
Unreserved/undesignated	81,563	15,457	97,020
Total fund balance	85,581	15,457	101,038
TOTAL LIABILITIES AND FUND EQUITY	\$ 104,080	\$ 15,457	\$ 119,537

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, 2010

Fund balances - total governmental funds	\$	101,038
Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Governmental capital assets	\$	1,515,943
Less: accumulated depreciation		<u>(553,278)</u>
		962,665
 Net assets of governmental funds	 \$	 <u>1,063,703</u>

TOWN OF NEWELLTON
Newellton, Louisiana
Governmental Funds
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2010

	<u>Major Fund</u> <u>General</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u>
Revenues:			
Taxes:			
Ad valorem	\$ 59,599	\$ -	\$ 59,599
Sales	46,260	-	46,260
Charges for services	77,587	-	77,587
Licenses and permits, and commission for services	58,742	-	58,742
Intergovernmental:			
Federal	3,150	-	3,150
State	36,219	-	36,219
Local	38,880	5,807	44,687
Fines and forfeitures	24,548	-	24,548
Use of money and property	248	54	302
Other revenues	1,801	-	1,801
Total Revenues	<u>347,034</u>	<u>5,861</u>	<u>352,895</u>
Expenditures:			
Current:			
General government	172,004	-	172,004
Public safety-police	133,862	-	133,862
Public safety-fire	1,425	-	1,425
Public works	154,176	-	154,176
Capital outlay	12,857	-	12,857
Debt service	3,516	5,806	9,322
Total Expenditures	<u>477,840</u>	<u>5,806</u>	<u>483,646</u>
Excess (Deficiency) of Revenues	(130,806)	55	(130,751)
Other Financing Sources/(Uses)			
Gain on Sale of Assets	3,150	-	3,150
Transfers in	89,744	0	89,744
Transfers out	-	(9,744)	(9,744)
Total Other Financing Sources/(Uses)	<u>92,894</u>	<u>(9,744)</u>	<u>83,150</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(37,912)	(9,689)	(47,601)
Fund Balances at Beginning of Year	<u>123,493</u>	<u>25,146</u>	<u>148,639</u>
FUND BALANCES AT END OF YEAR	<u>\$ 85,581</u>	<u>\$ 15,457</u>	<u>\$ 101,038</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, 2010**

Net change in fund balances - total governmental funds	\$	(47,601)
Amount reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 12,857	
Depreciation expense	<u>(94,100)</u>	(81,243)
Elimination of transfers in and out:		
Transfers in	(9,744)	
Transfers out	<u>9,744</u>	-
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. This transaction has no effect on net assets.		
Principal payments		9,191
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.		
Accrued interest payable		<u>(374)</u>
Change in net assets of governmental activities	\$	<u><u>(120,027)</u></u>

TOWN OF NEWELLTON
Newellton, Louisiana

Business-type Activities - Enterprise Fund
Statement of Net Assets
June 30, 2010

	<u>Utility Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 127,268
Investments	720,164
Accounts receivable - net	76,477
Due from other funds	3,054
Prepaid expenses	4,406
Total current assets	<u>931,369</u>
Restricted assets	
Cash	176,997
Total restricted assets	<u>176,997</u>
Capital assets	
Non-depreciable	19,650
Depreciable	6,864,223
Total capital assets	<u>6,883,873</u>
Accumulated depreciation	<u>(2,652,164)</u>
Net capital assets	<u>4,231,709</u>
Other assets	
Investment in jointly owned gas operations and maintenance fund	<u>91,171</u>
Total assets	<u>\$ 5,431,246</u>
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable and accrued expenses	\$ 15,950
Due to other funds	-
Total current liabilities	<u>15,950</u>
Liabilities payable from restricted assets	
Accrued interest payable	4,470
Customer deposits and customer prepayments	76,066
Current portion of revenue bonds payable	41,008
Total restricted liabilities	<u>121,544</u>
Noncurrent liabilities	
Revenue bonds payable	783,997
Total noncurrent liabilities	<u>783,997</u>
Total liabilities	<u>921,491</u>
Net assets	
Invested in capital assets, net of related debt	3,402,234
Restricted for	
Debt service	105,082
Depreciation and contingency	71,916
Unrestricted	930,523
Total net assets	<u>4,509,755</u>
Total liabilities and net assets	<u>\$ 5,431,246</u>

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, 2010

	<u>Utility Fund</u>
OPERATING REVENUES	
Water sales	\$ 298,871
Gas sales	323,426
Sewerage fees	177,085
Plumbing fees	2,261
Penalties	18,522
Other operating revenues	48
Miscellaneous revenues	-
Total operating revenues	820,213
OPERATING EXPENSES	
Bad debts	5,939
Computer consultants	2,421
Depreciation	140,002
Dues and subscriptions	1,174
Engineering	-
Equipment	19,154
Gas purchases	173,059
Insurance - general	40,389
Legal and audit	25,480
Office supplies	5,566
Postage	2,960
Salaries and related benefits	112,714
Supplies-plant	3,764
Supplies and expenses-gas	6,038
Supplies and expenses-sewer	23,127
Supplies and expenses-water	55,011
Telephone	7,736
Travel and meetings	3,307
Utilities	52,987
Total operating expenses	683,691

(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, 2010

	<u>Utility Fund</u>
Operating Income	136,522
NONOPERATING REVENUES (EXPENSES)	
Grants	26,041
Interest earnings	7,512
Gain on disposition of assets	1,000
Income from jointly owned gas line	7,435
Interest expense	(42,071)
Total nonoperating revenue (expenses)	<u>(83)</u>
Net income before operating transfers	136,439
OPERATING TRANSFERS	
Transfers out	<u>(80,000)</u>
Net transfers	(80,000)
Net income	56,439
Net assets beginning of year	<u>4,453,316</u>
Net assets end of year	<u>\$ 4,509,755</u>

TOWN OF NEWELLTON
Newellton, Louisiana

Business-type Activity - Enterprise Fund
Statement of Cash Flows
For the Year Ended June 30, 2010

	<u>Utility Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 825,951
Cash paid for employee services	(112,714)
Cash payments to suppliers for goods and services	<u>(428,261)</u>
Net cash provided by operating activities	<u>284,976</u>
Cash flows from noncapital financing activities	
Transfers to general fund from the utility fund	<u>(80,000)</u>
Net cash used in noncapital financing activities	<u>(80,000)</u>
Cash flows from capital and related financing activities	
Grant received for acquisition of capital assets	26,042
Acquisition of capital assets	(30,402)
Proceeds from sale of capital assets	(1,000)
Principal paid on debt	(39,488)
Interest paid on debt	<u>(42,548)</u>
Net cash used for financing activities	<u>(87,396)</u>
Cash flows from investing activities	
Purchases of investments	(506,315)
Interest received on investments	7,512
Distribution received from Joint Line Investment	<u>150,000</u>
Net cash provided by investing activities	<u>(348,803)</u>
Net increase in cash	(231,223)
Cash, beginning of year	<u>535,487</u>
Cash, end of year	<u>\$ 304,264</u>
Shown on the accompanying statement of net assets as	
Cash	\$ 127,268
Restricted assets	
Cash	<u>176,997</u>
Total	<u>\$ 304,265</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, 2010

	<u>Utility Fund</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 136,522
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	140,002
Bad debt expense	5,939
Change in assets and liabilities	
Accounts receivable	13,168
Prepaid expenses	(531)
Accounts payable and accrued liabilities	(2,695)
Due to other funds	(8,459)
Customer deposits	<u>1,030</u>
Net cash provided by operating activities	<u>\$ 284,976</u>
 Supplemental disclosure of noncash capital investing activities	
Increase in the investment of the jointly owned gas operations and maintenance fund	<u>\$ 7,435</u>

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2010

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, 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, 2010

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, 2010

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 Fund – This fund is used 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 Fund - This fund is used to account for financial resources accumulated to pay principal and interest on general long-term debt.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2010

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

Enterprise Fund - This fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Enterprise funds are presented in the business-type activities column in government-wide financial statements and the major funds section of the fund 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.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2010

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. Rates are charged for services are as follows:

1. Water rates charged:
 - a. Residential customers are charged \$26.00 for the first 2,000 gallons of water and \$4.00 for each additional 1,000 gallons or fraction thereof.
 - b. Commercial customers are charged \$31.00 for the first 2,000 gallons of water used and then \$4.00 for each additional 1,000 gallons or fraction thereof.
2. Sewer rates charged:
 - a. Residential customers are billed \$14.20 for the first 2,000 gallons of water used. They are then billed \$3.34 for each 1,000 gallons or fraction thereof.
 - b. Commercial customers are charged \$18.46 for the first 2,000 gallons of water purchased. They are then charged \$3.34 for each additional 1,000 gallons or fraction thereof of water used.
3. Gas rates charged to customers are \$15.00 per 1,000 cubic feet of gas 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.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2010

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.
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, 2010, the Town adopted a budget for the General Fund.

D. Assets, Liabilities, and Fund Equity

Cash, Cash Equivalents, and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool and mutual funds consisting solely of government backed securities.

Deposits with original maturity dates exceeding 90 days are classified as investments. Investments are reported at fair value.

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. Beginning with the year ended June 30, 2005, the Town began capitalizing infrastructure as expenditures were incurred.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2010

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 greater than \$1,000 are recorded at cost where historical records are available and at estimated cost where no historical records are available. Donated fixed assets are valued at 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, 2010.

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
Fire Station	30
Equipment	3 – 10
Infrastructure Streets and Drainage	15

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 \$11,450 has been set up for the year ended June 30, 2010.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2010

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.

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 \$16,848 for the year ended June 30, 2010.

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 4.

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.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2010

Equity Investments

The Town has a 50% ownership in a jointly owned gas line (see Note 6) that is accounted for using the equity method. Under this method, investments are carried at cost and increased or decreased by the Town's share of earnings or losses.

Note 2 - Cash and cash equivalents

Custodial credit risk – deposits. The custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy to ensure there is no exposure to this risk is to require each financial institution to pledge its' own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent bank has failed to pay deposited funds upon demand. Accordingly, the Town had no custodial credit risk related to its deposits at June 30, 2010.

At June 30, 2010, the Town has cash totaling \$1,124,076, as follows:

Petty Cash	\$	139
Demand Deposits		403,772
Certificate of Deposit		720,165
Total	\$	<u>1,124,076</u>

These deposits are stated at cost, which approximates market. 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 (bank balances other than these backed by the U.S. government) at June 30, 2010, is secured, as follows:

Bank Balances	\$	<u>1,161,312</u>
Federal deposit insurance	\$	250,000
Pledged Securities		1,183,560
Total	\$	<u>1,433,560</u>

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2010

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 \$95,201 at of June 30, 2010 and are comprised of the following:

	General Fund	Proprietary Fund	Total
Accounts receivable			
Sales taxes	\$ 3,916	\$ -	\$ 3,916
Franchise fees	5,097	-	5,097
Returned checks	323	433	756
Customer receivables	-	87,494	87,494
Less: Allowance for Doubtful Accounts	-	(11,450)	(11,450)
Due from other governmental units	6,536	-	6,536
Total	\$ 15,872	\$ 76,477	\$ 92,349

The Town has 465 residential and 53 commercial water customers and 457 residential and 48 commercial sewer customers. The Town also serves 309 residential and 64 commercial gas customers.

Significantly all of the \$87,494 in utility receivables are current and are classified as follows: Water, \$40,400; Gas, \$15,944; Sewer, \$19,315 and Other, \$11,835.

Note 4 - Restriction on Use of Funds

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;

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2010

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,
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 Revenue Promissory Note Agreement dated August 12, 1997, income and revenues from the operation of the sewerage system after payments required by the outstanding Sewerage Revenue Promissory Note dated April 6, 1976 (the "Prior Lien Bonds") are to be set aside as follows:

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2010

1. There shall be set aside into a "1998 Water Tower Sinking Fund FHA" 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 "1998 Water Tower Reserve Fund FHA" monthly amounts at least \$120 a month must be paid into the "1998 Water Tower Reserve Fund FHA". 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 \$128 per month from the Sewerage Revenue Fund into a "1998 Water Tower Contingency Fund FHA" to provide for depreciation, extensions, additions and replacements necessary to properly operate the sewerage system.

Restricted Assets were composed of the following as of June 30, 2010:

	<u>Cash and Cash Equivalents</u>
1976 Water and Gas Revenue Bonds	
Bond and Interest Redemption Fund	\$ 46,703
Bond Reserve Fund	17,521
Depreciation and Contingency Fund	40,949
1988 Sewer Revenue Bonds	
Bond and Interest Redemption Fund	7,466
Bond Reserve Fund	8,192
Depreciation and Contingency Fund	9,964
1998 Water Revenue Bonds	
Bond and Interest Redemption Fund	5,369
Bond Reserve Fund	19,831
Depreciation and Contingency Fund	21,002
Total - Utility Fund	<u>\$ 176,997</u>

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2010

Note 5 - Changes in Capital Assets

The following schedule presents changes in capital assets for the year ended June 30, 2010

	Balance 6/30/2009	Additions	Deletions	Balance 6/30/2010
Governmental Activities				
Nondepreciable assets				
Land	\$ 6,100	\$ -	\$ -	\$ 6,100
Construction in progress	-	-	-	-
Total nondepreciable assets	<u>6,100</u>	<u>-</u>	<u>-</u>	<u>6,100</u>
Depreciable assets				
Building	43,800	-	-	43,800
Vehicles	405,235	-	80,500	324,735
Furniture and equipment	166,184	4,717	8,094	162,807
Fire station	478,176	3,150	-	481,326
Streets and drainage	492,185	4,990	-	497,175
Total depreciable assets	<u>1,585,580</u>	<u>12,857</u>	<u>88,594</u>	<u>1,509,843</u>
Less accumulated depreciation	<u>(547,772)</u>	<u>(94,100)</u>	<u>(88,594)</u>	<u>(553,278)</u>
Net governmental activities capital assets	<u>\$ 1,043,908</u>	<u>\$ (81,243)</u>	<u>\$ -</u>	<u>\$ 962,665</u>
Business-type activities				
Nondepreciable assets				
Land	\$ 19,650	\$ -	\$ -	\$ 19,650
Depreciable assets				
Water system	2,579,669	-	-	2,579,669
Sewer system	2,828,652	-	-	2,828,652
Gas system	1,328,027	-	-	1,328,027
Gas pipeline	9,428	-	-	9,428
Service equipment	97,315	30,015	17,149	110,181
Office equipment	7,880	386	-	8,266
Total depreciable assets	<u>6,850,971</u>	<u>30,401</u>	<u>17,149</u>	<u>6,864,223</u>
Less accumulated depreciation	<u>(2,529,311)</u>	<u>(140,002)</u>	<u>(17,149)</u>	<u>(2,652,164)</u>
Net business-type capital assets	<u>\$ 4,341,310</u>	<u>\$ (109,601)</u>	<u>\$ -</u>	<u>\$ 4,231,709</u>

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

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2010

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 \$94,100 was charged to governmental activities as follows: General Government, \$3,160; Public Safety, \$47,301; Public Works, \$10,577; and Streets and Drainage, \$33,062. Depreciation of \$140,002 as of June 30, 2010, was charged to expense in the utility fund.

Note 6 - Investment in Jointly Owned Gas Line

The Towns of Newellton and St. Joseph, Louisiana 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 Boards 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 13) Summary financial information for the joint venture at June 30, 2010, and for the year then ended, is as follows:

Total assets	\$ 184,297
Total liabilities	(1,957)
Total fund equity	<u>\$ 182,340</u>
Total revenues	\$ 423,322
Total cost of sales	(359,658)
Gross profit	<u>63,664</u>
Operating expenses	(49,672)
Nonoperating revenue	<u>877</u>
Net income	14,869
Net assets, beginning of year	467,471
Distributions	(300,000)
Net assets, end of year	<u>\$ 182,340</u>

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2010

Note 7 - Long-Term Debt

The following is a summary of long term-debt transactions of the Town for the year ended June 30, 2010:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
	General Obligation Revenue Notes	Revenue Bonds	<u>Total</u>
Balance at Beginning of Year	\$ 9,191	\$ 865,252	\$ 874,443
Additions	-	-	-
Retirements	<u>(9,191)</u>	<u>(40,247)</u>	<u>(49,438)</u>
Balance end of year	<u>\$ -</u>	<u>\$ 825,005</u>	<u>825,005</u>

Bonds payable at June 30, 2010 are comprised of the following individual issues:

Business-Type Activities:

Revenue Bonds:

\$550,000 Revenue bonds dated April 6, 1976; due in annual installments of \$29,250 - \$34,350 through April 6, 2016; interest at 5%.	\$ 157,000
\$100,000 Revenue bonds dated April 6, 1976; due in annual installments of \$4,400 - \$6,000, through April 6, 2016; interest at 5%.	28,000
\$315,000 Sewer Revenue bonds dated March 23, 1988; due in annual installments of \$18,512 through May 12, 2028; interest at 5%.	207,136
\$506,000 Water Revenue bonds dated April 24, 1998; due in monthly installments of \$2,398.44 through December 2038; interest at 4.875%	432,869
Total Revenue Bonds - Utilities Enterprise Fund	<u>\$ 825,005</u>

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2010

Maturities of long-term obligations of the Town including interest of \$486,718 are as follows:

Fiscal Year Ended June 30,	Business Type Activities
2011	81,544
2012	85,294
2013	83,794
2014	82,294
2015	85,794
2016-2020	273,219
2021-2025	236,469
2026-2030	177,321
2031-2035	143,906
2036-2038	62,088
	<u>\$ 1,311,723</u>

For the fiscal year ended June 30, 2010, the amount of interest charged to expense was \$132 for general obligations bonds and \$42,070 for revenue bonds.

Note 8 - Interfund Receivables and Payables

Individual fund interfund receivables and payables at June 30, 2010, are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ -	\$ 3,054
Utility Enterprise Fund	3,054	-
Total	<u>\$ 3,054</u>	<u>\$ 3,054</u>

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.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2010

Note 9 - Interfund Transfers

Individual fund transfers in and out at June 30, 2010 are as follows:

	Operating Transfers	
	In	Out
General Fund	\$ 89,744	\$ -
Enterprise Fund	-	80,000
Debt Service Fund	-	9,744
Total	\$ 89,744	\$ 89,744

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, 2010, the Town made transfers of \$80,000 from the Utility Fund to the General Fund to cover the cash short fall in the General Fund.

Note 10 - 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.

The ad valorem tax millage for fiscal year 2010 was 18.53 mills.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2010

Note 11 - 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 \$7,750 for the year ended June 30, 2010.

Note 12 - 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, 2010, 2009 and 2008 were \$29,852, \$28,400, and \$31,526; 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.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2010

Note 13 - 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 fiscal year 2010 the Town purchased \$173,059 of natural gas from the jointly owned gas line.

Note 14 - 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.

**REQUIRED SUPPLEMENTARY INFORMATION
(PART B)**

TOWN OF NEWELLTON
Newellton, Louisiana

General Fund
Budgetary Comparison Schedule (GAAP Basis)

Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Budgetary fund balance at beginning of year	\$ 101,455	\$ 123,493	\$ 123,493	\$ -
Resources (inflows)				
Ad valorem taxes	59,050	65,000	59,599	(5,401)
Sales and other taxes	54,200	57,200	46,260	(10,940)
Charges for services	70,000	72,000	77,587	5,587
License and permits:				
Franchise revenue	39,340	34,900	22,002	(12,898)
Occupational & other licenses	37,000	30,000	36,740	6,740
Intergovernmental revenue	118,200	65,352	78,249	12,897
Fines and forfeitures	30,000	25,000	24,548	(452)
Interest income	700	300	248	(52)
Miscellaneous	3,600	3,600	1,801	(1,799)
Total revenues	<u>412,090</u>	<u>353,352</u>	<u>347,034</u>	<u>(6,318)</u>
Gain/loss on sale of assets	-	-	3,150	3,150
Transfers in	30,000	70,408	89,744	19,336
	<u>30,000</u>	<u>70,408</u>	<u>92,894</u>	<u>22,486</u>
Amounts available for appropriations	<u>543,545</u>	<u>547,253</u>	<u>563,421</u>	<u>16,168</u>
Charges to appropriations (outflows)				
Current:				
General government	189,114	170,404	172,004	(1,600)
Public safety:				
Police department	123,880	122,100	133,862	(11,762)
Fire department	1,800	5,150	1,425	3,725
Public works	138,440	138,400	154,176	(15,776)
Culture and Recreation	-	-	-	-
Capital outlay	70,000	21,352	12,857	8,495
Debt service	4,661	3,563	3,516	47
Total charges	<u>527,895</u>	<u>460,969</u>	<u>477,840</u>	<u>(16,871)</u>
Transfers out	-	600	-	600
Total charges to appropriations	<u>527,895</u>	<u>461,569</u>	<u>477,840</u>	<u>(16,271)</u>
Budgetary fund balance at end of year	\$ <u>15,650</u>	\$ <u>85,684</u>	\$ <u>85,581</u>	\$ <u>(103)</u>

OTHER SUPPLEMENTAL INFORMATION

TOWN OF NEWELLTON
Newellton, Louisiana
Nonmajor Governmental Funds
Combining Balance Sheet
As of June 30, 2010

	Special Revenue Fund Downtown Revitalization	Debt Service Fund Fire Department	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 15,457	\$ -	\$ 15,457
TOTAL ASSETS	\$ 15,457	\$ -	\$ 15,457
 LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balance			
Unreserved/undesignated	15,457	-	15,457
Total fund balance	<u>15,457</u>	<u>-</u>	<u>15,457</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ 15,457	\$ -	\$ 15,457

TOWN OF NEWELLTON
Newellton, Louisiana
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2010

	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Downtown Revitalization</u>	<u>Fire Department</u>	
REVENUES			
Intergovernmental:			
Local	\$ -	\$ 5,807	\$ 5,807
Interest income	25	29	54
Total revenues	<u>25</u>	<u>5,836</u>	<u>5,861</u>
EXPENDITURES			
Retirement of principal	-	5,737	5,737
Interest and fiscal charges	-	69	69
Total expenditures	<u>-</u>	<u>5,806</u>	<u>5,806</u>
EXCESS OF REVENUES OVER EXPENDITURES	25	30	55
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	(9,744)	(9,744)
EXCESS OF REVENUE AND OTHER SOURCES OVER EXPENDITURES	25	(9,714)	(9,689)
FUND BALANCE, beginning of year	<u>15,432</u>	<u>9,714</u>	<u>25,146</u>
FUND BALANCE END OF YEAR	<u>\$ 15,457</u>	<u>\$ -</u>	<u>\$ 15,457</u>

TOWN OF NEWELLTON
Newellton, Louisiana

Schedules of Net Assets - Utility Enterprise Fund
June 30, 2010 and 2009

	2010	2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 127,268	\$ 371,727
Investments	720,164	213,849
Accounts receivable - net	76,477	94,341
Due from other funds	3,054	-
Prepaid expenses	4,406	3,875
Total current assets	931,369	683,792
Restricted assets		
Cash and cash equivalents	176,997	163,761
Capital assets		
Non-depreciable	19,650	19,650
Depreciable	6,864,223	6,850,970
Total capital assets	6,883,873	6,870,620
Accumulated depreciation	(2,652,164)	(2,529,311)
Net capital assets	4,231,709	4,341,309
Other assets		
Investment in jointly owned gas operations and maintenance fund	91,171	233,736
Total assets	\$ 5,431,246	\$ 5,422,598
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 15,950	\$ 18,645
Due to other funds	-	5,405
Total current liabilities	15,950	24,050
Liabilities payable from restricted assets		
Accrued interest payable	4,470	4,947
Customer deposits and customer prepayments	76,066	75,035
Current portion of revenue bonds payable	41,008	40,248
Total restricted liabilities	121,544	120,230
Noncurrent liabilities		
Revenue bonds payable	783,997	825,005
Total noncurrent liabilities	783,997	825,005
Total liabilities	921,491	969,285
Net assets		
Invested in capital assets, net of related debt	3,402,234	3,471,109
Restricted:		
Debt service	105,082	96,993
Depreciation and contingency	71,916	66,770
Unrestricted	930,523	818,441
Total net assets	4,509,755	4,453,313
Total liabilities and net assets	\$ 5,431,246	\$ 5,422,598

TOWN OF NEWELLTON
Newellton, Louisiana

**Schedules of Revenues, Expenses, and Changes in
Net Assets - Utility Enterprise Fund
For The Year Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Water sales	\$ 298,871	\$ 291,000
Gas sales	323,426	399,933
Sewerage fees	177,085	198,152
Plumbing fees	2,261	3,002
Penalties	18,522	21,038
Other operating revenues	48	-
Miscellaneous revenues	-	-
Total operating revenues	<u>820,213</u>	<u>913,125</u>
Operating expenses:		
Bad debts	5,939	3,561
Computer consultants	2,421	2,239
Depreciation	140,002	138,023
Dues and subscriptions	1,174	470
Engineering	-	2,975
Equipment	19,154	15,863
Gas purchases	173,059	264,021
Insurance - general	40,389	48,849
Legal and audit	25,480	29,201
Miscellaneous expenses	2,863	3,635
Office supplies	5,566	4,338
Postage	2,960	3,882
Salaries and related benefits	112,714	108,317
Supplies-plant	3,764	2,272
Supplies and expenses-gas	6,038	8,159
Supplies and expenses-sewer	23,127	20,751
Supplies and expenses-water	55,011	60,095
Telephone	7,736	6,937
Travel and meetings	3,307	2,183
Utilities	52,987	63,438
Total operating expenses	<u>683,691</u>	<u>789,209</u>
Operating profit (loss)	136,522	123,916
Nonoperating revenues (expenses):		
Grants	26,041	-
Interest earnings	7,512	9,374
Gain (loss) on disposition of assets	1,000	-
Income from jointly owned gas operations and maintenance fund	7,435	96,843
Interest expense	<u>(42,071)</u>	<u>(44,678)</u>
Total nonoperating revenue (expense)	<u>(83)</u>	<u>61,539</u>
Income before operating transfers	136,439	185,455
Operating transfers:		
Transfers out	<u>(80,000)</u>	<u>(80,000)</u>
Net transfers	<u>(80,000)</u>	<u>(80,000)</u>
Net income (loss)	56,439	105,455
Net assets beginning of year	<u>4,453,316</u>	<u>4,347,861</u>
Net assets end of year	<u>\$ 4,509,755</u>	<u>\$ 4,453,316</u>

TOWN OF NEWELLTON
Newellton, Louisiana

Schedules of Cash Flows - Utility Enterprise Fund
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Cash received from customers	\$ 825,952	\$ 919,561
Cash paid for employee services	(112,714)	(108,317)
Cash payments to suppliers for goods and services	(428,261)	(548,605)
Net cash provided by operating activities	<u>284,977</u>	<u>262,639</u>
Cash flows from noncapital financing activities:		
Transfers to general fund	<u>(80,000)</u>	<u>(80,000)</u>
Net cash used in noncapital financing activities	<u>(80,000)</u>	<u>(80,000)</u>
Cash flows from capital and related financing activities		
Grant received for acquisition of capital assets	26,042	-
Acquisition of capital assets	(30,402)	(23,224)
Proceeds from sale of capital assets	(1,000)	-
Principal paid on debt	(39,488)	(38,796)
Interest paid on debt	(42,548)	(44,520)
Net cash used for financing activities	<u>(87,396)</u>	<u>(106,540)</u>
Cash flows from investing activities		
Purchase of short-term investments	(506,315)	(6,633)
Interest received on investments	7,512	9,374
Distribution received from Joint Line	150,000	-
Net cash provided by investing activities	<u>(348,803)</u>	<u>2,741</u>
Net increase in cash	(231,222)	78,840
Cash, beginning of year	<u>535,487</u>	<u>456,647</u>
Cash, end of year	<u>\$ 304,265</u>	<u>\$ 535,487</u>
Shown on the accompanying balance sheet as		
Cash	\$ 127,268	\$ 371,726
Restricted assets		
Cash	<u>176,997</u>	<u>163,761</u>
Total	<u>\$ 304,265</u>	<u>\$ 535,487</u>

(Continued)

TOWN OF NEWELLTON
Newellton, Louisiana

Schedules of Cash Flows - Utility Enterprise Fund (Concluded)
For the Years Ended June 30, 2010 and 2009

	2010	2009
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 136,522	\$ 123,913
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	140,002	138,023
Loss on disposal	-	-
Bad debts	5,939	3,561
Change in assets and liabilities		
Accounts receivable	13,168	(6,404)
Prepaid expenses	(531)	957
Accounts payable and accrued liabilities	(2,695)	(6,415)
Due to other funds	(8,459)	4,829
Customer deposits	1,030	4,175
	\$ 284,976	\$ 262,639
Supplemental disclosure of noncash capital investing and financing activities:		
Increase in the investment in the jointly owned gas operations and maintenance fund	7,435	96,843
Total noncash capital investing and financing activities	\$ 7,435	\$ 96,843

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Changes in Restricted Assets
For the Year Ended June 30, 2010

	<u>Bond and Interest Redemption</u>	<u>Bond Reserve</u>	<u>Depreciation and Contingency</u>	<u>Total</u>
<u>\$550,000 1976 Water and Gas Revenue Bonds</u>				
<u>\$100,000 1976 Water and Gas Revenue Bonds</u>				
Balance - July 1, 2009	\$ 42,937	\$ 15,788	\$ 38,591	\$ 97,316
Add:				
Transfers from operating	39,000	1,650	2,160	42,810
Interest earned	266	83	199	548
Total funds available	<u>82,203</u>	<u>17,521</u>	<u>40,950</u>	<u>140,674</u>
Less:				
Principal and interest	<u>(35,500)</u>	<u>-</u>	<u>-</u>	<u>(35,500)</u>
Balance - June 30, 2010	<u>\$ 46,703</u>	<u>\$ 17,521</u>	<u>\$ 40,950</u>	<u>\$ 105,174</u>
<u>\$315,000 1988 Sewer Revenue Bonds</u>				
Balance - July 1, 2009	\$ 7,397	\$ 7,228	\$ 8,813	\$ 23,438
Add:				
Transfers from operating	18,513	926	1,104	20,543
Interest earned	69	38	47	154
Total funds available	<u>25,979</u>	<u>8,192</u>	<u>9,964</u>	<u>44,135</u>
Less:				
Principal and interest	<u>(18,513)</u>	<u>-</u>	<u>-</u>	<u>(18,513)</u>
Balance - June 30, 2010	<u>\$ 7,466</u>	<u>\$ 8,192</u>	<u>\$ 9,964</u>	<u>\$ 25,622</u>
<u>\$506,000 1997 Water Revenue Bonds</u>				
Balance - July 1, 2009	\$ 5,347	\$ 18,296	\$ 19,366	\$ 43,009
Add:				
Transfers from operating	28,781	1,440	1,536	31,757
Interest earned	22	95	100	217
Total funds available	<u>34,150</u>	<u>19,831</u>	<u>21,002</u>	<u>74,983</u>
Less:				
Principal and interest	<u>(28,781)</u>	<u>-</u>	<u>-</u>	<u>(28,781)</u>
Balance - June 30, 2010	<u>\$ 5,369</u>	<u>\$ 19,831</u>	<u>\$ 21,002</u>	<u>\$ 46,202</u>
<u>\$80,000 Fire Equipment Certificates of Indebtness</u>				
Balance - July 1, 2009	\$ 9,714	\$ -	\$ -	\$ 9,714
Add:				
Intergovernmental revenue - local	5,807	-	-	5,807
Interest earned	29	-	-	29
Total funds available	<u>15,550</u>	<u>-</u>	<u>-</u>	<u>15,550</u>
Less:				
Principal and interest	<u>(5,806)</u>	<u>-</u>	<u>-</u>	<u>(5,806)</u>
Transfers to operating	<u>(9,744)</u>	<u>-</u>	<u>-</u>	<u>(9,744)</u>
Balance - June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**TOWN OF NEWELLTON, LOUISIANA
COMPENSATION PAID ALDERMEN
FOR THE YEAR ENDED JUNE 30, 2010**

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>
Edwin Britt	4,200
James Fuller	4,200
Billy Mitchell	4,200
Mattie Sampson	4,200
Timothy Turner	4,200
Total Compensation	<u>\$ 21,000</u>

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)
Francis I. Huffman, CPA
Phillip A. Ragsdale, CPA
David Ray Soignier, CPA, MBA

John Herman, CPA
Lynn Andries, CPA
Esther Atteberry, CPA
Sandra Harrington, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Newellton (the Town) as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs listed as findings 10-01 to 10-04 to be material weaknesses.

**Town of Newellton
Newellton, Louisiana**

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 10-01 and 10-04.

The Town's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management of the Town, others within the entity, Federal awarding agencies and pass-through entities, and other entities granting funds to the Town and the Legislative Auditor for the State of Louisiana and is not intended to be 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.

Shaffay Huffman, Registered Accountant

(A Professional Accounting Corporation)

December 30, 2010

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Findings
June 30, 2010

10-01 Utility Fund Billings

Finding

The Town has not fully addressed finding 09-01 regarding the amount that an employee may owe for utility charges dating back to an April 2009 incident involving his apparent tampering of a meter. The billing system continues to reflect an amount due of \$1,545 for gas charges and related late fees of \$306 plus nominal current monthly charges as of June 30, 2010. The Town's corrective action plan cited that it would finalize the amount due which ranged from \$400 to \$1,545 from this employee and if necessary, initiate collection efforts against this employee. The employee is paying all current monthly service charges.

A second employee was cited as having a past due balance of \$297. The recommendation cited that the Town should work out a plan to collect these funds which did not occur before the employee discontinued working for the Town in February 2010. At this point, the former employee is like any other person who has failed to pay. However, the former employee moved from one location to another, both within the boundaries of the Town and reestablished services without paying the previous balance. The monthly billings on the current residence are being paid on a timely basis.

The Town cited in the prior year report that it would implement a policy regarding the collection of past due accounts from an employee whereby the Town is authorized by the employee to withhold from his payroll check. As discussed in that recommendation, this authorization has to be in place before the Town initiates withholding from an employees check. This policy should involve a service charge to discourage an employee from failing to pay on his account and letting it be withheld from his check as a form of an automatic payment. If such an event occurs in the future where it is necessary to withhold an amount from an employee's check, the withheld amount should be remitted by check from the Town's checking account to the billing clerk for accurate posting and to maintain an audit trail.

It was also recommended that the Town should consider implementing a policy regarding theft against the Town as punishable by immediate termination and the forfeiture of any amounts due to the employee for the repayment of the Town's loss.

On an issue unrelated to the prior year finding, a customer came to the Town Hall to complain about receiving a \$1,051 water bill. His specific complaint was that his meter was not being read on a timely basis which also resulted in his inability to collect on his insurance policy for the excess water usage caused by a broken pipe in January 2010. His water consumption was nominal at the end of that billing cycle as well as for future months until September 2010 when it reflected a significant increase in water consumption resulting in the large bill. The customer believes that the cumulative billings were

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Findings
June 30, 2010

accurate and paid the amount due but did not believe that his meter had been read for several billing cycles which is a logical conclusion. It is also unknown whether or not meter reading routes are rotated amongst employees on a monthly basis as recommended. However, given this situation, either the same meter is not being read by the same employee on an ongoing basis or the same meter is being skipped by all employees for an extended period of time.

Recommendation

We recommend that the Town review this year's and last year's finding to facilitate implementing policies to eliminate unnecessary write-offs of customer billings and employee receivables. Specifically, we recommend that the Town revisit the amount due from the current employee to determine the appropriate amount due with specific corroborating documentation that supports the correct amount due. It might be appropriate to get comparable houses and average the bills for the months in question. The Town should then inform the employee of his need to pay this amount and give a deadline for payment. If not paid, then the Town should consult with its attorney to initiate collection proceedings.

As previously recommended, we again recommend that the Town should rotate meter reading amongst its employees to ensure that no personal/family relationships interfere with the Town's revenue cycle in the future as well as to ensure that all meters are read. However, given the small workforce of meter readers that the Town employs and the interrelationships that often exists within a small workforce and in a community where the employees know virtually everyone in the Town, it may be necessary to expand the supervisors role to checking on a random basis meter readings that have been turned in. A record should be maintained of this follow up procedure. As an alternative as was done in another town, a washer was placed randomly on top of meters by an employee with no meter reading responsibilities. The meter readers would find the washers and bring them in. If all of the washers were accounted for, then there was some measure of certainty that the meters were read. If this procedure is adopted, the number of washers should be varied so the meter readers do not know how many washers should be returned.

The Town should also implement a policy regarding the collection of past due accounts from an employee whereby the Town is authorized by the employee to withhold from his payroll check. This authorization has to be in place before the Town initiates withholding from an employees check. This policy should involve a service charge to discourage an employee from failing to pay his account and letting it be withheld from his check as a form of an automatic payment. If such an event occurs in the future where it is necessary to withhold an amount from an employee's check, the withheld amount should be remitted by check from the Town's checking account to the billing clerk for accurate posting and to maintain an audit trail.

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Findings
June 30, 2010

The Town should also implement a policy regarding theft against the Town as punishable by immediate termination and the forfeiture of any amounts due to the employee for the repayment of the Town's loss.

Management's Corrective Action Plan

We will study the issue closely and implement the recommended changes cited above where possible.

10-02 Notification to Civil Authorities

Finding

Louisiana Revised Statute 24:523 requires the Town to notify the Louisiana Legislative Auditor and the District Attorney when it has actual knowledge of any misappropriation of public funds. It would appear that the Town had sufficient knowledge in April 2009 to have determined that a misappropriation had occurred in the utility billing department. This notification was not made to either official.

Recommendation

The Town should advise the Louisiana Legislative Auditor in writing of this misappropriation as required by Louisiana Revised Statute 24:523. The District Attorney has been notified as required.

Management's Corrective Action Plan

We will further discuss this issue with our attorney and request that he provide the correspondence that we are required to do.

10-03 Accounting Records

Finding

The Town maintains its accounting records on Quickbooks. Quickbooks is a very useful and easy to use computer package but data can also be entered incorrectly relatively easily. As a result, monitoring of the reports is required to ensure that accurate data is reflected in the Town's general ledger. However, during the course of our audit, we proposed two material entries to decrease assets and revenues by \$193,865. The first journal entry was a

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Findings
June 30, 2010

\$150,000 adjustment for the receipt of funds from the Joint Gas Line which was recorded as revenue. This receipt should have been recorded as a reduction in the investment in the Joint Gas Line.

Three entries were posted to the utility fund's accounts receivable general ledger account. One entry was to record monthly adjustments that should have been made in Quickbooks for adjustments that had already been made in the utility fund billing system for \$34,213.

Another \$3,068 moved a deposit of utility customer receipts from interest income to decrease the balance in accounts receivable due to an incorrect posting in the general ledger.

Finally, a \$6,584 entry was posted to decrease the receivables balance on the general ledger to agree to the utility billing system. This adjustment effectively reversed a \$6,493 entry that was recorded to adjust the balance to the perceived actual at June 30, 2010.

Collectively, these three entries reduced the utility fund's accounts receivable balance by \$43,865 from \$126,018 to \$82,153, a 35% decrease. It should be noted that the report reflects receivables at \$87,494. The \$5,341 difference relates to various prepaid customer balances that are reflected in the liabilities section of the report.

Recommendation

We recognize that the Town has made significant strides in improving its financial reporting during this fiscal year. One of the two entries cited above is a relatively rare transaction occurring once every two to four years as excess cash is disbursed from the Joint Gas Line to the Towns of St Joseph and Newellton. The need for these entries can be eliminated in the future by a comparison of the billing software to the general ledger which should be done on a monthly basis. Any differences that are discovered can be handled at that time in order to provide management with accurate balances throughout the year.

Management's Corrective Action Plan

We will continue to work with our consulting CPA firm to resolve this issue.

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Findings
June 30, 2010

10-04 Local Budget Act

Finding

The Town did not comply with certain requirements of the Local Government Budget Act. Although a budget was adopted for fiscal year 2011, this budget was not adopted until July 13, 2010. Also, the amended budget for fiscal year 2010 was not adopted until this same date.

Recommendation

We recommend that the Town comply with the Local Government Budget Act by:

1. adopting a budget by ordinance for the General Fund and special revenues funds expected to exceed \$500,000;
2. including a budget message from the chief executive officer (the Mayor);
3. submitting the proposed budget to the governing authority and making available for public inspection at least 15 days prior (no later than June 15th) to the beginning of the fiscal year with the public hearing occurring no sooner than 10 days (if published on June 15th, then no earlier than June 25th) after publication of the notice;
4. adopting and finalizing the budget prior to the date required by state law; and placing a certified copy with the chief executive officer (the Mayor)

Any amendments to the budget should be done by ordinance when the Town determines that it will not meet 95% of budgeted revenues or when it exceeds 5% of budgeted expenditures. Such amendments also follow the same procedures as described above with respect to adopting the original budget.

Management's Corrective Action Plan:

The Town will comply with the requirements of the Local Budget Act in the future.

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 dated December 30, 2009, 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, 2009.

09-01 Utility Fund Billings

Finding

A meter reader for the Town carried a \$1,792 balance on the June 30, 2009 receivable for utility services provided. A significant portion of this balance consisted of a \$1,545 billing for gas in April 2009 plus late charges of \$177. The remaining \$70 was for the June 2009 billing cycle. At the time, employees were allowed to read their own meters (gas and water). The utility supervisor reread the meter after hearing of the large balance and noted that the meter was reflecting a number that was lower than the previous reading which indicated that the meter had been replaced with a different meter rendering the meter readings useless. The supervisor estimated the usage on this meter to be approximately \$400.

It was also noted that another employee who read his own meters had incurred \$1,274 in gas and water charges in April and May of 2009. This meter was also reread by the utility supervisor who confirmed the readings. The employee was current with his account at June 30, 2009.

Finally, it was also noted that another employee had incurred a balance of \$297 for utilities over the course of three months (September to November 2008) which were disconnected due to nonpayment. This employee's last payment was made on November 21, 2008.

Status

Not all of the additional recommendations that were made were put into action as reflected in current year finding 10-01. For the first employee discussed above, the Town has not resolved the amount due as being \$1,722, \$400 or some other agreed upon amount. At June 30, 2010, the employee's balance related to the above was \$1,851 (\$1,545 for the original gas charge plus \$306 in late charges) which is reflected in receivables. The employee has been paying for his current monthly billings less late charges.

The second employee continues to be current with his payments at June 30, 2010.

The third employee, who quit in February 2010, moved from one location to another, both within the boundaries of the Town and reestablished services without paying the previous balance. The monthly billings on the current residence are being paid on a timely basis.

The utility supervisor has been reading the meters of the employees with meter reading responsibilities.

TOWN OF NEWELLTON
Newellton, Louisiana

Summary Status of Prior Year Findings

09-02 Notification to Civil Authorities

Finding

Louisiana Revised Statute 24:523 requires the Town to notify the Louisiana Legislative Auditor and the District Attorney when it has actual knowledge of any misappropriation of public funds. It would appear that the Town had sufficient knowledge in April 2009 to have determined that a misappropriation had occurred in the utility billing department. This notification was not made to the Legislative Auditor.

Status

This issue has been communicated to the District Attorney to further investigate the matter. We will further discuss this issue with our attorney to determine the future action that is needed to be taken.

09-03 Utility Fund Customer Deposits

Finding

At June 30, 2009, customer deposits reflected a \$71,105 balance on the Town's utility billing system while the general ledger system maintained on Quickbooks reflected a balance of \$77,050. This \$5,945 difference could be the result of not recording the names on the billing system when services are connected or reflecting connection fees or utility services in Quickbooks which should have been charged to a revenue account instead of the customer deposits liability account.

In Quickbooks, future deposits and refunds should be reflected with the name of the customer in the payee section of Quickbooks and the type of service (water and/or gas) being added or removed in the memo section.

The Quickbooks customer deposits account and the utility billing system deposits should be compared at the end of each month. Any differences should be analyzed and adjustments made as necessary. A printout of the data should also be retained to document this process.

Status

The Town, along with its consultant CPA firm, has taken steps to ensure that the utility billing system and the general ledger maintained on Quickbooks are in agreement at year-end. At June 30, 2010, the consultant CPA posted a \$6,155 entry to the "Meter Deposits" liability account on the general ledger maintained on Quickbooks to adjust the balance from \$76,880 to \$70,725 which resulted in the general ledger agreeing with the billing system.

TOWN OF NEWELLTON
Newellton, Louisiana

Summary Status of Prior Year Findings

This \$6,155 difference is close to the \$5,945 identified last year for which an entry was not recorded. Therefore, in the current year, the net unlocated change was \$210.

In all future months, the Town will balance the billing system's deposits account with the general ledger account and determine the source of any differences. The Town has done a better job of listing the name of the person paying the deposit in Quickbooks. However, when multiple deposits are collected on the same day, a separate line in Quickbooks will be used. Therefore, accounting for each deposit separately in Quickbooks will aid in comparing it to the billing system when a discrepancy occurs between the billing system and Quickbooks.

09-04 Accounting Records

Finding

The Town maintains its accounting records on Quickbooks. Quickbooks is a very useful and easy to use computer package but data can also be entered incorrectly relatively easily. As a result, monitoring of the reports is required to ensure that accurate data is reflected in the Town's general ledger. However, during the course of the audit, twenty-three entries were proposed to adjust the accounting records resulting in \$1,849 increase in assets, \$13,135 increase in liabilities, a \$44,948 increase in revenues and a \$56,234 increase in expenses.

Status

The Town has monitored its financial operations more closely on an ongoing basis to ensure that interested parties can receive accurate financial information throughout the year which will also result in accurate end-of-year data.

However, see current year finding 10-03 for additional comments.