

**TOWN OF NEWELLTON, LOUISIANA**

**Financial Report  
As of and For the Year Ended June 30, 2016**

**TOWN OF NEWELLTON, LOUISIANA**

**Financial Report  
As of and For The Year Ended June 30, 2016**

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# HUFFMAN & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)  
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## INDEPENDENT AUDITORS' REPORT

**Board of Aldermen  
Town of Newellton  
Newellton, Louisiana**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of the Town of Newellton, Louisiana (the Town) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Board of Aldermen  
Town of Newellton**

**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 and each major fund of the Town as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Financial Condition of the Town*

For the three years ending June 30, 2016, the Town's General Fund has incurred an average operating loss of approximately \$167,000 in each year. Offsetting those losses are transfers from the Utility Fund that totaled, on average, approximately \$164,000 resulting in the General Fund having essentially no change in its fund balance.

For the three years ending June 30, 2016, the Town's Utility Fund has incurred an average operating loss of approximately \$81,000 in each year. Average nonoperating income of \$44,000 offsets those losses to an average \$37,000 loss in each year. However, approximately \$164,000, on average, in transfers to the General Fund have resulted in decreases in net assets of approximately \$200,000 in each year. It should be noted that the \$200,000 average losses include an average of approximately \$151,000 in depreciation expense, a non-cash item in each of those years.

Should the Town continue using the current rates for its charges for services, at some point in the future, the Town will not have sufficient liquidity to operate.

*Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, the defined-benefit pension plans' schedule of employer's net proportionate share of net pension liabilities and the schedule of employer's contribution to pension, and notes; 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.

*Prior-Year Comparative Information*

We have previously audited the Town's 2015 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, business-type

**Board of Aldermen  
Town of Newellton**

activities and each major fund in our report dated July 6, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

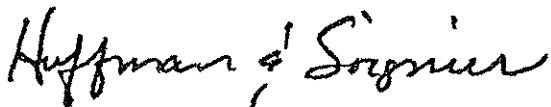
*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplemental information listed as Other Supplemental Information, Schedules 4 through 8 in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report August 3, 2017, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in assessing the results of our audit.



(A Professional Accounting Corporation)

August 3, 2017

**REQUIRED SUPPLEMENTAL INFORMATION  
(PART A)**

Town of Newellton  
Newellton, Louisiana

Management's Discussion and Analysis  
For the Year Ended June 30, 2016

(Unaudited)

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, 2016. 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 and deferred outflows of the Town of Newellton exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$4,366,700 (net position). Page 13
  - ✓ Of this amount \$4,468,651 represented a restriction equal to the net amount invested in land and depreciable assets. Page 13
  - ✓ The remaining \$101,951 represents an unrestricted net deficit.
  - ✓ The Town's total net position decreased by \$278,126.
- As of the close of the current fiscal year, the Town of Newellton's governmental fund reported an ending fund balance of \$72,290, a decrease of \$16,635 in comparison with the prior year. Of this total amount, \$71,797 is available for spending at the government's discretion (*unassigned fund balance*). Pages 16 and 18

**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 supplemental 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 position presents information on all of the Town of Newellton's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues



**Town of Newellton  
Newellton, Louisiana**

**Management's Discussion and Analysis  
For the Year Ended June 30, 2016**

**(Unaudited)**

and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

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

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

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

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

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

The Town of Newellton maintains one individual governmental fund. 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.

The Town of Newellton adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided on page 45 for the General Fund to demonstrate compliance with this budget.

**Town of Newellton  
Newellton, Louisiana**

**Management's Discussion and Analysis  
For the Year Ended June 30, 2016**

**(Unaudited)**

The governmental fund financial statements can be found on pages 16 through 19 of this report.

**Proprietary funds.** The Town of Newellton maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found on pages 20 through 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 supplemental information concerning the Town of Newellton's compliance with budgets for its major governmental fund.

**Government-wide Financial Analysis.**

The statement of net position and the statement of activities are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The statement of net position presents financial information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. All of the year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in net position. Increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. In the case of the Town of Newellton, assets and deferred outflows exceeded liabilities and deferred inflows by \$4,366,700 at June 30, 2016. The combined net position decreased by \$278,126 between fiscal years 2016 and 2015.

Capital assets consisting of land, buildings, machinery and equipment and the water system, sewer system and gas system exceed the Town's unrestricted net position of (\$101,951). Capital assets (\$8,857,924), net of depreciation (\$4,389,273), total \$4,468,651. The Town of Newellton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The statement of net position and statement of activities reflect the School Board's governmental activities (e.g., its basic service), such as general government, public safety, and public works. Property taxes, sales taxes, and state and federal grants finance most of these activities. Our analysis below focuses on the summary of net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities and are as follows:

Town of Newellton  
Newellton, Louisiana

Management's Discussion and Analysis  
For the Year Ended June 30, 2016

(Unaudited)

Table 1  
Condensed Statement of Net Position  
As of June 30, 2016 and 2015

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 110,294	\$ 107,905	\$ 296,777	\$ 312,435	\$ 407,071	\$ 420,340
Capital assets	<u>826,685</u>	<u>916,835</u>	<u>3,641,966</u>	<u>3,786,155</u>	<u>4,468,651</u>	<u>4,702,990</u>
Total assets	<u>936,979</u>	<u>1,024,740</u>	<u>3,938,743</u>	<u>4,098,590</u>	<u>4,875,722</u>	<u>5,123,330</u>
Deferred outflows of resource:	<u>77,643</u>	<u>37,325</u>	<u>56,901</u>	<u>26,425</u>	<u>134,544</u>	<u>63,750</u>
Current and other liabilities	38,004	18,981	60,650	31,814	98,654	50,795
Long-term liabilities	<u>210,443</u>	<u>212,647</u>	<u>242,120</u>	<u>239,125</u>	<u>452,563</u>	<u>451,772</u>
Total liabilities	<u>248,447</u>	<u>231,628</u>	<u>302,770</u>	<u>270,939</u>	<u>551,217</u>	<u>502,567</u>
Deferred inflows of resources	<u>53,293</u>	<u>23,236</u>	<u>16,451</u>	<u>16,451</u>	<u>69,744</u>	<u>39,687</u>
Net investment in capital assets	826,685	916,835	3,641,966	3,786,155	4,468,651	4,702,990
Unrestricted	<u>(113,803)</u>	<u>(109,634)</u>	<u>11,852</u>	<u>51,470</u>	<u>(101,951)</u>	<u>(58,164)</u>
Total net position	<u>\$ 712,882</u>	<u>\$ 807,201</u>	<u>\$ 3,653,818</u>	<u>\$ 3,837,625</u>	<u>\$ 4,366,700</u>	<u>\$ 4,644,826</u>

The net position of the Town's governmental activities decreased 11.7% to approximately \$713,000. Net position of the Town's business-type activities decreased 4.8% to approximately \$3,654,000.

**Changes in net position.** The Town's total revenue decreased from the prior year by approximately \$215,000 to approximately \$852,000 (see Table 2 below). Approximately 75% of the Town's revenue comes from charges for services, and 7% comes from other general revenues.

The total cost of programs and services decreased from the prior year by approximately \$188,000 or 14%.

### Governmental Activities

Revenues and transfers for the Town's governmental activities decreased approximately \$108,000 or 20% with approximately half due to a \$56,000 decrease in transfers. Total expenses increased by approximately \$50,000 or 8%. Expenses are classified by functions/programs. Public works accounts for approximately 40% or \$215,000, while general government and public safety account for approximately 35% and 25% or \$185,000 and \$135,000, respectively, for the fiscal year 2016.

**Town of Newellton**  
**Newellton, Louisiana**

**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2016**

(Unaudited)

Table 2  
Changes in Net Position  
Fiscal Years Ended June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 74,680	\$ 75,133	\$ 565,193	\$ 623,644	\$ 639,873	\$ 698,777
Operating grants and contributions	29,160	38,880	-	-	29,160	38,880
Capital Grants and contributions	-	15,746	15,076	24,447	15,076	40,193
General Revenues:						
Property taxes	57,913	59,396	-	-	57,913	59,396
Sales taxes	43,850	49,687	-	-	43,850	49,687
Other taxes	2,464	2,454	-	-	2,464	2,454
Other general revenues	85,620	104,137	(21,947)	73,346	63,673	177,483
Transfers	146,800	202,592	(146,800)	(202,592)	-	-
Total revenues	<u>440,487</u>	<u>548,025</u>	<u>411,522</u>	<u>518,845</u>	<u>852,009</u>	<u>1,066,870</u>
<b>Expenses</b>						
General government	184,864	175,462	-	-	184,864	175,462
Public safety	135,268	146,508	-	-	135,268	146,508
Public works	214,674	262,350	-	-	214,674	262,350
Water, sewer, and gas expenses	-	-	595,329	733,394	595,329	733,394
Total expenses	<u>534,806</u>	<u>584,320</u>	<u>595,329</u>	<u>733,394</u>	<u>1,130,135</u>	<u>1,317,714</u>
Increase (decrease) in position	\$ <u>(94,319)</u>	\$ <u>(36,295)</u>	\$ <u>(183,807)</u>	\$ <u>(214,549)</u>	\$ <u>(278,126)</u>	\$ <u>(250,844)</u>
Net position - beginning,						
as originally stated	807,201	1,026,281	3,837,625	4,181,583	4,644,826	5,207,864
Restatement	-	(182,785)	-	(129,409)	-	(312,194)
Net position - beginning-restated	<u>807,201</u>	<u>843,496</u>	<u>3,837,625</u>	<u>4,052,174</u>	<u>4,644,826</u>	<u>4,895,670</u>
Net position - end of year	\$ <u>712,882</u>	\$ <u>807,201</u>	\$ <u>3,653,818</u>	\$ <u>3,837,625</u>	\$ <u>4,366,700</u>	\$ <u>4,644,826</u>

The related program revenues for fiscal year 2016 directly related to those expenses totaled approximately \$104,000, which resulted in net program expense of approximately \$431,000. 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:

Charges for services is the single largest source of revenue in total and accounts for \$75,000. For Governmental Activities, charges for services includes garbage pickup.

Property tax revenue of \$58,000 and sales taxes of \$44,000 are the single largest general revenue sources for the Town of Newellton.

**Town of Newellton  
Newellton, Louisiana**

**Management's Discussion and Analysis  
For the Year Ended June 30, 2016**

**(Unaudited)**

**Business-type activities**

Charges for services is the single largest source of revenue and includes charges for water, sewer, and gas in the business-type activities.

Business-type activities decreased the Town of Newellton's net position by approximately \$184,000 for current year operations.

Revenues decreased approximately \$107,000 (21%) to \$412,000 and expenses of the Town's business-type activities decreased approximately \$138,000 (19%) to \$595,000.

**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 \$72,290, a decrease of \$16,635 in comparison with the prior year. Approximately 99.3% of this total amount (\$71,797) constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of fund balance (\$493) is nonspendable 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 on June 10, 2015. There were no budget amendments.

**Original budget compared to final budget.** The General Fund original budget forecasted a positive fund balance of \$100,680 at year-end. Total revenues were projected at \$697,150. Expenditures were budgeted at \$671,625. Transfers in were budgeted at \$150,000. There were no amendments to the budget during the year.

**Town of Newellton  
Newellton, Louisiana**

**Management's Discussion and Analysis  
For the Year Ended June 30, 2016**

(Unaudited)

**Final budget compared to actual results.** General fund revenue actual amounts were short of the final budget by 47.0% (\$547,150 budget versus \$290,189 actual). Transfers in were short of final budget by \$3,200 resulting in a negative \$260,161 budget variance for total resources. Conversely, there was a positive \$218,001 variance for expenditures where actual expenditures were less than budgeted expenditures by 32.5% (\$671,625 budget versus \$453,624 expenditures).

**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, 2016, amounts to \$4,468,651 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery, vehicles and equipment (See Table 3). There were no additions to capital assets in the current year. In addition, depreciation expense totaled \$233,503. Table 3 presents capital assets net of depreciation at June 30, 2016 and 2015.

**Table 3  
Capital Assets  
As of June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 1,000	\$ 1,000	\$ 19,650	\$ 19,650	\$ 20,650	\$ 20,650
Buildings	539,645	539,644	-	-	539,645	539,644
Vehicles	338,750	338,750	-	-	338,750	338,750
Furniture and equipment	44,896	45,432	182,493	195,473	227,389	240,905
Signage	8,750	8,750	-	-	8,750	8,750
Water system	-	-	2,736,842	2,736,842	2,736,842	2,736,842
Sewer system	-	-	2,876,473	2,876,473	2,876,473	2,876,473
Gas system	-	-	1,336,606	1,336,605	1,336,606	1,336,605
Streets and drainage	772,819	772,819	-	-	772,819	772,819
Total	1,705,860	1,706,395	7,152,064	7,165,043	8,857,924	8,871,438
Less: accumulated depreciation	(879,175)	(789,560)	(3,510,098)	(3,378,888)	(4,389,273)	(4,168,448)
Total Capital Assets	\$ 826,685	\$ 916,835	\$ 3,641,966	\$ 3,786,155	\$ 4,468,651	\$ 4,702,990

**Long-Term Debt.** The Town paid off its remaining bonds during fiscal year 2015 and has no other long-term debt except for its net pension liability of \$364,669.

**Economic Factors and Next Year's Budgets and Rates**

Factors considered in preparing the Town of Newellton's budget for the 2017 fiscal year revealed no major expected changes in the ad valorem tax base or sales tax collections as compared to prior year. Also, there were no major changes in expenditures budgeted.

**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, P O Box 477, Newellton, LA 71357 or by calling 318-467-5050.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**TOWN OF NEWELLTON**  
**Newellton, Louisiana**  
**Statement of Net Position**  
**June 30, 2016**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 90,249	\$ 17,722	\$ 107,971
Investments	-	163,183	163,183
Receivables	3,338	64,803	68,141
Due from other governmental units	16,214	15,076	31,290
Prepaid expenses	493	623	1,116
Capital assets, net	826,685	3,641,966	4,468,651
Investment in jointly owned gas operations and maintenance fund	-	35,370	35,370
Total assets	<u>936,979</u>	<u>3,938,743</u>	<u>4,875,722</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows on pensions	<u>77,643</u>	<u>56,901</u>	<u>134,544</u>
Total deferred outflows of resources	<u>77,643</u>	<u>56,901</u>	<u>134,544</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	30,397	58,060	88,457
Payroll liabilities	7,607	2,590	10,197
Long-term liabilities			
Due in more than one year			
Deposits held	-	87,894	87,894
Net pension liability	210,443	154,226	364,669
Total liabilities	<u>248,447</u>	<u>302,770</u>	<u>551,217</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows on pensions	<u>53,293</u>	<u>39,056</u>	<u>92,349</u>
Total deferred inflows of resources	<u>53,293</u>	<u>39,056</u>	<u>92,349</u>
<b>NET POSITION</b>			
Net investment in capital assets	826,685	3,641,966	4,468,651
Unrestricted (Deficit)	<u>(113,803)</u>	<u>11,852</u>	<u>(101,951)</u>
Total net position	<u>\$ 712,882</u>	<u>\$ 3,653,818</u>	<u>\$ 4,366,700</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, 2016

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs</b>							
<b>Primary government</b>							
Governmental activities							
General government	\$ 184,864	\$ -	\$ -	\$ -	\$ (184,864)	\$ -	\$ (184,864)
Public safety	135,268	-	-	-	(135,268)	-	(135,268)
Public works	214,674	74,680	29,160	-	(110,834)	-	(110,834)
Total governmental activities	534,806	74,680	29,160	-	(430,966)	-	(430,966)
Business-type activity							
Utility operations	595,329	565,193	-	15,076	-	(15,060)	(15,060)
Total business-type activities	595,329	565,193	-	15,076	-	(15,060)	(15,060)
Total primary government	\$ 1,130,135	\$ 639,873	\$ 29,160	\$ 15,076	(430,966)	(15,060)	(446,026)
General revenues							
Taxes							
Ad valorem taxes					57,913	-	57,913
Sales taxes					43,850	-	43,850
Other taxes					2,464	-	2,464
Video poker					11,026	-	11,026
Licenses and permits					55,789	-	55,789
Fines and forfeitures					13,059	-	13,059
Interest earnings					143	750	893
Other					5,603	3,859	9,462
Loss from jointly owned gas operations and maintenance fund					-	(25,718)	(25,718)
Loss on disposal of capital assets					-	(838)	(838)
Transfers in (out)					146,800	(146,800)	-
Total general revenues					336,647	(168,747)	167,900
Change in net position					(94,319)	(183,807)	(278,126)
Net position at beginning of year					807,201	3,837,625	4,644,826
<b>NET POSITION AT END OF YEAR</b>					<b>\$ 712,882</b>	<b>\$ 3,653,818</b>	<b>\$ 4,366,700</b>

The accompanying notes are an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

**TOWN OF NEWELLTON**  
**Newellton, Louisiana**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2016**

		<u>Major Fund</u> <u>General</u> <u>Fund</u>
<b>ASSETS</b>		
Cash	\$	90,249
Receivables		
Other receivables		3,338
Due from other governmental units		16,214
Prepaid expenses		493
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>110,294</u></b>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>Liabilities</b>		
Accounts payable	\$	30,397
Payroll liabilities		7,607
Total liabilities		<u>38,004</u>
<b>Fund equity</b>		
Fund balance		
Nonspendable - prepaid expenses		493
Unassigned		71,797
Total fund balance		<u>72,290</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$</b>	<b><u>110,294</u></b>

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 Position  
 June 30, 2016

Fund balance - total governmental funds	\$	72,290
<p>Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the governmental funds:</p>		
Governmental capital assets	\$ 1,705,860	
Less: accumulated depreciation	<u>(879,175)</u>	826,685
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Net pension liability		(210,443)
<p>Deferred outflows for pensions are not reported in the governmental funds but are reported in the government-wide financial statements</p>		
		77,643
<p>Deferred inflows for pensions are not reported in the governmental funds but are reported in the government-wide financial statements</p>		
		(53,293)
Net position of governmental funds	\$	<u><u>712,882</u></u>

The accompanying notes are an integral part of this statement.

**TOWN OF NEWELLTON**  
**Newellton, Louisiana**  
**Governmental Funds**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance**  
**For the Year Ended June 30, 2016**

	<b>Major Fund</b>
	<b>General</b>
	<b>Fund</b>
<b>Revenues</b>	
Taxes	
Ad valorem	\$ 57,913
Sales	43,850
Charges for services	74,680
Commissions for services	17,295
Licenses and permits	38,494
Intergovernmental	
State	13,490
Local	29,160
Fines and forfeitures	13,059
Use of money and property	143
Other revenues	2,105
<b>Total Revenues</b>	<b>290,189</b>
<b>Expenditures</b>	
Current	
General government	181,509
Public safety-police	102,866
Public safety-fire	393
Public works	168,856
<b>Total Expenditures</b>	<b>453,624</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(163,435)</b>
<b>Other Financing Sources / (Uses)</b>	
Transfers in	146,800
<b>Total Other Financing Sources / (Uses)</b>	<b>146,800</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over</b>	
<b>Expenditures and Other Uses</b>	<b>(16,635)</b>
<b>Fund Balance at Beginning of Year</b>	<b>88,925</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 72,290</b>

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 Balance  
of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2016**

Net change in fund balance - total governmental funds	\$	(16,635)
<p>Amount reported for governmental activities in the statement of activities are different because:</p> <p style="padding-left: 20px;">Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Depreciation expense		(90,151)
<p>The recognition of pension expense in the Statement of Activities is based on projected benefit payments discounted to actuarial present value and attributed to periods of employee service. Pension expenditures in the fund financial statements are the amounts that were paid during the year.</p>		
		12,467
Change in net position of governmental activities	\$	<u><u>(94,319)</u></u>

The accompanying notes are an integral part of this statement.

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Business-type Activities - Proprietary Fund**  
**Statement of Net Position**  
June 30, 2016

	<b>Major Fund</b>
	<b>Enterprise Fund</b>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash	\$ 17,722
Investments	163,183
Accounts receivable - net	64,803
Due from other governments	15,076
Prepaid expenses	623
Total current assets	261,407
<b>Capital assets</b>	
Non-depreciable	19,650
Depreciable	7,132,413
Total capital assets	7,152,063
Accumulated depreciation	(3,510,097)
Net capital assets	3,641,966
<b>Other assets</b>	
Investment in jointly owned gas operations and maintenance fund	35,370
<b>Total other assets</b>	35,370
<b>Total assets</b>	3,938,743
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related	56,901
<b>Total deferred outflows of resources</b>	56,901
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable and accrued expenses	58,060
Payroll liabilities	2,590
Total current liabilities	60,650
<b>Noncurrent liabilities</b>	
Customer deposits	87,894
Net pension liability	154,226
Total noncurrent liabilities	242,120
<b>Total liabilities</b>	302,770
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related	39,056
<b>Total deferred inflows of resources</b>	39,056
<b>NET POSITION</b>	
Net investment in capital assets	3,641,966
Unrestricted	11,852
<b>Total net position</b>	\$ 3,653,818

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 Position**  
**For The Year Ended June 30, 2016**

	<b>Major Fund</b>
	<b>Enterprise Fund</b>
<b>OPERATING REVENUES</b>	
Water sales	\$ 230,662
Gas sales	176,580
Sewerage fees	138,254
Plumbing fees	2,859
Penalties	16,838
Total operating revenues	565,193
<b>OPERATING EXPENSES</b>	
Bad debts	1,965
Computer consultants	2,454
Depreciation	143,352
Dues and subscriptions	1,818
Engineering	1,120
Equipment	5,052
Gas purchases	61,383
Insurance - general	17,702
Legal and audit	51,698
Miscellaneous expenses	1,572
Office supplies	9,600
Postage	3,793
Salaries and related benefits	134,347
Supplies-plant	14,518
Supplies and expenses-gas	14,465
Supplies and expenses-sewer	26,325
Supplies and expenses-water	58,288
Telephone	7,955
Travel and meetings	3,612
Utilities	34,310
Total operating expenses	595,329
Operating income (loss)	(30,136)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Grants	15,076
Interest earnings	750
Loss on disposition of assets	(838)
Loss from jointly owned gas operation and maintenance fund	(25,718)
Other nonoperating revenues	3,859
Total nonoperating revenue (expenses)	(6,871)
Income (loss) before operating transfers	(37,007)
<b>OPERATING TRANSFERS</b>	
Transfers out	(146,800)
Net transfers	(146,800)
<b>Net income (loss)</b>	<b>(183,807)</b>
<b>Net Position beginning of year</b>	<b>3,837,625</b>
<b>Net Position end of year</b>	<b>\$ 3,653,818</b>

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**  
**For the Year Ended June 30, 2016**

	<b>Major Fund</b>
	<b>Enterprise Fund</b>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 565,491
Cash paid for employee services	(139,849)
Cash payments to suppliers for goods and services	(287,296)
Net cash provided by operating activities	138,346
<b>Cash flows from noncapital financing activities</b>	
Transfers to general fund from the utility fund	(146,800)
Net cash used by noncapital financing activities	(146,800)
<b>Cash flows from investing activities</b>	
Purchase of investments	(669)
Receipt of other nonoperating proceeds	3,858
Interest received on investments	750
Net cash provided by investing activities	3,939
<b>Net decrease in cash</b>	(4,515)
<b>Cash at beginning of year</b>	22,237
<b>Cash at end of year</b>	\$ 17,722

(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, 2016**

	<b>Major Fund</b>
	<b>Enterprise Fund</b>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating loss	\$ (30,136)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	143,352
Bad debt expense	1,965
Change in assets and liabilities	
Accounts receivable	(987)
Prepaid expenses	193
Accounts payable and accrued liabilities	30,141
Payroll liabilities	(1,306)
Customer deposits	(680)
Net pension liability	3,675
Deferred charges on pensions	(30,476)
Deferred inflows on pensions	22,605
	138,346
Net cash provided by operating activities	\$ 138,346
 <b>Supplemental disclosure of noncash investing, capital, and financing activities</b>	
Loss from jointly owned gas operations and maintenance fund	\$ 25,718
Decrease in the investment of the jointly owned gas operations and maintenance fund	\$ (25,718)
Non-operating grants	\$ 15,076
Change in non-operating grants receivable	\$ (15,076)
Loss on disposition of assets	\$ (838)

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Notes To Financial Statements**  
**As of and For The Year Ended June 30, 2016**

**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 an 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. 61 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, 2016**

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 position 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, 2016**

*Fund Financial Statements*

The Town uses funds 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 governmental fund and proprietary fund 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.

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

**TOWN OF NEWELLTON**  
**Newellton, Louisiana**

**Notes To Financial Statements**  
**As of and For The Year Ended June 30, 2016**

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:*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). Measurable means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt which is recognized when due, and certain claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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 budgeted in the year billed to the extent of collections expected. The Town bills 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.

Operating revenues consist of taxes, fees for service provided, commissions for services, licenses and permits, intergovernmental revenues, fines and other miscellaneous revenues. All revenues not meeting the previously mentioned definitions are reported as non-operating revenues.

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Notes To Financial Statements**  
**As of and For The Year Ended June 30, 2016**

*Expenditures and Expenses:*

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

Operating expenditures and expenses consist of amounts paid for wages and related benefits, contractual services, supplies used, equipment and facility maintenance and operations, and other items directly or indirectly required for the provision of services. All expenses not meeting the previously mentioned definitions are reported as nonoperating expenses and expenditures.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

*Proprietary Funds:*

The Enterprise 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 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 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 \$13.00 per 1,000 cubic feet of gas used.

**TOWN OF NEWELLTON**  
**Newellton, Louisiana**

**Notes To Financial Statements**  
**As of and For The Year Ended June 30, 2016**

**C. *Budgets and Budgetary Accounting***

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

1. The proposed budget is submitted by the Town Clerk and the Mayor to the Board of Aldermen prior to July 1 of the ensuing year. Notice of the location and availability of the proposed budget for public inspection and the date of the public hearing to be conducted on the budget is then advertised in the official journal of the Town.
2. After the public hearing, the budget is adopted by passing an ordinance approving the budget at the selected June board meeting.
3. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
4. All legally adopted budgets of the Town are adopted on a basis consistent with GAAP. A budget is adopted for the General Fund; encumbrance accounting is not used by the Town.

For the year ended June 30, 2016, the Town adopted a budget for the General Fund on June 10, 2015. The budget was not amended during the year.

**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, and 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. The Town's investment policy is to only have certificates of deposit.

***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."



**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Notes To Financial Statements**  
**As of and For The Year Ended June 30, 2016**

*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 when incurred.

The accounting and reporting treatment applied to the capital 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, 2016.

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, Sewer and Gas Systems	50 – 99
Buildings	20 – 30
Equipment, Furniture and Vehicles	3 – 10
Signage	10
Infrastructure Streets and Drainage	15

*Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System, and additions to / deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**TOWN OF NEWELLTON**  
**Newellton, Louisiana**

**Notes To Financial Statements**  
**As of and For The Year Ended June 30, 2016**

***Deferred Outflows / Inflows of Resources***

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expenditure until then. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town's deferred outflows and deferred inflows are resources related to pensions.

***Compensated Absences***

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

***Restricted Net Position***

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments.

Imposed by law through constitutional provisions or enabling legislation.

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.

The Town does not have any such fund balances in the current fiscal year.

***Fund Equity of Fund Financial Statements***

GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions* requires the fund balance amounts to be reported within the fund balance categories as follows:

**Non-spendable:** Fund balance that is not in spendable form or legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as prepaid expenses.

**Restricted:** Fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers such as federal or state regulations for future use or through enabling legislation and are, therefore, not

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Notes To Financial Statements  
As of and For The Year Ended June 30, 2016

available for future appropriation or expenditure. The Town does not have any such fund balances in the current fiscal year.

**Committed:** Fund balance that can only be used for specific purposes determined by the Town's highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit the funds. Committed fund balance is the result of either a policy of the Town or motions passed by the Board of Aldermen committing the funds. The Town does not have any such fund balances in the current fiscal year.

**Assigned:** Fund balance that is constrained by the Board of Aldermen's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the Board. The Town does not have any assigned fund balances in the current fiscal year.

**Unassigned:** Fund balance that is the residual classification for the general fund. The Town has not established benchmarks for unassigned fund balance requirements.

The Board of Aldermen has not established a formal policy regarding the order of spending fund balances that are restricted, committed, or assigned. The Town's informal policy for the spending prioritization of fund balances is that restricted would receive top priority followed by committed. Assigned balances receive the least priority and would be authorized to be spent only if adequate funds were available. If expenditures incurred exceed the amount that have been committed or assigned to a specific purpose, amounts unassigned would be reduced to eliminate the deficit.

***E. 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 \$15,747 for the year ended June 30, 2016.

**TOWN OF NEWELLTON**  
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**Notes To Financial Statements**  
**As of and For The Year Ended June 30, 2016**

***F. 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 \$1,965 has been set up for the year ended June 30, 2016.

***G. 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.

***H. Equity Investments***

The Town has a 50% ownership in a jointly owned gas line (see Note 7) 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 Investments**

At June 30, 2016, the Town has cash and investments totaling \$271,153 with \$107,971 in demand deposits and \$163,182 in certificates of deposit.

Deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

*Interest rate risk* – The Town's policy does not address interest rate risk.

*Credit Risk* – The Town's policy does not address credit risk.

*Custodial credit risk* – 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.

**TOWN OF NEWELLTON**  
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**Notes To Financial Statements**  
**As of and For The Year Ended June 30, 2016**

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.

At year-end, the Town's carrying amount of deposits, including cash equivalents was \$271,153 and bank balances of \$301,966. Of the bank balance, \$250,000 is covered by federal depository insurance and \$51,966 by pledged securities. Accordingly, the Town had no custodial credit risk related to its deposits at June 30, 2016.

**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 \$68,240 as of June 30, 2016 and are comprised of the following:

	General Fund	Utility Fund	Total
Accounts Receivable			
Franchise Fees	\$ 3,338	\$ -	\$ 3,338
Customer receivables	-	66,868	66,868
Less: Allowance for doubtful accounts	-	(1,956)	(1,956)
Total	\$ 3,338	\$ 64,902	\$ 68,240

**Note 4 - Due from Other Governments**

At June 30, 2016, the Town has amounts due from other governments totaling \$26,921. Of this amount, the General Fund has a receivable of \$16,213 where \$11,846 is due from the State of Louisiana for beer taxes (\$3,571) and video poker proceeds (\$8,275). Another \$4,367 is due from the Concordia Parish School Board for sales taxes.

The Utility Fund has a receivable of \$15,075 that is also due from the State of Louisiana and is a reimbursement major repairs and minor equipment purchase through the Louisiana Government Assistance Program.

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Notes To Financial Statements**  
**As of and For The Year Ended June 30, 2016**

**Note 5 - Changes in Capital Assets**

The following schedule presents changes in capital assets for the year ended June 30, 2016:

	Balance 6/30/2015	Additions	Deletions	Balance 6/30/2016
<b>Governmental Activities</b>				
Nondepreciable assets				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
Total nondepreciable assets	1,000	-	-	1,000
Depreciable assets				
Building	53,219	-	-	53,219
Vehicles	338,750	-	-	338,750
Furniture and equipment	45,432	-	536	44,896
Fire station	486,426	-	-	486,426
Signage	8,750	-	-	8,750
Streets and drainage	772,819	-	-	772,819
Total depreciable assets	1,705,396	-	536	1,704,860
Less accumulated depreciation	(789,560)	(90,151)	(536)	(879,175)
Net governmental activities capital assets	\$ 916,836	\$ (90,151)	\$ -	\$ 826,685
<b>Business-type activities</b>				
Nondepreciable assets				
Land	\$ 19,650	\$ -	\$ -	\$ 19,650
	19,650	-	-	19,650
Depreciable assets				
Water system	2,736,842	-	-	2,736,842
Sewer system	2,876,473	-	-	2,876,473
Gas system	1,327,176	-	-	1,327,176
Gas pipeline	9,430	-	-	9,430
Service equipment	187,207	-	4,714	182,493
Office equipment	8,266	-	8,266	-
Total depreciable assets	7,145,394	-	12,980	7,132,414
Less accumulated depreciation	(3,378,888)	(143,352)	(12,142)	(3,510,098)
Net business-type capital assets	\$ 3,786,156	\$ (143,352)	\$ 838	\$ 3,641,966

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**Notes To Financial Statements**  
**As of and For The Year Ended June 30, 2016**

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

Depreciation on assets placed in service subsequent to June 30, 1974, has been calculated on the straight-line basis over their estimated useful lives. Depreciation of \$90,151 was charged to governmental activities as follows: General Government, \$3,518; Public Safety, \$32,009; and Public Works, \$52,873. Depreciation of \$143,352 as of June 30, 2016, was charged to expense in for utility operations.

**Note 7 - Investment in Joint Gas Line**

The Towns of Newellton and St. Joseph, Louisiana entered into a joint venture in 1954, 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 but its accounting is handled by the Town of St Joseph. Each of the Towns own 50% of the net worth of the joint venture. This amount is typically shown as an asset called Investment in Joint Gas Line.

Summary financial information for the joint venture at June 30, 2016, and for the year then ended, is as follows:

Total assets	\$ 85,782
Total liabilities	<u>(15,042)</u>
Total net position	<u>\$ 70,740</u>
Total revenues	\$ 13,378
Operating expenses	(64,990)
Nonoperating revenue	<u>176</u>
Net income (loss)	<u>(51,436)</u>
Net position, beginning of year	<u>122,176</u>
Net position (deficit), end of year	<u>\$ 70,740</u>

**TOWN OF NEWELLTON**  
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**Notes To Financial Statements**  
**As of and For The Year Ended June 30, 2016**

The Joint Gas Line issues an annual publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by visiting the Louisiana Legislative Auditor's website at [www.la.gov](http://www.la.gov).

Also, see Note 12 about Subsequent Events.

**Note 8 - Interfund Transfers**

During fiscal year 2016, the Utility Enterprise Fund transferred \$146,800 to the General Fund to cover where expenditures were exceeding revenues in the General Fund.

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) use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 9 - Ad Valorem Taxes**

For the year ended June 30, 2016, ad valorem taxes of 22.160 mills were levied on property with assessed valuations totaling \$2,618,860 for general purposes.

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. At June 30, 2016, substantially all taxes have been collected.

**Note 10 - Pension Plan-Municipal Employees' Retirement System of Louisiana (the System)**

*Plan Description*

The Town of Newellton contributes to the Municipal Employees' Retirement System of Louisiana (System) which is a cost sharing multiple employer defined benefit pension plan. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A.



**TOWN OF NEWELLTON**  
**Newellton, Louisiana**

**Notes To Financial Statements**  
**As of and For The Year Ended June 30, 2016**

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System.

Any member of Plan A can retire providing the member meets one of the following criteria:

1. Any age with 25 years or more of creditable service.
2. Age 60 with a minimum of ten or more years of creditable service.
3. Under age 60 with five years of creditable service eligible for disability benefits.
4. Survivor's benefits require five years creditable service at death of member.
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement shall consist of an amount equal to 3% of the employee's monthly average final compensation multiplied by his or her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. The System also provides death and disability benefits. Benefits are established or amended by state statute.

For the year ended June 30, 2016, the Town of Newellton's total payroll for all employees was \$315,500. Total covered payroll was \$165,595. Covered payroll refers to all compensation paid by the Town of Newellton to active employees covered by the Plan.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810, or by visiting the System's website [www.mersla.com](http://www.mersla.com).

*Contributions*

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2016, the actual employer contribution rate was 19.75% for Plan A, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

**TOWN OF NEWELLTON**  
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**Notes To Financial Statements**  
**As of and For The Year Ended June 30, 2016**

Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Town of Newellton to the System monthly. The Town's contributions to the System under Plan A for the year ending June 30, 2016 were \$32,705.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions*

At June 30, 2016, the Employer reported a liability of \$364,669 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town of Newellton's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Town's proportion was 0.102087%, which was a decrease of 0.039431% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town of Newellton's recognized pension expense of \$43,712 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, which was (\$42,149). Total pension expense for the Town of Newellton for the year ended June 30, 2016 was \$1,563.

The Town of Newellton recognized revenue in the amount of \$6,062 for support provided by non-employer contributions.

At June 30, 2016, the Town of Newellton reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$15,078
Changes in assumption	30,463	-
Net difference between projected and actual earnings on pension plan investments	46,325	-
Changes in employer's portion of beginning net pension liability	29,299	77,271
Differences between employer contributions and proportionate share of employer contributions	(4,249)	-
Subsequent measurement contributions	32,705	-
Total	\$134,544	\$92,349

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Newellton, Louisiana

**Notes To Financial Statements**  
**As of and For The Year Ended June 30, 2016**

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$3,163
2017	\$3,163
2018	\$3,164

*Actuarial Assumptions*

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2015, are as follows:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.500%
Projected Salary Increases	5.0% (2.875% inflation, 2.125% merit)
Mortality Rates	RP-2000 Employee Table for active members (set back 2 years for males and females)
	RP-2000 Healthy Annuitant Table for healthy annuitants (set forward 2 years for males and 1 year for females)
	RP-2000 Disabled Lives Mortality Tables for disabled annuitants (set back 5 years for males and 3 years for females)
Expected remaining service lives	3 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.4% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 8.3% for the year ended June 30, 2015. Best estimates

**TOWN OF NEWELLTON**  
**Newellton, Louisiana**

**Notes To Financial Statements**  
**As of and For The Year Ended June 30, 2016**

of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	50 %	2.95 %
Public fixed income	15 %	0.89 %
Alternatives	35 %	2.06 %
Totals	100 %	5.90 %
Inflation		2.40 %
Expected arithmetic nominal return		8.30 %

*Discount Rate*

The discount rate used to measure the total pension liability was 7.50% for the years ended June 30, 2016. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2016 is 3 years for Plan A.

**TOWN OF NEWELLTON**  
**Newellton, Louisiana**

**Notes To Financial Statements**  
**As of and For The Year Ended June 30, 2016**

*Sensitivity of the Town of Newellton's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the Newellton's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.5%) or one percentage-point higher (8.5%) than the current rate:

	1.0% Decrease (6.5%)	Current Discount Rate (7.5%)	1.0% Increase (8.5%)
Employer's proportionate share of net pension liability	\$477,243	\$364,669	\$268,758

*Payables to the Pension Plan*

The Town paid all of its required contributions by June 30, 2016 and therefore, does not have a payable at June 30, 2016.

*Plan Fiduciary Net Position*

Detailed information about the Plan's fiduciary net position is available in the separately issued Municipal Employees' Retirement System of Louisiana Audit Report at [www.mersla.com](http://www.mersla.com).

**Note 11 - 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 coverage and provides coverage of 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.

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**Notes To Financial Statements**  
**As of and For The Year Ended June 30, 2016**

The Town had coverage under this policy from July 1, 2015 until May 1, 2016, the end of the policy period. The Town was exposed to risk from May 1, 2016 until June 30, 2016. Also see Note 12 on Subsequent Events.

**Note 12 - Subsequent Events**

Management has evaluated subsequent events through August 3, 2017, the date which the financial statements were available to be issued and determined the following pending subsequent events occurred that requires disclosure:

Subsequent to year-end, the Town obtained coverage for its vehicle portion of its policy beginning on October 21, 2016. Remaining coverage for commercial general liability, errors and omissions and law enforcement began on November 16, 2016.

The Mayors of both towns have met along with the fiscal administrator for the Town of St. Joseph. The Town of St. Joseph has agreed to turn over the books for handling to Newellton. There have been subsequent meetings with the gas supplier and representatives of both towns about the possibility of moving back to a one contract arrangement for both towns. Both matters are still being discussed and no final decision has been made.

**REQUIRED SUPPLEMENTAL INFORMATION  
(PART B)**

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**General Fund**  
**Budgetary Comparison Schedule (GAAP Basis)**  
**(unaudited)**

**Fiscal Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Budgetary fund balance at beginning of year</b>	\$ 75,155	\$ 75,155	\$ 88,925	\$ 13,770
<b>Resources (inflows)</b>				
Ad valorem taxes	60,000	60,000	57,913	(2,087)
Sales and other taxes	50,000	50,000	43,850	(6,150)
Charges for services	75,000	75,000	74,680	(320)
License and permits				
Franchise revenue	22,000	22,000	17,295	(4,705)
Occupational & other licenses	25,000	25,000	38,494	13,494
Intergovernmental revenue	275,000	275,000	42,650	(232,350)
Fines and forfeitures	35,000	35,000	13,059	(21,941)
Interest income	150	150	143	(7)
Miscellaneous	5,000	5,000	2,105	(2,895)
Total revenues	<u>547,150</u>	<u>547,150</u>	<u>290,189</u>	<u>(256,961)</u>
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>146,800</u>	<u>(3,200)</u>
Total resources (inflows)	<u>697,150</u>	<u>697,150</u>	<u>436,989</u>	<u>(260,161)</u>
Amounts available for appropriations	<u>772,305</u>	<u>772,305</u>	<u>525,914</u>	<u>(246,391)</u>
<b>Charges to appropriations (outflows)</b>				
Current:				
General government	165,600	165,600	181,509	(15,909)
Public safety				
Police department	135,000	135,000	102,866	32,134
Fire department	1,000	1,000	393	607
Public works	170,000	170,000	168,856	1,144
Capital outlay	<u>200,025</u>	<u>200,025</u>	<u>-</u>	<u>200,025</u>
Total charges to appropriations (outflows)	<u>671,625</u>	<u>671,625</u>	<u>453,624</u>	<u>218,001</u>
<b>Budgetary fund balance at end of year</b>	<u>\$ 100,680</u>	<u>\$ 100,680</u>	<u>\$ 72,290</u>	<u>\$ (28,390)</u>



**Town of Newellton**  
**Schedule of Employer's Proportionate Share of Net Pension Liability**  
**For the year ended June 30, 2016**  
**(Unaudited)**

	2016	2015
Employer's proportion of the net pension liability (asset)	0.102087%	0.141518%
Employer's proportionate share of the net pension liability (asset)	\$ 364,669	\$ 363,198
Employer's covered employee payroll	\$ 165,595	\$ 175,117
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	220.22%	207.40%
Plan fiduciary net pension as a percentage of the total pension liability	66.18%	73.99%

*Schedule is intended to show information for 10 years.  
Additional years will be displayed as they become available.*

*The amounts presented have a measurement date of the previous fiscal year.*

**Town of Newellton**  
**Schedule of Employer Contributions**  
**For the year ended June 30, 2016**  
**(Unaudited)**

	2016	2015
Contractually required contribution	\$ 32,705	\$ 34,586
Contributions in relation to contractually required contribution	\$ 32,705	\$ 34,451
Contribution deficiency (excess)	\$ -	\$ 135
Employer's covered employee payroll	\$ 165,595	\$ 175,117
Contributions as a percentage of covered employee payroll	19.75%	19.67%

*Schedule is intended to show information for 10 years.  
Additional years will be displayed as they become available.*

**Notes to Required Supplementary Information**  
**For the year ended June 30, 2016**  
**(Unaudited)**

**Change of Benefit Terms include:**

The Board is authorized to provide changes in compensation.

**Change of Assumptions**

There were no changes of benefit assumptions for the year ended June 30, 2016.

**OTHER SUPPLEMENTAL INFORMATION**

**TOWN OF NEWELLTON**  
**Newellton, Louisiana**  
**Schedules of Net Position - Enterprise Fund**  
**June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 17,722	\$ 22,237
Investments	163,183	162,514
Accounts receivable - net	64,803	65,781
Due from other governments	15,076	-
Prepaid expenses	623	815
Total current assets	<u>261,407</u>	<u>251,347</u>
<b>Capital assets</b>		
Non-depreciable	19,650	19,650
Depreciable	7,132,413	7,145,393
Total capital assets	<u>7,152,063</u>	<u>7,165,043</u>
Accumulated depreciation	<u>(3,510,097)</u>	<u>(3,378,888)</u>
Net capital assets	<u>3,641,966</u>	<u>3,786,155</u>
<b>Other assets</b>		
Investment in jointly owned gas operations and maintenance fund	<u>35,370</u>	<u>61,088</u>
Total other assets	<u>35,370</u>	<u>61,088</u>
<b>Total assets</b>	<u>3,938,743</u>	<u>4,098,590</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charges on pensions	<u>56,901</u>	<u>26,425</u>
<b>Total deferred outflows of resources</b>	<u>56,901</u>	<u>26,425</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	58,060	27,918
Payroll liabilities	2,590	3,896
Total current liabilities	<u>60,650</u>	<u>31,814</u>
<b>Noncurrent liabilities</b>		
Customer deposits and customer prepayments	87,894	88,574
Net pension liability	154,226	150,551
Total noncurrent liabilities	<u>242,120</u>	<u>239,125</u>
<b>Total liabilities</b>	<u>302,770</u>	<u>270,939</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows on pensions	<u>39,056</u>	<u>16,451</u>
<b>Total deferred inflows of resources</b>	<u>39,056</u>	<u>16,451</u>
<b>NET POSITION</b>		
Net investment in capital assets	3,641,966	3,786,155
Unrestricted	11,852	51,470
<b>Total net position</b>	<u>\$ 3,653,818</u>	<u>\$ 3,837,625</u>

TOWN OF NEWELLTON  
Newellton, Louisiana

Schedules of Revenues, Expenses, and Changes in  
Net Position - Enterprise Fund  
For The Years Ended June 30, 2016 and 2015

	2016	2015
<b>Operating revenues:</b>		
Water sales	\$ 230,662	\$ 234,761
Gas sales	176,580	231,347
Sewerage fees	138,254	138,538
Plumbing fees	2,859	2,813
Penalties	16,838	16,185
Total operating revenues	565,193	623,644
Bad debts	1,965	4,567
Computer consultants	2,454	3,393
Depreciation	143,352	151,724
Dues and subscriptions	1,818	1,029
Engineering	1,120	2,448
Equipment	5,052	15,330
Gas purchases	61,383	161,884
Insurance - general	17,702	18,950
Legal and audit	51,698	53,116
Miscellaneous expenses	1,572	4,345
Office supplies	9,600	8,396
Postage	3,793	3,591
Salaries and related benefits	134,347	164,573
Supplies-plant	14,518	10,424
Supplies and expenses-gas	14,465	15,801
Supplies and expenses-sewer	26,325	9,771
Supplies and expenses-water	58,288	46,864
Telephone	7,955	8,848
Travel and meetings	3,612	5,938
Utilities	34,310	42,402
Total operating expenses	595,329	733,394
<b>Operating profit (loss)</b>	(30,136)	(109,750)
<b>Nonoperating revenues (expenses):</b>		
Grants	15,076	24,447
Interest earnings	750	753
Gain (loss) on disposition of assets	(838)	463
Income (loss) from jointly owned gas operations and maintenance fund	(25,718)	61,088
Other nonoperating revenues	3,859	11,042
Total nonoperating revenue (expense)	(6,871)	97,793
<b>Income before operating transfers</b>	(37,007)	(11,957)
<b>Operating transfers:</b>		
Transfers out	(146,800)	(202,592)
Net transfers	(146,800)	(202,592)
<b>Net income (loss)</b>	(183,807)	(214,549)
<b>Net position beginning of year, as originally stated</b>	3,837,625	4,181,583
Restatement	-	(129,409)
<b>Net position beginning of year, restated</b>	3,837,625	4,052,174
<b>Net position end of year</b>	\$ 3,653,818	\$ 3,837,625

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Schedules of Cash Flows - Enterprise Fund**  
**For the Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 565,491	\$ 612,463
Cash paid for employee services	(139,849)	(154,157)
Cash payments to suppliers for goods and services	(287,296)	(461,405)
Net cash provided (used) by operating activities	<u>138,346</u>	<u>(3,099)</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfers to general fund	(146,800)	(202,592)
Net cash used in noncapital financing activities	<u>(146,800)</u>	<u>(202,592)</u>
<b>Cash flows from capital and related financing activities</b>		
Grant received for repairs / acquisition of capital assets	-	49,225
Acquisition of capital assets	-	(26,048)
Proceeds from sale of capital assets	-	1,000
Net cash provided by financing activities	<u>-</u>	<u>35,345</u>
<b>Cash flows from investing activities</b>		
Sale (Purchase) of short-term investments	(669)	73,420
Receipt of other nonoperating proceeds	3,858	11,042
Interest received on investments	750	753
Net cash provided by investing activities	<u>3,939</u>	<u>85,215</u>
<b>Net increase (decrease) in cash</b>	(4,515)	(96,299)
<b>Cash at beginning of year</b>	<u>22,237</u>	<u>118,536</u>
<b>Cash at end of year</b>	<u>\$ 17,722</u>	<u>\$ 22,237</u>

(Continued)

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Schedules of Cash Flows - Enterprise Fund (Concluded)**  
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating loss	\$ (30,136)	\$ (109,750)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	143,352	151,724
Bad debt expense	1,965	-
Change in assets and liabilities		
Accounts receivable	(987)	743
Prepaid expenses	193	4,145
Accounts payable and accrued liabilities	30,141	(48,452)
Payroll liabilities	(1,306)	(752)
Due to other funds	-	(17,025)
Customer deposits	(680)	5,100
Net pension liability	3,675	21,142
Deferred charges on pensions	(30,476)	(26,425)
Deferred inflows on pensions	22,605	16,451
Net cash provided (used) by operating activities	<u>\$ 138,346</u>	<u>\$ (3,099)</u>
<b>Supplemental disclosure of noncash capital investing activities</b>		
Income from jointly owned gas operations and maintenance fund	<u>\$ (25,718)</u>	<u>\$ 61,088</u>
Change in the investment in the jointly owned gas operations and maintenance fund	<u>\$ (25,718)</u>	<u>\$ 61,088</u>
Non-operating grants	<u>\$ 15,076</u>	<u>\$ 24,447</u>
Change in non-operating grants receivable	<u>\$ (15,076)</u>	<u>\$ (24,447)</u>
Gain (loss) on disposal of assets	<u>\$ (838)</u>	<u>\$ 463</u>

**TOWN OF NEWELLTON**  
**Newellton, Louisiana**

**Compensation Paid Aldermen**  
**For the Year Ended June 30, 2016**

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	\$ 6,000
Ben Britton, Jr.	6,000
Lavon Garner	6,000
Billy Mitchell	6,000
Mattie Sampson	<u>6,000</u>
	<u>\$ 30,000</u>



Schedule 8

Town of Newellton  
Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the year ended June 30, 2016

Chief Executive Officer: Timothy Turner, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 14,400
Benefits-retirement contributions	2,844
Mileage reimbursements	631
Conference travel and registration fees	1,758
	<u>\$ 19,633</u>

***REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS***

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

**Board of Aldermen  
Town of Newellton  
Newellton, Louisiana**

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, and each major fund, of Town of Newellton, Louisiana (the Town), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated August 3, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2016-001 that we consider to be a material weakness.

**Town of Newellton  
Newellton, Louisiana**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from 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 as Findings 2016-002, 2016-003, and 2016-004.

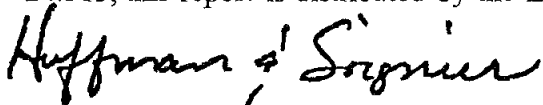
**The Town's Response to Findings**

The Town's responses to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management of the Town, 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.



**(A Professional Accounting Corporation)**

**August 3, 2017**

**Town of Newellton  
Newellton, Louisiana**

**Schedule of Findings  
June 30, 2016**

2016-001      **Condition of Accounting Records**

**First Reported 2015**

**Criteria or Specific Requirement**

Proper internal controls over financial reporting requires that accounting records contain up-to-date, accurate, and complete information to ensure that the financial data can be relied upon to monitor the financial condition of the entity. Financial records should be reviewed timely to supporting documentation to ensure that the transactions are properly recorded and classified in the accounting records.

**Conditions Found**

The Town's general ledger records are maintained on QuickBooks. A brief recap of changes to the Balance Sheet report line items is as follows:

**Cash** – The Town originally reported a balance of \$112,860 for its ten bank accounts before net negative adjustments of \$5,141 for a final reported balance of \$107,971. This decrease is a result of four checks that were shown as being voided but instead had cleared the bank. Additionally, during our audit of cash, we noted \$1,475 in travel expenses by the former Town Clerk that was not approved on the reimbursement request and another \$333 in travel expenses which did not have any backup.

**Accounts Receivable for Services Provided** – The Town originally reported a balance of \$82,090 for its water, gas, sewer and other miscellaneous amounts before negative adjustments of \$17,287 for a final reported balance of \$64,803. Most of this amount is composed of two items with \$7,635 had been recorded as payment for services but were utility deposits. Another \$7,913 is the result of not adjusting QuickBooks for corrections to the meter readings which were correctly reflected in the Town's utility billings software. Therefore, there is no reconciliation on a periodic basis of the customer deposits or the receivables shown on the utility billings software and QuickBooks.

**Due from Other Governments** – The Town originally reported a balance of \$22,986 before net positive adjustments of \$8,304 for a final reported balance of \$31,290. The Town recorded a \$9,720 receivable in error and did not record a \$18,024 in receivables for which the Town did collect after June 30, 2016.

**Accounts Payable** – The Town originally reported a balance of \$79,865 before adjustments of \$8,592 for a final reported balance of \$88,457 largely due to unrecorded invoices.

**Customer deposits** – The Town originally reported a balance of \$95,529 before adjustment of \$7,635 for a final reported balance of \$87,894. Similar to the

**Town of Newellton  
Newellton, Louisiana**

**Schedule of Findings  
June 30, 2016**

receivables for services provided, the Town did not reconcile its customer deposits subsidiary account to its QuickBooks balance.

**Possible asserted effect (cause and effect)**

**Cause:** The Town employed an employee that was in charge of the financial activity that did not possess the necessary skills needed to correctly monitor QuickBooks.

**Effect:** The Town was not able to produce reliable financial information to monitor the Town's financial condition nor make sound financial decisions during the year.

**Recommendations to Prevent Future Occurrences**

The Town employs a consulting CPA firm. However, there is no agreement with the consulting CPA firm as to what the activities are to be performed. During fiscal year 2016, the Town employed the consulting CPA firm to record its payroll quarterly reports, monitor its quarterly retirement reports, prepare its budget but did not request assistance on reviewing its QuickBooks records until after year-end. The Board of Aldermen should revisit the need for more accounting guidance to ensure that the Board of Aldermen and management have accurate financial information from which to make decisions.

We further recommend that the Town employ an individual that is capable of either learning how to use QuickBooks or already understands QuickBooks and related bookkeeping activities. This person should work closely with the consulting CPA firm in gaining a full understanding of the activities that need to occur on a monthly basis to produce accurate financial records and reporting.

We also recommend that end-of-month reconciled bank statements be provided to the Board of Aldermen for review at the next month's Board of Aldermen meeting. Since deposits should be made daily, the Board should review the bank reconciliation and question any deposit that is outstanding for more than one business day. Outstanding disbursements can take more time to clear but disbursements made to ongoing vendors that are outstanding for more than a month should also be questioned as to the validity of the original transaction.

Finally, we recommend customer accounts receivable and customer meter deposits should also be reconciled between the subsidiary ledger and the QuickBooks balances. Amounts due from other governments should be periodically reviewed for accuracy and adjusted when necessary. Invoices should be reflected in the period that the service was provided to ensure that an appropriate reality is reflected in the reporting period, again, so the Board of Aldermen and management

**Town of Newellton  
Newellton, Louisiana**

**Schedule of Findings  
June 30, 2016**

can respond appropriately. Finally, travel reimbursements should have adequate documentation and the documentation should be approved by the appropriate party.

**Response**

We discharged the employee from the Town on May 13, 2016. We directed our consulting CPA firm to review QuickBooks for FY16 in preparing for this audit and to assist in reviewing our records until we are comfortable with the training of the Utility Clerk who was promoted into the Town Clerk position. We will obtain proper documentation of travel and ensure that it is approved.

**2016-002      Late Submission of Audit Report to the Louisiana Legislative Auditor  
First Reported 2013**

**Criteria or Specific Requirement**

Louisiana Revised Statute 24:513A (5)(a)(i) requires that "...audits shall be completed within six months of the close of the entity's fiscal year." The Town's audit report should be submitted to the Louisiana Legislative Auditor by December 31<sup>st</sup> of each year.

**Condition Found**

The Town's audit report for the fiscal year ending June 30, 2016 was not completed within the six month deadline as required by Louisiana Revised Statute 24:513A (a)(5)(i).

**Possible asserted effect (cause and effect)**

**Cause:** This year's submission was delayed due to the problems previously cited above related to the accounting records where the final set of QuickBooks records was available until January of 2016.

It should be noted that fiscal year 2013 submission of the Town's financial statements was delayed due to the late filing of the Joint Gas Line audit. The fiscal year 2015 Joint Gas Line audit was released on April 13, 2016 but was not the reason for the Town's lateness. Similarly, the 2016 Joint Gas Line audit was released on February 3, 2017 but was not the reason for the Town's lateness in this fiscal year.

**Effect:** Management did not comply with the requirements of Louisiana Revised Statute 24:513A (a)(5)(i).

**Recommendations to Prevent Future Occurrences**

The Town should have its financial records available for audit by July 31 of each year.

**Town of Newellton  
Newellton, Louisiana**

**Schedule of Findings  
June 30, 2016**

**Response**

Our fiscal year 2017 records have been reviewed by an outside CPA firm and we were also under a new town clerk that has been instrumental in keeping our records in much better shape.

**2016-003      Violations of Louisiana Local Government Budget Act**

**First Reported 2015**

**Criteria or Specific Requirement**

Upon completion of a proposed budget, a governmental entity shall publish in its official journal, the date, time and place of the public hearing. Louisiana Revised Statute 39:1307B requires that "The notice shall be published at least ten days prior to the date of the first hearing."

Louisiana Revised Statute 39:1311A (2) states that the budget shall be amended when "total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more."

Louisiana Revised Statute 33:406 states that the appropriation of funds (the budget) shall be adopted by ordinance.

**Condition Found**

The Town was in violation of the Local Budget Act due to:

its failure to publish the notice of the public hearing at least ten days prior to the date of the first hearing; and

its failure to amend its budget when actual revenues are expected to not meet budgeted revenues by 5%. The Town's actual revenues of \$290,189 did not meet budgeted revenues of \$547,150 for a negative variance of \$260,161. Most of this variance was caused by the Town budgeting intergovernmental revenue at \$275,000 but only had \$42,650 in actual revenues. Most of this variance is offset by a positive variance in expenditures where actual expenditures were budgeted at \$671,625 versus \$453,624 in actual expenditures, a \$218,001 positive variance. Most of this positive variance is due to capital outlay being budgeted at \$200,025 but had actual expenditures of \$0.

its failure to adopt the budget by ordinance.



**Town of Newellton  
Newellton, Louisiana**

**Schedule of Findings  
June 30, 2016**

**Possible asserted effect (cause and effect)**

**Causes:** The previous town clerk was unaware that the notice had to be published ten days prior to the first public hearing.

The new town clerk was unaware of the need to amend the original budget after the previous town clerk was relieved of her duties in May of 2016.

The previous town clerk was unaware that the budget had to be approved by ordinance.

**Effects:** Management did not comply with the requirements of Louisiana Revised Statute 39:1307, 39:1131A (2) nor 33:406.

**Recommendations to Prevent Future Occurrences**

Management should provide the new town clerk with the information needed to comply with the requirements of the Louisiana Local Budget Act.

Management should ensure that the notification and the first public hearing are published as required.

Management should also maintain accurate financial records at all times so that they understand the ongoing financial status of the Town and in doing so, will know when it falls negatively outside of the 5% allowance and at that time know of the need to revise its current budget.

Management should adopt future appropriations of funds (the budget) by ordinance.

**Response**

We will inform personnel of the ten day requirement to ensure compliance with R.S. 1307. As previously commented on, we have changed the Town's personnel involved in financial reporting so that we know what our financial status is. We will revise our budget when we negatively exceed 5% of our revenues and / or expenditures to ensure compliance with R.S. 1311A(2). We will adopt future budgets by ordinance.

Town of Newellton  
Newellton, Louisiana

Schedule of Findings  
June 30, 2016

2016-004      **Insurance Coverage**

**Criteria or Specific Requirement**

One of the Town's responsibilities is the safeguarding of its assets. One of the ways to safeguard its assets is through insurance coverage. Additionally, Louisiana Revised Statute 32:861 that auto insurance be carried on all vehicles.

**Condition Found**

The Town did not have insurance coverage from May 1, 2016 to October 21, 2016 for its auto policy and from May 1, 2016 to November 16, 2016 for its commercial general liability, errors and omissions, and law enforcement officer policies.

**Possible asserted effect (cause and effect)**

**Cause:** The Town was not aware of e-mails that had been sent to the previous town clerk as not being responded to.

**Effects:** The Town was subject to potential losses had there been an accident.

**Recommendations to Prevent Future Occurrences**

Management should be aware of the time frame for renewal for its policies which will now be October 21, 2017 for all policies.

**Response**

When we learned of our lack of insurance coverage, we parked all vehicles and all police department activities were ceased, except for emergency response. As for the failure to obtain coverage, we did not see the e-mails that had been sent by the agent. In the future, we will monitor this activity to ensure that we have secured insurance.

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Summary Status of Prior Year Findings**  
**For the Year Ended June 30, 2016**

The following is a summary of the status of the prior year audit findings included in the Huffman & Soignier (APAC) audit report dated July 6, 2016 in connection with the audit of the financial statements of the Town of Newellton as of and for the year ended June 30, 2015.

**2015-001      Condition of Accounting Records**

Proper internal controls over financial reporting requires that accounting records contain up-to-date, accurate, and complete information to ensure that the financial data can be relied upon to monitor the financial condition of the entity. Financial records should be reviewed timely and agreed to supporting documentation to ensure that the transactions are properly recorded and classified in the accounting records.

The Town's general ledger records are maintained on QuickBooks. The initial set of QuickBooks records was delivered for audit in November 2015. Due to the numerous issues that were noted, the Town was requested to reevaluate its records. A new set of QuickBooks was provided in January 2016. However, despite this extra time, the records still had numerous adjustments needing to be made. The Town had an employee that was in charge of the financial activity that did not possess the necessary skills needed to correctly monitor QuickBooks. The Town was not able to produce reliable financial information to monitor the Town's financial condition nor make sound financial decisions during the year.

The Town uses a consulting CPA firm. However, there is no agreement with the consulting CPA firm as to what the activities are to be performed. During fiscal year 2015, the Town employed the consulting CPA firm to record its payroll quarterly reports, monitor its quarterly retirement reports, and prepare its budget but did not request assistance on reviewing its QuickBooks records. The Board of Aldermen should revisit the need for more accounting guidance to ensure that the Board of Aldermen and management have accurate financial information from which to make decisions.

We recommended that the Town hire an individual that is capable of either learning how to use QuickBooks or already understands QuickBooks and related bookkeeping activities. This person should work closely with the consulting CPA firm in gaining a full understanding of the activities that need to occur on a monthly basis to produce accurate financial records and reporting.

We also recommended that end-of-month reconciled bank statements be provided to the Board of Aldermen for review at the next month's Board of Aldermen meeting. Since deposits are supposed to be made daily, the Town should review the bank reconciliation and question any deposit that is outstanding for more than one business day. Outstanding disbursements can take more time to clear, but

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Summary Status of Prior Year Findings**  
**For the Year Ended June 30, 2016**

disbursements made to ongoing vendors that are outstanding for more than a month should also be questioned as to the validity of the original transaction.

Finally, we recommended that all certificates of deposit transactions should be recorded at the time the transaction occurs. Customer accounts receivable and customer meter deposits should also be reconciled between the subsidiary ledger and the QuickBooks balances. Receipts for other receivables should be recorded against that receivable to ensure that revenues and receivables are appropriately reflected. Receipts and disbursements should be recorded in the appropriate fund to ensure that each fund is accurately reporting its activities and so management can administer its fiduciary duties appropriately. Purchases of new equipment or major and significant improvements to current equipment should be recorded as a capital assets in the Utility Fund and as a capital expenditure in the General Fund. Invoices should be reflected in the period that the service was provided to ensure that an appropriate reality is reflected in the reporting period, again, so the Board of Aldermen and management can respond appropriately

**Status**

We still need to provide for more accurate reporting as indicated by Finding 2016-001.

**2015-002      Inappropriate Related Party Transactions**

During our review of receivables, we noted that the Mayor and two members of his family were not current on their billings but were also not cutoff. This finding reported on data through June 30, 2016 since the audit was released on July 6, 2016.

Additionally, the Mayor used his authority to circumvent the cutoff policy of the Town where a customer account that is not paid by the 15<sup>th</sup> of the following month of services is charged a late fee.

It was also noted during our testwork that three of nine customers that merited being cutoff for nonpayment of charges for services were not cutoff, and no explanation could be given. All of these customers did pay their bill, the latest being within eight days following the 15<sup>th</sup> of the month.

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Summary Status of Prior Year Findings  
For the Year Ended June 30, 2016**

**Status**

This finding reported both fiscal year 2015 activity as well as fiscal year 2016 activity. By having already reported on the 2016 activity, there is no need to repeat the finding for the same information.

Resolved.

**2015-003      Late Submission of Audit Report to the Louisiana Legislative Auditor**

**First Reported 2013**

The Town's audit report for the fiscal year ending June 30, 2015, was not completed within the six month deadline as required by Louisiana Revised Statute 24:513A (a)(5)(i).

**Status**

We are in violation of this requirement again for 2016, however, we anticipate being in compliance for the June 30, 2017 reporting.

**2015-004      Violations of Louisiana Local Government Budget Act**

The Town was in violation of the Local Budget Act due to:

its failure to publish the notice of the public hearing within ten days (June 7, 2015 publication versus a June 11, 2015 adoption date is only 4 days later); and

its failure to amend its budget when actual expenditures exceeded budgeted expenditures by 5%. During the budget adoption of the fiscal year 2016 budget, the ten month actual expenditures for fiscal year 2015 were reported at \$566,239 for a 15.8% budget variance as compared to the original and final budget expenditures of \$488,800. The Town's final actual expenditures are reflected at \$546,344 for an 8.96% budget variance.

**Status**

We still have had issues with respect to the Louisiana Local Government Budget Act in 2016 but will strive to improve in the future.

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Summary Status of Prior Year Findings**  
**For the Year Ended June 30, 2016**

**2015-005 Possible Payroll Irregularity**

The Board of Aldermen approves all hiring and terminations of employees as well as changes in compensation for employees. On June 26, 2014, the Board of Aldermen agreed to raise the compensation from \$19,200 to \$24,000 for the employee that was transferring from Utility Clerk to Town Clerk once her probationary status ended which would be determined by the Board of Aldermen. The previous Town Clerk had retired after twenty-five years of service, so it was understood that there would be a learning curve involved during this change.

Even though the raise was conditional and the probationary status was never removed, the Town Clerk's salary was adjusted to \$24,000 per year effective with the August 21, 2014, payroll. This increase resulted in extra compensation of \$4,246 for fiscal year 2015 (23 payrolls) and another \$4,246 for fiscal year 2016 (also 23 payrolls) being paid to the Town Clerk that she was not authorized to receive. She was terminated during the May 13, 2016, payroll for not improving to the level required for the Town clerk position. Given that the Mayor, all members of the Board of Aldermen and the Town Clerk, who records and prepares all minutes of Board of Aldermen meetings, were present at these meetings, there should not have been any issue left unclear about the timing of the raise.

**Status**

This matter was referred to the District Attorney's Office for review. Several witnesses have been interviewed but a decision has not been made as to whether formal prosecution is warranted.

**2015-006 Credit Card Activity**

During our audit, we requested the supporting documents for the \$7,668.89 in credit card transactions for fiscal year 2015 (\$3,658.25 for the General Fund and \$4,010.64 for the Enterprise Fund). We received some of the monthly statements that provided information for thirty-nine transactions, of which nineteen were charged to the General Fund totaling \$2,518.54 and twenty were charged to the Enterprise Fund totaling \$2,156.37. Statements supporting the remaining \$2,993.98 in charges were not found.

**Status**

We provided statements and receipts as requested for the June 30, 2016 audit.