

**TOWN OF NEWELLTON, LOUISIANA**

**Financial Report  
As of and For the Year Ended June 30, 2007**

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

Release Date 1/30/08

**TOWN OF NEWELLTON, LOUISIANA**  
**Financial Report**  
**As Of and For The Year Ended June 30, 2007**

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**TOWN OF NEWELLTON, LOUISIANA**  
**Financial Report**  
**As Of and For The Year Ended June 30, 2007**

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Newellton, Louisiana (the Town) as of June 30, 2007, and for the year then ended, which collectively comprise the Town's basic financial statements as listed in the accompanying Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2007 and the results of its operations and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2008 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

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

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary information on pages 4 through 10 and page 46, are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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



(A Professional Accounting Corporation)

January 11, 2008

**REQUIRED SUPPLEMENTAL INFORMATION  
(PART A)**

**Town of Newellton**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2007**

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, 2007. It is designed to assist the reader in focusing on significant financial issues, identify changes in the Town's financial position, and identify material deviations and individual fund issues or concerns.

**Financial Highlights**

- The assets of the Town of Newellton exceeded its liabilities at the close of the most recent fiscal year by \$4,955,641 (net assets).
  - ✓ Of this amount \$4,132,186 represented a restriction equal to the net amount invested in land, building, equipment and construction in progress and \$103,905 restricted for debt service and depreciation and contingencies.
  - ✓ The remainder of \$681,104 of unrestricted net assets could be used by the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$40,832
- As of the close of the current fiscal year, the Town of Newellton's governmental funds reported combined ending fund balances of \$147,908, an increase of \$4,774 in comparison with the prior year. Of this total amount, \$140,251 is available for spending at the government's discretion (*unreserved fund balance*).
- The Town of Newellton's total debt decreased by approximately \$51,000 during the current fiscal year.

**Overview of the Financial Statements**

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

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

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

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

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

The government-wide financial statements can be found on pages 12 and 13 of this report.

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

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

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

The Town of Newellton maintains 3 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund. Data from the other 2 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining schedules elsewhere in this report.



The Town of Newellton adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided on page 46 for the General Fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 15 and 17 of this report.

**Proprietary funds.** The Town of Newellton maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found on pages 19 through 23 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 24 of this report.

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

**Government-wide Financial Analysis.** Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Newellton, assets exceeded liabilities by \$4,955,641 at June 30, 2007. The combined net assets increased between fiscal years 2006 and 2007 by approximately \$41,000.

Capital assets consisting of land, buildings, machinery and equipment account for the majority of the Town's net assets of \$4,955,641. Capital assets, net of depreciation and related debt included in Net Assets total \$4,132,186. The Town of Newellton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Newellton's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## Condensed Financial Statements

**Table 1**  
**Condensed Statement of Net Assets**  
**As of June 30, 2007 and 2006**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 174,854	\$ 134,616	\$ 790,464	\$ 604,632	\$ 965,318	\$ 739,248
Capital assets	566,488	638,441	4,544,952	4,680,368	5,111,440	5,318,809
Total assets	<u>741,342</u>	<u>773,057</u>	<u>5,335,416</u>	<u>5,285,000</u>	<u>6,076,758</u>	<u>6,058,057</u>
Current and other liabilities	40,734	4,377	153,372	159,654	194,106	164,031
Long-term liabilities	21,980	36,574	905,031	942,644	927,011	979,218
Total liabilities	<u>62,714</u>	<u>40,951</u>	<u>1,058,403</u>	<u>1,102,298</u>	<u>1,121,117</u>	<u>1,143,249</u>
Net Assets:						
Invested in capital assets, net of related debt:						
Restricted	530,811	589,118	3,601,375	3,699,823	4,132,186	4,288,941
Unrestricted	7,566	6,444	95,529	123,499	103,095	129,943
Total net assets	<u>\$ 678,628</u>	<u>\$ 732,106</u>	<u>\$ 4,277,013</u>	<u>\$ 4,182,702</u>	<u>\$ 4,955,641</u>	<u>\$ 4,914,808</u>

Net assets of the Town's governmental activities decreased 7.3% to approximately \$679,000. Net assets of the Town's business-type activities increased 2.2% to approximately \$4.3 million.

**Changes in net assets.** The Town's total revenue decreased by approximately \$390,000 to \$1.3 million (see Table 2). Approximately 72% of the Town's revenue comes from charges for services, and 9% comes from tax collections.

The total cost of programs and services decreased approximately \$17,000 or 1%. The Town's expenses cover all services performed by its office.

### Governmental Activities

Revenues for the Town's governmental activities decreased 49% while total expenses increased by 11%.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 74,018	\$ 79,620	\$ 896,314	\$ 975,254	\$ 970,332	\$ 1,054,874
Operating grants and contributions	52,733	53,485	-	-	52,733	53,485
Capital Grants and contributions	-	384,034	14	10,000	14	394,034
<b>General Revenues:</b>						
Property taxes	58,883	61,709	-	-	58,883	61,709
Sales taxes	60,116	61,324	-	-	60,116	61,324
Other taxes	2,735	2,660	-	-	2,735	2,660
Other general revenues	171,019	181,994	27,492	(76,270)	198,511	105,724
<b>Total revenues</b>	<u>419,504</u>	<u>824,826</u>	<u>923,820</u>	<u>908,984</u>	<u>1,343,324</u>	<u>1,733,810</u>
<b>Expenses:</b>						
General government	146,381	148,742	-	-	146,381	148,742
Public safety	126,084	114,961	-	-	126,084	114,961
Public works	199,599	156,141	-	-	199,599	156,141
Culture and recreation	6	2,452	-	-	6	2,452
Interest on long-term debt	913	2,648	49,234	49,841	50,147	52,489
Water, sewer, and gas expenses	-	-	780,275	844,673	780,275	844,673
<b>Total expenses</b>	<u>472,983</u>	<u>424,944</u>	<u>829,509</u>	<u>894,514</u>	<u>1,302,492</u>	<u>1,319,458</u>
<b>Increase (decrease) in assets</b>	<u>\$ (53,479)</u>	<u>\$ 399,882</u>	<u>\$ 94,311</u>	<u>\$ 14,470</u>	<u>\$ 40,832</u>	<u>\$ 414,352</u>

Expenses are classified by functions/programs. General government accounts for approximately 31% or \$146,000 while public safety and public works accounts for approximately 27% and 42% or \$126,000 and \$200,000 respectively for the fiscal year 2007.

The related program revenues for fiscal 2007 directly related to these expenses totaled \$126,751, which resulted in net program expense of \$346,232. The remaining balance of expenses represents the cost to the taxpayers. The costs of governmental activities exceeding restricted state and federal grants are paid primarily from the following sources:

- Sales tax revenues are the largest revenue source for the Town of Newellton. It provides approximately \$60,000 of General Fund Revenue.
- Licenses and Permits are a significant source of revenue to the Town, generating approximately \$68,000 of General Fund Revenue.
- Property taxes provide approximately \$59,000 in General Fund Revenue.

### **Business-type activities.**

Business-type activities increased the Town of Newellton's net assets by approximately \$94,000.

Revenues increased approximately 2% to \$923,820 and expenses of the Town's business-type activities decreased approximately 7% to \$829,509.

### **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 \$147,908, an increase of \$4,774 in comparison with the prior year. Approximately 95% of this total amount (\$140,251) constitutes unreserved fund balance, which is available for spending at the Town's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed.

### **General Fund Budgetary Highlights**

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA- R.S 39:1301 et seq), the Town of Newellton must adopt a budget for the General Fund and all Special Revenue funds prior to June 30. The original budget for the Town was adopted in June of 2006, and the final budget amendment was adopted later in FY2007.

**Revenues:** Overall revenues for the General Fund were projected to increase during FY 2007 by \$27,000 from the previous year. Franchise revenues were projected to increase \$16,000 from 2006 estimates. All other revenues were projected to increase by approximately \$11,000.

**Expenditures:** General governmental expenditures comprise 37% of the General Funds Appropriations. Police and fire expenditures comprise another 27%. Finally, Public Works comprises 35%.

### **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, 2007, amounts to \$5,111,439 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery, vehicles and equipment (See Table 3). With no additions to capital assets in the current year, the only activity was the recording of depreciation expense, totaling \$207,127.

**Table 3**  
**The Town of Newellton Capital Assets**  
**As of June 30,**

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ -	\$ -	\$ 19,650	\$ 19,650	\$ 19,650	\$ 19,650
Buildings	21,000	21,000	-	-	21,000	21,000
Furniture and equipment	457,765	457,765	98,865	98,865	556,630	556,630
Water system	-	-	1,974,648	1,974,648	1,974,648	1,974,648
Sewer system	-	-	3,370,449	3,370,449	3,370,449	3,370,449
Gas system	-	-	1,337,455	1,337,455	1,337,455	1,337,455
Streets and drainage	492,185	492,185	-	-	492,185	492,185
Total	970,950	970,950	6,801,067	6,801,067	7,772,017	7,772,017
Less: accumulated depreciation	(404,463)	(332,509)	(2,256,115)	(2,120,942)	(2,660,578)	(2,453,451)
Total Capital Assets	\$ 566,487	\$ 638,441	\$ 4,544,952	\$ 4,680,125	\$ 5,111,439	\$ 5,318,566

**Long-Term Debt** At the end of the current fiscal year, the Town had \$35,676 in general obligations bonds. They also had revenue bonds outstanding of \$943,577. This debt represents bonds secured solely by specified revenue sources such as the Utility Fund revenues.

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenue Bonds	\$ -	\$ -	\$ 943,577	\$ 980,545	\$ 943,577	\$ 980,545
General Obligation Notes	35,676	49,322	-	-	35,676	49,322
Total Debt	\$ 35,676	\$ 49,322	\$ 943,577	\$ 980,545	\$ 979,253	\$ 1,029,867

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

Factors considered in preparing the Town of Newellton's budget for the 2008 fiscal year included the impact that will be made by the loss of some businesses due to a declining population base. This loss will impact the Town's sales and property tax revenue.

Additionally, the Town will be constructing a duck weed harvester to allow the oxidation pond to continue to function within the guidelines of the State of Louisiana and will eliminate the contracting of this service to an outside party. Funds for this project totaling \$40,000 is being provided by the Delta Regional Authority. This project should be completed by December of 2007. The Town has also received funding from the Federal government via a Louisiana Community Development Block Grant totaling \$490,960 for the construction of a 3,000 square foot fire station, upsize inadequate feeder lines, and replace severely deteriorated fire hydrants within the corporate limits.

### **Requests for Information**

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

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Statement of Net Assets**

June 30, 2007

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$ 149,092	\$ 249,414	\$ 398,506
Receivables	11,550	90,826	102,376
Due from other governmental units	6,556	-	6,556
Restricted assets			
Cash	7,657	139,742	147,399
Capital assets, net	566,487	4,544,952	5,111,439
Investment in jointly owned gas operations and maintenance fund	-	310,482	310,482
<b>Total Assets</b>	<u>741,342</u>	<u>5,335,416</u>	<u>6,076,758</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	22,414	21,206	43,620
Deferred revenue	15,000	-	15,000
Internal balances	(10,467)	10,467	-
Deposits held	-	77,485	77,485
Accrued interest payable	91	5,668	5,759
Long-term liabilities			
Due within one year	13,696	38,546	52,242
Due in more than one year	21,980	905,031	927,011
<b>Total Liabilities</b>	<u>62,714</u>	<u>1,058,403</u>	<u>1,121,117</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	530,811	3,601,375	4,132,186
Restricted for			
Debt service	7,657	39,413	47,070
Depreciation and contingency	-	56,116	56,116
Unrestricted	140,160	580,109	720,269
<b>Total Net Assets</b>	<u>\$ 678,628</u>	<u>\$ 4,277,013</u>	<u>\$ 4,955,641</u>

The accompanying notes are an integral part of this statement.

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Statement of Activities**

June 30, 2007

Functions/Programs	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>Primary government:</b>							
Governmental activities:							
General government:	\$ 146,387	\$ -	\$ -	\$ -	\$ (146,387)	\$ -	\$ (146,387)
Public safety	126,084	-	13,853	-	(112,231)	-	(112,231)
Public works	199,599	74,018	38,880	-	(86,701)	-	(86,701)
Interest and fiscal charges on long-term debt	913	-	-	-	(913)	-	(913)
Total governmental activities	472,983	74,018	52,733	-	(346,232)	-	(346,232)
Business-type activity:							
Utility fund	780,275	896,314	-	-	-	116,039	116,039
Interest and fiscal charges on long-term debt	49,234	-	-	-	-	(49,234)	(49,234)
Total business-type activities	829,509	896,314	-	-	-	66,805	66,805
<b>Total primary government</b>	<b>\$ 1,302,492</b>	<b>\$ 970,332</b>	<b>\$ 52,733</b>	<b>\$ -</b>	<b>(346,232)</b>	<b>66,805</b>	<b>(279,427)</b>
<b>General revenues:</b>							
Taxes:							
Ad valorem taxes					58,883	-	58,883
Sales taxes					60,116	-	60,116
Other taxes					2,735	-	2,735
Video poker					8,912	-	8,912
Licenses and permits					68,357	-	68,357
Fines and forfeitures					30,614	-	30,614
Interest and investment earnings					3,244	8,091	11,335
Other					2,892	-	2,892
Income from jointly owned gas operations and maintenance fund					-	76,415	76,415
Transfers in (out)					57,000	(57,000)	-
<b>Total general revenues</b>					<b>292,753</b>	<b>27,506</b>	<b>320,259</b>
<b>Change in net assets</b>					<b>(53,479)</b>	<b>94,311</b>	<b>40,832</b>
<b>Net assets at beginning of year</b>					<b>732,107</b>	<b>4,182,702</b>	<b>4,914,809</b>
<b>NET ASSETS AT END OF YEAR</b>					<b>\$ 678,628</b>	<b>\$ 4,277,013</b>	<b>\$ 4,955,641</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, 2007**

	<u>Major Fund</u> <u>General</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Cash</b>	\$ 134,024	\$ 15,068	\$ 149,092
<b>Receivables:</b>			
Sales taxes	5,447	-	5,447
Other receivables	6,103	-	6,103
<b>Due from other governmental units</b>	6,556	-	6,556
<b>Restricted Assets</b>			
Cash	-	7,657	7,657
<b>Due from other funds</b>	10,467	-	10,467
<b>TOTAL ASSETS</b>	<u>\$ 162,597</u>	<u>\$ 22,725</u>	<u>\$ 185,322</u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities:</b>			
Accounts payable and accrued expenses	\$ 22,414	\$ -	\$ 22,414
Deferred revenue	15,000	-	15,000
Total liabilities	<u>37,414</u>	<u>-</u>	<u>37,414</u>
<b>Fund equity:</b>			
<b>Fund balance:</b>			
Reserved for debt service	-	7,657	7,657
Unreserved/undesignated	125,183	15,068	140,251
Total fund balance	<u>125,183</u>	<u>22,725</u>	<u>147,908</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 162,597</u>	<u>\$ 22,725</u>	<u>\$ 185,322</u>

The accompanying notes are an integral part of this statement.

**TOWN OF NEWELLTON**  
**Newellton, Louisiana**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Assets**  
**June 30, 2007**

Fund balances - total governmental funds	\$	147,908
<p>Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the governmental funds</p>		
Governmental capital assets	\$	970,950
Less: accumulated depreciation		<u>(404,463)</u>
		566,487
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the governmental funds.</p>		
Accrued interest payable		(91)
Certificates of indebtedness payable		<u>(35,676)</u>
		<u>(35,767)</u>
Net assets of governmental funds	\$	<u>678,628</u>

**TOWN OF NEWELLTON**  
**Newellton, Louisiana**  
**Governmental Funds**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**For the Year Ended June 30, 2007**

	<u>Major Fund</u> <u>General</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u>
<b>Revenues:</b>			
Taxes:			
Ad valorem	\$ 58,883	\$ -	\$ 58,883
Sales	60,116	-	60,116
Charges for services	74,018	-	74,018
Licenses and permits, and commission for services	68,357	-	68,357
Intergovernmental:			
State	15,546	-	15,546
Local	38,880	9,955	48,835
Fines and forfeitures	30,614	-	30,614
Use of money and property	2,818	426	3,244
Other revenues	2,892	-	2,892
<b>Total Revenues</b>	<u>352,124</u>	<u>10,381</u>	<u>362,505</u>
<b>Expenditures:</b>			
Current:			
General government	145,337	-	145,337
Public safety-police	109,887	-	109,887
Public safety-fire	1,535	-	1,535
Public works	143,357	-	143,357
Debt service	4,660	9,955	14,615
<b>Total Expenditures</b>	<u>404,776</u>	<u>9,955</u>	<u>414,731</u>
<b>Excess (Deficiency) of Revenues</b>	(52,652)	426	(52,226)
<b>Other Financing Sources/(Uses)</b>			
Transfers in	57,000	996	57,996
Transfers out	(996)	-	(996)
<b>Total Other Financing Sources/(Uses)</b>	<u>56,004</u>	<u>996</u>	<u>57,000</u>
<b>Excess of Revenues and Other Sources Over Expenditures and Other Uses</b>	3,352	1,422	4,774
<b>Fund Balances at Beginning of Year</b>	<u>121,831</u>	<u>21,303</u>	<u>143,134</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 125,183</u>	<u>\$ 22,725</u>	<u>\$ 147,908</u>

The accompanying notes are an integral part of this statement.

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances  
of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2007**

Net change in fund balances - total governmental funds	\$	4,774
Amount reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Depreciation expense		(71,954)
<p>The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction has no effect on net assets.</p>		
Principal payments		13,646
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Accrued interest payable		<u>55</u>
Change in net assets of governmental activities	\$	<u>(53,479)</u>

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Business-type Activities - Enterprise Fund**  
**Statement of Net Assets**  
June 30, 2007

	<u>Utility Fund</u>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash	\$ 249,414
Accounts receivable - net	90,826
Total current assets	<u>340,240</u>
<b>Restricted assets</b>	
Cash	139,742
Total restricted assets	<u>139,742</u>
<b>Capital assets</b>	
Non-depreciable	19,650
Depreciable	6,781,417
Total capital assets	6,801,067
Accumulated depreciation	(2,256,115)
Net capital assets	<u>4,544,952</u>
<b>Other assets</b>	
Investment in jointly owned gas operations and maintenance fund	<u>310,482</u>
<b>Total assets</b>	<u>\$ 5,335,416</u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>Current liabilities</b>	
Accounts payable and accrued expenses	\$ 21,206
Due to other funds	10,467
Total current liabilities	<u>31,673</u>
<b>Liabilities payable from restricted assets</b>	
Accrued interest payable	5,668
Customer deposits (net)	77,485
Current portion of revenue bonds payable	38,546
Total restricted liabilities	<u>121,699</u>
<b>Noncurrent liabilities</b>	
Revenue bonds payable	<u>905,031</u>
Total noncurrent liabilities	<u>905,031</u>
<b>Total liabilities</b>	<u>1,058,403</u>
<b>Net assets</b>	
Invested in capital assets, net of related debt	3,601,375
Restricted for	
Debt service	39,413
Depreciation and contingency	56,116
Unrestricted	580,109
Total net assets	<u>4,277,013</u>
<b>Total liabilities and net assets</b>	<u>\$ 5,335,416</u>

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

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Business Type Activity - Enterprise Fund**  
**Statement of Revenues, Expenses, and Changes in**  
**Net Assets**  
**For The Year Ended June 30, 2007**

	<u>Utility Fund</u>
<b>OPERATING REVENUES</b>	
Water sales	\$ 289,534
Gas sales	369,665
Sewerage fees	208,866
Plumbing fees	5,095
Penalties	23,154
Total operating revenues	<u>896,314</u>
<b>OPERATING EXPENSES</b>	
Bad debts	2,313
Depreciation	135,173
Dues and subscriptions	1,133
Engineering	6,177
Equipment	9,784
Gas purchases	267,939
Insurance - general	45,753
Legal and audit	14,464
Office supplies	4,621
Postage	2,494
Salaries and related benefits	106,549
Supplies-plant	1,942
Supplies and expenses-gas	3,615
Supplies and expenses-sewer	49,787
Supplies and expenses-water	63,032
Telephone	5,187
Travel and meetings	4,759
Utilities	55,553
Total operating expenses	<u>780,275</u>

(Continued)

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

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

**Business Type Activity - Enterprise Fund**  
**Statement of Revenues, Expenses, and Changes in**  
**Net Assets (Concluded)**  
**For The Year Ended June 30, 2007**

	<u>Utility Fund</u>
Operating Income	116,039
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest earnings	8,091
Income from jointly owned gas line	76,415
Interest expense	(49,234)
Total nonoperating revenue (expenses)	<u>35,272</u>
Net income before operating transfers	151,311
<b>OPERATING TRANSFERS</b>	
Transfers out	(57,000)
Net transfers	<u>(57,000)</u>
Net profit	94,311
Net assets beginning of year	<u>4,182,702</u>
Net assets end of year	<u>\$ 4,277,013</u>



## Statement I

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

**Business-type Activity - Enterprise Fund**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2007**

	<u>Utility Fund</u>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 893,605
Cash paid for employee services	(106,549)
Cash payments to suppliers for goods and services	(529,222)
Net cash provided by operating activities	<u>257,834</u>
<b>Cash flows from noncapital financing activities</b>	
Transfers to general fund from the utility fund	(57,000)
Net cash used in noncapital financing activities	<u>(57,000)</u>
<b>Cash flows from capital and related financing activities</b>	
Principal paid on debt	(36,968)
Interest paid on debt	(49,575)
Net cash used for financing activities	<u>(86,543)</u>
<b>Cash flows from investing activities</b>	
Interest received on investments	8,334
Net cash provided by investing activities	<u>8,334</u>
<b>Net increase in cash</b>	122,625
<b>Cash, beginning of year</b>	<u>266,531</u>
<b>Cash, end of year</b>	<u>\$ 389,156</u>
<b>Shown on the accompanying statement of net assets as</b>	
Cash	\$ 249,414
Restricted assets	
Cash	<u>139,742</u>
<b>Total</b>	<u>\$ 389,156</u>

(Continued)

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

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

**Business-type Activity - Enterprise Fund**  
**Statement of Cash Flows ( Concluded)**  
**For the Year Ended June 30, 2007**

	<u>Utility Fund</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ 116,039
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	135,173
Bad debt expense	2,313
Change in assets and liabilities	
Accounts receivable	2,924
Prepaid expenses	7,971
Accounts payable and accrued liabilities	(953)
Due to other funds	(7,018)
Customer deposits	<u>1,385</u>
Net cash provided by operating activities	<u>\$ 257,834</u>
 <b>Supplemental disclosure of noncash capital investing activities</b>	
Increase in the investment of the jointly owned gas operations and maintenance fund	 <u>\$ 76,415</u>

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2007**

**Note 1 - Summary of Significant Accounting Policies**

***A. Financial Reporting Entity***

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

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

As the governing authority for the municipality, the Town is the reporting entity. The financial reporting entity consists of (a) the primary government (the Town), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

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

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2007**

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

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

***B. Basis of Presentation***

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

***Government-wide Financial Statements***

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

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

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

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

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2007**

***Fund Financial Statements***

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

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

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

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

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

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

*Capital Project Fund* - This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, improvements, other major projects (other than those financed by Proprietary Funds).

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

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2007**

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

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

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

*Revenues:*

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

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

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

*Expenditures:*

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

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2007**

*Proprietary Funds:*

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

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

**C. Budgets and Budgetary Accounting**

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

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

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2007**

3. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
4. All legally adopted budgets of the Town are adopted on a basis consistent with GAAP. A budget is adopted for the General Fund and the Special Revenue Fund; encumbrance accounting is not used by the Town.

For the year ended June 30, 2007, the Town adopted a budget for the General Fund and the Special Revenue fund.

***D. Assets, Liabilities, and Fund Equity***

***Cash, Cash Equivalents, and Investments***

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

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

***Interfund Receivables and Payables***

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

***Capital Assets***

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

As permitted by GASB Statement No. 34, the Town has elected not to report infrastructure assets retroactively. Beginning with the year ended June 30, 2005, the



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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2007**

Town began capitalizing infrastructure as expenditures were incurred.

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

All purchased capital assets are recorded at cost where historical records are available and at estimated cost where no historical records are available. Donated fixed assets are 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, 2007.

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

Water System	50 – 99
Sewerage System	50
Gas Transmission and Distribution System	50 – 99
Equipment	3 – 10
Infrastructure Streets and Drainage	15

***Long-Term Liabilities***

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

***Bad Debts***

Uncollectible amounts for ad valorem taxes are generally not significant. As a result, the direct write-off method for recognizing bad debts is used. Under this method, the receivable is charged to expense when the account is deemed to be uncollectible. The Town uses the allowance method for recognizing bad debts for customers' utility receivables. An allowance of \$32,813 has been set up for the year ended June 30, 2007.

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2007**

*Compensated Absences*

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

*Reserves of Fund Equity*

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

*Electrical System Operating Agreement*

On September 9, 1998, the Board of Aldermen of the Town authorized an operating agreement between the Town and Louisiana Power and Light (Entergy) for Entergy to operate the electric system within the corporate limits of the Town for a period of twenty-five years. The agreement provides that Entergy will pay to the Town two percent of total revenue collected from the sale of electric service to residential and commercial customers within the Town. Revenues under this agreement totaled \$20,712 for the year ended June 30, 2007.

*Net Assets*

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Details of restricted net assets at year-end are presented in Note 4.

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2007**

**Note 2 - Cash**

*Custodial credit risk – deposits.* The custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy to ensure there is no exposure to this risk is to require each financial institution to pledge its' own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent bank has failed to pay deposited funds upon demand. Accordingly, the Town had no custodial credit risk related to its deposits at June 30, 2007.

At June 30, 2007, the Town has cash totaling \$545,905, as follows:

Petty Cash	\$ 139
Demand Deposits	<u>545,766</u>
Total	<u>\$ 545,905</u>

These deposits are stated at cost, which approximates market. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash (bank balances other than these backed by the U.S. government) at June 30, 2007, is secured, as follows:

Bank Balances	\$ <u>588,231</u>
Federal deposit insurance	\$ 106,495
Pledged Securities	<u>544,922</u>
Total	<u>\$ 651,417</u>

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2007**

**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 \$108,932 at of June 30, 2007 and are comprised of the following:

	General Fund	Proprietary Fund	Total
Sales Taxes	\$ 5,447	\$ -	\$ 5,447
Due from Other governments	6,556	-	6,556
Other Receivables			
Franchise fees	5,869	-	5,869
Returned Checks	234	961	1,195
Accounts Receivable	-	122,678	122,678
Less: Allowance for Doubtful Account	-	(32,813)	(32,813)
<b>Total</b>	<b>\$ 18,106</b>	<b>\$ 90,826</b>	<b>\$ 108,932</b>

The town has 470 residential and 48 commercial water customers and 460 residential and 46 commercial sewer customers. They also serve 408 residential and 40 commercial gas customers. An aging of the utility receivables as of June 30, 2007 is as follows:

	Water	Gas	Sewer	Other	Total
Current	\$ 33,248	\$ 23,305	\$ 25,809	\$ 8,912	\$ 91,274
31-60 Days	2	264	264	183	713
61-90 Days	52	96	75	51	274
91-120 Days	66	486	92	49	693
Over 120 Days	5,951	14,235	7,009	2,529	29,724
<b>Total</b>	<b>\$ 39,319</b>	<b>\$ 38,386</b>	<b>\$ 33,249</b>	<b>\$ 11,724</b>	<b>\$ 122,678</b>

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2007**

**Note 4 - Restriction on Use of Funds**

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

1. The payment of the reasonable and necessary expenses of administering, operating, repairing and insuring the System;
2. Making monthly contributions to a "Water and Gas Revenue Bond and Interest Sinking Fund" (the Sinking Fund) in an amount equal to 1/12th of the total principal and interest becoming due in the ensuing year;
3. Making contributions to a "Water and Gas Reserve Fund" (the Reserve Fund) in an amount equal to 5% of the amount paid into the Sinking Fund until the balance reaches \$41,700; and,
4. Making contributions to a "Water and Gas Depreciation and Contingency Fund" to assure proper operation of the system by depositing monthly \$180 from the Revenue Fund. This fund shall also be used to pay the principal and interest on any bonds authorized under the indenture for which there is not sufficient money in the Sinking Fund or Reserve Fund. Any money so used shall be replaced as soon as possible from the earnings of the System.

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

1. There shall be set aside into a "1988 Sewer Bond and Interest Sinking Fund" monthly amounts equal to one-twelfth (1/12th) of the total amount of principal and interest becoming due on the next payment date;
2. There shall be set aside into a "1988 Sewer Revenue Bond Reserve Fund" monthly amounts at least equal to 5% of the amount to be paid into the "1988 Sewer Revenue Bond and Interest Sinking Fund". The payments are to continue until such time as there has been accumulated a sum equal to the highest combined principal and interest falling due in any year; and,

**TOWN OF NEWELLTON**  
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**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2007**

3. Funds will also be set aside at the rate of \$92 per month from the Sewerage Revenue Fund into a "1988 Sewerage Depreciation and Contingency Fund" to provide for depreciation, extensions, additions and replacements necessary to properly operate the sewerage system.

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

1. There shall be set aside into a "1998 Water Tower Sinking Fund FHA" monthly amounts equal to one-twelfth (1/12th) of the total amount of principal and interest becoming due on the next payment date;
2. There shall be set aside into a "1998 Water Tower Reserve Fund FHA" monthly amounts at least \$120 a month must be paid into the "1998 Water Tower Reserve Fund FHA". The payments are to continue until such time as there has been accumulated a sum equal to the highest combined principal and interest falling due in any year; and,
3. Funds will also be set aside at the rate of \$128 per month from the Sewerage Revenue Fund into a "1998 Water Tower Contingency Fund FHA" to provide for depreciation, extensions, additions and replacements necessary to properly operate the sewerage system.

Under the terms of the \$80,000 Fire Equipment Certificates of Indebtedness, Series 1999 dated February 8, 2000, excess revenues over statutory, necessary and usual charges are to be set aside as follows:

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

**TOWN OF NEWELLTON**  
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**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2007**

Restricted Assets were composed of the following as of June 30, 2007:

	<u>Cash and Cash Equivalents</u>
<b><u>General Fund</u></b>	
<b>\$80,000 Certificate of Indebtness</b>	
Bond and Interest Redemption Fund	\$ 7,657
<b>Total - General Fund</b>	<u>7,657</u>
 <b><u>Utility Fund</u></b>	
<b>1976 Water and Gas Revenue Bonds</b>	
Bond and Interest Redemption Fund	38,834
Bond Reserve Fund	11,951
Depreciation and Contingency Fund	33,650
 <b>1988 Sewer Revenue Bonds</b>	
Bond and Interest Redemption Fund	7,169
Bond Reserve Fund	5,270
Depreciation and Contingency Fund	6,475
 <b>1998 Water Revenue Bonds</b>	
Bond and Interest Redemption Fund	5,272
Bond Reserve Fund	15,130
Depreciation and Contingency Fund	15,991
<b>Total - Utility Fund</b>	<u>139,742</u>
 <b>Total</b>	 \$ <u>147,399</u>

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2007**

**Note 5 - Changes in Capital Assets**

The following schedule presents changes in capital assets for the year ended June 30, 2007:

	Balance 6/30/2006	Additions	Deletions	Balance 6/30/2007
<b>Governmental Activities:</b>				
Depreciable assets:				
Building	\$ 21,000	\$ -	\$ -	\$ 21,000
Vehicles	282,723	-	-	282,723
Furniture and equipment	175,042	-	-	175,042
Streets and drainage	492,185	-	-	492,185
Total depreciable assets	970,950	-	-	970,950
Less accumulated depreciation	(332,509)	(71,954)	-	(404,463)
Net governmental activities capital assets	\$ 638,441	\$ (71,954)	\$ -	\$ 566,487
<b>Business-type activities:</b>				
Nondepreciable assets:				
Land	\$ 19,650	\$ -	\$ -	\$ 19,650
Depreciable assets:				
Water system	1,974,648	-	-	1,974,648
Sewer system	3,370,449	-	-	3,370,449
Gas system	1,328,027	-	-	1,328,027
Gas pipeline	9,428	-	-	9,428
Service equipment	97,315	-	-	97,315
Office equipment	1,550	-	-	1,550
Total depreciable assets	6,781,417	-	-	6,781,417
Less accumulated depreciation	(2,120,942)	(135,173)	-	(2,256,115)
Net business-type capital assets	\$ 4,680,125	\$ (135,173)	\$ -	\$ 4,544,952

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



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**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2007**

Depreciation of \$135,173 as of June 30, 2007 was charged to expense in the utility fund. Depreciation was charged to governmental activities as follows: General Government, \$1,050; Public Safety, \$14,661; Public Works, \$23,430; and Streets and Drainage, \$32,813.

**Note 6 - Investment in Jointly Owned Gas Line**

The Towns of Newellton and St. Joseph, Louisiana have entered into a joint venture, called the Town of Newellton and the Town of St. Joseph, Louisiana Jointly Owned Gas Operations and Maintenance Fund (the Joint Gas Line) to provide natural gas to the two towns for resale to their citizens and approximately fifteen other customers in the service area. The Boards of Aldermen and the Mayors of the two towns govern the Joint Gas Line. Each of the Towns own 50% of the net worth of the joint venture. This amount is shown as an asset called Investment in Jointly Owned Gas Line. (See Note 13)

Summary financial information for the joint venture at June 30, 2007 and for the year then ended, is as follows:

Total assets	\$ 622,302
Total liabilities	<u>(1,336)</u>
Total fund equity	<u><u>\$ 620,966</u></u>
Total revenues	\$ 606,139
Total cost of sales	<u>(430,740)</u>
Gross profit	175,399
Operating expenses	(38,023)
Nonoperating revenue	<u>15,455</u>
Net income	<u><u>\$ 152,831</u></u>

**TOWN OF NEWELLTON**  
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**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2007**

**Note 7 - Long-Term Debt**

The following is a summary of long term-debt transactions of the Town for the year ended June 30, 2007:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
	General Obligation Revenue Notes	Revenue Bonds	<u>Total</u>
Balance at Beginning of Year	\$ 49,322	\$ 980,546	\$ 1,029,868
Additions	-	-	-
Retirements	<u>(13,646)</u>	<u>(36,969)</u>	<u>(50,615)</u>
Balance end of year	<u>\$ 35,676</u>	<u>\$ 943,577</u>	<u>\$ 979,253</u>

Bonds payable at June 30, 2007 are comprised of the following individual issues:

Governmental Activities:

Certificate of Indebtedness and Revenue Note:

\$80,000 Certificate of Indebtedness, Series 1999, to finance the purchase of a fire truck and equipment. Payments are made monthly at an interest rate of 4.5%. Matures on February 8, 2010	\$ 23,672
\$21,000 Revenue Note to finance the purchase of town hall building. Payments are made monthly at an interest rate of 4.0%. Matures March 10, 2010	<u>12,004</u>
Total Certificate of Indebtedness and Revenue Note	<u>\$ 35,676</u>

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2007**

Business-Type Activities:

Revenue Bonds:

\$550,000 Revenue bonds dated April 6, 1976; due in annual installments of \$29,250 - \$34,350 through April 6, 2016; interest at 5%.	\$ 223,000
\$100,000 Revenue bonds dated April 6, 1976; due in annual installments of \$4,400 - \$6,000, through April 6, 2016; interest at 5%.	37,000
\$315,000 Sewer Revenue bonds dated March 23, 1988; due in annual installments of \$18,512 through May 12, 2028; interest at 5%.	229,347
\$506,000 Water Revenue bonds dated April 24, 1998; due in monthly installments of \$2,398.44 through December 2038; interest at 4.875%	454,230
Total Revenue Bonds - Utilities Enterprise Fund	\$ 943,577

Maturities of long-term obligations of the Town including interest of \$620,234 are as follows:

Fiscal Year Ended June 30,	Governmental Activities	Business Type Activities	Total
2008	15,004	85,139	100,143
2009	14,616	83,889	98,505
2010	8,171	82,639	90,810
2011	-	81,389	81,389
2012-2016	-	411,445	411,445
2017-2021	-	235,695	235,695
2022-2026	-	235,695	235,695
2027-2031	-	168,370	168,370
2032-2036	-	143,906	143,906
2037-2038	-	33,529	33,529
	\$ 37,791	\$ 1,561,696	\$ 1,599,487

For the fiscal year ended June 30, 2007, the amount of interest charged to expense on general obligations bonds was \$913 the amount on revenue bonds was \$49,234.

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**Newellton, Louisiana**

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2007**

**Note 8 - Interfund Receivables and Payables**

Individual fund interfund receivables and payables at June 30, 2007 are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 10,467	\$ -
Utility Enterprise Fund	-	10,467
<b>Total</b>	<b>\$ 10,467</b>	<b>\$ 10,467</b>

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

**Note 9 - Interfund Transfers**

Individual fund transfers in and out at June 30, 2007 are as follows:

	Operating Transfers	
	In	Out
General Fund	\$ 57,000	\$ 996
Enterprise Fund	-	57,000
Debt Service Fund	996	-
<b>Total</b>	<b>\$ 57,996</b>	<b>\$ 57,996</b>

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

In the year ended June 30, 2007, the Town made transfers of \$57,000 from the Utility Fund to the General Fund to cover the cash short fall in the General Fund.

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2007**

**Note 10 - Ad Valorem Taxes**

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

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

The ad valorem tax millage is as follows:

	<u>Mills</u>
General Ad Valorem Tax	17.20

**Note 11 - On Behalf Payments**

Certain employees in the Newellton Police Department receive supplemental pay from the State of Louisiana. In accordance with GASB Statement No. 24, the Town has recorded revenue and expense for the payment. Revenues received and expenditures made under this arrangement totaled \$3,900 for the year ended June 30, 2007.

**Note 12 - Pension and Retirement Plans**

*Municipal Employees' Retirement System of Louisiana (MERS)*

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

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

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2007**

*Funding Policy.* Contributions to the system include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of the parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of members on which contributions were made for the previous fiscal year. State statute requires covered employees to contribute a percentage of their salaries to the system; As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the MERS for the years ended June 30, 2007, 2006 and 2005 were \$33,640, \$30,433, and \$28,741; respectively, equal to the statutorily required contributions for each year.

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

**Note 13 - Related Party Transactions**

The Town jointly operates with the Town of St. Joseph, Louisiana that portion of the gas transmission line from Lake St. John Field to the Town of Newellton. The Town purchases gas from the jointly owned transmission line to be resold to its citizens. For 2007 the Town purchased \$267,939 of natural gas from the jointly owned gas line. As of June 30, 2007 the Town owed \$9,240 for natural gas delivered to the Town for the month of June.

**Note 14 - Risk Financing Activities**

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

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2007**

**Note 15 - Subsequent Events**

On January 31, 2007, the Town secured funding totaling \$40,000 from the Delta Regional Authority. These funds are to be used for the purchase and installation of a duckweed harvester which will eliminate the need to contract out this service which for the year ended June 30, 2007 totaled \$21,600. The Town accepted a bid from Tensas Machine and Manufacturing, L.L.C., in April 2007 for the stated purpose of this grant. Construction on this project commenced in July 2007 and was completed in November 2007.

The Town has also been approved for funding of \$490,960 by the Federal Department of Housing and Urban Development through a Louisiana Community Development Block Grant for the construction of a 3,000 square foot fire station, upsizing inadequate feeder lines and replacing severely deteriorated fire hydrants. The Town will start taking bids in early 2008 after receiving final approval to proceed with the project.

**REQUIRED SUPPLEMENTARY INFORMATION  
(PART B)**



**TOWN OF NEWELLTON**  
Newellton, Louisiana

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

**Fiscal Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original Budget	Final Budget		Over (Under)
<b>Budgetary fund balance at beginning of year</b>	\$ 16,183	\$ 67,425	\$ 121,831	\$ 54,406
<b>Resources (inflows)</b>				
Ad valorem taxes	62,000	65,000	58,883	(6,117)
Sales and other taxes	55,000	65,000	60,116	(4,884)
Charges for services	79,000	80,000	74,018	(5,982)
License and permits:				
Franchise revenue	28,000	43,000	28,209	(14,791)
Occupational & other licenses	35,000	36,000	40,148	4,148
Intergovernmental revenue	56,450	56,700	54,426	(2,274)
Fines and forfeitures	23,000	32,000	30,614	(1,386)
Interest income	700	3,000	2,818	(182)
Miscellaneous	3,500	4,500	2,892	(1,608)
Total revenues	<u>342,650</u>	<u>385,200</u>	<u>352,124</u>	<u>(33,076)</u>
Transfers in	<u>35,000</u>	<u>43,228</u>	<u>57,000</u>	<u>13,772</u>
Amounts available for appropriations	<u>393,833</u>	<u>495,853</u>	<u>530,955</u>	<u>35,102</u>
<b>Charges to appropriations (outflows)</b>				
Current:				
General government	137,920	155,312	145,337	9,975
Public safety:				
Police department	88,550	102,500	109,887	(7,387)
Fire department	2,730	2,700	1,535	1,165
Public works	137,100	124,100	143,357	(19,257)
Capital outlay	4,000	-	-	-
Debt service	400	4,700	4,660	40
Total charges	<u>370,700</u>	<u>389,312</u>	<u>404,776</u>	<u>(15,464)</u>
Transfers out	<u>-</u>	<u>-</u>	<u>996</u>	<u>(996)</u>
Total charges to appropriations	<u>370,700</u>	<u>389,312</u>	<u>405,772</u>	<u>(16,460)</u>
<b>Budgetary fund balance at end of year</b>	<u>\$ 23,133</u>	<u>\$ 106,541</u>	<u>\$ 125,183</u>	<u>\$ 18,642</u>

**OTHER SUPPLEMENTAL INFORMATION**

**TOWN OF NEWELLTON**  
**Newellton, Louisiana**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**As of June 30, 2007**

	<b>Special Revenue Fund Downtown Revitalization</b>	<b>Debt Service Fund Fire Department</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,068	\$ -	\$ 15,068
Restricted assets			
Cash	-	7,657	7,657
<b>TOTAL ASSETS</b>	<b>\$ 15,068</b>	<b>\$ 7,657</b>	<b>\$ 22,725</b>
 <b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Total liabilities	-	-	-
 <b>Fund balance</b>			
Reserved for			
Debt service	-	7,657	7,657
Unreserved/undesignated	15,068	-	15,068
Total fund balance	15,068	7,657	22,725
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <b>\$ 15,068</b>	 <b>\$ 7,657</b>	 <b>\$ 22,725</b>

**TOWN OF NEWELLTON**  
**Newellton, Louisiana**  
**Nonmajor Governmental Funds**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**For the Year Ended June 30, 2007**

	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Downtown Revitalization</u>	<u>Fire Department</u>	
<b>REVENUES</b>			
Intergovernmental:			
Local	\$ -	\$ 9,955	\$ 9,955
Interest income	355	71	426
Total revenues	<u>355</u>	<u>10,026</u>	<u>10,381</u>
<b>EXPENDITURES</b>			
Retirement of principal	-	7,775	7,775
Interest and fiscal charges	-	2,180	2,180
Total expenditures	<u>-</u>	<u>9,955</u>	<u>9,955</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	355	71	426
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	996	996
<b>EXCESS OF REVENUE AND OTHER SOURCES OVER EXPENDITURES</b>	355	1,067	1,422
<b>FUND BALANCE, beginning of year</b>	<u>14,713</u>	<u>6,590</u>	<u>21,303</u>
<b>FUND BALANCE END OF YEAR</b>	<u>\$ 15,068</u>	<u>\$ 7,657</u>	<u>\$ 22,725</u>

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Schedules of Net Assets - Utility Enterprise Fund**  
June 30, 2007 and 2006

	2007	2006
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 249,414	\$ 137,023
Accounts receivable - net	90,826	96,063
Prepaid expenses	-	7,971
Total current assets	340,240	241,057
<b>Restricted assets</b>		
Cash and cash equivalents	139,742	129,508
<b>Capital assets</b>		
Non-depreciable	19,650	19,650
Depreciable	6,781,417	6,781,435
Total capital assets	6,801,067	6,801,085
Accumulated depreciation	(2,256,115)	(2,120,717)
Net capital assets	4,544,952	4,680,368
<b>Other assets</b>		
Investment in jointly owned gas operations and maintenance fund	310,482	234,067
<b>Total assets</b>	\$ 5,335,416	\$ 5,285,000
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 21,206	\$ 22,159
Due to other funds	10,467	17,485
Total current liabilities	31,673	39,644
<b>Liabilities payable from restricted assets</b>		
Accrued interest payable	5,668	6,009
Customer deposits	77,485	76,100
Current portion of revenue bonds payable	38,546	37,901
Total restricted liabilities	121,699	120,010
<b>Noncurrent liabilities</b>		
Revenue bonds payable	905,031	942,644
Total noncurrent liabilities	905,031	942,644
<b>Total liabilities</b>	1,058,403	1,102,298
<b>Net assets</b>		
Invested in capital assets, net of related debt	3,601,375	3,699,823
Restricted:		
Debt service	39,413	34,817
Depreciation and contingency	56,116	50,781
Unrestricted	580,109	397,281
Total net assets	4,277,013	4,182,702
<b>Total liabilities and net assets</b>	\$ 5,335,416	\$ 5,285,000

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Schedules of Revenues, Expenses, and Changes in  
Net Assets - Utility Enterprise Fund  
For The Year Ended June 30, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>Operating revenues:</b>		
Water sales	\$ 289,534	\$ 266,375
Gas sales	369,665	479,901
Sewerage fees	208,866	206,601
Plumbing fees	5,095	4,234
Penalties	23,154	12,734
Other operating revenues	-	5,409
Total operating revenues	<u>896,314</u>	<u>975,254</u>
<b>Operating expenses:</b>		
Bad debts	2,313	13,159
Depreciation	135,173	137,310
Dues and subscriptions	1,133	1,003
Engineering	6,177	7,940
Equipment	9,784	9,028
Gas purchases	267,939	309,629
Insurance - general	45,753	50,213
Legal and audit	14,464	15,043
Miscellaneous expenses	-	4,506
Office rent	-	-
Office supplies	4,621	6,294
Postage	2,494	2,855
Salaries and related benefits	106,549	100,336
Supplies-plant	1,942	3,078
Supplies and expenses-gas	3,615	8,458
Supplies and expenses-sewer	49,787	46,532
Supplies and expenses-water	63,032	60,054
Telephone	5,187	7,178
Travel and meetings	4,759	4,214
Utilities	55,553	57,843
Total operating expenses	<u>780,275</u>	<u>844,673</u>
<b>Operating profit (loss)</b>	<b>116,039</b>	<b>130,581</b>
<b>Nonoperating revenues (expenses):</b>		
Grants	-	10,000
Interest earnings	8,091	5,002
Gain (loss) on disposition of assets	-	(32,345)
Income from jointly owned gas operations and maintenance fund	76,415	23,151
Interest expense	(49,234)	(49,841)
Total nonoperating revenue (expense)	<u>35,272</u>	<u>(44,033)</u>
<b>Income before operating transfers</b>	<b>151,311</b>	<b>86,548</b>
<b>Operating transfers:</b>		
Transfers out	(57,000)	(72,078)
Net transfers	<u>(57,000)</u>	<u>(72,078)</u>
<b>Net income (loss)</b>	<b>94,311</b>	<b>14,470</b>
<b>Net assets beginning of year</b>	<u>4,182,702</u>	<u>4,168,232</u>
<b>Net assets end of year</b>	<u>\$ 4,277,013</u>	<u>\$ 4,182,702</u>

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Schedules of Cash Flows - Utility Enterprise Fund**  
**For the Years Ended June 30, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 893,605	\$ 1,017,766
Cash paid for employee services	(106,549)	(100,337)
Cash payments to suppliers for goods and services	<u>(529,222)</u>	<u>(622,630)</u>
Net cash provided by operating activities	<u>257,834</u>	<u>294,799</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfers to general fund	<u>(57,000)</u>	<u>(116,654)</u>
Net cash used in noncapital financing activities	<u>(57,000)</u>	<u>(116,654)</u>
<b>Cash flows from capital and related financing activities</b>		
Grant received for acquisition of capital assets	-	10,000
Acquisition of capital assets	-	(10,130)
Proceeds from sale of capital assets	-	253
Principal paid on debt	(36,968)	(74,972)
Interest paid on debt	<u>(49,575)</u>	<u>(51,175)</u>
Net cash used for financing activities	<u>(86,543)</u>	<u>(126,024)</u>
<b>Cash flows from investing activities</b>		
Interest received on investments	8,334	5,002
Maturity of short-term investments	-	62,705
Net cash provided by investing activities	<u>8,334</u>	<u>67,707</u>
<b>Net increase in cash</b>	122,625	119,828
<b>Cash, beginning of year</b>	<u>266,531</u>	<u>146,703</u>
<b>Cash, end of year</b>	<u>\$ 389,156</u>	<u>\$ 266,531</u>
<b>Shown on the accompanying balance sheet as</b>		
Cash	\$ 249,414	\$ 137,023
Restricted assets		
Cash	<u>139,742</u>	<u>129,508</u>
<b>Total</b>	<u>\$ 389,156</u>	<u>\$ 266,531</u>

(Continued)

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

**Schedules of Cash Flows - Utility Enterprise Fund (Concluded)**  
**For the Years Ended June 30, 2007 and 2006**

	<b>2007</b>	<b>2006</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 116,039	\$ 130,581
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	135,173	137,310
Loss on disposal	-	32,598
Bad debts	2,313	13,159
Change in assets and liabilities		
Accounts receivable	2,924	5,410
Prepaid expenses	7,971	5,565
Accounts payable and accrued liabilities	(953)	(34,327)
Due to other funds	(7,018)	(2,837)
Customer deposits	1,385	7,340
	<u>\$ 257,834</u>	<u>\$ 294,799</u>
<b>Net cash provided by operating activities</b>		
<b>Supplemental disclosure of noncash capital investing and financing activities:</b>		
Increase in the investment in the jointly owned gas operations and maintenance fund	76,415	23,151
	<u>\$ 76,415</u>	<u>\$ 23,151</u>
<b>Total noncash capital investing and financing activities</b>		



**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Schedule of Changes in Restricted Assets**  
**For the Year Ended June 30, 2007**

	Bond and Interest Redemption	Bond Reserve	Depreciation and Contingency	Total
<b><u>\$550,000 1976 Water and Gas Revenue Bonds</u></b>				
<b><u>\$100,000 1976 Water and Gas Revenue Bonds</u></b>				
Balance - July 1, 2006	\$ 38,600	\$ 10,042	\$ 31,168	\$ 79,810
Add:				
Transfers from operating	39,000	1,800	2,160	42,960
Interest earned	484	109	322	915
Total funds available	<u>78,084</u>	<u>11,951</u>	<u>33,650</u>	<u>123,685</u>
Less:				
Principal and interest	<u>(39,250)</u>	<u>-</u>	<u>-</u>	<u>(39,250)</u>
Balance - June 30, 2007	<u>\$ 38,834</u>	<u>\$ 11,951</u>	<u>\$ 33,650</u>	<u>\$ 84,435</u>
<b><u>\$315,000 1988 Sewer Revenue Bonds</u></b>				
Balance - July 1, 2006	\$ 7,015	\$ 4,297	\$ 5,309	\$ 16,621
Add:				
Transfers from operating	18,513	926	1,104	20,543
Interest earned	153	47	62	262
Total funds available	<u>25,681</u>	<u>5,270</u>	<u>6,475</u>	<u>37,426</u>
Less:				
Principal and interest	<u>(18,512)</u>	<u>-</u>	<u>-</u>	<u>(18,512)</u>
Balance - June 30, 2007	<u>\$ 7,169</u>	<u>\$ 5,270</u>	<u>\$ 6,475</u>	<u>\$ 18,914</u>
<b><u>\$506,000 1997 Water Revenue Bonds</u></b>				
Balance - July 1, 2006	\$ 5,224	\$ 13,548	\$ 14,305	\$ 33,077
Add:				
Transfers from operating	28,781	1,440	1,536	31,757
Interest earned	48	142	150	340
Total funds available	<u>34,053</u>	<u>15,130</u>	<u>15,991</u>	<u>65,174</u>
Less:				
Principal and interest	<u>(28,781)</u>	<u>-</u>	<u>-</u>	<u>(28,781)</u>
Balance - June 30, 2007	<u>\$ 5,272</u>	<u>\$ 15,130</u>	<u>\$ 15,991</u>	<u>\$ 36,393</u>
<b><u>\$80,000 Fire Equipment Certificates of Indebtness</u></b>				
Balance - July 1, 2006	\$ 6,590	\$ -	\$ -	\$ 6,590
Add:				
Transfers from operating	996	-	-	996
Intergovernmental revenue - local	9,955	-	-	9,955
Interest earned	71	-	-	71
Total funds available	<u>17,612</u>	<u>-</u>	<u>-</u>	<u>17,612</u>
Less:				
Principal and interest	<u>(9,955)</u>	<u>-</u>	<u>-</u>	<u>(9,955)</u>
Balance - June 30, 2007	<u>\$ 7,657</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,657</u>

**TOWN OF NEWELLTON, LOUISIANA  
COMPENSATION PAID ALDERMEN  
FOR THE YEAR ENDED JUNE 30, 2007**

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

**REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS**



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

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

**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**

**Town of Newellton  
Newellton, Louisiana**

We have audited the financial statements of the **Town of Newellton** (the Town) as of and for the year ended June 30, 2007, and have issued our report thereon dated January 11, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

***Internal Control over Financial Reporting***

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with

**Town of Newellton  
Newellton, Louisiana**

generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questions Costs listed as 07-01 and 07-02 to be significant deficiencies in the internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider both of the significant deficiencies described above to be material weaknesses.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are describe in the accompanying Schedule of Findings and Questioned Costs as item 07-03.

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

This report is intended solely for the information and use of management of the Town, 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)  
January 11, 2008

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

**Schedule of Findings**  
**June 30, 2007**

**07-01 General Ledger Procedures**

***Finding:***

Although improvements have been made in the accounting procedures, there were still several journal entries that had to be recorded, as follows:

- Utility receivables for the last 45 days of the fiscal year 2007;
- Prior year prepaid insurance had not been expensed in the current year;
- Depreciation expense had not been recorded
- Payments on principal interest were made only to the principal account;
- Revenues recorded in the prior year as receivables were recorded as revenues again in the current year;
- Prior year accrued interest payable had not been reversed, nor had the current year interest payable been recorded;

***Recommendation:***

The Town should ensure that proper adjustments are made monthly and at year-end in order to accurately report its financial status.

***Management's Corrective Action Plan:***

We have contracted an independent accounting firm to monitor our books on a quarterly basis. This was done for the first full fiscal year ended June 30, 2007, and has greatly improved our quarterly accounting reports.

This finding denotes only reversals and accrual type entries that were not made at year end. After discussions with our independent accountants, they will begin making these entries effective with the fiscal year ended June 30, 2008.

**07-02 Payroll**

***Finding:***

During the course of the audit, we performed testwork on 50 payroll disbursements of the approximately 350 checks issued. During that testwork, we noted the following exceptions:

## TOWN OF NEWELLTON

Newellton, Louisiana

### Schedule of Findings

June 30, 2007

- Payroll folders for both employees that terminated during the year were not retained;
- Forms W-4 (Federal withholding authorization), L-4 (Louisiana withholding authorization) and I-9 (Citizenship verification) are retained in a folder by year of employment instead of by employee;
- Authorizations for deductions (insurance and retirement) are not kept in the personnel folders and were unable to be located;
- One overpayment of overtime rate was in error due to taking the employee's monthly salary (employees are paid biweekly (26 pay periods per year), dividing by 2 (which would be used if there were 24 pay periods per year) and multiplying by 1.5 (resulted in a 1.625 rate), instead of taking the hourly rate and multiplying by 1.5;
- Two payments that are in contradiction of the personnel folder support where the dog catcher is to be paid \$240 per month. However, the Town pays this individual \$120 every two weeks which results in him receiving an additional \$240 during the year ended June 30, 2007.

#### ***Recommendation:***

We recommend that certain information in the payroll folders be maintained after an employee leaves the Town's employment. Specifically, the Town should review record retention policies issued by the Internal Revenue Service and the Secretary of State of Louisiana. In general, W-4's and retirement plan documents should be retained on a permanent basis, employee withholdings should be retained for 10 years, salary histories for 8 years, time reports for 7 years. Given the relatively small number of employees and out of convenience, the Town may wish to retain all personnel information permanently.

We recommend that the Town maintain payroll folders on each employee. Each folder should contain all current deductions, including W-4's and L-4's as well as a schedule of their pay rates, position held and I-9's. Overtime rates should be calculated based on multiplying the excess hours worked by the hourly rate times 1.5.

For employees that do not work the required 80 hours per pay period, reductions should be made to ensure that the amount paid correlates with the hours worked.

If the Town's intent was to pay the dog catcher \$120 every two weeks, then the Town should amend its pay authorization. However, if the Town believes the \$240 per month is correct, then it should change the bi-weekly amount to \$110.77.

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

**Schedule of Findings**  
**June 30, 2007**

***Management's Corrective Action Plan:***

The employee folders do have copies of pay raises in them starting in 2005 when the Clerk was instructed to put them there. The new employees fill out W-4 and I-9 forms and the Clerk has them. No matter what the employee puts on these forms, the computer subtracts taxes out of their checks automatically. The Clerk has insurance deduction cards on all employees that have taken out insurance recently. Only the employees that have had insurance for many years do not have cards. As for retirement, the Clerk has copies of all retirement papers on every employee. These are kept in the retirement folder. Retirement is mandatory on all employees and always has been.

**07-03 Financial Statements not timely**

***Finding:***

Louisiana Revised Statute 24:513 requires that the Town prepare and submit its audited financial statements to the Louisiana Legislative Auditor no later than six months after the end of its most recent fiscal year. The Town has a one-half interest in the Town of Newellton and the Town of St. Joseph, Louisiana Jointly Owned Gas Operations and Maintenance Fund (the Joint Gas Line). Given this 50% ownership, the Town records its portion of financial statement activities in the Town's general ledger. However, the Town was unable to record this adjustment until January 11, 2008 when the audit for the Joint Gas Line was completed. Therefore, the audited financial statements were not prepared within the required timeframe.

***Recommendation:***

We recommend that the Town coordinate the timing of the Joint Gas Line audit work to ensure that it is completed in sufficient time to record the required entries.

***Management's Corrective Action Plan:***

We will comply with the recommendation.



# TOWN OF NEWELLTON

Newellton, Louisiana

## Schedule of Findings

June 30, 2007

### 07-04 Cable Franchise Fee

#### *Finding:*

The Town receives payments during the year for franchise agreements for companies operating telephone, cable and electrical services within the Town limits. Rapid Communications, LLC of Morrison, Colorado, the company operating the cable service, purchased the right for handling cable services within the Town effective April 15, 2006.

The first check received by the Town was for April 15, 2006 to June 30, 2006 for \$770.21. The next four quarterly checks issued by Rapid Communications for fiscal year 2007 are as follows:

<u>Quarter</u>	<u>Cable Revenue</u>	<u>3% to Town</u>
07-2006 to 09-2006	\$377,997	\$11,339.90
10-2006 to 12-2006	\$29,092	\$872.76
01-2007 to 03-2007	\$28,567	\$857.00
04-2007 to 06-2007	\$23,426	\$702.77

Based on prior year experience and three of the four quarters shown above, it appears that the Town may have violated its franchise agreement with Rapid Communications by not refunding an amount that appears to be based on an incorrect calculation of cable revenue.

It should be noted that a liability of \$10,600 was recorded reducing on the financial statements to record the probable effect of this transaction.

#### *Recommendation:*

We recommend that the Town further investigate this matter by contacting Rapid Communications.

#### *Management's Corrective Action Plan:*

The Town has tried to contact Rapid and left messages on the phone with no return but will continue to contact.

**Town of Newellton  
Newellton, Louisiana**

**Summary Status of Prior Year Findings**

The following is a summary of the status of the findings included in the Schedule of Findings dated December 8, 2006, issued in connection with our examination of the financial statements of the Town of Newellton, Louisiana as of and for the year ended June 30, 2006.

**Schedule of Findings and Questioned Costs**

**06-01 Utility Fund Billings and Collections Procedures**

*Finding:*

All bills should be mailed by the 25<sup>th</sup> of the month. Collection of these billings should be given priority.

*Status:*

As recommended, we did mail all billings by the 25<sup>th</sup> of each month. We also made some progress on reducing receivables.

**06-02 Reconciliation of Subsidiary and General Ledgers**

*Finding:*

The Town should reconcile the amount for customer deposits listed per its subsidiary ledger and its general ledger package.

*Status:*

We used a consultant to agree these balances.