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# TOWN OF NEWELLTON, LOUISIANA

## Financial Report

As of and For the Year Ended June 30, 1957

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Release Date: 10/2/1957

10/2/1957

TOWN OF NEWELLTON, LOUISIANA  
 FINANCIAL REPORT  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

TABLE OF CONTENTS

	Page *Denotes Schedule
Independent Auditor's Report .....	i
 <u>GENERAL PURPOSE FINANCIAL STATEMENTS</u> <u>COMBINED STATEMENTS - OVERVIEW</u> 	
Combined Balance Sheet - All Fund Types and Account Groups .....	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types .....	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - All Governmental Fund Types Having Annual Appropriated Budgets .....	7
Statement of Revenues, Expenses and Changes in Retained Earnings - Utilities Enterprise Fund .....	8
Statement of Cash Flows - Utilities Enterprise Fund .....	10
Notes to Financial Statements .....	12



**Luffey  
Huffman  
& Monroe**

CERTIFIED PUBLIC ACCOUNTANTS

CPA, John RBA, CPA  
Wanda Huffman, CPA  
C. Fred Monroe, CPA  
Linda Monroe, CPA  
George S. Drake, CPA

## **INDEPENDENT AUDITORS' REPORT**

**Mayor Edwin Proulx  
and Members of the Board of Aldermen  
Town of Newellton  
Newellton, Louisiana**

We have audited the accompanying general purpose financial statements of the **Town of Newellton, Louisiana (the Town)** as of June 30, 1997, and for the year then ended, as listed in the accompanying Table of Contents. These general purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the standards for financial and compliance 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Town as of June 30, 1997 and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 29, 1997 on our consideration of the Town's internal control structure and a report dated August 29, 1997 on its compliance with laws and regulations.

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**Mayer Edwin Frois  
and Members of the Board of Aldermen  
Town of Newellton**

As discussed in Note 17, the Town has experienced recurring losses in the General Fund. Also, the Utilities Enterprise Fund has incurred significant obligations relating to the construction of a water tower and has experienced recurring losses. The general purpose financial statements do not include any adjustments relating to the amounts that might be required as a result of these items, as the outcome of these uncertainties is currently unknown.

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



August 20, 1997

**GENERAL PURPOSE FINANCIAL STATEMENTS  
COMBINED STATEMENTS - OVERVIEW**

TOWN OF NEWELLTON, LOUISIANA  
 EXAMINED BALANCE SHEET - ALL FUND TYPES AND  
 ACCOUNT SUBLEYS  
 PERIOD: 1997

	GOVERNMENTAL		PROPRIETARY		ACCOUNT SUBJECTS		TOTAL
	GENERAL FUND	DEBT FUND	FUND TYPE UTILITIES	ESTIMATED FUND	FUND ASSETS	GENERAL FUND DEBT	
<b>ASSETS</b>							
Cash	2,182	14,008	6,075	\$	\$	\$	16,185
Investments	0	0	1,885				1,885
Accounts Receivable	4,241	0	50,000				54,241
Other Receivables	86	0	893				979
Due From Other Funds	10,104	0	10,247				20,351
Prepaid Expenses	0	0	4,329				4,329
Revolving Assets	0	0	44,282				44,282
Fixed Assets	0	0	18,375				18,375
Accumulated Depreciation	0	0	(2,975,344)		(22,484)		(2,997,828)
Amount Available in	0	0	(1,138,000)				(1,138,000)
Debt Service Fund	0	0				14,483	14,483
Amount to be Provided for Retirement of Current Long-Term Debt	0	0				14,483	14,483
<b>TOTAL ASSETS</b>	<u>16,613</u>	<u>14,008</u>	<u>8,559</u>	<u>\$</u>	<u>\$</u>	<u>14,483</u>	<u>39,663</u>
	<u>16,613</u>	<u>14,008</u>	<u>8,559</u>	<u>\$</u>	<u>\$</u>	<u>14,483</u>	<u>39,663</u>

**TOWNS OF NEWELLTON, LOUISIANA**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND**  
**AUXILIARY FUNDS**  
**PERIOD: 1997**

	GENERAL FUND		PROJECT FUND		ACCOUNTS RECEIVABLE		TOTAL
	GENERAL FUND	PROJECT FUND	GENERAL FUND	PROJECT FUND	ACCOUNTS RECEIVABLE	GENERAL FUND	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES	
<b>ASSETS</b>							
Current Assets	1,000	0	10,000	0	0	0	11,000
Investment Assets	0	0	0	0	0	0	0
Capital Assets	0	0	0	0	0	0	0
Other Assets	0	0	0	0	0	0	0
<b>LIABILITIES</b>							
Accounts Payable	0	0	0	0	0	0	0
Accrued Payroll	0	0	0	0	0	0	0
Due to Other Funds	0	0	0	0	0	0	0
Other Accrued Liabilities	0	0	0	0	0	0	0
Contractual Obligations	0	0	0	0	0	0	0
Capital Lease Obligations - Current	0	0	0	0	0	0	0
Capital Lease Obligations - Long Term	0	0	0	0	0	0	0
Accrued Interest Payable	0	0	0	0	0	0	0
Revenue Bonds Payable - Current	0	0	0	0	0	0	0
Revenue Bonds Payable - Long Term	0	0	0	0	0	0	0
Capital Lease Obligations - Long Term	0	0	0	0	0	0	0
Other Obligations - Bonds Payable	0	0	0	0	0	0	0
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Assets</b>	<b>1,000</b>	<b>0</b>	<b>10,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,000</b>
<b>Liabilities and Net Assets</b>	<b>1,000</b>	<b>0</b>	<b>10,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,000</b>

**LIABILITIES AND NET ASSETS**

	GENERAL FUND	PROJECT FUND	ACCOUNTS RECEIVABLE	TOTAL
<b>ASSETS</b>				
Current Assets	1,000	0	0	1,000
Investment Assets	0	0	0	0
Capital Assets	0	0	0	0
Other Assets	0	0	0	0
<b>LIABILITIES</b>				
Accounts Payable	0	0	0	0
Accrued Payroll	0	0	0	0
Due to Other Funds	0	0	0	0
Other Accrued Liabilities	0	0	0	0
Contractual Obligations	0	0	0	0
Capital Lease Obligations - Current	0	0	0	0
Capital Lease Obligations - Long Term	0	0	0	0
Accrued Interest Payable	0	0	0	0
Revenue Bonds Payable - Current	0	0	0	0
Revenue Bonds Payable - Long Term	0	0	0	0
Capital Lease Obligations - Long Term	0	0	0	0
Other Obligations - Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Assets</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>1,000</b>
<b>Liabilities and Net Assets</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>1,000</b>

**TOWN OF NEWELLTON, MAINE  
COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1997**

	GENERAL FUNDS	DEBT SERVICE FUNDS	TOTAL (MEMORANDUM ONLY)
<b>REVENUES</b>			
Taxes - Ad Valorem	\$ 41,000	\$ 0	\$ 41,000
Taxes - Sales and Use	41,070	0	41,070
Licenses and Permits	31,360	0	31,360
Inter-governmental Revenues	48,364	0	48,364
Fees, Charges, and Commissions for Services	87,607	0	87,607
Fines	8,289	0	8,289
Interest and Bond Income	1,070	204	1,274
Miscellaneous Income	88	0	88
<b>Total Revenues</b>	<u>200,732</u>	<u>204</u>	<u>200,936</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
<b>General Governmental</b>			
Personnel and Administration	92,707	0	92,707
<b>Public Safety</b>			
Police Department	20,762	0	20,762
Fire Department	14,488	0	14,488
<b>Public Works</b>			
Street and Sanitation	46,100	0	46,100
<b>Capital Outlay</b>			
Equipment	18,889	0	18,889
<b>Debt Service</b>			
Retirement of Principal	23,760	24,000	47,760
Interest and Bond Charges	4,442	7,688	12,130
<b>Total Expenditures</b>	<u>200,298</u>	<u>31,688</u>	<u>231,986</u>
<b>(Deficiency) of Revenues</b>			
<b>Over Expenditures</b>	<u>(67,566)</u>	<u>(31,688)</u>	<u>(99,254)</u>
<b>Other Financing Sources (Uses)</b>			
<b>Capital Loan Proceeds</b>			
Transfers In	18,000	0	18,000
Transfers In	8,488	46,100	54,588
Transfers Out	(16,189)	0	(16,189)
<b>Total Other Financing Sources (Uses)</b>	<u>9,299</u>	<u>46,100</u>	<u>55,399</u>
<b>(Deficiency) of Revenues and Other Financing</b>			
<b>Sources Over Expenditures and Other Uses</b>	<u>(27,887)</u>	<u>(788)</u>	<u>(28,675)</u>
<b>Fund Balances, beginning of the year</b>	<u>7,213</u>	<u>15,487</u>	<u>22,700</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ (20,674)</u>	<u>\$ (14,000)</u>	<u>\$ (34,674)</u>

The accompanying notes are an integral part of this statement.



**TOWN OF METCALLEN, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET PLANS (BIBB) AND ACTUAL -**  
**ALL GOVERNMENTAL FUND TYPES (PARTIAL ANNUAL APPROPRIATED BUDGETS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE (FAVORABLE/ UNFAVORABLE)
<b>REVENUES</b>			
Taxes - Ad Valorem	\$ 38,000	\$ 41,000	\$ 3,000
Taxes - Industrial Dev.	30,000	44,875	14,875
Licenses and Permits	30,000	31,500	(1,500)
Intergovernmental Revenues	7,000	8,000	1,000
Fees/Service Fees	12,700	12,700	0.00
Charges For Services	10,000	10,000	0.00
Fines	4,000	4,200	200
Interest and Rent	4,000	1,000	(3,000)
Miscellaneous Revenues	0	0	0
Total Revenues	<u>155,700</u>	<u>153,275</u>	<u>2,425</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
Grant of Expenditures	65,000	64,000	(1,000)
Public Safety:			
Police Department	60,000	61,700	1,700
Fire Department	15,000	14,000	(1,000)
Public Works:			
Street and Sanitation	100,000	98,000	(2,000)
<b>Capital Outlay:</b>			
Public Safety:			
Police Department	0	10,000	(10,000)
<b>Other Services:</b>			
Public Safety:			
Police Department	0	3,000	(3,000)
Public Works:			
Street and Sanitation	13,700	13,700	0
Total Expenditures	<u>173,700</u>	<u>183,700</u>	<u>10,000</u>
(Deficiency) of Revenues Over Expenditures	(18,000)	(30,425)	12,425
<b>Other Financing Sources (Uses)</b>			
Transfers In	0	0	0
Transfers Out	(1,000)	(1,000)	0
Capital Lease Proceeds	0	10,000	10,000
Total Other Financing Sources (Uses)	<u>(1,000)</u>	<u>9,000</u>	<u>10,000</u>
(Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(19)	(21,425)	21,406
Fund Balance, beginning of the year	<u>151,700</u>	<u>151,700</u>	<u>0</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 132,681</u>	<u>\$ 130,275</u>	<u>\$ 2,406</u>

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

**TOWN OF NEWELLTON, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
RETAINED EARNINGS - UTILITIES ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 1997**

<b>Operating Revenues</b>	
Water Sales	\$ 88,029
Gas Sales	300,106
Severage Fees	79,814
Plumbing Fees	2,516
Penalties	7,352
Franchise Tax	2,180
Miscellaneous Revenues	1,224
<b>Total Operating Revenues</b>	<u>774,031</u>
<b>Operating Expenses</b>	
Water Supplies and Expenses	15,349
Gas Purchases	895,158
Gas Supplies and Expenses	17,125
Sewer Supplies & Expenses	31,248
Supplies	14,368
Buildings, Motors and Tractor	2,908
Bad Debt Expenses	1,329
Depreciation	88,771
Utility & Electricity	44,534
Engineering	4,688
Insurance - General	23,968
Legal and Audit	89,842
Mixer Rental	3,709
Office Rent	848
Office Supplies	3,837
Payroll Taxes	1,105
Postage	2,597
Salaries and Related Benefits	56,135
Telephone	4,864
Traffic	1,859
Retirement	3,889
Fees and Subscriptions	2,892
Travel and Meetings	1,977
Utility Tests	2,288
Miscellaneous Expenses	632
<b>Total Operating Expenses</b>	<u>1,871,537</u>
<b>Total Operating Losses</b>	<b>(23,496)</b>

(Continued)

**TOWN OF NEWELLTON, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**RETAINED EARNINGS - UTILITIES ENTERPRISE FUND**  
**FOR THE YEAR ENDED JUNE 30, 1997 (Continued)**

Nonoperating Revenue (Expense)	
Distributions From Joint Gas System	\$ 6,800
Interest Earnings	7,000
Interest Expense	<u>(41,800)</u>
Total Nonoperating Expense	<u>(21,800)</u>
<b>Loss Before Operating Transfers</b>	<b>(41,100)</b>
<b>Operating Transfers</b>	
Transfer Out	<u>(9,800)</u>
Total Operating Transfers	<u>(9,800)</u>
<b>Net Loss</b>	<b>(50,900)</b>
<b>Retained Earnings At Beginning of Year</b>	<u>103,581</u>
<b>RETAINED EARNINGS AT END OF YEAR</b>	<b>\$ <u>79,181</u></b>

The accompanying notes are an integral part of this statement.

**TOWN OF NEWELLTON, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**UTILITIES ENTERPRISE FUND**  
**FOR THE YEAR ENDED JUNE 30, 1997**

<b>Cash Flows From Operating Activities</b>	
Operating Loss	5 (23,496)
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities:	
Depreciation	88,170
Provision for Bad Debts	1,320
Changes in assets and liabilities:	
Receivables	(4,080)
Accrued Interest Receivables	811
Prepaid Expenses	898
Accounts Payable	(11,490)
Due to Other Funds	14,512
Accrued Interest Payable	4,808
Other Accrued Liabilities	298
Customer Deposits	5,245
Retainage Payable	21,880
Deferred Revenues	(73,874)
Other, net	(800)
Net Cash Provided by Operating Activities	<u>83,225</u>
<b>Cash Flows Provided (Used) by Noncapital Financing Activities</b>	
Operating Transfers - Out	(5,880)
Distributions From Joint Gas System	15,000
Net Cash Provided by Noncapital Financing Activities	<u>9,120</u>
<b>Cash Flows (Used) by Capital and Related Financing Activities</b>	
Principal Paid on Bonds	(28,270)
Interest Paid on Bonds	(38,998)
Payments on Capital Lease Obligations	(5,827)
Increase in Construction in Progress	(28,325)
Purchases of Fixed Assets	(22,802)
Net Cash Used by Capital and Related Financing Activities	<u>(125,222)</u>
<b>Cash Flows Provided by Investing Activities:</b>	
Interest Income	7,180
Proceeds From Sale of Short-Term Cash Investments	38,407
Net Cash Provided by Investing Activities	<u>45,587</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>9,790</b>

(Continued)

TOWN OF NEWELLTON, LOUISIANA  
 STATEMENT OF CASH FLOWS  
 UTILITIES ENTERPRISE FUND (Continued)  
 FOR THE YEAR ENDED JUNE 30, 1997

Cash and Cash Equivalents at Beginning of Year		<u>85,261</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>1</b>	<b><u>85,261</u></b>
<b>SHOWN BY ACCOMPANYING COMBINED BALANCE SHEET AS:</b>		
Cash	1	85,000
Restricted Assets:		
Cash		<u>26,261</u>
<b>TOTAL</b>	<b>1</b>	<b><u>85,261</u></b>

**Supplemental Disclosure of Noncash Capital Financing Activity:**

Construction in Progress of \$385,233 was recognized as Long Term Debt

The accompanying notes are an integral part of this statement.

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1997**

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

**FINANCIAL REPORTING ENTITIES/AREAS OF PRESENTATION**

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

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

As the governing authority for the municipality, the Town is the reporting entity for the municipality. 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, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1997**

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:

**A. Fund Accounting**

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into the categories and account groups as follows:

**GOVERNMENTAL FUNDS**

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

**Debt Service Fund** - The Debt Service Fund is used to account for resources accumulated to pay principal and interest on general long-term obligations.

**PROPRIETARY FUND**

**Enterprise Fund** - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises -- where the intent of the governing body is that the cost (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.

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1997**

ACCOUNT GROUPS

General Fixed Assets Account Group

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public Works ("Infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

General Long-Term Debt Account Group

The general long-term debt account group (GLTDAG) is used to account for the government's measured long-term indebtedness that has not been identified as a specific fund liability of a proprietary or trust fund. Besides general obligation debt instruments such as bonds and notes, the GLTDAG is used, if applicable, to report certain liabilities such as long-term lease agreements and compensated absences.

**B. Total Columns on Combined Statements - Overview**

Total columns on the Combined Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**C. Basis of Accounting**

Basis of accounting refers to the point at which expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting refers to the timing of the measurements made, regardless of the measurement focus applied. The governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available).



**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1997**

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town uses the following positions in recognizing and reporting revenues and expenditures in the governmental fund types:

Revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed ad valorem taxes and sales taxes are considered "measurable" when in the hands of the intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Ad Valorem taxes, grants, fees, charges and commissions for services have been treated as susceptible to accrual.

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

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.

**D. Budgets and Budgetary Accounting**

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

1. The proposed budget is submitted by the Town Clerk and the Mayor to the Board of Aldermen prior to July 1 of the ensuing year. Notice of the location and availability of the proposed budget for public inspection and the date of the public hearing to be conducted on the budget is then advertised in the official journal of the Town.
2. After the public hearing, the budget is adopted by passing an ordinance approving the budget at the selected June board meeting.
3. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1997**

- d. All legally-adopted budgets of the Town are adopted on a basis consistent with GAAP. A budget is adopted for the General Fund.

**E. Investments**

Investments consist of certificates of deposit and are stated at cost, which approximates market. For purposes of the Statement of Cash Flows, the Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**F. Fixed Assets**

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

Fixed assets of the enterprise fund are recorded at cost, if purchased, and at fair market value at date of gift, if donated. Major additions are capitalized while maintenance and repairs which do not improve or extend the life of the respective assets are charged to expense. Contributions received in aid of construction are credited to contribution accounts and do not reduce the cost of the assets acquired with such contributions. Interest is capitalized on funds used during construction of projects acquired with bond funds.

Depreciation of all depreciable fixed assets used by the enterprise fund is charged to 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):

<b>Water System:</b>	
Wells	50
Storage Tanks	50
Lines and Meters	50
<b>Sewerage System:</b>	
Pumping Station	50
Lines	50
Abras and Trucks	5
Other	5 - 7

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1997**

**Gas Transmission and Distribution**

**System:**

Pipeline	99
Lines and Meters	50

**Office Equipment** 3 - 7

**C. Long-Term Liabilities**

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. Long-term liabilities expected to be financed from enterprise fund operations are accounted for in the enterprise fund.

**H. 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.

**I. Bad Debt**

Uncollectible amounts for ad valorem taxes and customers' utility receivables 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.

**J. Reserves and Designations of Fund Equity**

Some portions of fund balance and/or retained earnings are 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.

Designated portions of fund balance indicate tentative future spending plans, which may be changed and are subject to subsequent authorization before expenditures can be made.

**K. Due From Other Funds**

Amounts designated as "due from other funds" are considered "available-assignable resources".

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1997**

**L. Electrical System Operating Agreement**

On February 12, 1976, the Board of Aldermen of the Town authorized an operating agreement between the Town and Louisiana Power and Light (LPA&L) for LPA&L to operate the electric system within the corporate limits of the Town for a period of twenty-five years. The agreement provides that LPA&L 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.

**M. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Town 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 these estimates.

**Note 2 - Cash and Deposits**

Statutes require the Town to invest surplus cash balances in obligations of the United States Treasury, time certificates of deposit, and any other federally-insured investments.

The Town has \$234,054 in deposits (collected bank balances) as of June 30, 1997, of which \$136,059 was secured from risk by \$136,059 of federal deposit insurance (GAAP 3 - Category 1). The balance of \$97,995 of the deposits was collateralized with securities held by the financial institution in the name of the Town (GAAP 3 - Category 2).

**Note 3 - Ad Valorem Taxes**

Property taxes are levied by the Town in September or October each year and are actually billed to the taxpayers in November. Property taxes become due and are attached as an enforceable lien on property as of January 1 of the following year. 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 value as determined by the tax assessor of Terrebonne Parish.

**TOWN OF NEMELTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1997**

The ad valorem tax millage is as follows:

	<u>\$/Sq.</u>
General Ad Valorem Tax	13.12

**Note 4 - Sales and Use Tax**

At a special election held October 16, 1993, residents of the Town approved a general sales and use tax of .75%. Subsequent to June 30, 1994 the Board of Aldermen dedicated the proceeds of such tax to the improvement of streets and drainage.

**Note 5 - Fixed Assets**

The changes in general fixed assets follows:

	Balance <u>\$/0000</u>	Additions	Deletions	Balance <u>\$/0000</u>
Vehicles	\$141,000	\$ 10,000	-	\$151,000
Furniture and Equipment	<u>71,004</u>	-----	-----	<u>71,004</u>
<b>Total</b>	<b><u>\$212,004</u></b>	<b><u>\$ 10,000</u></b>	<b><u>\$-----</u></b>	<b><u>\$222,004</u></b>

A summary of proprietary fund type property, plant and equipment at June 30, 1997, is as follows:

Construction in Progress	\$ 423,261
Service Equipment	85,852
Office Equipment	3,000
Water System	1,200,345
Gas System	1,020,613
Street System	1,840,382
Pipeline	<u>9,428</u>
Total	4,778,191
Less: Accumulated Depreciation	<u>11,158,813</u>
Net Depreciable Assets	3,619,378
Land	<u>19,650</u>
 Total Proprietary Fund Type Property, Plant and Equipment	 <b><u>\$ 3,639,028</u></b>

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1997**

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.

**Note 6 - 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 members participate in Plan A.

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

*Funding Policy.* Contributions to the system include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of the parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of members on which contributions were made for the previous fiscal year. State statute requires covered employees to contribute a percentage of their salaries to the system. As provided by Louisiana Revised Statute 11:303, 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, 1995, 1996 and 1997 were \$5,699; \$7,251; and \$6,376 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 Cough, Baton Rouge, LA 70806 or by calling (225) 923-4810.

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1997**

*Municipal Police Employees' Retirement System (MPERS)*

All full-time police officers engaged in law enforcement and earning at least \$375 per month excluding state supplemental pay, the elected chief of police whose salary is at least \$300 per month are eligible to participate in the system. Members who retire at or after age 50 with 30 years of creditable service, at or after age 55 with 12 years of creditable service and with membership in the system for one year are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3% of the member's average final average compensation multiplied by his years of creditable service, not to exceed 300 per cent of his average final compensation. The system also provides death and disability benefits. Benefits are established by state statute.

*Funding Policy.* State statute requires covered employees to contribute a percentage of their salaries to the system. As provided by Louisiana Revised Statute 11:163, 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 MPERS for the years ended June 30, 1995, 1996 and 1997 were \$2,925; \$2,546; and \$2,247, respectively, equal to the statutorily required contributions for each year.

The MPERS 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 Police Employees' Retirement System, 8400 United Plaza Blvd., Room 305, Baton Rouge, LA 70808 or by calling (504) 325-7411.

**Note 7 - Long-Term Debt**

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 1997:

	General Obligation Bonds	Capital Leases	Utilities Enterprise Fund Bonds	Total
<b>Balance at Beginning of Year</b>	\$ 190,965	\$ 38,820	\$ 906,027	\$ 1,095,812
<b>Additions:</b>		10,000	399,235	409,235
<b>Retirements</b>	( 15,210)	( 13,612)	( 28,365)	( 57,187)
<b><u>BALANCE AT END OF YEAR</u></b>	<b><u>\$ 175,755</u></b>	<b><u>\$ 35,208</u></b>	<b><u>\$ 1,277,035</u></b>	<b><u>\$ 1,442,998</u></b>

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1997**

Bonds payable at June 30, 1997 are comprised of the following individual issues:

**Utilities Enterprise Fund:**

**General Obligation Bonds:**

\$30,000 Water distribution bonds dated April 2, 1974; due in annual installments of \$500 - \$2,000, through April 2, 2008; interest at 5%.	\$ 15,750
Total General Obligation Bonds - Utilities Enterprise Fund	<u>15,750</u>

**Revenue Bonds:**

\$83,000 Sewer Revenue bonds dated August 8, 1973; due in annual installments of \$1,000 - \$8,000, through July 1, 2013; interest at 4.125%.	53,000
\$200,000 Sewer Revenue bonds dated February 1, 1988; due in annual installments of \$10,898, through February 1, 2008; interest at 4.125%	74,147
\$550,000 Revenue bonds dated April 6, 1976; due in annual installments of \$8,000 - \$30,000 through April 6, 2016; interest at 5%.	388,000
\$100,000 Revenue bonds dated April 6, 1976; due in annual installments of \$2,000 - \$5,000, through April 6, 2016; interest at 5%.	64,000
\$215,000 Sewer Revenue bonds dated March 23, 1988; due in annual installments of \$18,513 through May 13, 2028; interest at 5%.	283,761
\$395,235 Bond Anticipation Note; to be financed by Water Revenue Bonds upon completed construction of water treatment plant; interest at 5.88%	<u>385,235</u>
Total Revenue Bonds - Utilities Enterprise Fund	<u>1,258,143</u>
Total Utilities Enterprise Fund Bonds	<u>\$ 1,273,893</u>



**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1997**

**General Obligation Notes:**

\$59,941 Note payable to Texas State Bank to finance the work on Walker Street. Payments are made monthly at a variable rate based on 75% of New York Prime and will not exceed 30%. Matures on March 15, 2001.	\$ 25,267
\$130,000 Certificate of Indebtedness, Series 1994, to finance the street overlay project. Payments are made yearly at an interest rate of 8%. Matures on August 1, 2004.	110,000
<b>Total General Obligation Notes</b>	<b>\$ 135,267</b>

**Capital Leases:**

In October, 1995 the Town entered into a capital lease agreement for a dump truck. In August, 1996 the Town entered into a capital lease agreement for a police car. The leased assets are recorded in General Fixed Assets Account Group.

The related liability is recorded in General Long-term Debt Account Group. The balance of the lease obligations as of June 30, 1997 was \$24,885.

Maturities of long term obligations (except for the capital lease as discussed in Note 8) of the Town for the next five years, including interest of \$622,284, are as follows:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Capital</u> <u>Lease</u>	<u>Enterprise</u> <u>Fund</u> <u>Bonds</u>	<u>Total</u>
1998	\$ 28,132	\$ 9,851	\$ 468,728	\$ 506,711
1999	26,526	9,851	73,749	109,126
2000	25,873	6,332	71,899	104,104
2001	23,965	1,503	76,243	101,711
2002	18,119	0	75,243	93,362
2003-2007	32,440	0	346,664	399,104
2008-2012	0	0	304,745	304,745
2013-2017	0	0	238,238	238,238
2018-2022	0	0	91,788	91,788
2023-2027	0	0	91,788	91,788
2028	0	0	13,873	13,873
	<b>\$ 175,055</b>	<b>\$ 17,637</b>	<b>\$ 1,893,728</b>	<b>\$ 2,086,420</b>

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1997**

**Note 8 - Service Contract Agreement**

The Town entered into a one year renewable contract agreement with a company for the maintenance of the Town's LEONA water system. The agreement is cancellable upon 30 days written notice. The agreement is in the monthly amount of \$1,650 and was not entered into until the end of June, 1995.

**Note 9 - Capital Lease Obligation**

In March, 1994 the Town entered into a lease agreement with a vendor for a building. Using the criteria under Financial Accounting Standards Board Statement No. 13, the lease qualifies as a capital lease. Therefore, the asset is recorded on the books of the Enterprise Fund and a corresponding liability set up in the Enterprise Fund for the present value of the future minimum lease payments. The lease term is for 60 months and provides for monthly payments of \$254 including interest at 6%. The balance of the minimum lease payments as of June 30, 1997 was \$11,084.

The future minimum payments of the capital lease is shown in the following table.

Year Ended	Payment
<u>June 30,</u>	<u>Amount</u>
1998	\$ 6,650
1999	<u>4,434</u>
Total Future Minimum Lease Payments	11,084
Less: Amounts Representing Interest	( 1,561)
Present Value of Future Minimum Lease Payments	<u>\$ 9,523</u>

**Note 10 - Restriction on Use - Utility Revenues**

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

1. The payment of the reasonable and necessary expenses of administering, operating, repairing and insuring the System;

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1997**

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

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

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1997**

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, 1988 (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 (1/1200) of the total amount of principal and interest becoming due on the next payment date;
2. There shall be set aside into a "1988 Sewer Revenue Bond Reserve Fund" monthly amounts at least equal to 5% of the amount to be paid into the "1988 Sewer Revenue Bond and Interest Sinking Fund". The payments are to continue until such time as there has been accumulated a sum equal to the highest combined principal and interest falling due in any year; and,
3. Funds will also be set aside at the rate of \$92 per month from the Sewerage Revenue Fund into a "1988 Sewerage Depreciation and Contingency Fund" to provide for depreciation, extensions, additions and replacements necessary to properly operate the sewerage system.

**Note 11 - Intrafund Receivables and Payables**

Individual fund intrafund receivables and payables at June 30, 1997, are as follows:

Fund	Intrafund Receivables	Intrafund Payables
General Fund	\$ 18,348	\$ 18,752
Enterprise Fund:		
Utility Fund	18,847	18,348
Debt Service Fund	-	92
<b>TOTAL</b>	<b>\$ 37,195</b>	<b>\$ 37,192</b>
	<u>Opening Transfers</u>	
	<u>Out</u>	<u>In</u>
General Fund	\$ 16,000	\$ 8,600
Enterprise Fund:		
Utility Fund	8,600	-
Debt Service Fund	-	16,100
<b>TOTAL</b>	<b>\$ 24,700</b>	<b>\$ 24,700</b>

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1997**

**Note 12 - On-Behalf Payments**

Certain Town employees in the Police Department receive supplemental pay from the state of Louisiana. In accordance with GASB Statement No. 24 "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance", the Town has recorded revenues and expenditures for these payments in the General Fund Revenues under this arrangement totaled \$2,326 and the related expenditures were recorded to the Police Salaries Account.

**Note 13 - Intergovernmental Agreement - Gas Transmission and Distribution Operations**

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 St. Joseph. By long-term agreement, the Towns of Newellton and St. Joseph equally share the cost of operating the gas transmission and distribution system. The Town's share of these operating costs is included in Gas Purchases for the year ended June 30, 1997.

**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 Workman'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 crime and omissions risk through its participation in the Agency pools. The coverage provided by the pools is subject to \$1,000 deductibles for certain coverages and provides coverages up to \$500,000 for each type of insured risk. Premiums for coverage are retroactively rated based on experience and premiums are calculated based on the ultimate cost of the experience to date of the pool participants.

**Note 15 - Subsequent Event**

Subsequent to June 30, 1997 the Town issued Water Revenue Bonds in the amount of \$300,000. The proceeds from the Bonds were used to pay a Bond Anticipation Note which was used to provide interim financing for the construction and acquisition of improvements and replacements to the Town's waterworks system. The Bonds bear interest at a rate of 4.75% per annum over a period of 40 years.

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1997**

**Note 16 - Revenues and Other Financing Sources - Actual and Budget**

The General Fund had actual revenues and other financing sources of \$268,852. The budgeted revenues and other financing sources total \$290,700. Therefore, the actual revenues and other financing sources failed to meet the budgeted revenues and other financing sources by more than five percent for the year ended June 30, 1997.

**Note 17 - Uncertainties**

While performing auditing procedures, we noted that the Town of Newellton has incurred operating losses for the past several years. The General Fund has incurred operating losses, excluding other financing sources and loans, ranging from \$0,250 to \$63,400 since June 30, 1993. For those years, the Utility Fund has made substantial transfers ranging from \$43,000 to \$70,000; however, for the year ended June 30, 1997, the Utility Fund was only able to transfer \$8,600. It appears doubtful that the transfer from the Utility Fund will increase from this amount for the ensuing year given that the net loss for the Utility Fund for the year ended June 30, 1997, was \$58,800 and revenues appear to remain constant for the next year. Also, replenishing the FFA Reserve/Contingency Fund the total of \$35,000 used to fund current operations and the additional debt service cost associated with the issuance of bonds upon completion of the water tower construction will increase the hardship of the Town meeting its obligations as they become due.

## SUPPLEMENTARY INFORMATION

**TOWN OF NEHELETON, LOUISIANA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -**  
**COUNCIL LEVEL OF CONTROL**  
**FOR THE YEAR ENDED JUNE 30, 1997**

<b>REVENUE</b>	<b>GAAP BASIS</b>	<b>ACTUAL</b>	<b>VARIANCE- RESPONSIBLE</b>
	<b>BUDGET</b>	<b>BUDGET</b>	<b>(UN)RESPONSIBLE</b>
Taxes - Ad Valorem	\$ 38,000	\$ 41,666	\$ 3,666
Taxes - Sales and Use	26,000	21,075	(4,925)
Licenses and Permits			
Franchise Revenue	22,700	22,770	4,070
Occupational & Other Licenses	26,000	31,280	(5,719)
Intergovernmental Revenues	15,000	18,280	3,280
Charges for Services	24,000	20,000	(4,000)
Fees	4,000	4,200	4,200
Interest and Rent Income	4,200	3,000	(3,000)
Miscellaneous Revenues	0	900	900
<b>Total Revenues</b>	<b>120,700</b>	<b>126,271</b>	<b>12,551</b>
<b>Expenditures</b>			
<b>General Government:</b>			
Salaries and Benefits	40,000	51,553	(11,553)
Operating Services	24,200	26,412	(2,200)
Contractual Services	7,000	8,110	(300)
Interest Expense	0	0	0
Travel and Other Charges	3,200	3,044	(3,044)
<b>Total General Government</b>	<b>74,400</b>	<b>90,119</b>	<b>(15,717)</b>
<b>Police/Police</b>			
<b>Police Department:</b>			
Salaries and Benefits	20,000	22,832	(2,832)
Operating Services	4,000	4,625	(600)
Operating Supplies and Maintenance	11,000	1,094	9,906
Contractual Services	1,000	1,251	(200)
Capital Outlay	0	10,000	(10,000)
Debt Service	0	3,600	(3,600)
<b>Total Police Department</b>	<b>36,000</b>	<b>43,371</b>	<b>(7,371)</b>
<b>Fire Protection:</b>			
Operating Services	4,000	3,246	(1,246)
Operating Supplies and Maintenance	1,000	4,762	(300)
Travel and Other Charges	0	0	0
<b>Total Fire Protection</b>	<b>5,000</b>	<b>8,008</b>	<b>(308)</b>

(Continued)



TOWN OF NEWELLTON, LOUISIANA  
 GENERAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL - (Continued)  
 (COUNCIL LEVEL OF CONTROL)  
 FOR THE YEAR ENDED JUNE 30, 1997

	GAAP BASIC BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<b>Public Works</b>			
Sewer and Sanitation			
Salaries and Benefits	34,500	43,530	(19,030)
Operating Services	40,400	26,937	13,463
Operating Supplies and Maintenance	51,000	14,804	36,196
Capital Outlay	0	0	0
Debt Service	13,704	13,795	(91)
Total Public Works	<u>139,604</u>	<u>199,366</u>	<u>15,974</u>
Total Expenditures	<u>125,064</u>	<u>208,210</u>	<u>(83,146)</u>
<b>(Deficiency) of Revenues Over Expenditures</b>	(44,204)	(28,844)	15,360
<b>Other Financing Sources</b>			
Operating Transfers - Out	(14,000)	(26,100)	500
Operating Transfers - In	60,000	8,000	(51,000)
Capital Loans - Proceeds	0	18,000	18,000
Total Other Financing Sources	<u>45,999</u>	<u>0</u>	<u>(43,000)</u>
<b>(Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	(984)	(27,444)	(26,460)
<b>Fund Balance at beginning of year</b>	<u>56,209</u>	<u>71,217</u>	<u>15,008</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 55,225</u>	<u>\$ 43,773</u>	<u>\$ 11,452</u>

TOWN OF NEWELLTON, LOUISIANA  
SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 1997

COMPENSATION PAID COUNCIL MEMBERS

The schedule of compensation paid to council members is presented in compliance with House Concurrent Resolution No. 24 of the 1979 Session of Louisiana Legislature. Compensation of the council members is included in general administration expenditures of the General Fund. For the period from July 1, 1996 through December 31, 1996, the compensation of council members was \$125 per month. Effective January 1, 1997, the compensation of council members increased to \$300 per month. The compensation of the mayor is \$400 per month.

	Compensation
Edwin C. Pritz, Mayor	\$ 4,000
Kenneth Morgan	2,550
Edwin Best	2,550
Clint McCarty	2,550
Clara Bass *	2,850
Billy Lee *	2,650
	<u>\$ 17,650</u>

\* - Received additional \$18 per month for additional travel duties, for the first six months.

**SUPPLEMENTARY INFORMATION -  
GRANT ACTIVITY**

TOWN OF NEWELLTON  
 SCHEDULE OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 1997

<u>FEDERAL GRANTOR/PASS THROUGH CHAPTER PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>AWARD AMOUNT</u>	<u>REVENUE RECORDED</u>	<u>EXPENDITURE</u>
<b>Pass-Through Programs</b>				
Department of Agriculture:				
Rural Economic and Community Development	16.700	\$ <u>50,000</u>	\$ <u>423,501</u>	\$ <u>423,501</u>
<b>Total Pass-Through Program</b>		<u>50,000</u>	<u>423,501</u>	<u>423,501</u>
<b>TOTAL FEDERAL AWARDS</b>		<u>\$ 50,000</u>	<u>\$ 423,501</u>	<u>\$ 423,501</u>

See Notes to Schedule of Federal Financial Activities

**TOWN OF NEWELLTON**  
**NOTES TO SCHEDULE OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 1997**

1. *General*

The *Schedule of Federal Awards* presents the activity of all Federal awards of the Town of Newellton, Louisiana (the Town).

The Town reporting entity is defined in Note 1 to the Town's general purpose financial statements. All Federal awards received directly from federal agencies, as well as Federal awards passed through other government agencies, is included on the schedule.

2. *Basis of Accounting*

The *Schedule of Federal Awards* is presented using the modified accrual basis of accounting, which is described in Note 1 to the Town's general purpose financial statements.

3. *Relationship of the Schedule of Federal Awards to the  
General Purpose Financial Statements of the Town*

Federal awards expenditures are reported in fixed assets of the Utilities Enterprise Fund as construction in progress in the amount of \$423,361, as more fully described in Note 3 to the financial statements.



**Luffey  
Huffman  
& Monroe**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE  
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Mayor Edwin Preis  
and Members of the Board of Aldermen  
Town of Newellton  
Newellton, Louisiana**

We have audited the general purpose financial statements of the Town of Newellton, Louisiana, (the Town), as of and for the year ended June 30, 1997, and have issued our report thereon dated August 29, 1997.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial and compliance 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 general purpose financial statements are free of material misstatement.

The management of the Town is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Town for the year ended June 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an

**Mayor Edwin Preis  
and Members of the Board of Aldermen  
Town of Newellton**

understanding of the design of relevant policies and procedures and whether they had been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of the Town in a separate letter dated August 29, 1997.

This report is intended for the use of management of the Town, its cognizant audit agency, other agencies granting funds to the Town and the Legislative Auditor for the state of Louisiana. However, this report is a matter of public record and its distribution is not limited.



August 29, 1997



**Luffey  
Huffman  
& Monroe**

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L. Scott Monroe, CPA  
SHEILA M. Luffey, CPA  
MOBILE, ALABAMA, USA

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Mayor Edwin Preis  
and Members of the Board of Aldermen  
Town of Newellton  
Newellton, Louisiana**

We have audited the general purpose financial statements of the Town of Newellton, Louisiana, (the Town), as of and for the year ended June 30, 1997, and have issued our report thereon dated August 29, 1997.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial and compliance 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 general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the Town is the responsibility of the Town's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

We noted certain immaterial instances of noncompliance that we have reported to the management of the Town in a separate letter dated August 29, 1997.



**Mayor Edwin Preis  
and Members of the Board of Aldermen  
Town of Newellton**

This report is intended for the use of management of the Town, its cognizant audit agency, other agencies granting funds to the Town and the Legislative Auditor for the state of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Ruffin Hoffman & Assoc.*

August 28, 1997

**TOWN OF NEWELLTON, LOUISIANA  
STATUS OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 1997**

In connection with our audit of the Town as of and for the year ended June 30, 1997, in accordance with Government Auditing Standards we have also reviewed the status of material prior year findings included in our report dated September 10, 1996. The following table presents the status of these findings:

<u>Prior Year Finding</u>	<u>Current Year Status</u>
Account Coding of Transactions	Cleared
General Ledgers Closed at Wrong Date	Cleared
Unfavorable Actual-to-Budget Expenditure Variance	See Management Letter Comment
Failure to Obtain State Bond Commission Approval	Cleared



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**Mayor Edwin Frels  
and Members of the Board of Aldermen  
Town of Newellite  
Newellite, Louisiana**

In planning and performing our audit of the general purpose financial statements of the Town of Newellite (the Town) as of June 30, 1997, and for the year then ended, certain matters come to our attention which we believe should be conveyed to management of the Town. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated August 28, 1997, on the general purpose financial statements of the Town.

**Need to Reconcile Customers' Meter Deposits  
On A Timely Basis**

While performing auditing procedures related to customers' meter deposits, we noted that the customers' meter deposits account was not reconciled as of June 30, 1997. Approximately two months after June 30, 1997, the account was reconciled to within a minimal amount by Town personnel. Not reconciling the account on a timely basis could result in the possibility of errors occurring and not being detected within a reasonable period of time.

We recommend that the customers' meter deposits account be reconciled to the subsidiary account at the end of each month when the billing process is complete.

**Need to Replenish FTA Reserve/Contingency Fund**

During the year ended June 30, 1997, the Town was required to utilize \$25,000 of its FTA Reserve/Contingency Fund certificate of deposit to fund current operations. These funds need to be replenished as soon as possible, as required by the bond indenture.

**Unfavorable Actual-to-Budget Revenues Variance**

The total of actual revenues and other financing sources of the General Fund was below the total budgeted amount by more than five per cent in violation of the Local Government Budget Act. The cause of the average was the lack of a budget amendment to transfers in as a result of a decrease in available resources in the Utilities Enterprise Fund.

We recommend that the Town make a budget amendment when actual operations differ significantly from budgeted operations.

August 28, 1997

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