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# TOWN OF NEWELLTON, LOUISIANA

## Financial Report As of and For the Year Ended June 30, 2008

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 1/28/09

**TOWN OF NEWELLTON, LOUISIANA**  
**Financial Report**  
**As Of and For The Year Ended June 30, 2008**

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**TOWN OF NEWELLTON, LOUISIANA**  
**Financial Report**  
**As Of and For The Year Ended June 30, 2008**

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# LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)  
CERTIFIED PUBLIC ACCOUNTANTS

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Esther Atteberry, CPA  
Sandra Harrington, CPA

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Newellton, Louisiana (the Town) as of June 30, 2008, 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, 2008 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 December 31, 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.

**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.

*Huffman, Huffman, Rozelake & Simpson*

(A Professional Accounting Corporation)

**December 31, 2008**

**REQUIRED SUPPLEMENTAL INFORMATION  
(PART A)**

**Town of Newellton**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2008**

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, 2008. It is designed to assist the reader in focusing on significant financial issues, identify changes in the Town's financial position, and identify material deviations and individual fund issues or concerns.

**Financial Highlights**

- The assets of the Town of Newellton exceeded its liabilities at the close of the most recent fiscal year by \$5,160,373 (net assets).
  - ✓ Of this amount \$4,184,009 represented a restriction equal to the net amount invested in land, building, equipment and construction in progress and \$159,867 restricted for debt service and depreciation and contingencies.
  - ✓ The remainder of \$816,497 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 \$204,734
- As of the close of the current fiscal year, the Town of Newellton's governmental funds reported combined ending fund balances of \$175,047, an increase of \$27,141 in comparison with the prior year. Of this total amount, \$162,133 is available for spending at the government's discretion (*unreserved fund balance*).
- The Town of Newellton's total debt decreased by approximately \$52,000 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 \$5,160,373 at June 30, 2008. The combined net assets increased between fiscal years 2007 and 2008 by approximately \$205,000.

Capital assets consisting of land, buildings, machinery and equipment account for the majority of the Town's net assets of \$5,160,373. Capital assets, net of depreciation and related debt included in Net Assets total \$4,184,009. 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, 2008 and 2007**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 246,270	\$ 174,855	\$ 901,647	\$ 790,464	\$ 1,147,917	\$ 965,319
Capital assets	<u>659,900</u>	<u>566,487</u>	<u>4,456,108</u>	<u>4,544,952</u>	<u>5,116,008</u>	<u>5,111,439</u>
Total assets	<u>906,170</u>	<u>741,342</u>	<u>5,357,755</u>	<u>5,335,416</u>	<u>6,263,925</u>	<u>6,076,758</u>
Current and other liabilities	85,213	40,734	144,641	153,372	229,854	194,106
Long-term liabilities	<u>8,445</u>	<u>21,980</u>	<u>865,253</u>	<u>905,031</u>	<u>873,698</u>	<u>927,011</u>
Total liabilities	<u>93,658</u>	<u>62,714</u>	<u>1,009,894</u>	<u>1,058,403</u>	<u>1,103,552</u>	<u>1,121,117</u>
Net Assets:						
Invested in capital assets, net of related debt:						
Restricted	637,465	530,811	3,546,544	3,601,375	4,184,009	4,132,186
Unrestricted	8,651	7,566	151,216	95,529	159,867	103,095
Total net assets	<u>166,396</u>	<u>140,251</u>	<u>650,101</u>	<u>580,109</u>	<u>816,497</u>	<u>720,360</u>
Total net assets	<u>\$ 812,512</u>	<u>\$ 678,628</u>	<u>\$ 4,347,861</u>	<u>\$ 4,277,013</u>	<u>\$ 5,160,373</u>	<u>\$ 4,955,641</u>

Net assets of the Town's governmental activities increased 19.7% to approximately \$813,000. Net assets of the Town's business-type activities increased 1.6% to approximately \$4.3 million.

**Changes in net assets.** The Town's total revenue increased by approximately \$150,000 to nearly \$1.5 million (see Table 2). Approximately 63% of the Town's revenue comes from charges for services, and 8% comes from tax collections.

The total cost of programs and services decreased approximately \$16,000 or 1.2%. The Town's expenses cover all services performed by its office.

### Governmental Activities

Revenues for the Town's governmental activities increased 50% which is largely attributable to funding of the fire station while total expenses increased by 4%.

**Table 2**  
**Changes in the Town's Net Assets**  
**Fiscal Years Ended June 30, 2008 and 2007**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 78,743	\$ 74,018	\$ 862,052	\$ 896,314	\$ 940,795	\$ 970,332
Operating grants and contributions	121,092	52,733	-	-	121,092	52,733
Capital Grants and contributions	100,428	-	40,000	14	140,428	14
General Revenues:						
Property taxes	59,262	58,883	-	-	59,262	58,883
Sales taxes	61,211	60,116	-	-	61,211	60,116
Other taxes	3,298	2,735	-	-	3,298	2,735
Other general revenues	<u>203,789</u>	<u>171,019</u>	<u>(38,437)</u>	<u>27,492</u>	<u>165,352</u>	<u>198,511</u>
Total revenues	<u>627,823</u>	<u>419,504</u>	<u>863,615</u>	<u>923,820</u>	<u>1,491,438</u>	<u>1,343,324</u>
<b>Expenses:</b>						
General government	146,047	146,381	-	-	146,047	146,381
Public safety	140,616	126,084	-	-	140,616	126,084
Public works	205,991	199,599	-	-	205,991	199,599
Culture and recreation	-	6	-	-	-	6
Interest on long-term debt	1,284	913	45,614	49,234	46,898	50,147
Water, sewer, and gas expenses	-	-	<u>747,152</u>	<u>780,275</u>	<u>747,152</u>	<u>780,275</u>
Total expenses	<u>493,938</u>	<u>472,983</u>	<u>792,766</u>	<u>829,509</u>	<u>1,286,704</u>	<u>1,302,492</u>
Increase (decrease) in assets	<u>\$ 133,885</u>	<u>\$ (53,479)</u>	<u>\$ 70,849</u>	<u>\$ 94,311</u>	<u>\$ 204,734</u>	<u>\$ 40,832</u>

Expenses are classified by functions/programs. General government accounts for approximately 30% or \$146,000 while public safety and public works accounts for approximately 28% and 42% or \$141,000 and \$206,000 respectively for the fiscal year 2008.

The related program revenues for fiscal 2008 directly related to these expenses totaled \$300,263, which resulted in net program expense of \$193,675. 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 \$61,000 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 \$71,000.

Revenues decreased approximately 6.5% to \$864,000 and expenses of the Town's business-type activities decreased approximately 4.4% to \$793,000.

### **Financial Analysis of the Government's Funds**

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

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

As of the end of the current fiscal year, the Town of Newellton's governmental funds reported an ending fund balance of \$175,047, an increase of \$27,141 in comparison with the prior year. Approximately 93% of this total amount (\$162,133) 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 July of 2008, and the final budget amendment was adopted later in FY2008.

**Revenues:** Overall revenues for the General Fund were projected to increase during FY 2008 by approximately \$113,000 from the previous year. Grant revenues were projected to increase \$70,100 from 2007 actual figures. All other revenues were projected to increase by approximately \$42,900.

**Expenditures:** General governmental expenditures comprise 30% of the General Funds Appropriations. Police and fire expenditures comprise another 23%. Finally, Public Works comprises 27%. Capital outlay and debt service comprised the remainder at 20%.

### **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, 2008, amounts to \$5,116,008 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery, vehicles and equipment (See Table 3). Additions to capital assets in current year of approximately \$211,000 related to improvements to fire station, purchase of two police cars and duckweed harvester as well as computer equipment. In addition there was the recording of depreciation expense, totaling \$206,235.

**Table 3**  
**The Town of Newellton Capital Assets**  
**As of June 30, 2008 and 2007**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ -	\$ -	\$ 19,650	\$ 19,650	\$ 19,650	\$ 19,650
Construction in Progress	100,428	-	-	-	100,428	-
Buildings	21,000	21,000	-	-	21,000	21,000
Vehicles	326,695	284,018	-	-	326,695	284,018
Furniture and equipment	192,183	173,747	105,195	98,865	297,378	272,612
Water system	-	-	1,974,648	1,974,648	1,974,648	1,974,648
Sewer system	-	-	3,410,449	3,370,449	3,410,449	3,370,449
Gas system	-	-	1,337,454	1,337,455	1,337,454	1,337,455
Streets and drainage	492,185	492,185	-	-	492,185	492,185
Total	1,132,491	970,950	6,847,396	6,801,067	7,979,887	7,772,017
Less: accumulated depreciation	(472,591)	(404,463)	(2,391,288)	(2,256,115)	(2,863,879)	(2,660,578)
Total Capital Assets	<u>\$ 659,900</u>	<u>\$ 566,487</u>	<u>\$ 4,456,108</u>	<u>\$ 4,544,952</u>	<u>\$ 5,116,008</u>	<u>\$ 5,111,439</u>

**Long-Term Debt** At the end of the current fiscal year, the Town had \$22,369 in general obligations bonds. They also had revenue bonds outstanding of \$904,775. 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, 2008 and 2007**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenue Bonds	\$ -	\$ -	\$ 904,775	\$ 943,577	\$ 904,775	\$ 943,577
General Obligation Notes	22,369	35,677	-	-	22,369	35,677
Total Debt	<u>\$ 22,369</u>	<u>\$ 35,677</u>	<u>\$ 904,775</u>	<u>\$ 943,577</u>	<u>\$ 927,144</u>	<u>\$ 979,254</u>

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

Factors considered in preparing the Town of Newellton's budget for the 2009 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 completing its 3,000 square foot fire station, upsizing its feeder lines and replacing severely deteriorated fire hydrants within the corporate limits. Funding is being provided by the Federal government via a Louisiana Community Development Block Grant totaling \$490,960. Construction began in fiscal year 2008 for which \$100,428 is shown as construction in progress.

### **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, 2008

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 169,309	\$ 512,648	\$ 681,957
Receivables	13,714	96,059	109,773
Due from other governmental units	50,333	-	50,333
Prepaid expenses	4,263	4,832	9,095
Restricted assets			
Cash	8,651	151,216	159,867
Capital assets, net	659,900	4,456,108	5,116,008
Investment in jointly owned gas operations and maintenance fund	-	136,892	136,892
<b>Total Assets</b>	<u>906,170</u>	<u>5,357,755</u>	<u>6,263,925</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	71,799	28,894	100,693
Internal balances	(576)	576	-
Deposits held	-	70,860	70,860
Accrued interest payable	66	4,789	4,855
Long-term liabilities			
Due within one year	13,924	39,522	53,446
Due in more than one year	8,445	865,253	873,698
<b>Total Liabilities</b>	<u>93,658</u>	<u>1,009,894</u>	<u>1,103,552</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	637,465	3,546,544	4,184,009
Restricted for			
Debt service	8,651	89,805	98,456
Depreciation and contingency	-	61,411	61,411
Unrestricted	166,396	650,101	816,497
<b>Total Net Assets</b>	<u>\$ 812,512</u>	<u>\$ 4,347,861</u>	<u>\$ 5,160,373</u>

The accompanying notes are an integral part of this statement.

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Statement of Activities**

**For the Year Ended June 30, 2008**

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:	\$ 146,047	\$ -	\$ -	\$ -	\$ (146,047)	\$ -	\$ (146,047)
Public safety	140,616	-	82,712	-	(57,904)	-	(57,904)
Public works	205,991	78,743	38,380	100,428	11,560	-	11,560
Interest and fiscal charges on long-term debt	1,284	-	-	-	(1,284)	-	(1,284)
Total governmental activities	493,938	78,743	121,092	100,428	(193,675)	-	(193,675)
Business-type activity:							
Utility fund	747,152	862,052	-	40,000	-	154,900	154,900
Interest and fiscal charges on long-term debt	45,614	-	-	-	-	(45,614)	(45,614)
Total business-type activities	792,766	862,052	-	40,000	-	109,286	109,286
Total primary government	\$ 1,286,704	\$ 940,795	\$ 121,092	\$ 140,428	(193,675)	109,286	(84,389)
<b>General revenues:</b>							
Taxes:							
Ad valorem taxes					59,262	-	59,262
Sales taxes					61,211	-	61,211
Other taxes					3,298	-	3,298
Video poker					5,169	-	5,169
Licenses and permits					68,182	-	68,182
Fines and forfeitures					45,555	-	45,555
Interest and investment earnings					3,299	14,152	17,451
Other					2,584	-	2,584
Income from jointly owned gas operations and maintenance fund					-	26,411	26,411
Transfers in (out)					79,000	(79,000)	-
Total general revenues					327,560	(38,437)	289,123
Change in net assets					133,885	70,849	204,734
Net assets at beginning of year					678,627	4,277,012	4,955,639
<b>NET ASSETS AT END OF YEAR</b>					\$ 812,512	\$ 4,347,861	\$ 5,160,373

The accompanying notes are an integral part of this statement.



**FUND FINANCIAL STATEMENTS**

**TOWN OF NEWELLTON**  
**Newellton, Louisiana**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2008**

	<b>Major Fund</b>	<b>Other</b>	<b>Total</b>
	<b>General</b>	<b>Governmental</b>	
	<b>Fund</b>	<b>Funds</b>	
<b>ASSETS</b>			
<b>Cash and cash equivalents</b>	\$ 153,948	\$ 15,361	\$ 169,309
<b>Receivables:</b>			
Sales taxes	6,946	-	6,946
Other receivables	6,768	-	6,768
<b>Due from other governmental units</b>	50,333	-	50,333
<b>Restricted Assets</b>			
Cash	-	8,651	8,651
<b>Prepaid Expenses</b>	4,263	-	4,263
<b>Due from other funds</b>	576	-	576
	<u>222,834</u>	<u>24,012</u>	<u>246,846</u>
<b>TOTAL ASSETS</b>	<b>\$ 222,834</b>	<b>\$ 24,012</b>	<b>\$ 246,846</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities:</b>			
Accounts payable and accrued expenses	\$ 71,799	\$ -	\$ 71,799
Total liabilities	71,799	-	71,799
<b>Fund equity:</b>			
Fund balance:			
Reserved for debt service	-	8,651	8,651
Reserved for prepaid expenses	4,263	-	4,263
Unreserved/undesignated	146,772	15,361	162,133
Total fund balance	151,035	24,012	175,047
	<u>222,834</u>	<u>24,012</u>	<u>246,846</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 222,834</b>	<b>\$ 24,012</b>	<b>\$ 246,846</b>

The accompanying notes are an integral part of this statement.

**TOWN OF NEWELLTON**  
**Newellton, Louisiana**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Assets**  
**June 30, 2008**

Fund balances - total governmental funds	\$	175,047
Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Governmental capital assets	\$	1,132,491
Less: accumulated depreciation		<u>(472,591)</u>
		659,900
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the governmental funds.		
Accrued interest payable		(66)
Certificates of indebtedness payable		<u>(22,369)</u>
		<u>(22,435)</u>
Net assets of governmental funds	\$	<u><u>812,512</u></u>

**TOWN OF NEWELLTON**  
**Newellton, Louisiana**  
**Governmental Funds**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**For the Year Ended June 30, 2008**

	<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	\$ 59,262	\$ -	\$ 59,262
Sales	61,211	-	61,211
Charges for services	78,743	-	78,743
Licenses and permits, and commission for services	68,182	-	68,182
Intergovernmental:			
Federal	100,428	-	100,428
State	81,224	-	81,224
Local	38,380	9,955	48,335
Fines and forfeitures	45,555	-	45,555
Use of money and property	2,923	376	3,299
Other revenues	2,584	-	2,584
<b>Total Revenues</b>	<u>538,492</u>	<u>10,331</u>	<u>548,823</u>
<b>Expenditures:</b>			
Current:			
General government	144,254	-	144,254
Public safety-police	113,271	-	113,271
Public safety-fire	1,407	-	1,407
Public works	161,394	-	161,394
Capital outlay	165,739	-	165,739
Debt service	4,661	9,956	14,617
<b>Total Expenditures</b>	<u>590,726</u>	<u>9,956</u>	<u>600,682</u>
<b>Excess (Deficiency) of Revenues</b>	(52,234)	375	(51,859)
<b>Other Financing Sources/(Uses)</b>			
Transfers in	79,000	913	79,913
Transfers out	(913)	-	(913)
<b>Total Other Financing Sources/(Uses)</b>	<u>78,087</u>	<u>913</u>	<u>79,000</u>
<b>Excess of Revenues and Other Sources Over Expenditures and Other Uses</b>	25,853	1,288	27,141
<b>Fund Balances at Beginning of Year</b>	<u>125,182</u>	<u>22,724</u>	<u>147,906</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 151,035</u>	<u>\$ 24,012</u>	<u>\$ 175,047</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, 2008**

Net change in fund balances - total governmental funds	\$	27,141
 Amount reported for governmental activities in the statement of activities are different because:		
 Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 164,474	
Depreciation expense	<u>(71,063)</u>	93,411
 Elimination of transfers in and out:		
Transfers in	913	
Transfers out	<u>(913)</u>	-
 The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction has no effect on net assets.		
Principal payments		13,308
 Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued interest payable		<u>25</u>
 Change in net assets of governmental activities	 \$	 <u><u>133,885</u></u>

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Business-type Activities - Enterprise Fund**  
**Statement of Net Assets**  
June 30, 2008

	<u>Utility Fund</u>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 512,648
Accounts receivable - net	96,059
Prepaid expenses	4,832
Total current assets	<u>613,539</u>
<b>Restricted assets</b>	
Cash	151,216
Total restricted assets	<u>151,216</u>
<b>Capital assets</b>	
Non-depreciable	19,650
Depreciable	6,827,746
Total capital assets	6,847,396
Accumulated depreciation	<u>(2,391,288)</u>
Net capital assets	<u>4,456,108</u>
<b>Other assets</b>	
Investment in jointly owned gas operations and maintenance fund	<u>136,892</u>
<b>Total assets</b>	<u>\$ 5,357,755</u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>Current liabilities</b>	
Accounts payable and accrued expenses	\$ 28,894
Due to other funds	576
Total current liabilities	<u>29,470</u>
<b>Liabilities payable from restricted assets</b>	
Accrued interest payable	4,789
Customer deposits (net)	70,860
Current portion of revenue bonds payable	39,522
Total restricted liabilities	<u>115,171</u>
<b>Noncurrent liabilities</b>	
Revenue bonds payable	865,253
Total noncurrent liabilities	<u>865,253</u>
<b>Total liabilities</b>	<u>1,009,894</u>
<b>Net assets</b>	
Invested in capital assets, net of related debt	3,546,544
Restricted for	
Debt service	89,805
Depreciation and contingency	61,411
Unrestricted	650,101
Total net assets	<u>4,347,861</u>
<b>Total liabilities and net assets</b>	<u>\$ 5,357,755</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, 2008**

	<u>Utility Fund</u>
<b>OPERATING REVENUES</b>	
Water sales	\$ 260,910
Gas sales	374,642
Sewerage fees	202,552
Plumbing fees	2,924
Penalties	21,024
Total operating revenues	862,052
<b>OPERATING EXPENSES</b>	
Bad debts	2,292
Depreciation	135,173
Dues and subscriptions	1,050
Engineering	4,129
Equipment	15,399
Gas purchases	247,196
Insurance - general	43,273
Legal and audit	29,343
Office supplies	3,821
Postage	2,785
Salaries and related benefits	102,733
Supplies-plant	3,761
Supplies and expenses-gas	4,632
Supplies and expenses-sewer	18,855
Supplies and expenses-water	69,639
Telephone	6,458
Travel and meetings	2,792
Utilities	54,708
Total operating expenses	747,152

(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, 2008**

	<u>Utility Fund</u>
Operating Income	114,900
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Grants	40,000
Interest earnings	14,152
Income from jointly owned gas line	26,411
Interest expense	(45,614)
Total nonoperating revenue (expenses)	<u>34,949</u>
Net income before operating transfers	149,849
<b>OPERATING TRANSFERS</b>	
Transfers out	(79,000)
Net transfers	<u>(79,000)</u>
Net income	70,849
Net assets beginning of year	<u>4,277,012</u>
Net assets end of year	<u>\$ 4,347,861</u>



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

**Business-type Activity - Enterprise Fund**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2008**

	<u>Utility Fund</u>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 838,011
Cash paid for employee services	(102,733)
Cash payments to suppliers for goods and services	(504,097)
Net cash provided by operating activities	<u>231,181</u>
<b>Cash flows from noncapital financing activities</b>	
Transfers to general fund from the utility fund	(79,000)
Net cash used in noncapital financing activities	<u>(79,000)</u>
<b>Cash flows from capital and related financing activities</b>	
Grant received for acquisition of capital assets	40,000
Acquisition of capital assets	(46,329)
Principal paid on debt	(38,802)
Interest paid on debt	(46,494)
Net cash used for financing activities	<u>(91,625)</u>
<b>Cash flows from investing activities</b>	
Interest received on investments	14,152
Distribution received from Joint Line Investment	200,000
Net cash provided by investing activities	<u>214,152</u>
<b>Net increase in cash</b>	274,708
<b>Cash, beginning of year</b>	<u>389,156</u>
<b>Cash, end of year</b>	<u>\$ 663,864</u>
<b>Shown on the accompanying statement of net assets as</b>	
Cash	\$ 512,648
Restricted assets	
Cash	<u>151,216</u>
<b>Total</b>	<u>\$ 663,864</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, 2008**

	<u>Utility Fund</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ 114,900
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	135,173
Bad debt expense	2,292
Change in assets and liabilities	
Accounts receivable	(7,524)
Prepaid expenses	(4,832)
Accounts payable and accrued liabilities	7,688
Due to other funds	(9,891)
Customer deposits	<u>(6,625)</u>
Net cash provided by operating activities	\$ <u>231,181</u>
 <b>Supplemental disclosure of noncash capital investing activities</b>	
Increase in the investment of the jointly owned gas operations and maintenance fund	\$ <u>26,411</u>

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2008**

**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, 2008**

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, 2008**

***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, 2008**

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, 2008**

*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 are as follows:

1. Water rates charged:
  - a. Residential customers are charged \$15.00 for the first 2,000 gallons of water and \$3.86 for each additional 1,000 gallons or fraction thereof.
  - b. Commercial customers are charged \$19.00 for the first 2,000 gallons of water used and then \$3.86 for each additional 1,000 gallons or fraction thereof.
2. Sewer rates charged:
  - a. Residential customers are billed \$14.20 for the first 3,000 gallons of water used. They are then billed \$3.21 for each 1,000 gallons or fraction thereof.
  - b. Commercial customers are charged \$18.46 for the first 3,000 gallons of water purchased. They are then charged \$3.21 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, 2008**

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, 2008, the Town adopted a budget for the General Fund.

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

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

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

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

***Interfund Receivables and Payables***

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

***Capital Assets***

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

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



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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2008**

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, 2008.

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 \$3,690 has been set up for the year ended June 30, 2008.

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2008**

***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 \$21,340 for the year ended June 30, 2008.

***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, 2008**

**Note 2 - Cash and cash equivalents**

*Custodial credit risk – deposits.* The custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy to ensure there is no exposure to this risk is to require each financial institution to pledge its' own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent bank has failed to pay deposited funds upon demand. Accordingly, the Town had no custodial credit risk related to its deposits at June 30, 2008.

At June 30, 2008, the Town has cash totaling \$841,824, as follows:

Petty Cash	\$	139
Demand Deposits		634,468
Certificate of Deposit		<u>207,217</u>
Total	\$	<u><u>841,824</u></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, 2008, is secured, as follows:

Bank Balances	\$	<u><u>849,200</u></u>
Federal deposit insurance	\$	100,000
Pledged Securities		<u>934,910</u>
Total	\$	<u><u>1,034,910</u></u>

**TOWN OF NEWELLTON**  
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**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2008**

**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 \$160,106 at of June 30, 2008 and are comprised of the following:

	General Fund	Proprietary Fund	Total
Accounts receivable			
Sales taxes	\$ 6,946	\$ -	\$ 6,946
Franchise fees	6,533	-	6,533
Returned checks	235	1,139	1,374
Customer receivables	-	98,610	98,610
Less: Allowance for Doubtful Accounts	-	(3,690)	(3,690)
Due from other governmental units	50,333	-	50,333
<b>Total</b>	<b>\$ 64,047</b>	<b>\$ 96,059</b>	<b>\$ 160,106</b>

The Town has 470 residential and 48 commercial water customers and 460 residential and 46 commercial sewer customers. The Town also serve 408 residential and 40 commercial gas customers.

Significantly all of the \$98,610 in utility receivables are current and are classified as follows: Water, \$34,119; Gas, \$26,779; Sewer, \$26,862 and Other, \$10,850.

**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;

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

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

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

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

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**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2008**

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;

**TOWN OF NEWELLTON**  
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**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2008**

Restricted Assets were composed of the following as of June 30, 2008:

	<u>Cash and Cash Equivalents</u>
<b><u>General Fund</u></b>	
<b>\$80,000 Certificate of Indebtness</b>	
Bond and Interest Redemption Fund	\$ 8,651
<b>Total - General Fund</b>	<u>8,651</u>
 <b><u>Utility Fund</u></b>	
<b>1976 Water and Gas Revenue Bonds</b>	
Bond and Interest Redemption Fund	40,323
Bond Reserve Fund	13,880
Depreciation and Contingency Fund	36,159
 <b>1988 Sewer Revenue Bonds</b>	
Bond and Interest Redemption Fund	7,304
Bond Reserve Fund	6,254
Depreciation and Contingency Fund	7,557
 <b>1998 Water Revenue Bonds</b>	
Bond and Interest Redemption Fund	5,315
Bond Reserve Fund	16,729
Depreciation and Contingency Fund	17,695
<b>Total - Utility Fund</b>	<u>151,216</u>
 <b>Total</b>	 \$ <u>159,867</u>

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2008**

**Note 5 - Changes in Capital Assets**

The following schedule presents changes in capital assets for the year ended June 30, 2008.

	<u>Balance</u> <u>06/30/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/08</u>
<b>Governmental Activities:</b>				
<b>Nondepreciable assets:</b>				
Construction in progress	\$ -	\$ 100,428	\$ -	\$ 100,428
<b>Depreciable assets:</b>				
Building	21,000	-	-	21,000
Vehicles	284,018	42,677	-	326,695
Furniture and equipment	173,747	21,370	2,934	192,183
Streets and drainage	492,185	-	-	492,185
<b>Total depreciable assets</b>	<u>970,950</u>	<u>64,047</u>	<u>2,934</u>	<u>1,032,063</u>
Less accumulated depreciation	<u>(404,463)</u>	<u>(71,062)</u>	<u>(2,934)</u>	<u>(472,591)</u>
<b>Net governmental activities capital assets</b>	<u>\$ 566,487</u>	<u>\$ 93,413</u>	<u>\$ -</u>	<u>\$ 659,900</u>
 <b>Business-type activities:</b>				
<b>Nondepreciable assets:</b>				
Land	\$ 19,650	\$ -	\$ -	\$ 19,650
<b>Depreciable assets:</b>				
Water system	1,974,648	-	-	1,974,648
Sewer system	3,370,449	40,000	-	3,410,449
Gas system	1,328,027	-	-	1,328,027
Gas pipeline	9,428	-	-	9,428
Service equipment	97,315	-	-	97,315
Office equipment	1,550	6,329	-	7,879
<b>Total depreciable assets</b>	<u>6,781,417</u>	<u>46,329</u>	<u>-</u>	<u>6,827,746</u>
Less accumulated depreciation	<u>(2,256,115)</u>	<u>(135,173)</u>	<u>-</u>	<u>(2,391,288)</u>
<b>Net business-type capital assets</b>	<u>\$ 4,544,952</u>	<u>\$ (88,844)</u>	<u>\$ -</u>	<u>\$ 4,456,108</u>

Detailed records of fixed assets acquired prior to June 30, 1974, are not available. Estimation of the cost of these assets was made through examinations of bond and grant proceeds for construction and additions, and discussion with elected officials and long-time Town employees. All major proprietary fund asset additions have been made 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.



**TOWN OF NEWELLTON**  
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**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2008**

Depreciation on assets placed in service subsequent to June 30, 1974, has been calculated on the straight-line basis over their estimated useful lives.

Depreciation of \$71,062 was charged to governmental activities as follows: General Government, \$1,690; Public Safety, \$24,776; Public Works, \$11,784; and Streets and Drainage, \$32,812. Depreciation of \$135,173 as of June 30, 2008 was charged to expense in the utility fund.

During fiscal year 2007, the Town was awarded \$490,960 in Federal funding through the Housing and Urban Development's Louisiana Community Development Block Grant (LCDBG) Public Facilities Program. At June 30, 2008, this project is being reported as construction in progress for \$100,428 (which is reflected in Governmental Activities) with scheduled completion in fiscal year 2009.

During fiscal year 2007, the Town was awarded \$40,000 in Federal funding through the Delta Regional Authority for the acquisition of a duck weed harvester which filters and cleans the Town's oxidation pond. This asset was constructed and began operating during fiscal year 2008. This asset is shown as a business-type activity.

**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, 2008 and for the year then ended, is as follows:

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2008**

Total assets	\$	274,003
Total liabilities		<u>(216)</u>
Total fund equity	\$	<u><u>273,787</u></u>
Total revenues	\$	562,840
Total cost of sales		<u>(475,585)</u>
Gross profit		87,255
Operating expenses		(41,175)
Nonoperating revenue:		
Interest income		<u>6,741</u>
Net income		52,821
Net assets, beginning of year		620,966
Distributions		<u>(400,000)</u>
Net assets, end of year	\$	<u><u>273,787</u></u>

**Note 7 - Long-Term Debt**

The following is a summary of long term-debt transactions of the Town for the year ended June 30, 2008:

	<u>Governmental</u>	<u>Business-Type</u>	
	<u>Activities</u>	<u>Activities</u>	
	General		
	Obligation	Revenue	
	Revenue	Bonds	Total
	Notes		
Balance at Beginning of Year	\$ 35,677	\$ 943,577	\$ 979,254
Additions	-	-	-
Retirements	<u>(13,308)</u>	<u>(38,802)</u>	<u>(52,110)</u>
Balance end of year	<u>\$ 22,369</u>	<u>\$ 904,775</u>	<u>927,144</u>

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2008**

Bonds payable at June 30, 2008 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	\$ 14,623
\$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>7,746</u>
Total Certificate of Indebtedness and Revenue Note	\$ <u>22,369</u>

Business-Type Activities:

\$550,000 Revenue bonds dated April 6, 1976; due in annual installments of \$29,250 - \$34,350 through April 6, 2016; interest at 5%.	\$ 201,000
\$100,000 Revenue bonds dated April 6, 1976; due in annual installments of \$4,400 - \$6,000, through April 6, 2016; interest at 5%.	34,000
\$315,000 Sewer Revenue bonds dated March 23, 1988; due in annual installments of \$18,512 through May 12, 2028; interest at 5%.	222,301
\$506,000 Water Revenue bonds dated April 24, 1998; due in monthly installments of \$2,398.44 through December 2038; interest at 4.875%	447,474
Total Revenue Bonds - Utilities Enterprise Fund	\$ <u>904,775</u>

**TOWN OF NEWELLTON**  
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**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2008**

Maturities of long-term obligations of the Town including interest of \$574,595 are as follows:

Fiscal Year Ended June 30,	Governmental Activities	Business Type Activities	Total
2009	14,592	84,044	98,636
2010	8,587	82,794	91,381
2011	-	81,544	81,544
2012	-	85,294	85,294
2013-2017	-	383,219	383,219
2018-2022	-	236,469	236,469
2023-2027	-	232,859	232,859
2028-2032	-	143,906	143,906
2033-2037	-	143,906	143,906
2038	-	4,525	4,525
	\$ <u>23,179</u>	\$ <u>1,478,560</u>	\$ <u>1,501,739</u>

For the fiscal year ended June 30, 2008, the amount of interest charged to expense on general obligations bonds was \$1,309 the amount on revenue bonds was \$45,614.

**Note 8 - Interfund Receivables and Payables**

Individual fund interfund receivables and payables at June 30, 2008 are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 576	\$ -
Utility Enterprise Fund	-	576
Total	\$ <u>576</u>	\$ <u>576</u>

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

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2008**

**Note 9 - Interfund Transfers**

Individual fund transfers in and out at June 30, 2008 are as follows:

	Operating Transfers	
	In	Out
General Fund	\$ 79,000	\$ 913
Enterprise Fund	-	79,000
Debt Service Fund	913	-
<b>Total</b>	<b>\$ 79,913</b>	<b>\$ 79,913</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, 2008, the Town made transfers of \$79,000 from the Utility Fund to the General Fund to cover the cash short fall in the General Fund.

**Note 10 - Ad Valorem Taxes**

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

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

The ad valorem tax millage is as follows:

	Mills
General Ad Valorem Tax	17.20

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2008**

**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 \$5,400 for the year ended June 30, 2008.

**Note 12 - Pension and Retirement Plans**

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

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

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

*Funding Policy.* Contributions to the system include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of the parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of members on which contributions were made for the previous fiscal year. State statute requires covered employees to contribute a percentage of their salaries to the system; As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the MERS for the years ended June 30, 2008, 2007 and 2005 were \$31,526, \$33,640, and \$30,433; respectively, equal to the statutorily required contributions for each year.

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

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2008**

**Note 13 - Related Party Transactions**

The Town jointly operates with the Town of St. Joseph, Louisiana that portion of the gas transmission line from Lake St. John Field to the Town of Newellton. The Town purchases gas from the jointly owned transmission line to be resold to its citizens. For fiscal year 2008 the Town purchased \$247,196 of natural gas from the jointly owned gas line. The Town also received a \$200,000 distribution from the Joint Gas Line. As of June 30, 2008 the Town owed \$13,560 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.

**REQUIRED SUPPLEMENTARY INFORMATION  
(PART B)**



**TOWN OF NEWELLTON**  
Newellton, Louisiana

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

**Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Budgetary fund balance at beginning of year</b>	\$ 74,491	\$ 125,183	\$ 125,182	\$ (1)
<b>Resources (inflows)</b>				
Ad valorem taxes	65,000	60,000	59,262	(738)
Sales and other taxes	65,000	57,600	61,211	3,611
Charges for services	80,000	71,000	78,743	7,743
License and permits:				
Franchise revenue	43,000	38,500	27,072	(11,428)
Occupational & other licenses	37,000	55,000	41,110	(13,890)
Intergovernmental revenue	56,700	165,080	220,032	54,952
Fines and forfeitures	32,000	38,000	45,555	7,555
Interest income	3,000	3,000	2,923	(77)
Miscellaneous	4,500	4,500	2,584	(1,916)
Total revenues	<u>386,200</u>	<u>492,680</u>	<u>538,492</u>	<u>45,812</u>
Transfers in	<u>35,000</u>	<u>79,000</u>	<u>79,000</u>	<u>-</u>
Amounts available for appropriations	<u>495,691</u>	<u>696,863</u>	<u>742,674</u>	<u>45,811</u>
<b>Charges to appropriations (outflows)</b>				
Current:				
General government	155,312	147,812	144,254	3,558
Public safety:				
Police department	104,900	114,400	113,271	1,129
Fire department	2,700	10,800	1,407	9,393
Public works	123,500	155,500	161,394	(5,894)
Capital outlay	-	118,838	165,739	(46,901)
Debt service	4,700	4,660	4,661	(1)
Total charges	<u>391,112</u>	<u>552,010</u>	<u>590,726</u>	<u>(38,716)</u>
Transfers out	<u>-</u>	<u>710</u>	<u>913</u>	<u>(203)</u>
Total charges to appropriations	<u>391,112</u>	<u>552,720</u>	<u>591,639</u>	<u>(38,919)</u>
<b>Budgetary fund balance at end of year</b>	<u>\$ 104,579</u>	<u>\$ 144,143</u>	<u>\$ 151,035</u>	<u>\$ 6,892</u>

**OTHER SUPPLEMENTAL INFORMATION**

**TOWN OF NEWELLTON**  
**Newellton, Louisiana**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**As of June 30, 2008**

	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Total Nonmajor Governmental Funds</b>
	<b>Downtown Revitalization</b>	<b>Fire Department</b>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,361	\$ -	\$ 15,361
Restricted assets			
Cash	-	8,651	8,651
<b>TOTAL ASSETS</b>	<b>\$ 15,361</b>	<b>\$ 8,651</b>	<b>\$ 24,012</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	-	8,651	8,651
Unreserved/undesignated	15,361	-	15,361
Total fund balance	15,361	8,651	24,012
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 15,361</b>	<b>\$ 8,651</b>	<b>\$ 24,012</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, 2008**

	Special Revenue Fund <u>Downtown Revitalization</u>	Debt Service Fund <u>Fire Department</u>	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Intergovernmental:			
Local	\$ -	\$ 9,955	\$ 9,955
Interest income	294	82	376
Total revenues	<u>294</u>	<u>10,037</u>	<u>10,331</u>
<b>EXPENDITURES</b>			
Retirement of principal	-	8,647	8,647
Interest and fiscal charges	-	1,309	1,309
Total expenditures	<u>-</u>	<u>9,956</u>	<u>9,956</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	294	81	375
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	913	913
<b>EXCESS OF REVENUE AND OTHER SOURCES OVER EXPENDITURES</b>	294	994	1,288
<b>FUND BALANCE, beginning of year</b>	<u>15,067</u>	<u>7,657</u>	<u>22,724</u>
<b>FUND BALANCE END OF YEAR</b>	<u>\$ 15,361</u>	<u>\$ 8,651</u>	<u>\$ 24,012</u>

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Schedules of Net Assets - Utility Enterprise Fund**  
June 30, 2008 and 2007

	2008	2007
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 512,648	\$ 249,414
Accounts receivable - net	96,059	90,826
Prepaid expenses	4,832	-
Total current assets	613,539	340,240
<b>Restricted assets</b>		
Cash and cash equivalents	151,216	139,742
<b>Capital assets</b>		
Non-depreciable	19,650	19,650
Depreciable	6,827,746	6,781,417
Total capital assets	6,847,396	6,801,067
Accumulated depreciation	(2,391,288)	(2,256,115)
Net capital assets	4,456,108	4,544,952
<b>Other assets</b>		
Investment in jointly owned gas operations and maintenance fund	136,892	310,482
<b>Total assets</b>	\$ 5,357,755	\$ 5,335,416
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 28,894	\$ 21,206
Due to other funds	576	10,467
Total current liabilities	29,470	31,673
<b>Liabilities payable from restricted assets</b>		
Accrued interest payable	4,789	5,668
Customer deposits	70,860	77,485
Current portion of revenue bonds payable	39,522	38,546
Total restricted liabilities	115,171	121,699
<b>Noncurrent liabilities</b>		
Revenue bonds payable	865,253	905,031
Total noncurrent liabilities	865,253	905,031
<b>Total liabilities</b>	1,009,894	1,058,403
<b>Net assets</b>		
Invested in capital assets, net of related debt	3,546,544	3,601,375
Restricted:		
Debt service	89,805	39,413
Depreciation and contingency	61,411	56,116
Unrestricted	650,101	580,109
Total net assets	4,347,861	4,277,013
<b>Total liabilities and net assets</b>	\$ 5,357,755	\$ 5,335,416

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Schedules of Revenues, Expenses, and Changes in  
Net Assets - Utility Enterprise Fund  
For The Year Ended June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>Operating revenues:</b>		
Water sales	\$ 260,910	\$ 289,534
Gas sales	374,642	369,665
Sewerage fees	202,552	208,866
Plumbing fees	2,924	5,095
Penalties	21,024	23,154
Other operating revenues	-	-
Total operating revenues	<u>862,052</u>	<u>896,314</u>
<b>Operating expenses:</b>		
Bad debts	2,292	2,313
Depreciation	135,173	135,173
Dues and subscriptions	1,050	1,133
Engineering	4,129	6,177
Equipment	15,399	9,784
Gas purchases	247,196	267,939
Insurance - general	43,273	45,753
Legal and audit	29,343	14,464
Miscellaneous expenses	(887)	-
Office rent	-	-
Office supplies	3,821	4,621
Postage	2,785	2,494
Salaries and related benefits	102,733	106,549
Supplies-plant	3,761	1,942
Supplies and expenses-gas	4,632	3,615
Supplies and expenses-sewer	18,855	49,787
Supplies and expenses-water	69,639	63,032
Telephone	6,458	5,187
Travel and meetings	2,792	4,759
Utilities	54,708	55,553
Total operating expenses	<u>747,152</u>	<u>780,275</u>
<b>Operating profit (loss)</b>	114,900	116,039
<b>Nonoperating revenues (expenses):</b>		
Grants	40,000	-
Interest earnings	14,152	8,091
Income from jointly owned gas operations and maintenance fund	26,411	76,415
Interest expense	(45,614)	(49,234)
Total nonoperating revenue (expense)	<u>34,949</u>	<u>35,272</u>
<b>Income before operating transfers</b>	149,849	151,311
<b>Operating transfers:</b>		
Transfers out	(79,000)	(57,000)
Net transfers	<u>(79,000)</u>	<u>(57,000)</u>
<b>Net income (loss)</b>	70,849	94,311
<b>Net assets beginning of year</b>	<u>4,277,012</u>	<u>4,182,701</u>
<b>Net assets end of year</b>	<u>\$ 4,347,861</u>	<u>\$ 4,277,012</u>

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Schedules of Cash Flows - Utility Enterprise Fund**  
**For the Years Ended June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 838,011	\$ 893,605
Cash paid for employee services	(102,733)	(106,549)
Cash payments to suppliers for goods and services	(504,097)	(529,222)
Net cash provided by operating activities	<u>231,181</u>	<u>257,834</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfers to general fund	<u>(79,000)</u>	<u>(57,000)</u>
Net cash used in noncapital financing activities	<u>(79,000)</u>	<u>(57,000)</u>
<b>Cash flows from capital and related financing activities</b>		
Grant received for acquisition of capital assets	40,000	-
Acquisition of capital assets	(46,329)	-
Proceeds from sale of capital assets	-	-
Principal paid on debt	(38,802)	(36,968)
Interest paid on debt	(46,494)	(49,575)
Net cash used for financing activities	<u>(91,625)</u>	<u>(86,543)</u>
<b>Cash flows from investing activities</b>		
Interest received on investments	14,152	8,334
Distribution received from Joint Line	200,000	-
Net cash provided by investing activities	<u>214,152</u>	<u>8,334</u>
<b>Net increase in cash</b>	274,708	122,625
<b>Cash, beginning of year</b>	<u>389,156</u>	<u>266,531</u>
<b>Cash, end of year</b>	<u>\$ 663,864</u>	<u>\$ 389,156</u>
<b>Shown on the accompanying balance sheet as</b>		
Cash	\$ 512,648	\$ 249,414
Restricted assets		
Cash	<u>151,216</u>	<u>139,742</u>
<b>Total</b>	<u>\$ 663,864</u>	<u>\$ 389,156</u>

(Continued)

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

**Schedules of Cash Flows - Utility Enterprise Fund (Concluded)**  
**For the Years Ended June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 114,900	\$ 116,039
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	135,173	135,173
Loss on disposal	-	-
Bad debts	2,292	2,313
Change in assets and liabilities		
Accounts receivable	(7,524)	2,924
Prepaid expenses	(4,832)	7,971
Accounts payable and accrued liabilities	7,688	(953)
Due to other funds	(9,891)	(7,018)
Customer deposits	(6,625)	1,385
Net cash provided by operating activities	<u>\$ 231,181</u>	<u>\$ 257,834</u>
<b>Supplemental disclosure of noncash capital investing and financing activities:</b>		
Increase in the investment in the jointly owned gas operations and maintenance fund	<u>26,411</u>	<u>76,415</u>
Total noncash capital investing and financing activities	<u>\$ 26,411</u>	<u>\$ 76,415</u>



**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Schedule of Changes in Restricted Assets**  
**For the Year Ended June 30, 2008**

	<u>Bond and Interest Redemption</u>	<u>Bond Reserve</u>	<u>Depreciation and Contingency</u>	<u>Total</u>
<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, 2007	\$ 38,834	\$ 11,951	\$ 33,650	\$ 84,435
Add:				
Transfers from operating	39,000	1,800	2,160	42,960
Interest earned	489	129	349	967
Total funds available	<u>78,323</u>	<u>13,880</u>	<u>36,159</u>	<u>128,362</u>
Less:				
Principal and interest	<u>(38,000)</u>	<u>-</u>	<u>-</u>	<u>(38,000)</u>
Balance - June 30, 2008	<u>\$ 40,323</u>	<u>\$ 13,880</u>	<u>\$ 36,159</u>	<u>\$ 90,362</u>
<b><u>\$315,000 1988 Sewer Revenue Bonds</u></b>				
Balance - July 1, 2007	\$ 7,169	\$ 5,270	\$ 6,475	\$ 18,914
Add:				
Transfers from operating	18,513	926	1,012	20,451
Interest earned	134	58	70	262
Total funds available	<u>25,816</u>	<u>6,254</u>	<u>7,557</u>	<u>39,627</u>
Less:				
Principal and interest	<u>(18,512)</u>	<u>-</u>	<u>-</u>	<u>(18,512)</u>
Balance - June 30, 2008	<u>\$ 7,304</u>	<u>\$ 6,254</u>	<u>\$ 7,557</u>	<u>\$ 21,115</u>
<b><u>\$506,000 1997 Water Revenue Bonds</u></b>				
Balance - July 1, 2007	\$ 5,272	\$ 15,130	\$ 15,991	\$ 36,393
Add:				
Transfers from operating	28,781	1,440	1,536	31,757
Interest earned	43	159	168	370
Total funds available	<u>34,096</u>	<u>16,729</u>	<u>17,695</u>	<u>68,520</u>
Less:				
Principal and interest	<u>(28,781)</u>	<u>-</u>	<u>-</u>	<u>(28,781)</u>
Balance - June 30, 2008	<u>\$ 5,315</u>	<u>\$ 16,729</u>	<u>\$ 17,695</u>	<u>\$ 39,739</u>
<b><u>\$80,000 Fire Equipment Certificates of Indebtness</u></b>				
Balance - July 1, 2007	\$ 7,657	\$ -	\$ -	\$ 7,657
Add:				
Transfers from operating	913	-	-	913
Intergovernmental revenue - local	9,955	-	-	9,955
Interest earned	81	-	-	81
Total funds available	<u>18,606</u>	<u>-</u>	<u>-</u>	<u>18,606</u>
Less:				
Principal and interest	<u>(9,955)</u>	<u>-</u>	<u>-</u>	<u>(9,955)</u>
Balance - June 30, 2008	<u>\$ 8,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,651</u>

**TOWN OF NEWELLTON, LOUISIANA  
COMPENSATION PAID ALDERMEN  
FOR THE YEAR ENDED JUNE 30, 2008**

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
Carol Guice	2,100
Billy Mitchell	3,600
Kenneth Morgan	<u>1,200</u>
 Total Compensation	 \$ <u><u>17,700</u></u>

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

# LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)  
CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the **Town of Newellton** (the Town) as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 31, 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 Society of Louisiana 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 a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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 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

**Town of Newellton  
Newellton, Louisiana**

be prevented or detected by the Town's internal control. We consider the deficiency described in the accompanying Schedule of Findings listed as 08-01 to be a significant deficiency 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 item 08-01 of the significant deficiency 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 is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 08-01.

The Town's response to the finding 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.

*Huffman, Huffman, Reynolds, & Simpson*

(A Professional Accounting Corporation)

December 31, 2008

**Town of Newellton  
Newellton, Louisiana**

**Schedule of Findings  
June 30, 2008**

**08-01 Local Budget Act**

***Finding:***

The Local Budget Act requires that an entity's proposed budget be submitted to the governing authority and made available for public inspection at least 15 days prior to beginning of the budget year (LSA-RS 39:1306). The Town of Newellton advertised that the budget was available for public inspection on June 27, 2007. The latest date that the Town can make the budget available is June 16.

The Local Budget Act also requires that the proposed budget be adopted before the beginning of the fiscal year (July 1) being budgeted. The Town adopted its budget on July 11, 2007 by resolution. However, the Lawrason Act requires the Town to adopt its budget by ordinance (LA R.S.33:406A(3)).

Finally, the Local Budget Act (LSA-RS 39:1311) requires that a budget be amended when total actual expenditures exceed the total budgeted expenditures and other uses by five percent or more. The Town's General Fund had budgeted expenditures of \$552,720 and actual expenditures of \$591,639 for a 7% or \$38,919 unfavorable budget.

***Recommendation:***

We recommend that the Town make its budget available at least 15 days prior to the beginning of the budget year in order to comply with the Local Budget Act. Assuming that the Town uses the latest date possible, June 16<sup>th</sup>, the Town would have to call a special meeting to adopt the budget on June 30<sup>th</sup>.

Additionally, we recommend that the Town adopt its budget before the beginning of the year for which it is being adopted and by ordinance in accordance with the Lawrason Act.

Finally, we recommend that the Town amend its budget when revenues or expenditures reflect an unfavorable variance of more than 5%.

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

The Town complied with LSA-RS 39:1306 in fiscal year 2009 by advertising twice (May 28<sup>th</sup> and June 4<sup>th</sup>) and adopted the budget at the June 11, 2008 meeting by resolution. However, the Town will adopt its budget by ordinance in the future.

The Town agrees with the finding and will amend the budget as it becomes necessary. It should be noted that the Town exceeded its budget as a result of an expenditure driven Federal grant related to construction of a new fire station as well as other improvements. This one unfavorable variance accounts for \$46,901 of the \$38,919 variance. Conversely, actual revenues exceeded budgeted revenues by \$45,811 which were also directly impacted by the Federal grant due to intergovernmental revenues being underbudgeted that resulted in a \$6,892 overall favorable variance.

**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 January 11, 2008, 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, 2007.

**Schedule of Findings and Questioned Costs**

**07-01 General Ledger Procedures**

***Finding:***

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

***Status:***

The Town hired a consulting CPA firm that has assisted them on an ongoing basis which has resulted in financial data being accounted for accurately.

**07-02 Payroll**

***Finding:***

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**

**Summary Status of Prior Year Findings**

***Status:***

The Town has started keeping payroll information on employees after they have left employment. Withholding forms are maintained for all employees in a system that is usable by the clerk and obtainable upon request. The Town hired a new dog catcher and pay authorization properly reflects bi-weekly payroll.

**07-03 Financial Statements Not Timely**

***Finding:***

The Town needs to ensure that all financial data, including the information on its one-half interest in the Town of Newellton and the Town of St. Joseph, Louisiana Jointly Owned Gas Operations audit be available before December 31 of each year to enable its auditing firm to complete the audit within a reasonable time frame.

***Status:***

We complied with the recommendation cited.

**07-04 Cable Franchise Fee**

***Finding:***

The Town appears to have been paid approximately \$10,600 in excess of its franchise agreement with a company providing cable services within the Town limits. The Town should investigate this matter by contacting the company providing these services to address whether an overpayment has been made. (The Town set up a liability for this \$10,600 at June 30, 2007.)

***Status:***

We complied with the recommendation cited which resulted in the repayment of the \$10,507 in fiscal year 2008.