

**TOWN OF NEWELLTON, LOUISIANA**

**Financial Report  
As of and For the Year Ended June 30, 2012**

TOWN OF NEWELLTON, LOUISIANA

Financial Report  
As Of and For The Year Ended June 30, 2012

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TOWN OF NEWELLTON, LOUISIANA

Financial Report  
As Of and For The Year Ended June 30, 2012

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# LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)  
CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, and each major fund of the Town of Newellton, Louisiana (the Town) as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, of the Town as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2012, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 and page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The accompanying financial information listed as Other Supplemental Information, Schedules 2 through 6 in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Other Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



(A Professional Accounting Corporation)

**December 31, 2012**

**REQUIRED SUPPLEMENTAL INFORMATION  
(PART A)**

**Town of Newellton**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2012**

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, 2012. 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 \$5,324,368 (net assets).
  - ✓ Of this amount \$4,530,502 represented a restriction equal to the net amount invested in land, building, and equipment, \$15,507 for downtown development, \$91,814 for debt service, and \$57,832 for depreciation and contingencies.
  - ✓ The remainder of \$628,713 of unrestricted net assets could be used by the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets decreased by \$135,426.
- As of the close of the current fiscal year, the Town of Newellton's governmental funds reported combined ending fund balances of \$92,785, a decrease of \$6,116 in comparison with the prior year. Of this total amount, \$75,387 is available for spending at the government's discretion (*unassigned fund balance*).
- The Town of Newellton's total debt decreased by \$38,563 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 1 individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund.

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

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.

**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 \$5,324,368 at June 30, 2012. The combined net assets decreased by \$135,426 between fiscal years 2011 and 2012.

Capital assets consisting of land, buildings, machinery and equipment and the water system, sewer system and gas system account for the majority of the Town's net assets of \$4,853,660. Capital assets (\$8,422,972), net of depreciation (\$3,569,312) and related debt included in Net Assets (\$323,158) total \$4,530,502. 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, 2012 and 2011**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 104,129	\$ 111,330	\$ 817,456	\$ 782,938	\$ 921,585	\$ 894,268
Capital assets	841,515	914,464	4,012,145	4,122,625	4,853,660	5,037,089
Total assets	<u>945,644</u>	<u>1,025,794</u>	<u>4,829,601</u>	<u>4,905,563</u>	<u>5,775,245</u>	<u>5,931,357</u>
Current and other liabilities	11,344	12,429	158,107	138,718	169,451	151,147
Long-term liabilities	-	-	281,426	320,417	281,426	320,417
Total liabilities	<u>11,344</u>	<u>12,429</u>	<u>439,533</u>	<u>459,135</u>	<u>450,877</u>	<u>471,564</u>
Net Assets:						
Invested in capital assets, net of related debt:						
Restricted	841,515	914,464	3,688,987	3,760,445	4,530,502	4,674,909
Unrestricted	15,507	15,482	149,646	142,262	165,153	157,744
Total net assets	<u>77,278</u>	<u>83,419</u>	<u>551,435</u>	<u>543,721</u>	<u>628,713</u>	<u>627,140</u>
Total net assets	<u>\$ 934,300</u>	<u>\$ 1,013,365</u>	<u>\$ 4,390,068</u>	<u>\$ 4,446,428</u>	<u>\$ 5,324,368</u>	<u>\$ 5,459,793</u>

Net assets of the Town's governmental activities decreased 7.8% to approximately \$934,000. Net assets of the Town's business-type activities decreased 1.3% to approximately \$4.4 million.

**Changes in net assets.** The Town's total revenue decreased by approximately \$11,000 to nearly \$1.04 million (see Table 2). Approximately 63% of the Town's revenue comes from charges for services, and 15.0% comes from other general revenues

The total cost of programs and services increased approximately \$11,000 or 0.9%. The Town's expenses cover all services performed by its office.

### Governmental Activities

Revenues for the Town's governmental activities decreased approximately \$46,000 or 9.6% which is largely attributable to a decrease in capital grants and contributions of approximately \$37,000, a one time increase in sales tax revenue of approximately \$35,000 and a decrease in transfers in of \$48,000. Total expenses decreased by approximately \$17,000 or 3.2%.

Expenses are classified by functions/programs. Public works accounts for approximately 40% or \$204,000, while public safety and general government account for approximately 29% and 31% or \$148,000 and \$158,000, respectively, for the fiscal year 2012.



**Table 2**  
**Changes in Net Assets**  
**Fiscal Years Ended June 30, 2012 and 2011**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 76,412	\$ 76,508	\$ 584,026	\$ 675,553	\$ 660,438	\$ 752,061
Operating grants and contributions	38,880	49,880	-	-	38,880	49,880
Capital Grants and contributions	-	26,275	48,725	21,427	48,725	47,702
General Revenues:						
Property taxes	59,445	58,953	-	-	59,445	58,953
Sales taxes	75,588	40,655	-	-	75,588	40,655
Other taxes	2,737	2,378	-	-	2,737	2,378
Other general revenues	95,521	91,737	56,901	5,597	152,422	97,334
Transfers	83,000	131,000	(83,000)	(131,000)	-	-
Total revenues	<u>431,583</u>	<u>477,386</u>	<u>606,652</u>	<u>571,577</u>	<u>1,038,235</u>	<u>1,048,963</u>
<b>Expenses:</b>						
General government	158,047	171,612	-	-	158,047	171,612
Public safety	148,262	165,303	-	-	148,262	165,303
Public works	204,339	190,809	-	-	204,339	190,809
Interest on long-term debt	-	-	17,948	34,736	17,948	34,736
Water, sewer, and gas expenses	-	-	645,065	600,168	645,065	600,168
Total expenses	<u>510,648</u>	<u>527,724</u>	<u>663,013</u>	<u>634,904</u>	<u>1,173,661</u>	<u>1,162,628</u>
Increase (decrease) in assets	<u>\$ (79,065)</u>	<u>\$ (50,338)</u>	<u>\$ (56,361)</u>	<u>\$ (63,327)</u>	<u>\$ (135,426)</u>	<u>\$ (113,665)</u>

The related program revenues for fiscal year 2012 directly related to these expenses totaled \$115,292, which resulted in net program expense of \$395,356. The remaining balance of expenses represents the cost to the taxpayers. The costs of governmental activities exceeding restricted state and federal grants are paid primarily from the following sources:

- Property tax revenue is the largest general revenue source for the Town of Newellton. It provides approximately \$59,000 of general fund revenue.
- Licenses and permits are a significant source of revenue to the Town, generating approximately \$59,000 of general fund revenue.
- Sales taxes provide approximately \$76,000 in general fund revenue. This \$76,000 included some one time settlements of approximately \$35,000

### **Business-type activities**

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

Revenues increased approximately 6% to \$607,000 and expenses of the Town's business-type activities increased approximately 4% to \$663,000.

### **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 \$92,785, a decrease of \$6,116 in comparison with the prior year. Approximately 81% of this total amount (\$75,387) constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed.

### **General Fund Budgetary Highlights**

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA- R.S 39:1301 et seq), the Town of Newellton must adopt a budget for the General Fund prior to June 30. The original budget for the Town was adopted on May 18, 2011, and the final budget amendment was adopted on April 18, 2012.

**Revenues:** Overall revenues for the General Fund were projected to decrease during FY 2012 by approximately \$13,000 or 4.% from the previous year. The vast amount of the change was caused by the expected decrease in grant revenues which were projected to decrease by \$45,000 from FY11's budget. An \$11,500 increase was projected for sales tax which were \$32,500 in FY11 and budgeted at \$44,000 in the FY12 budget. Charges for services were projected to increase by \$9,000 from \$65,000 in FY11 to \$74,000 in FY12. Fines and forfeitures were projected to increase by \$16,000, from \$25,000 in FY11 to \$41,000 in FY12

All other revenues were projected to increase by approximately \$4,500. The final budget reflected budgeted revenues at \$453,000 as compared to the \$431,583 actual.

**Expenditures:** General fund expenditures were projected to decrease by \$53,700. A \$35,000 decrease was expected in capital outlay and \$10,000 in general government expenditures. Decreases of \$6,500 in Public Works and \$2,300 in Public Safety were also expected. The final budget reflected budgeted expenditures at \$469,500 as compared to the \$437,699 actual.



### 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, 2012, amounts to \$4,853,660 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery, vehicles and equipment (See Table 3). Additions to capital assets for the general fund in current year include \$6,026 for Christmas decorations obtained through a state grant and for fencing around the dog kennel. Also, \$35,000 of service equipment was added to the business-type activities during the current fiscal year. In addition, depreciation expense totaled \$224,455.

Table 3 presents capital assets net of depreciation at June 30, 2012.

**Table 3**  
**Capital Assets**  
**As of June 30, 2012 and 2011**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 1,000	\$ 1,000	\$ 19,650	\$ 19,650	\$ 20,650	\$ 20,650
Construction in Progress	-	-	-	-	-	-
Buildings	536,726	536,726	-	-	536,726	536,726
Vehicles	324,735	324,735	-	-	324,735	324,735
Furniture and equipment	89,150	83,124	140,621	140,621	229,771	223,745
Water system	-	-	2,579,669	2,579,669	2,579,669	2,579,669
Sewer system	-	-	2,876,474	2,841,473	2,876,474	2,841,473
Gas system	-	-	1,337,454	1,337,455	1,337,454	1,337,455
Streets and drainage	517,493	517,493	-	-	517,493	517,493
Total	1,469,104	1,463,078	6,953,868	6,918,868	8,422,972	8,381,946
Less: accumulated depreciation	(627,589)	(548,614)	(2,941,723)	(2,796,243)	(3,569,312)	(3,344,857)
Total Capital Assets	\$ 841,515	\$ 914,464	\$ 4,012,145	\$ 4,122,625	\$ 4,853,660	\$ 5,037,089

**Long-Term Debt.** The Town had revenue bonds outstanding of \$320,418 at the end of June 2012 as compared to \$358,981 at the end of June 2011. This debt represents bonds secured solely by specified revenue sources such as the Utility Fund revenues.

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

Factors considered in preparing the Town of Newellton's budget for the 2013 fiscal revealed no major expected changes in the ad valorem tax base or sales tax collections as compared to prior years (except for not including the one time sales tax money that was received in FY12) when such activities caused significant changes between years.

### Requests for Information

This financial report is designed to provide a general overview of the Town of Newellton's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Clerk, P O Box 477, Newellton, Louisiana 71357 or by calling 318-467-5050.

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Statement of Net Assets**

June 30, 2012

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 76,515	\$ 224,945	\$ 301,460
Investments	-	298,610	298,610
Receivables	20,792	70,700	91,492
Due from other governmental units	4,931	-	4,931
Prepaid expenses	1,891	2,826	4,717
Restricted assets			
Cash	-	149,645	149,645
Capital assets, net	841,515	4,012,145	4,853,660
Investment in jointly owned gas operations and maintenance fund	-	70,730	70,730
<b>Total Assets</b>	<u>945,644</u>	<u>4,829,601</u>	<u>5,775,245</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	4,843	38,103	42,946
Payroll liabilities	5,138	2,117	7,255
Internal balances	1,363	(1,363)	-
Deposits held and customer prepayments	-	77,518	77,518
Accrued interest payable	-	2,740	2,740
Long-term liabilities			
Due within one year	-	38,992	38,992
Due in more than one year	-	281,426	281,426
<b>Total Liabilities</b>	<u>11,344</u>	<u>439,533</u>	<u>450,877</u>
Invested in capital assets, net of related debt	841,515	3,688,987	4,530,502
Restricted for			
Downtown Development	15,507	-	15,507
Debt service	-	91,814	91,814
Depreciation and contingency	-	57,832	57,832
Unrestricted	77,278	551,435	628,713
<b>Total Net Assets</b>	<u>\$ 934,300</u>	<u>\$ 4,390,068</u>	<u>\$ 5,324,368</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, 2012

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs</b>							
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 158,047	\$ -	\$ -	\$ -	\$ (158,047)	\$ -	\$ (158,047)
Public safety	148,262	-	-	-	(148,262)	-	(148,262)
Public works	204,339	76,412	38,880	-	(89,047)	-	(89,047)
Culture and recreation	-	-	-	-	-	-	-
Interest and fiscal charges on long-term debt	-	-	-	-	-	-	-
Total governmental activities	510,648	76,412	38,880	-	(395,356)	-	(395,356)
Business-type activity:							
Utility fund	645,065	584,026	13,725	35,000	-	(12,314)	(12,314)
Interest and fiscal charges on long-term debt	17,948	-	-	-	-	(17,948)	(17,948)
Total business-type activities	663,013	584,026	13,725	35,000	-	(30,262)	(30,262)
Total primary government	\$ 1,173,661	\$ 660,438	\$ 52,605	\$ 35,000	(395,356)	(30,262)	(425,618)
General revenues:							
Taxes:							
Ad valorem taxes					59,445	-	59,445
Sales taxes					75,588	-	75,588
Other taxes					2,737	-	2,737
Video poker					9,848	-	9,848
Licenses and permits					59,451	-	59,451
Fines and forfeitures					25,346	-	25,346
Interest and investment earnings					190	2,581	2,771
Other					686	-	686
Income from jointly owned gas operations and maintenance fund					-	54,320	54,320
Transfers in (out)					83,000	(83,000)	-
Total general revenues					316,291	(26,099)	290,192
Change in net assets					(79,065)	(56,361)	(135,426)
Net assets at beginning of year					1,013,365	4,446,429	5,459,794
<b>NET ASSETS AT END OF YEAR</b>					<b>\$ 934,300</b>	<b>\$ 4,390,068</b>	<b>\$ 5,324,368</b>

The accompanying notes are an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

**TOWN OF NEWELLTON**  
**Newellton, Louisiana**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2012**

		<u>Major Fund</u> <u>General</u> <u>Fund</u>
<b>ASSETS</b>		
<b>Cash and cash equivalents</b>	\$	76,515
<b>Receivables</b>		
Sales taxes		5,877
Other receivables		14,915
<b>Due from other governmental units</b>		4,931
<b>Prepaid Expenses</b>		1,891
<b>TOTAL ASSETS</b>	\$	<u>104,129</u>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>Liabilities</b>		
Accounts payable	\$	4,843
Payroll Liabilities		5,138
Due to other funds		1,363
Total liabilities		<u>11,344</u>
<b>Fund equity</b>		
Fund balance:		
Nonspendable: Prepaid Expenses		1,891
Restricted for: Downtown Revitalization		15,507
Unassigned		75,387
Total fund balance		<u>92,785</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	\$	<u>104,129</u>

The accompanying notes are an integral part of this statement.

**TOWN OF NEWELLTON**  
**Newellton, Louisiana**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Assets**  
**June 30, 2012**

Fund balances - total governmental funds	\$	92,785
Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Governmental capital assets	\$	1,469,104
Less: accumulated depreciation		<u>(627,589)</u> <u>841,515</u>
Net assets of governmental funds	\$	<u>934,300</u>

**TOWN OF NEWELLTON**  
**Newellton, Louisiana**  
**Governmental Funds**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**For the Year Ended June 30, 2012**

	<b>Major Fund</b>
	<b>General</b>
	<b>Fund</b>
<b>Revenues</b>	
Taxes	
Ad valorem	\$ 59,445
Sales	75,588
Charges for services	76,412
Licenses and permits, and commission for services	59,451
Intergovernmental	
State	12,585
Local	38,880
Fines and forfeitures	25,346
Use of money and property	190
Other revenues	686
Total Revenues	348,583
<b>Expenditures</b>	
Current:	
General government	152,138
Public safety-police	119,515
Public safety-fire	689
Public works	159,331
Capital outlay	6,026
Total Expenditures	437,699
<b>Excess (Deficiency) of Revenues</b>	(89,116)
<b>Other Financing Sources / (Uses)</b>	
Transfers in	83,000
Total Other Financing Sources / (Uses)	83,000
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	(6,116)
<b>Fund Balances at Beginning of Year</b>	98,901
<b>FUND BALANCES AT END OF YEAR</b>	\$ 92,785

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, 2012**

Net change in fund balances - total governmental funds	\$	(6,116)
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	\$	6,026
Depreciation expense		(78,975)
		<u>(72,949)</u>
Change in net assets of governmental activities	\$	<u>(79,065)</u>

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Business-type Activities - Enterprise Fund**  
**Statement of Net Assets**  
**June 30, 2012**

		<u>Major Fund</u> <u>Utility Fund</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$	224,945
Investments		298,610
Accounts receivable - net		70,700
Due from other funds		1,363
Prepaid expenses		2,826
Total current assets		<u>598,444</u>
<b>Restricted assets</b>		
Cash		149,645
Total restricted assets		<u>149,645</u>
<b>Capital assets</b>		
Non-depreciable		19,650
Depreciable		6,934,218
Total capital assets		<u>6,953,868</u>
Accumulated depreciation		<u>(2,941,723)</u>
Net capital assets		<u>4,012,145</u>
<b>Other assets</b>		
Investment in jointly owned gas operations and maintenance fund		<u>70,730</u>
<b>Total assets</b>	\$	<u><u>4,830,964</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$	38,103
Payroll liabilities		2,117
Total current liabilities		<u>40,220</u>
<b>Liabilities payable from restricted assets</b>		
Accrued interest payable		2,740
Current portion of revenue bonds payable		38,992
Total restricted liabilities		<u>41,732</u>
<b>Noncurrent liabilities</b>		
Customer deposits and customer prepayments		77,518
Revenue bonds payable		281,426
Total noncurrent liabilities		<u>358,944</u>
<b>Total liabilities</b>		<u>440,896</u>
<b>Net assets</b>		
Invested in capital assets, net of related debt		3,688,987
Restricted for		
Debt service		91,814
Depreciation and contingency		57,832
Unrestricted		551,435
Total net assets		<u>4,390,068</u>
<b>Total liabilities and net assets</b>	\$	<u><u>4,830,964</u></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, 2012**

	<b>Major Fund</b>
	<b>Utility Fund</b>
<b>OPERATING REVENUES</b>	
Water sales	\$ 245,358
Gas sales	178,466
Sewerage fees	141,627
Plumbing fees	3,676
Penalties	12,972
Other operating revenues	90
Miscellaneous revenues	1,837
Total operating revenues	584,026
<b>OPERATING EXPENSES</b>	
Bad debts	5,196
Computer consultants	2,915
Depreciation	145,480
Dues and subscriptions	1,307
Engineering	560
Equipment	18,539
Gas purchases	106,644
Insurance - general	15,124
Legal and audit	24,272
Miscellaneous expenses	2,423
Office supplies	5,805
Postage	3,318
Salaries and related benefits	166,314
Supplies-plant	17,096
Supplies and expenses-gas	6,173
Supplies and expenses-sewer	18,882
Supplies and expenses-water	61,313
Telephone	8,150
Travel and meetings	2,447
Utilities	33,107
Total operating expenses	645,065

(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, 2012**

	<b>Major Fund</b>
	<b>Utility Fund</b>
Operating Income	(61,039)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Grants	48,725
Interest earnings	2,581
Income from jointly owned gas line	54,320
Interest expense	(17,948)
Total nonoperating revenue (expenses)	87,678
Income (loss) before operating transfers	26,639
<b>OPERATING TRANSFERS</b>	
Transfers out	(83,000)
Net transfers	(83,000)
<b>Net income (loss)</b>	(56,361)
<b>Net assets beginning of year</b>	4,446,429
<b>Net assets end of year</b>	\$ 4,390,068

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Business-type Activity - Enterprise Fund**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2012**

	<u>Major Fund</u> <u>Utility Fund</u>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 588,343
Cash paid for employee services	(166,619)
Cash payments to suppliers for goods and services	(312,757)
Net cash provided by operating activities	<u>108,967</u>
<b>Cash flows from noncapital financing activities</b>	
Transfers to general fund from the utility fund	(83,000)
Net cash used in noncapital financing activities	<u>(83,000)</u>
<b>Cash flows from capital and related financing activities</b>	
Grant received for repairs to capital assets	14,400
Grant received for acquisition of capital assets	35,000
Acquisition of capital assets	(35,000)
Principal paid on debt	(38,563)
Interest paid on debt	(17,948)
Net cash used for financing activities	<u>(42,111)</u>
<b>Cash flows from investing activities</b>	
Purchases of investments	(1,938)
Interest received on investments	2,581
Distribution received from Joint Line Investment	75,000
Net cash provided by investing activities	<u>75,643</u>
<b>Net increase in cash</b>	59,499
<b>Cash, beginning of year</b>	<u>315,091</u>
<b>Cash, end of year</b>	<u>\$ 374,590</u>
<b>Shown on the accompanying statement of net assets as</b>	
Cash	\$ 224,945
Restricted assets	
Cash	<u>149,645</u>
<b>Total</b>	<u>\$ 374,590</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, 2012**

	<u>Major Fund</u> <u>Utility Fund</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ (61,039)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	145,480
Bad debt expense	5,196
Change in assets and liabilities	
Accounts receivable	(3,088)
Prepaid expenses	3,152
Accounts payable and accrued liabilities	15,318
Payroll liabilities	(459)
Due to other funds	1,033
Customer deposits	<u>3,374</u>
Net cash provided by operating activities	\$ <u>108,967</u>
 <b>Supplemental disclosure of noncash capital investing activities</b>	
Increase in the investment of the jointly owned gas operations and maintenance fund	\$ <u>54,320</u>

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2012**

**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, 2012**

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, 2012**

***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 governmental fund and proprietary fund categories. The fund types used by the Town are described as follows:

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

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

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

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

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2012**

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.

*Proprietary Funds:*

The Proprietary Fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Rates are charged for services are as follows:

1. Water rates charged:
  - a. Residential customers are charged \$26.00 for the first 2,000 gallons of water and \$4.00 for each additional 1,000 gallons or fraction thereof.
  - b. Commercial customers are charged \$31.00 for the first 2,000 gallons used and then \$4.00 for each additional 1,000 gallons or fraction thereof.

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2012**

2. Sewer rates charged:
  - a. Residential customers are billed \$14.20 for the first 2,000 gallons of water used. They are then billed \$3.34 for each 1,000 gallons or fraction thereof.
  - b. Commercial customers are charged \$18.46 for the first 2,000 gallons of water purchased. They are then charged \$3.34 for each additional 1,000 gallons or fraction thereof of water used.
3. Gas rates charged to customers are \$13.00 per 1,000 cubic feet of gas used.

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

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

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

For the year ended June 30, 2012, the Town adopted a budget for the General Fund.

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2012**

***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.

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

All purchased capital assets greater than \$1,000 are recorded at cost where historical records are available and at estimated cost where no historical records are available. Donated fixed assets are valued at fair market value at date of gift. Major additions are capitalized while maintenance and repairs that do not improve or extend the life of the respective assets are charged to expense. Interest is capitalized on funds used during construction of projects acquired with bond funds. No interest was capitalized during the year ended June 30, 2012.

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2012**

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 Gas Transmission and Distribution System	50 – 99
Buildings	20 – 30
Equipment	3 – 10
Infrastructure Streets and Drainage	15

***Long-Term Liabilities***

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

***Bad Debts***

Uncollectible amounts for ad valorem taxes are generally not significant. As a result, the direct write-off method for recognizing bad debts is used. Under this method, the receivable is charged to expense when the account is deemed to be uncollectible. The Town uses the allowance method for recognizing bad debts for customers' utility receivables. An allowance of \$5,616 has been set up for the year ended June 30, 2012.

***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.

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2012**

***Electrical System Operating Agreement***

On September 9, 1998, the Board of Aldermen of the Town authorized an operating agreement between the Town and Louisiana Power and Light (Entergy) for Entergy to operate the electric system within the corporate limits of the Town for a period of twenty-five years. The agreement provides that Entergy will pay to the Town two percent of total revenue collected from the sale of electric service to residential and commercial customers within the Town. Revenues under this agreement totaled \$16,515 for the year ended June 30, 2012.

***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.

***Nonspendable, Restricted, Committed, Assigned, and Unassigned Fund Balances***

The Town implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the fiscal year ended June 30, 2011. This statement changed the terminology of the various classifications of fund balance which are nonspendable, restricted, committed assigned and unassigned which are defined as follows:

The **nonspendable portion** of fund balance represents items that cannot be spent, such as for prepaid expenses.

Portions of fund equity reported in the Fund Financial Statements are **restricted** by local, state or Federal grant regulations for future use and are; therefore, not available for future appropriation or expenditure. The Town's only restricted amount relates to the Downtown Revitalization checking account which is 100% restricted for expenditures related to downtown revitalization.



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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2012**

**Committed unassigned fund balances** indicate the Town's tentative plans for the use of financial resources in a future period. Fund balance commitments are made by Board approved resolutions. The Town does not have any such fund balances in the current fiscal year.

The Board of Aldermen can **assign** the General Fund's unassigned fund balance as they determine needed for the payment of future commitments. The Board of Aldermen has not established a formal policy regarding the order of spending fund balances that are restricted, committed, or assigned. The Town's informal policy for the spending prioritization of fund balances is that restricted would receive top priority followed by committed. Assigned balances receive the least priority and would be authorized to be spent only if adequate funds were available. If expenditures incurred exceed the amount that have been committed or assigned to a specific purpose, amounts unassigned would be reduced to eliminate the deficit. The Town does not have any assigned fund balances in the current fiscal year.

The Town has not established benchmarks for unassigned fund balance requirements.

***E. 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.

***F. Equity Investments***

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

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2012**

**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, 2012.

At June 30, 2012, the Town has cash totaling \$749,715, as follows:

Petty Cash	\$ 139
Demand Deposits	450,966
Certificate of Deposit	298,610
Total	\$ <u>749,715</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, 2012, is secured, as follows:

Bank Balances	\$ <u>688,440</u>
Federal deposit insurance	\$ 250,000
Pledged Securities	438,440
Total	\$ <u>688,440</u>



**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2012**

**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 \$96,423 at of June 30, 2012 and are comprised of the following:

	General Fund	Proprietary Fund	Total
Accounts receivable			
Sales taxes	\$ 5,877	\$ -	\$ 5,877
Franchise fees	14,148	-	14,148
Returned checks	767	1,883	2,650
Customer receivables	-	74,433	74,433
Less: Allowance for Doubtful Accounts	-	(5,616)	(5,616)
<b>Total</b>	<b>\$ 20,792</b>	<b>\$ 70,700</b>	<b>\$ 91,492</b>

The Town has 441 residential and 52 commercial water customers and 433 residential and 47 commercial sewer customers. The Town also serves 298 residential and 62 commercial gas customers.

Significantly all of the \$74,433 in utility customer receivables are current and are classified as follows: Water, \$28,635; Gas, \$20,828; Sewer, \$16,529 and Other, \$8,441.

**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:

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2012**

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

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

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

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2012**

Restricted Assets were composed of the following as of June 30, 2012:

	<u>Cash and Cash Equivalents</u>
<b>1976 Water and Gas Revenue Bonds</b>	
Bond and Interest Redemption Fund	\$ 52,880
Bond Reserve Fund	21,259
Depreciation and Contingency Fund	45,580
<b>1988 Sewer Revenue Bonds</b>	
Bond and Interest Redemption Fund	7,567
Bond Reserve Fund	10,108
Depreciation and Contingency Fund	12,251
<b>Total - Utility Fund</b>	<u>\$ 149,645</u>

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2012**

**Note 5 - Changes in Capital Assets**

The following schedule presents changes in capital assets for the year ended June 30, 2012.

	<u>Balance</u> 6/30/2011	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 6/30/2012
<b>Governmental Activities</b>				
Nondepreciable assets				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
Total nondepreciable assets	1,000	-	-	1,000
Depreciable assets				
Building	50,300	-	-	50,300
Vehicles	324,735	-	-	324,735
Furniture and equipment	83,124	6,026	-	89,150
Fire station	486,426	-	-	486,426
Streets and drainage	517,493	-	-	517,493
Total depreciable assets	1,462,078	6,026	-	1,468,104
Less accumulated depreciation	(548,614)	(78,975)	-	(627,589)
Net governmental activities capital assets	<u>\$ 914,464</u>	<u>\$ (72,949)</u>	<u>\$ -</u>	<u>\$ 841,515</u>
<b>Business-type activities</b>				
Nondepreciable assets				
Land	\$ 19,650	\$ -	\$ -	\$ 19,650
Depreciable assets				
Water system	2,579,669	-	-	2,579,669
Sewer system	2,841,473	-	-	2,841,473
Gas system	1,328,027	-	-	1,328,027
Gas pipeline	9,428	-	-	9,428
Service equipment	132,355	35,000	-	167,355
Office equipment	8,266	-	-	8,266
Total depreciable assets	6,899,218	35,000	-	6,934,218
Less accumulated depreciation	(2,796,243)	(145,480)	-	(2,941,723)
Net business-type capital assets	<u>\$ 4,122,625</u>	<u>\$ (110,480)</u>	<u>\$ -</u>	<u>\$ 4,012,145</u>

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2012**

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

Depreciation of \$78,975 was charged to governmental activities as follows: General Government, \$5,909; Public Safety, \$28,058; Public Works, \$10,508; and Streets and Drainage, \$34,500. Depreciation of \$145,480 as of June 30, 2012, was charged to expense in the utility fund.

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

The Towns of Newellton and St. Joseph, Louisiana entered into a joint venture, called the Town of Newellton and the Town of St. Joseph, Louisiana Jointly Owned Gas Operations and Maintenance Fund (the Joint Gas Line) to provide natural gas to the two towns for resale to their citizens and approximately fifteen other customers in the service area. The Boards of Aldermen and the Mayors of the two towns govern the Joint Gas Line. Each of the Towns own 50% of the net worth of the joint venture. This amount is shown as an asset called Investment in Jointly Owned Gas Line. (See Note 13) Summary financial information for the joint venture at June 30, 2012, and for the year then ended, is as follows:

Total assets	\$ 151,637
Total liabilities	<u>(10,178)</u>
Total fund equity	<u>\$ 141,459</u>
Total revenues	\$ 235,428
Total cost of sales	<u>(145,057)</u>
Gross profit	90,371
Operating expenses	(41,977)
Nonoperating revenue	<u>279</u>
Net income	48,673
Net assets, beginning of year	242,786
Distributions	<u>(150,000)</u>
Net assets, end of year	<u>\$ 141,459</u>

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2012**

In the Town of Newellton's 2011 report, the Town's share of the net assets for the Joint Gas Line was reported as \$91,408 (one-half of \$182,816). However, after the Town released its fiscal year 2011 report, the net assets for the Joint Gas Line were changed to \$242,786. This \$59,970 change is a result of the Joint Gas Line failure to properly bill the Towns of Newellton and St Joseph throughout the fiscal year 2011. Specifically, the Joint Gas Line billed for 12 months but did not bill for February 2011 and due to the lack of properly reporting the month of services on the bills for several months, this February billing was believed to have been billed but was for March services. The Town's February 2011 billing of \$24,167 has not yet been billed but has been included in the June 30, 2012 payables.

**Note 7 - Long-Term Debt**

The following is a summary of long term-debt transactions of the Town for the year ended June 30, 2012:

Business-Type Activities - Revenue Bonds

Balance at beginning of year	\$ 358,981
Additions	-
Retirements	<u>(38,563)</u>
Balance end of year	<u>\$ 320,418</u>

Bonds payable at June 30, 2012 are comprised of the following individual issues:

Business-Type Activities - Revenue Bonds:

\$550,000 Bonds dated April 6, 1976; due in annual installments of \$29,250 - \$33,000 through April 6, 2016; interest at 5%.	\$ 110,000
\$100,000 Bonds dated April 6, 1976; due in annual installments of \$5,250 - \$6,250, through April 6, 2016; interest at 5%.	20,000
\$315,000 Bonds dated March 23, 1988; due in annual installments of \$18,512 through May 12, 2028; interest at 5%.	190,418
Total Revenue Bonds - Utilities Enterprise Fund	<u>\$ 320,418</u>

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2012**

Principal and interest are due in total, to maturity, as follows:

Fiscal Year Ended June 30,	Business-Type Activities		
	Principal	Interest	Total
2013	\$ 38,992	\$ 16,021	\$ 55,013
2014	39,441	14,071	53,512
2015	44,913	12,100	57,013
2016	45,409	9,854	55,263
2017	10,929	7,583	18,512
2018-2022	63,412	29,151	92,563
2023-2027	77,322	11,630	88,952
	\$ 320,418	\$ 100,410	\$ 420,828

For the fiscal year ended June 30, 2012, the amount of interest charged to expense was \$17,949 for revenue bonds.

**Note 8 - Interfund Receivables and Payables**

Individual fund interfund receivables and payables at June 30, 2012, are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ -	\$ 1,363
Utility Enterprise Fund	1,363	-
Total	\$ 1,363	\$ 1,363

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, 2012**

**Note 9 - Interfund Transfers**

Individual fund transfers in and out at June 30, 2012 are as follows:

	Operating Transfers	
	In	Out
General Fund	\$ 83,000	\$ -
Enterprise Fund	-	83,000
Total	\$ 83,000	\$ 83,000

Transfers are used to (1) move revenues from the fund that is required by statute or budget to collect them to the fund that is required by statute or budget to expend them, (2) use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In the year ended June 30, 2012, the Town made transfers of \$83,000 from the Utility Fund to the General Fund to cover the cash short fall in the General Fund.

**Note 10 - Ad Valorem Taxes**

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

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

The ad valorem tax millage for fiscal year 2012 was 20.23 mills.

**Note 11 - 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.



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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2012**

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 3.00% 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 9.25% 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 current rate is 14.25%. The Town's contributions to the MERS for the years ended June 30, 2012, 2011, and 2010 were \$36,432, \$28,806, and \$29,852; 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, 7937 Office Park Boulevard, Baton Rouge, LA 70806 or by calling (225) 925-4810.

**Note 13 - Related Party Transactions**

The Town jointly operates with the Town of St. Joseph, Louisiana that portion of the gas transmission line from the 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 2012 the Town purchased \$82,477 of natural gas from the jointly owned gas line and owed it \$28,075 as of June 30, 2012.

**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

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

**Notes To Financial Statements**  
**As Of And For The Year Ended June 30, 2012**

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, 2012

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
<b>Budgetary fund balance at beginning of year</b>	\$ 98,901	\$ 98,901	\$ 98,901	\$ -
<b>Resources (inflows)</b>				
Ad valorem taxes	65,000	64,300	59,445	(4,855)
Sales and other taxes	42,500	44,000	75,588	31,588
Charges for services	65,000	74,000	76,412	2,412
License and permits:				
Franchise revenue	32,000	48,000	20,505	(27,495)
Occupational & other licenses	25,000	-	38,946	38,946
Intergovernmental revenue	91,880	51,145	51,465	320
Fines and forfeitures	25,000	41,000	25,346	(15,654)
Interest income	200	200	190	(10)
Miscellaneous	300	355	686	331
Total revenues	346,880	323,000	348,583	25,583
Transfers in	50,000	130,000	83,000	(47,000)
	50,000	130,000	83,000	(47,000)
Total revenues	396,880	453,000	431,583	(21,417)
Amounts available for appropriations	495,781	551,901	530,484	(21,417)
<b>Charges to appropriations (outflows)</b>				
Current:				
General government	183,900	174,000	152,138	21,862
Public safety:				
Police department	128,000	127,000	119,515	7,485
Fire department	1,800	500	689	(189)
Public works	163,500	151,000	159,331	(8,331)
Capital outlay	52,000	17,000	6,026	10,974
Total charges	529,200	469,500	437,699	31,801
Total charges to appropriations	529,200	469,500	437,699	31,801
Excess of revenues over expenditures	(132,320)	(16,500)	(6,116)	10,384
<b>Budgetary fund balance at end of year</b>	\$ (33,419)	\$ 82,401	\$ 92,785	\$ 10,384

**OTHER SUPPLEMENTAL INFORMATION**

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Schedules of Net Assets - Utility Enterprise Fund**  
June 30, 2012 and 2011

	2012	2011
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 224,945	\$ 172,828
Investments	298,610	296,672
Accounts receivable - net	70,700	73,788
Due from other funds	1,363	2,396
Prepaid expenses	2,826	5,978
Total current assets	598,444	551,662
<b>Restricted assets</b>		
Cash and cash equivalents	149,645	142,263
<b>Capital assets</b>		
Non-depreciable	19,650	19,650
Depreciable	6,934,218	6,899,218
Total capital assets	6,953,868	6,918,868
Accumulated depreciation	(2,941,723)	(2,796,243)
Net capital assets	4,012,145	4,122,625
<b>Other assets</b>		
Investment in jointly owned gas operations and maintenance fund	70,730	91,409
<b>Total assets</b>	\$ 4,830,964	\$ 4,907,959
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 38,103	\$ 22,785
Payroll liabilities	2,117	2,422
Total current liabilities	40,220	25,207
<b>Liabilities payable from restricted assets</b>		
Accrued interest payable	2,740	3,199
Current portion of revenue bonds payable	38,992	38,564
Total restricted liabilities	41,732	41,763
<b>Noncurrent liabilities</b>		
Customer deposits and customer prepayments	77,518	74,144
Revenue bonds payable	281,426	320,417
Total noncurrent liabilities	358,944	394,561
<b>Total liabilities</b>	440,896	461,531
<b>Net assets</b>		
Invested in capital assets, net of related debt	3,688,987	3,760,445
Restricted:		
Debt service	91,814	87,831
Depreciation and contingency	57,832	54,431
Unrestricted	551,435	543,721
Total net assets	4,390,068	4,446,428
<b>Total liabilities and net assets</b>	\$ 4,830,964	\$ 4,907,959

TOWN OF NEWELLTON  
Newellton, Louisiana

Schedules of Revenues, Expenses, and Changes in  
Net Assets - Utility Enterprise Fund  
For The Year Ended June 30, 2012 and 2011

	2012	2011
<b>Operating revenues:</b>		
Water sales	\$ 245,358	\$ 257,377
Gas sales	178,466	250,361
Sewerage fees	141,627	148,748
Plumbing fees	3,676	3,951
Penalties	12,972	13,391
Other operating revenues	90	1,725
Miscellaneous revenues	1,837	-
Total operating revenues	584,026	675,553
<b>Operating expenses:</b>		
Bad debts	5,196	2,193
Computer consultants	2,915	3,804
Depreciation	145,480	144,079
Dues and subscriptions	1,307	1,162
Engineering	560	-
Equipment	18,539	14,805
Gas purchases	106,644	104,182
Insurance - general	15,124	17,372
Legal and audit	24,272	23,291
Miscellaneous expenses	2,423	173
Office supplies	5,805	5,934
Postage	3,318	3,696
Salaries and related benefits	166,314	141,520
Supplies-plant	17,096	12,231
Supplies and expenses-gas	6,173	8,394
Supplies and expenses-sewer	18,882	21,299
Supplies and expenses-water	61,313	42,540
Telephone	8,150	7,567
Travel and meetings	2,447	2,732
Utilities	33,107	43,194
Total operating expenses	645,065	600,168
<b>Operating profit (loss)</b>	(61,039)	75,385
<b>Nonoperating revenues (expenses):</b>		
Grants	48,725	21,427
Interest earnings	2,581	5,358
Income from jointly owned gas operations and maintenance fund	54,320	239
Interest expense	(17,948)	(34,735)
Total nonoperating revenue (expense)	87,678	(7,711)
<b>Income before operating transfers</b>	26,639	67,674
<b>Operating transfers:</b>		
Transfers out	(83,000)	(131,000)
Net transfers	(83,000)	(131,000)
<b>Net income (loss)</b>	(56,361)	(63,326)
<b>Net assets beginning of year</b>	4,446,429	4,509,755
<b>Net assets end of year</b>	\$ 4,390,068	\$ 4,446,429

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

**Schedules of Cash Flows - Utility Enterprise Fund**  
**For the Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 588,343	\$ 674,785
Cash paid for employee services	(166,619)	(144,333)
Cash payments to suppliers for goods and services	(312,757)	(301,878)
Net cash provided by operating activities	<u>108,967</u>	<u>228,574</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfers to general fund	<u>(83,000)</u>	<u>(131,000)</u>
Net cash used in noncapital financing activities	<u>(83,000)</u>	<u>(131,000)</u>
<b>Cash flows from capital and related financing activities</b>		
Grant received for repairs of capital assets	14,400	-
Grant received for acquisition to capital assets	35,000	21,427
Acquisition of capital assets	(35,000)	(34,995)
Principal paid on debt	(38,563)	(466,024)
Interest paid on debt	(17,948)	(36,244)
Net cash used for financing activities	<u>(42,111)</u>	<u>(515,836)</u>
<b>Cash flows from investing activities</b>		
Sale (Purchase) of short-term investments	(1,938)	423,492
Interest received on investments	2,581	5,358
Distribution received from Joint Line	75,000	238
Net cash provided by investing activities	<u>75,643</u>	<u>429,088</u>
<b>Net increase in cash</b>	59,499	10,826
<b>Cash, beginning of year</b>	<u>315,091</u>	<u>304,265</u>
<b>Cash, end of year</b>	<u>\$ 374,590</u>	<u>\$ 315,091</u>
<b>Shown on the accompanying balance sheet as</b>		
Cash	\$ 224,945	\$ 172,828
Restricted assets		
Cash	<u>149,645</u>	<u>142,263</u>
<b>Total</b>	<u>\$ 374,590</u>	<u>\$ 315,091</u>

(Continued)



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

**Schedules of Cash Flows - Utility Enterprise Fund (Concluded)**  
**For the Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ (61,039)	\$ 75,385
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	145,480	144,079
Bad debts	5,196	2,193
Change in assets and liabilities		
Accounts receivable	(3,088)	(2,317)
Prepaid expenses	3,152	(1,572)
Accounts payable and accrued liabilities	15,318	12,070
Payroll liabilities	(459)	-
Due to other funds	1,033	658
Customer deposits	3,374	(1,922)
Net cash provided by operating activities	<u>\$ 108,967</u>	<u>\$ 228,574</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>\$ 54,320</u>	<u>\$ 239</u>
Total noncash capital investing and financing activities	<u>\$ 54,320</u>	<u>\$ 239</u>

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Schedule of Changes in Restricted Assets**  
**For the Year Ended June 30, 2012**

	<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, 2011	\$ 51,730	\$ 19,409	\$ 43,313	\$ 114,452
Add:				
Transfers from operating	39,000	1,800	2,160	42,960
Interest earned	149	49	109	307
Total funds available	<u>90,879</u>	<u>21,258</u>	<u>45,582</u>	<u>157,719</u>
Less:				
Principal and interest	<u>(38,000)</u>	<u>-</u>	<u>-</u>	<u>(38,000)</u>
<b>Balance - June 30, 2012</b>	<b><u>\$ 52,879</u></b>	<b><u>\$ 21,258</u></b>	<b><u>\$ 45,582</u></b>	<b><u>\$ 119,719</u></b>
<b><u>\$315,000 1988 Sewer Revenue Bonds</u></b>				
Balance - July 1, 2011	\$ 7,533	9,159	\$ 11,118	\$ 27,810
Add:				
Transfers from operating	18,513	926	1,104	20,543
Interest earned	36	23	28	87
Total funds available	<u>26,082</u>	<u>10,108</u>	<u>12,250</u>	<u>48,440</u>
Less:				
Principal and interest	<u>(18,513)</u>	<u>-</u>	<u>-</u>	<u>(18,513)</u>
<b>Balance - June 30, 2012</b>	<b><u>\$ 7,569</u></b>	<b><u>\$ 10,108</u></b>	<b><u>\$ 12,250</u></b>	<b><u>\$ 29,927</u></b>

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

The schedule of compensation paid to Aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of Louisiana Legislature. Compensation of the Aldermen is included in general administration expenditures of the General Fund.

	<u>Compensation</u>
Edwin Britt	\$ 6,000
James Fuller	6,000
Billy Mitchell	6,000
Mattie Sampson	6,000
Timothy Turner	6,000
Total Compensation	<u>\$ 30,000</u>

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

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*

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

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Newellton (the Town) as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

*Internal Control over Financial Reporting*

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Town of Newellton  
Newellton, Louisiana**

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management of the Town, entities granting funds to the Town, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

  
(A Professional Accounting Corporation)

**December 31, 2012**

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Summary Status of Prior Year Findings**  
**For the Year Ended June 30, 2012**

The following is a summary of the status of the prior year audit findings included in the Luffey, Huffman, Ragsdale & Soignier (APAC) audit report dated January 5, 2012 in connection with the audit of the financial statements of the Town of Newellton as of and for the year ended June 30, 2011.

**11-01 Local Government Budget Act**

*Finding*

On May 8, 2011, the Town Council approved the Town's amended 2011 budget and the original 2012 budget. However, the four columns presented (the Prior Year (2009/2010) Actual, the 9 month Actual through March 31, 2011, the 2010/2011 Amended Budget and the 2012 Proposed Budget) contains significant errors. Had the correct fund balance of \$85,581 been used, the Town budgeted a negative fund balance for June 30, 2011 which is not allowed per Revised Statute 39:1305. Additionally, as a result of using \$101,038 as the beginning fund balance, the Town violated Revised Statute 39:1311 where the difference was more than 5% and was being used to fund current year expenditures. Given the number of mathematical errors in the Budget Proposal, it is difficult for the Town to have a realistic understanding of the financial operation of the Town.

*Status*

The Town has made dramatic improvements in FY12 by addressing all of the issues cited in Finding 11-01 above.

**11-02 Timely Submission of Financial Statements**

*Finding*

The audited financial statements were not submitted to Louisiana Legislative Auditor by December 31, 2011 (six months after fiscal year end) as required by Louisiana Revised Statute 24:513. This year's submission was delayed due to having issues getting corrective action plans finalized.

*Status*

The Town has submitted fiscal year 2012's financial statements within the six month deadline.

**TOWN OF NEWELLTON**  
Newellton, Louisiana

**Summary Status of Prior Year Findings**  
**For the Year Ended June 30, 2012**

**ML-01 Employee Utility Billings**

***Finding***

The Town did not have a formalized method of reporting activity of the activating and de-activating of customers (on the request of the customer) which records the date of the requested change of service by the Utility Department and the Town Hall employees. Additionally, the Town did not correctly handle an employee's gas service for a rent house that may or may not have been suspended at the employee's request. The same employee also holds a control sensitive position with the Town. Subsequent analysis revealed that the employee owed the Town \$160.80 for services that appear to have been available for four months.

***Status***

The Town has addressed both of these related issues by having a more formal communication between the utility office staff and the utility operations staff. Additionally, the employee did pay the \$160.80 that was owed to the Town.

**ML-02 Personnel Files**

***Finding***

The Town did not maintain sufficient documentation on some of the employees in the payroll folders.

***Status***

The Town has amended its procedures to ensure the collection of all documents before releasing a paycheck to an employee.