

TOWN OF NEWELLTON, LOUISIANA

**Financial Report
As of and For the Year Ended June 30, 2009**

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 2/3/10

TOWN OF NEWELLTON, LOUISIANA
Financial Report
As Of and For The Year Ended June 30, 2009

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Financial Report
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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, each major fund, and the aggregate remaining fund information of the Town of Newellton, Louisiana (the Town) as of June 30, 2009, 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, 2009 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 30, 2009 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 45, 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.

Steffen Huffman, Registered Accountant

(A Professional Accounting Corporation)

December 30, 2009

**REQUIRED SUPPLEMENTAL INFORMATION
(PART A)**

Town of Newellton
Management's Discussion and Analysis (MD&A)
June 30, 2009

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, 2009. 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 \$5,637,043 (net assets).
 - ✓ Of this amount \$4,506,200 represented a restriction equal to the net amount invested in land, building, equipment and construction in progress and \$173,477 restricted for debt service and depreciation and contingencies.
 - ✓ The remainder of \$957,366 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 \$476,670.
- As of the close of the current fiscal year, the Town of Newellton's governmental funds reported combined ending fund balances of \$148,639, a decrease of \$26,409 in comparison with the prior year. Of this total amount, \$135,434 is available for spending at the government's discretion (*unreserved fund balance*).
- The Town of Newellton's total debt decreased by approximately \$53,000 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 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. 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 \$5,637,043 at June 30, 2009. The combined net assets increased between fiscal years 2008 and 2009 by approximately \$476,670.

Capital assets consisting of land, buildings, machinery and equipment account for the majority of the Town's net assets of \$5,637,043. Capital assets, net of depreciation and related debt included in Net Assets total \$4,506,200. 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, 2009 and 2008

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 213,142	\$ 246,270	\$ 1,081,289	\$ 901,647	\$ 1,294,431	\$ 1,147,917
Capital assets	<u>1,043,908</u>	<u>659,900</u>	<u>4,341,309</u>	<u>4,456,108</u>	<u>5,385,217</u>	<u>5,116,008</u>
Total assets	<u>1,257,050</u>	<u>906,170</u>	<u>5,422,598</u>	<u>5,357,755</u>	<u>6,679,648</u>	<u>6,263,925</u>
Current and other liabilities	73,320	85,213	144,280	144,641	217,600	229,854
Long-term liabilities	-	8,445	825,005	865,253	825,005	873,698
Total liabilities	<u>73,320</u>	<u>93,658</u>	<u>969,285</u>	<u>1,009,894</u>	<u>1,042,605</u>	<u>1,103,552</u>
Net Assets:						
Invested in capital assets, net of related debt:						
Restricted	1,035,091	637,465	3,471,109	3,546,544	4,506,200	4,184,009
Unrestricted	9,714	8,651	163,763	151,216	173,477	159,867
Total net assets	<u>\$ 1,183,730</u>	<u>\$ 812,512</u>	<u>\$ 4,453,313</u>	<u>\$ 4,347,861</u>	<u>\$ 5,637,043</u>	<u>\$ 5,160,373</u>

Net assets of the Town's governmental activities increased 45.7% to approximately \$1.18 million. Net assets of the Town's business-type activities increased 2.4% to approximately \$4.35 million.

Changes in net assets. The Town's total revenue increased by approximately \$359,000 to nearly \$1.85 million (see Table 2). Approximately 54% of the Town's revenue comes from charges for services, and 22% comes from capital grants.

The total cost of programs and services increased approximately \$87,000 or 7%. The Town's expenses cover all services performed by its office.

Governmental Activities

Revenues for the Town's governmental activities increased 45% which is largely attributable to funding of the fire station while total expenses increased by 9%.

Expenses are classified by functions/programs. General government accounts for approximately 32% or \$173,000 while public safety and public works accounts for approximately 34% and 34% or \$183,000 and \$182,000, respectively, for the fiscal year 2009.

Table 2
Changes in the Town's Net Assets
Fiscal Years Ended June 30, 2009 and 2008

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues						
Program Revenues:						
Charges for services	\$ 78,852	\$ 78,743	\$ 913,127	\$ 862,052	\$ 991,979	\$ 940,795
Operating grants and contributions	118,721	121,092	-	-	118,721	121,092
Capital Grants and contributions	407,288	100,428	-	40,000	407,288	140,428
General Revenues:						
Property taxes	59,092	59,262	-	-	59,092	59,262
Sales taxes	60,664	61,211	-	-	60,664	61,211
Other taxes	2,878	3,298	-	-	2,878	3,298
Other general revenues	103,497	124,789	106,217	40,563	209,714	165,352
Transfers	80,000	79,000	(80,000)	(79,000)	-	-
Total revenues	<u>910,992</u>	<u>627,823</u>	<u>939,344</u>	<u>863,615</u>	<u>1,850,336</u>	<u>1,491,438</u>
Expenses:						
General government	173,342	146,047	-	-	173,342	146,047
Public safety	183,295	140,616	-	-	183,295	140,616
Public works	182,125	205,991	-	-	182,125	205,991
Culture and recreation	-	-	-	-	-	-
Interest on long-term debt	1,012	1,284	44,678	45,614	45,690	46,898
Water, sewer, and gas expenses	-	-	789,214	747,152	789,214	747,152
Total expenses	<u>539,774</u>	<u>493,938</u>	<u>833,892</u>	<u>792,766</u>	<u>1,373,666</u>	<u>1,286,704</u>
Increase (decrease) in assets	<u>\$ 371,218</u>	<u>\$ 133,885</u>	<u>\$ 105,452</u>	<u>\$ 70,849</u>	<u>\$ 476,670</u>	<u>\$ 204,734</u>

The related program revenues for fiscal 2009 directly related to these expenses totaled \$407,288, which resulted in net program revenue of \$65,087. 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 \$69,000 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 \$105,000.

Revenues decreased approximately 8.8% to \$939,000 and expenses of the Town's business-type activities decreased approximately 5.2% to \$834,000.

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 \$148,639, a decrease of \$26,409 in comparison with the prior year. Approximately 91% of this total amount (\$135,434) 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 prior to June 30. The original budget for the Town was adopted in June of 2008, and the final budget amendment was adopted in early June 2009.

Revenues: Overall revenues for the General Fund were projected to increase during FY 2009 by approximately \$273,000 from the previous year. The vast amount of the increase was caused by the expected increase in grant revenues which were projected to increase \$269,000 from 2008 actual figures. All other revenues were projected to increase by approximately \$4,000.

Expenditures: General governmental expenditures comprise 17% of the General Funds Appropriations. Police and fire expenditures comprise another 16%. Public Works comprises 18%. Capital outlay and debt service comprised the remainder at 49%.

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, 2009, amounts to \$5,385,217 (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 \$482,000 which were largely comprised of the new fire station (\$383,000 in fiscal year 2009 plus \$101,000 that was included in construction in progress in fiscal year 2008), a new roof for the Town Hall of \$24,000 and \$52,000 for streets and drainage. In addition there was the recording of depreciation expense, totaling \$212,000.

Table 3
The Town of Newellton Capital Assets
As of June 30, 2009 and 2008

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ 6,100	\$ -	\$ 19,650	\$ 19,650	\$ 25,750	\$ 19,650
Construction in Progress	-	100,428	-	-	-	100,428
Buildings	521,976	21,000	-	-	521,976	21,000
Vehicles	352,694	352,694	-	-	352,694	352,694
Furniture and equipment	166,184	166,184	105,195	105,195	271,379	271,379
Water system	-	-	2,579,669	2,569,500	2,579,669	2,569,500
Sewer system	-	-	2,828,652	2,815,597	2,828,652	2,815,597
Gas system	-	-	1,337,454	1,337,454	1,337,454	1,337,454
Streets and drainage	544,726	492,185	-	-	544,726	492,185
Total	<u>1,591,680</u>	<u>1,132,491</u>	<u>6,870,620</u>	<u>6,847,396</u>	<u>8,462,300</u>	<u>7,979,887</u>
Less: accumulated depreciation	<u>(547,772)</u>	<u>(472,591)</u>	<u>(2,529,311)</u>	<u>(2,391,775)</u>	<u>(3,077,083)</u>	<u>(2,864,366)</u>
Total Capital Assets	<u>\$ 1,043,908</u>	<u>\$ 659,900</u>	<u>\$ 4,341,309</u>	<u>\$ 4,455,621</u>	<u>\$ 5,385,217</u>	<u>\$ 5,115,521</u>

Long-Term Debt At the end of the current fiscal year, the Town had \$8,430 in general obligations bonds. They also had revenue bonds outstanding of \$865,253. 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, 2009 and 2008

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenue Bonds	\$ -	\$ -	\$ 865,253	\$ 904,775	\$ 865,253	\$ 904,775
General Obligation Notes	8,430	22,369	-	-	8,430	22,369
Total Debt	<u>\$ 8,430</u>	<u>\$ 22,369</u>	<u>\$ 865,253</u>	<u>\$ 904,775</u>	<u>\$ 873,683</u>	<u>\$ 927,144</u>

Economic Factors and Next Year's Budgets and Rates

Factors considered in preparing the Town of Newellton's budget for the 2010 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. Also, with the completion of the new 3,000 square foot fire station along with other fire protection improvements and one time funding of other grant related issues, intergovernmental revenues and capital outlay reflected \$408,000 and \$389,000 decreases respectively.

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, 2009

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 128,751	\$ 585,576	\$ 714,327
Receivables	11,200	94,341	105,541
Due from other governmental units	59,986	-	59,986
Prepaid expenses	3,491	3,875	7,366
Restricted assets			
Cash	9,714	163,761	173,475
Capital assets, net	1,043,908	4,341,309	5,385,217
Investment in jointly owned gas operations and maintenance fund	-	233,736	233,736
Total Assets	<u>1,257,050</u>	<u>5,422,598</u>	<u>6,679,648</u>
Liabilities			
Accounts payable and accrued expenses	69,908	18,645	88,553
Internal balances	(5,405)	5,405	-
Deposits held	-	75,035	75,035
Accrued interest payable	387	4,947	5,334
Long-term liabilities			
Due within one year	8,430	40,248	48,678
Due in more than one year	-	825,005	825,005
Total Liabilities	<u>73,320</u>	<u>969,285</u>	<u>1,042,605</u>
Net Assets			
Invested in capital assets, net of related debt	1,035,091	3,471,109	4,506,200
Restricted for			
Debt service	9,714	96,993	106,707
Depreciation and contingency	-	66,770	66,770
Unrestricted	138,925	818,441	957,366
Total Net Assets	<u>\$ 1,183,730</u>	<u>\$ 4,453,313</u>	<u>\$ 5,637,043</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, 2009

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
Primary government:							
Governmental activities:							
General government:	\$ 173,342	\$ -	\$ -	\$ 24,440	\$ (148,902)	\$ -	\$ (148,902)
Public safety	183,295	-	80,341	382,848	279,894	-	279,894
Public works	182,125	78,852	38,380	-	(64,893)	-	(64,893)
Interest and fiscal charges on long-term debt	1,012	-	-	-	(1,012)	-	(1,012)
Total governmental activities	539,774	78,852	118,721	407,288	65,087	-	65,087
Business-type activity:							
Utility fund	789,214	913,127	-	-	-	123,913	123,913
Interest and fiscal charges on long-term debt	44,678	-	-	-	-	(44,678)	(44,678)
Total business-type activities	833,892	913,127	-	-	-	79,235	79,235
Total primary government	\$ 1,373,666	\$ 991,979	\$ 118,721	\$ 407,288	65,087	79,235	144,322
General revenues:							
Taxes:							
Ad valorem taxes					59,092	-	59,092
Sales taxes					60,664	-	60,664
Other taxes					2,878	-	2,878
Video poker					7,193	-	7,193
Licenses and permits					69,445	-	69,445
Fines and forfeitures					24,830	-	24,830
Interest and investment earnings					829	9,374	10,203
Other					1,200	-	1,200
Income from jointly owned gas operations and maintenance fund					-	96,843	96,843
Transfers in (out)					80,000	(80,000)	-
Total general revenues					306,131	26,217	332,348
Change in net assets					371,218	105,452	476,670
Net assets at beginning of year					812,512	4,347,861	5,160,373
NET ASSETS AT END OF YEAR					\$ 1,183,730	\$ 4,453,313	\$ 5,637,043

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

TOWN OF NEWELLTON
Newellton, Louisiana
Governmental Funds
Balance Sheet
June 30, 2009

	<u>Major Fund</u>	<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Governmental</u>	<u>Total</u>
	<u>Fund</u>	<u>Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 113,319	\$ 15,432	\$ 128,751
Receivables:			
Sales taxes	6,002	-	6,002
Other receivables	5,198	-	5,198
Due from other governmental units	59,986	-	59,986
Restricted Assets			
Cash	-	9,714	9,714
Prepaid Expenses	3,491	-	3,491
Due from other funds	5,405	-	5,405
TOTAL ASSETS	<u>\$ 193,401</u>	<u>\$ 25,146</u>	<u>\$ 218,547</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable and accrued expenses	\$ 69,908	\$ -	\$ 69,908
Total liabilities	<u>69,908</u>	<u>-</u>	<u>69,908</u>
Fund equity:			
Fund balance:			
Reserved for debt service	-	9,714	9,714
Reserved for prepaid expenses	3,491	-	3,491
Unreserved/undesignated	120,002	15,432	135,434
Total fund balance	<u>123,493</u>	<u>25,146</u>	<u>148,639</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 193,401</u>	<u>\$ 25,146</u>	<u>\$ 218,547</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, 2009

Fund balances - total governmental funds	\$	148,639
Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Governmental capital assets	\$	1,591,680
Less: accumulated depreciation		<u>(547,772)</u>
		1,043,908
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		(387)
Certificates of indebtedness payable		<u>(8,430)</u>
		<u>(8,817)</u>
Net assets of governmental funds	\$	<u><u>1,183,730</u></u>

TOWN OF NEWELLTON
Newellton, Louisiana
Governmental Funds
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2009

	<u>Major Fund</u> <u>General</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u>
Revenues:			
Taxes:			
Ad valorem	\$ 59,092	\$ -	\$ 59,092
Sales	60,664	-	60,664
Charges for services	78,852	-	78,852
Licenses and permits, and commission for services	69,445	-	69,445
Intergovernmental:			
Federal	414,508	-	414,508
State	73,237	-	73,237
Local	38,380	9,955	48,335
Fines and forfeitures	24,830	-	24,830
Use of money and property	691	138	829
Other revenues	1,200	-	1,200
Total Revenues	<u>820,899</u>	<u>10,093</u>	<u>830,992</u>
Expenditures:			
Current:			
General government	169,534	-	169,534
Public safety-police	142,765	-	142,765
Public safety-fire	2,107	-	2,107
Public works	149,175	-	149,175
Capital outlay	459,189	-	459,189
Debt service	4,675	9,956	14,631
Total Expenditures	<u>927,445</u>	<u>9,956</u>	<u>937,401</u>
Excess (Deficiency) of Revenues	(106,546)	137	(106,409)
Other Financing Sources/(Uses)			
Transfers in	80,000	996	80,996
Transfers out	(996)	-	(996)
Total Other Financing Sources/(Uses)	<u>79,004</u>	<u>996</u>	<u>80,000</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(27,542)	1,133	(26,409)
Fund Balances at Beginning of Year	<u>151,035</u>	<u>24,013</u>	<u>175,048</u>
FUND BALANCES AT END OF YEAR	<u>\$ 123,493</u>	<u>\$ 25,146</u>	<u>\$ 148,639</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, 2009**

Net change in fund balances - total governmental funds	\$	(26,409)
Amount reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	\$ 459,189	
Depreciation expense	<u>(75,181)</u>	384,008
Elimination of transfers in and out:		
Transfers in	913	
Transfers out	<u>(913)</u>	-
<p>The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction has no effect on net assets.</p>		
Principal payments		13,939
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Accrued interest payable		<u>(320)</u>
Change in net assets of governmental activities	\$	<u>371,218</u>

TOWN OF NEWELLTON
Newellton, Louisiana

Business-type Activities - Enterprise Fund
Statement of Net Assets
June 30, 2009

	<u>Utility Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 585,576
Accounts receivable - net	94,341
Prepaid expenses	3,875
Total current assets	<u>683,792</u>
Restricted assets	
Cash	163,761
Total restricted assets	<u>163,761</u>
Capital assets	
Non-depreciable	19,650
Depreciable	6,850,970
Total capital assets	6,870,620
Accumulated depreciation	(2,529,311)
Net capital assets	<u>4,341,309</u>
Other assets	
Investment in jointly owned gas operations and maintenance fund	<u>233,736</u>
Total assets	<u>\$ 5,422,598</u>
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable and accrued expenses	\$ 18,645
Due to other funds	5,405
Total current liabilities	<u>24,050</u>
Liabilities payable from restricted assets	
Accrued interest payable	4,947
Customer deposits (net)	75,035
Current portion of revenue bonds payable	40,248
Total restricted liabilities	<u>120,230</u>
Noncurrent liabilities	
Revenue bonds payable	825,005
Total noncurrent liabilities	<u>825,005</u>
Total liabilities	<u>969,285</u>
Net assets	
Invested in capital assets, net of related debt	3,471,109
Restricted for	
Debt service	96,993
Depreciation and contingency	66,770
Unrestricted	818,441
Total net assets	<u>4,453,313</u>
Total liabilities and net assets	<u>\$ 5,422,598</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, 2009

	Utility Fund
OPERATING REVENUES	
Water sales	\$ 291,000
Gas sales	399,933
Sewerage fees	198,152
Plumbing fees	3,002
Penalties	21,040
Total operating revenues	913,127
OPERATING EXPENSES	
Bad debts	3,561
Computer consultants	2,239
Depreciation	138,023
Dues and subscriptions	470
Engineering	2,975
Equipment	15,863
Gas purchases	264,021
Insurance - general	48,849
Legal and audit	29,201
Office supplies	4,338
Postage	3,882
Salaries and related benefits	108,317
Supplies-plant	2,272
Supplies and expenses-gas	8,160
Supplies and expenses-sewer	20,751
Supplies and expenses-water	60,095
Telephone	6,937
Travel and meetings	2,183
Utilities	63,442
Total operating expenses	789,214

(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, 2009

	<u>Utility Fund</u>
Operating Income	123,913
NONOPERATING REVENUES (EXPENSES)	
Interest earnings	9,374
Income from jointly owned gas line	96,843
Interest expense	<u>(44,678)</u>
Total nonoperating revenue (expenses)	<u>61,539</u>
Net income before operating transfers	185,452
OPERATING TRANSFERS	
Transfers out	<u>(80,000)</u>
Net transfers	(80,000)
Net income	105,452
Net assets beginning of year	<u>4,347,861</u>
Net assets end of year	<u><u>\$ 4,453,313</u></u>

TOWN OF NEWELLTON
Newellton, Louisiana

Business-type Activity - Enterprise Fund
Statement of Cash Flows
For the Year Ended June 30, 2009

	<u>Utility Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 919,561
Cash paid for employee services	(108,317)
Cash payments to suppliers for goods and services	(548,605)
Net cash provided by operating activities	<u>262,639</u>
Cash flows from noncapital financing activities	
Transfers to general fund from the utility fund	<u>(80,000)</u>
Net cash used in noncapital financing activities	<u>(80,000)</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	(23,224)
Principal paid on debt	(38,796)
Interest paid on debt	(44,520)
Net cash used for financing activities	<u>(106,540)</u>
Cash flows from investing activities	
Interest received on investments	<u>9,374</u>
Net cash provided by investing activities	<u>9,374</u>
Net increase in cash	85,473
Cash, beginning of year	<u>663,864</u>
Cash, end of year	<u>\$ 749,337</u>
Shown on the accompanying statement of net assets as	
Cash	\$ 585,576
Restricted assets	
Cash	<u>163,761</u>
Total	<u>\$ 749,337</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, 2009

	<u>Utility Fund</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 123,913
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	138,023
Bad debt expense	3,561
Change in assets and liabilities	
Accounts receivable	(6,404)
Prepaid expenses	957
Accounts payable and accrued liabilities	(6,415)
Due to other funds	4,829
Customer deposits	<u>4,175</u>
 Net cash provided by operating activities	 \$ <u>262,639</u>
 Supplemental disclosure of noncash capital investing activities	
Increase in the investment of the jointly owned gas operations and maintenance fund	 \$ <u>96,843</u>

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2009

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, 2009

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, 2009

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, 2009

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, 2009

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 of water used and then \$4.00 for each additional 1,000 gallons or fraction thereof.
2. Sewer rates charged:
 - a. Residential customers are billed \$14.20 for the first 2,000 gallons of water used. They are then billed \$3.34 for each 1,000 gallons or fraction thereof.
 - b. Commercial customers are charged \$18.46 for the first 2,000 gallons of water purchased. They are then charged \$3.34 for each additional 1,000 gallons or fraction thereof of water used.
3. Gas rates charged to customers are \$15.00 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.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2009

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, 2009, 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, 2009

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, 2009.

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
Fire Station	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 \$5,511 has been set up for the year ended June 30, 2009.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2009

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 \$21,325 for the year ended June 30, 2009.

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, 2009

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.

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, 2009.

At June 30, 2009, the Town has cash totaling \$887,802, as follows:

Petty Cash	\$ 139
Demand Deposits	673,813
Certificate of Deposit	<u>213,850</u>
Total	<u>\$ 887,802</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, 2009, is secured, as follows:

Bank Balances	\$ <u>892,043</u>
Federal deposit insurance	\$ 250,000
Pledged Securities	<u>642,043</u>
Total	<u>\$ 892,043</u>

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2009

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 \$165,527 at of June 30, 2009 and are comprised of the following:

	General Fund	Proprietary Fund	Total
Accounts receivable			
Sales taxes	\$ 6,002	\$ -	\$ 6,002
Franchise fees	4,641	-	4,641
Returned checks	557	1,026	1,583
Customer receivables	-	98,826	98,826
Less: Allowance for Doubtful Accounts	-	(5,511)	(5,511)
Due from other governmental units	59,986	-	59,986
Total	<u>\$ 71,186</u>	<u>\$ 94,341</u>	<u>\$ 165,527</u>

The Town has 474 residential and 47 commercial water customers and 462 residential and 42 commercial sewer customers. The Town also serves 334 residential and 34 commercial gas customers.

Significantly all of the \$98,826 in utility receivables are current and are classified as follows: Water, \$40,703; Gas, \$22,463; Sewer, \$25,714 and Other, \$9,946.

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;

**TOWN OF NEWELLTON
Newellton, Louisiana**

**Notes To Financial Statements
As Of And For The Year Ended June 30, 2009**

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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Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2009

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

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

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

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2009

Restricted Assets were composed of the following as of June 30, 2009:

	<u>Cash and Cash Equivalents</u>
<u>General Fund</u>	
\$80,000 Certificate of Indebtness	
Bond and Interest Redemption Fund	\$ 9,714
Total - General Fund	<u>9,714</u>
 <u>Utility Fund</u>	
1976 Water and Gas Revenue Bonds	
Bond and Interest Redemption Fund	42,937
Bond Reserve Fund	15,788
Depreciation and Contingency Fund	38,591
 1988 Sewer Revenue Bonds	
Bond and Interest Redemption Fund	7,397
Bond Reserve Fund	7,228
Depreciation and Contingency Fund	8,813
 1998 Water Revenue Bonds	
Bond and Interest Redemption Fund	5,346
Bond Reserve Fund	18,296
Depreciation and Contingency Fund	19,365
Total - Utility Fund	<u>163,761</u>
 Total	 \$ <u>173,475</u>

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2009

Note 5 - Changes in Capital Assets

The following schedule presents changes in capital assets for the year ended June 30, 2009

	Balance 6/30/2008	Additions	Deletions	Balance 6/30/2009
Governmental Activities				
Nondepreciable assets				
Land	\$ 6,100	\$ -	\$ -	\$ 6,100
Construction in progress	100,428	-	(100,428)	-
Total nondepreciable assets	106,528	-	(100,428)	6,100
Depreciable assets				
Building	20,000	23,800	-	43,800
Vehicles	352,694	-	-	352,694
Furniture and equipment	166,184	-	-	166,184
Fire station	-	483,276	-	483,276
Streets and drainage	487,085	52,541	-	539,626
Total depreciable assets	1,025,963	559,617	-	1,585,580
Less accumulated depreciation	(472,591)	(75,181)	-	(547,772)
Net governmental activities capital assets	<u>\$ 659,900</u>	<u>\$ 484,436</u>	<u>\$ (100,428)</u>	<u>\$ 1,043,908</u>
Business-type activities				
Nondepreciable assets				
Land	\$ 19,650	\$ -	\$ -	\$ 19,650
Depreciable assets				
Water system	2,569,500	10,169	-	2,579,669
Sewer system	2,815,597	13,055	-	2,828,652
Gas system	1,328,027	-	-	1,328,027
Gas pipeline	9,428	-	-	9,428
Service equipment	97,315	-	-	97,315
Office equipment	7,880	-	-	7,880
Total depreciable assets	6,827,747	23,224	-	6,850,971
Less accumulated depreciation	(2,391,775)	(137,536)	-	(2,529,311)
Net business-type capital assets	<u>\$ 4,455,622</u>	<u>\$ (114,312)</u>	<u>\$ -</u>	<u>\$ 4,341,310</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

TOWN OF NEWELLTON
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Notes To Financial Statements
As Of And For The Year Ended June 30, 2009

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 \$75,181 was charged to governmental activities as follows: General Government, \$3,808; Public Safety, \$38,423; Public Works, \$138; and Streets and Drainage, \$32,812. Depreciation of \$137,536 as of June 30, 2009 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. This project was begun in fiscal year 2008 and incurred \$100,428 in that year and another \$382,847 in fiscal year 2009 for a total cost of \$483,275.

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, 2009 and for the year then ended, is as follows:

Total assets	\$ 470,517
Total liabilities	<u>(3,046)</u>
Total fund equity	<u>\$ 467,471</u>
Total revenues	\$ 610,974
Total cost of sales	<u>(364,344)</u>
Gross profit	246,630
Operating expenses	(54,681)
Nonoperating revenue	<u>1,735</u>
Net income	193,684
Net assets, beginning of year	<u>273,787</u>
Net assets, end of year	<u>\$ 467,471</u>

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2009

Note 7 - Long-Term Debt

The following is a summary of long term-debt transactions of the Town for the year ended June 30, 2009:

	Governmental Activities	Business-Type Activities		Total
	General Obligation Revenue Notes	Revenue Bonds		
Balance at Beginning of Year	\$ 22,369	\$ 904,775	\$	927,144
Additions	-	-		-
Retirements	(13,939)	(39,522)		(53,461)
Balance end of year	\$ 8,430	\$ 865,253		873,683

Bonds payable at June 30, 2009 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	\$	4,987
\$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		3,443
Total Certificate of Indebtedness and Revenue Note	\$	8,430

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2009

Business-Type Activities:

Revenue Bonds:

\$550,000 Revenue bonds dated April 6, 1976; due in annual installments of \$29,250 - \$34,350 through April 6, 2016; interest at 5%.	\$ 179,000
\$100,000 Revenue bonds dated April 6, 1976; due in annual installments of \$4,400 - \$6,000, through April 6, 2016; interest at 5%.	31,000
\$315,000 Sewer Revenue bonds dated March 23, 1988; due in annual installments of \$18,512 through May 12, 2028; interest at 5%.	214,904
\$506,000 Water Revenue bonds dated April 24, 1998; due in monthly installments of \$2,398.44 through December 2038; interest at 4.875%	440,349
Total Revenue Bonds - Utilities Enterprise Fund	<u>\$ 865,253</u>

Maturities of long-term obligations of the Town including interest of \$529,395 are as follows:

Fiscal Year Ended June 30,	Governmental Activities	Business Type Activities	Total
2010	\$ 8,561	\$ 82,794	\$ 91,355
2011	-	81,544	81,544
2012	-	85,294	85,294
2013	-	83,794	83,794
2014	-	82,294	82,294
2015-2019	-	311,719	311,719
2020-2024	-	236,469	236,469
2025-2029	-	195,834	195,834
2030-2034	-	143,906	143,906
2035-2039	-	90,869	90,869
	<u>\$ 8,561</u>	<u>\$ 1,394,517</u>	<u>\$ 1,403,078</u>

For the fiscal year ended June 30, 2009, the amount of interest charged to expense was \$692 for general obligations bonds and \$44,678 for revenue bonds.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2009

Note 8 - Interfund Receivables and Payables

Individual fund interfund receivables and payables at June 30, 2009 are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 5,405	\$ -
Utility Enterprise Fund	-	5,405
Total	\$ 5,405	\$ 5,405

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

Note 9 - Interfund Transfers

Individual fund transfers in and out at June 30, 2009 are as follows:

	Operating Transfers	
	In	Out
General Fund	\$ 80,000	\$ 996
Enterprise Fund	-	80,000
Debt Service Fund	996	-
Total	\$ 80,996	\$ 80,996

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, 2009, the Town made transfers of \$80,000 from the Utility Fund to the General Fund to cover the cash short fall in the General Fund.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2009

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 2009 was 17.30 mills.

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 \$10,625 for the year ended June 30, 2009.

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

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As Of And For The Year Ended June 30, 2009

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, 2009, 2008 and 2007 were \$28,400, \$31,526, and \$33,640; respectively, equal to the statutorily required contributions for each year.

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

Note 13 - Related Party Transactions

The Town jointly operates with the Town of St. Joseph, Louisiana that portion of the gas transmission line from Lake St. John Field to the Town of Newellton. The Town purchases gas from the jointly owned transmission line to be resold to its citizens. For fiscal year 2009 the Town purchased \$264,021 of natural gas from the jointly owned gas line. As of June 30, 2009 the Town owed \$13,135 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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Budgetary fund balance at beginning of year	\$ 148,643	\$ 151,035	\$ 151,035	\$ -
Resources (inflows)				
Ad valorem taxes	60,000	59,050	59,092	42
Sales and other taxes	55,000	53,780	60,664	6,884
Charges for services	75,500	70,000	78,852	8,852
License and permits:				
Franchise revenue	32,000	36,610	27,276	(9,334)
Occupational & other licenses	55,000	37,000	42,169	5,169
Intergovernmental revenue	488,805	412,608	526,125	113,517
Fines and forfeitures	38,000	25,500	24,830	(670)
Interest income	3,000	700	691	(9)
Miscellaneous	4,500	3,600	1,200	(2,400)
Total revenues	<u>811,805</u>	<u>698,848</u>	<u>820,899</u>	<u>122,051</u>
Transfers in	<u>63,000</u>	<u>79,000</u>	<u>80,000</u>	<u>1,000</u>
Amounts available for appropriations	<u>1,023,448</u>	<u>928,883</u>	<u>1,051,934</u>	<u>123,051</u>
Charges to appropriations (outflows)				
Current:				
General government	147,812	156,510	169,534	13,024
Public safety:				
Police department	129,800	129,545	142,765	13,220
Fire department	12,300	1,350	2,107	757
Public works	155,500	129,875	149,175	19,300
Capital outlay	437,605	333,872	459,189	125,317
Debt service	4,660	4,661	4,675	14
Total charges	<u>887,677</u>	<u>755,813</u>	<u>927,445</u>	<u>171,632</u>
Transfers out	<u>650</u>	<u>913</u>	<u>996</u>	<u>83</u>
Total charges to appropriations	<u>888,327</u>	<u>756,726</u>	<u>928,441</u>	<u>171,715</u>
Budgetary fund balance at end of year	<u>\$ 135,121</u>	<u>\$ 172,157</u>	<u>\$ 123,493</u>	<u>\$ 48,664</u>

OTHER SUPPLEMENTAL INFORMATION

TOWN OF NEWELLTON
Newellton, Louisiana
Nonmajor Governmental Funds
Combining Balance Sheet
As of June 30, 2009

	Special Revenue Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	Downtown Revitalization	Fire Department	
ASSETS			
Cash and cash equivalents	\$ 15,432	\$ -	\$ 15,432
Restricted assets			
Cash	-	9,714	9,714
TOTAL ASSETS	\$ 15,432	\$ 9,714	\$ 25,146
 LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Total liabilities	-	-	-
 Fund balance			
Reserved for			
Debt service	-	9,714	9,714
Unreserved/undesignated	15,432	-	15,432
Total fund balance	15,432	9,714	25,146
TOTAL LIABILITIES AND FUND BALANCE	\$ 15,432	\$ 9,714	\$ 25,146

TOWN OF NEWELLTON
Newellton, Louisiana
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2009

	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Downtown Revitalization</u>	<u>Fire Department</u>	
REVENUES			
Intergovernmental:			
Local	\$ -	\$ 9,955	\$ 9,955
Interest income	71	67	138
Total revenues	<u>71</u>	<u>10,022</u>	<u>10,093</u>
EXPENDITURES			
Retirement of principal	-	9,493	9,493
Interest and fiscal charges	-	463	463
Total expenditures	<u>-</u>	<u>9,956</u>	<u>9,956</u>
EXCESS OF REVENUES OVER EXPENDITURES	71	66	137
OTHER FINANCING SOURCES (USES)			
Operating transfers in	<u>-</u>	<u>996</u>	<u>996</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER EXPENDITURES	71	1,062	1,133
FUND BALANCE, beginning of year	<u>15,361</u>	<u>8,652</u>	<u>24,013</u>
FUND BALANCE END OF YEAR	<u>\$ 15,432</u>	<u>\$ 9,714</u>	<u>\$ 25,146</u>

TOWN OF NEWELLTON
Newellton, Louisiana

Schedules of Net Assets - Utility Enterprise Fund
June 30, 2009 and 2008

	2009	2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 585,576	\$ 512,648
Accounts receivable - net	94,341	96,059
Prepaid expenses	3,875	4,832
Total current assets	683,792	613,539
Restricted assets		
Cash and cash equivalents	163,761	151,216
Capital assets		
Non-depreciable	19,650	19,650
Depreciable	6,850,970	6,827,746
Total capital assets	6,870,620	6,847,396
Accumulated depreciation	(2,529,311)	(2,391,288)
Net capital assets	4,341,309	4,456,108
Other assets		
Investment in jointly owned gas operations and maintenance fund	233,736	136,892
Total assets	\$ 5,422,598	\$ 5,357,755
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 18,645	\$ 28,894
Due to other funds	5,405	576
Total current liabilities	24,050	29,470
Liabilities payable from restricted assets		
Accrued interest payable	4,947	4,789
Customer deposits	75,035	70,860
Current portion of revenue bonds payable	40,248	39,522
Total restricted liabilities	120,230	115,171
Noncurrent liabilities		
Revenue bonds payable	825,005	865,253
Total noncurrent liabilities	825,005	865,253
Total liabilities	969,285	1,009,894
Net assets		
Invested in capital assets, net of related debt	3,471,109	3,546,544
Restricted:		
Debt service	96,993	89,805
Depreciation and contingency	66,770	61,411
Unrestricted	818,441	650,101
Total net assets	4,453,313	4,347,861
Total liabilities and net assets	\$ 5,422,598	\$ 5,357,755

TOWN OF NEWELLTON
Newellton, Louisiana

**Schedules of Revenues, Expenses, and Changes in
Net Assets - Utility Enterprise Fund
For The Year Ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Water sales	\$ 291,000	\$ 260,910
Gas sales	399,933	374,642
Sewerage fees	198,152	202,552
Plumbing fees	3,002	2,924
Penalties	21,040	21,024
Total operating revenues	<u>913,127</u>	<u>862,052</u>
Operating expenses:		
Bad debts	3,561	2,292
Computer consultants	2,239	-
Depreciation	138,023	135,173
Dues and subscriptions	470	1,050
Engineering	2,975	4,129
Equipment	15,863	15,399
Gas purchases	264,021	247,196
Insurance - general	48,849	43,273
Legal and audit	29,201	29,343
Miscellaneous expenses	3,635	(887)
Office supplies	4,338	3,821
Postage	3,882	2,785
Salaries and related benefits	108,317	102,733
Supplies-plant	2,272	3,761
Supplies and expenses-gas	8,160	4,632
Supplies and expenses-sewer	20,751	18,855
Supplies and expenses-water	60,095	69,639
Telephone	6,937	6,458
Travel and meetings	2,183	2,792
Utilities	63,442	54,708
Total operating expenses	<u>789,214</u>	<u>747,152</u>
Operating profit (loss)	123,913	114,900
Nonoperating revenues (expenses):		
Grants	-	40,000
Interest earnings	9,374	14,152
Income from jointly owned gas operations and maintenance fund	96,843	26,411
Interest expense	(44,678)	(45,614)
Total nonoperating revenue (expense)	<u>61,539</u>	<u>34,949</u>
Income before operating transfers	185,452	149,849
Operating transfers:		
Transfers out	(80,000)	(79,000)
Net transfers	<u>(80,000)</u>	<u>(79,000)</u>
Net income (loss)	105,452	70,849
Net assets beginning of year	<u>4,347,861</u>	<u>4,277,012</u>
Net assets end of year	<u>\$ 4,453,313</u>	<u>\$ 4,347,861</u>

TOWN OF NEWELLTON
Newellton, Louisiana

Schedules of Cash Flows - Utility Enterprise Fund
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Cash received from customers	\$ 919,561	\$ 838,011
Cash paid for employee services	(108,317)	(102,733)
Cash payments to suppliers for goods and services	(548,605)	(504,097)
Net cash provided by operating activities	<u>262,639</u>	<u>231,181</u>
Cash flows from noncapital financing activities:		
Transfers to general fund	(80,000)	(79,000)
Net cash used in noncapital financing activities	<u>(80,000)</u>	<u>(79,000)</u>
Cash flows from capital and related financing activities		
Grant received for acquisition of capital assets	-	40,000
Acquisition of capital assets	(23,224)	(46,329)
Proceeds from sale of capital assets	-	-
Principal paid on debt	(38,796)	(38,802)
Interest paid on debt	(44,520)	(46,494)
Net cash used for financing activities	<u>(106,540)</u>	<u>(91,625)</u>
Cash flows from investing activities		
Interest received on investments	9,374	14,152
Distribution received from Joint Line	-	200,000
Net cash provided by investing activities	<u>9,374</u>	<u>214,152</u>
Net increase in cash	85,473	274,708
Cash, beginning of year	<u>663,864</u>	<u>389,156</u>
Cash, end of year	<u>\$ 749,337</u>	<u>\$ 663,864</u>
Shown on the accompanying balance sheet as		
Cash	\$ 585,576	\$ 512,648
Restricted assets		
Cash	<u>163,761</u>	<u>151,216</u>
Total	<u>\$ 749,337</u>	<u>\$ 663,864</u>

(Continued)

TOWN OF NEWELLTON
Newellton, Louisiana

Schedules of Cash Flows - Utility Enterprise Fund (Concluded)
For the Years Ended June 30, 2009 and 2008

	2009	2008
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 123,913	\$ 114,900
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	138,023	135,173
Loss on disposal	-	-
Bad debts	3,561	2,292
Change in assets and liabilities		
Accounts receivable	(6,404)	(7,524)
Prepaid expenses	957	(4,832)
Accounts payable and accrued liabilities	(6,415)	7,688
Due to other funds	4,829	(9,891)
Customer deposits	4,175	(6,625)
	<u>\$ 262,639</u>	<u>\$ 231,181</u>
Net cash provided by operating activities		
Supplemental disclosure of noncash capital investing and financing activities:		
Increase in the investment in the jointly owned gas operations and maintenance fund	96,843	26,411
	<u>96,843</u>	<u>26,411</u>
Total noncash capital investing and financing activities	<u>\$ 96,843</u>	<u>\$ 26,411</u>

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Changes in Restricted Assets
For the Year Ended June 30, 2009

	<u>Bond and Interest Redemption</u>	<u>Bond Reserve</u>	<u>Depreciation and Contingency</u>	<u>Total</u>
<u>\$550,000 1976 Water and Gas Revenue Bonds</u>				
<u>\$100,000 1976 Water and Gas Revenue Bonds</u>				
Balance - July 1, 2008	\$ 40,323	\$ 13,880	\$ 36,159	\$ 90,362
Add:				
Transfers from operating	39,000	1,800	2,160	42,960
Interest earned	364	108	272	744
Total funds available	<u>79,687</u>	<u>15,788</u>	<u>38,591</u>	<u>134,066</u>
Less:				
Principal and interest	<u>(36,750)</u>	<u>-</u>	<u>-</u>	<u>(36,750)</u>
Balance - June 30, 2009	<u>\$ 42,937</u>	<u>\$ 15,788</u>	<u>\$ 38,591</u>	<u>\$ 97,316</u>
<u>\$315,000 1988 Sewer Revenue Bonds</u>				
Balance - July 1, 2008	\$ 7,304	\$ 6,254	\$ 7,557	\$ 21,115
Add:				
Transfers from operating	18,513	926	1,196	20,635
Interest earned	93	48	60	201
Total funds available	<u>25,910</u>	<u>7,228</u>	<u>8,813</u>	<u>41,951</u>
Less:				
Principal and interest	<u>(18,513)</u>	<u>-</u>	<u>-</u>	<u>(18,513)</u>
Balance - June 30, 2009	<u>\$ 7,397</u>	<u>\$ 7,228</u>	<u>\$ 8,813</u>	<u>\$ 23,438</u>
<u>\$506,000 1997 Water Revenue Bonds</u>				
Balance - July 1, 2008	\$ 5,315	\$ 16,729	\$ 17,695	\$ 39,739
Add:				
Transfers from operating	28,781	1,440	1,536	31,757
Interest earned	32	127	135	294
Total funds available	<u>34,128</u>	<u>18,296</u>	<u>19,366</u>	<u>71,790</u>
Less:				
Principal and interest	<u>(28,781)</u>	<u>-</u>	<u>-</u>	<u>(28,781)</u>
Balance - June 30, 2009	<u>\$ 5,347</u>	<u>\$ 18,296</u>	<u>\$ 19,366</u>	<u>\$ 43,009</u>
<u>\$80,000 Fire Equipment Certificates of Indebtness</u>				
Balance - July 1, 2008	\$ 8,651	\$ -	\$ -	\$ 8,651
Add:				
Transfers from operating	996	-	-	996
Intergovernmental revenue - local	9,955	-	-	9,955
Interest earned	68	-	-	68
Total funds available	<u>19,670</u>	<u>-</u>	<u>-</u>	<u>19,670</u>
Less:				
Principal and interest	<u>(9,956)</u>	<u>-</u>	<u>-</u>	<u>(9,956)</u>
Balance - June 30, 2009	<u>\$ 9,714</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,714</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	\$ 1,800
Edwin Britt	3,600
David Delaney	600
James Fuller	1,800
Carol Guice	1,800
Billy Mitchell	3,600
Billy Parker	1,200
Mattie Sampson	1,800
Timothy Turner	1,800
 Total Compensation	 \$ <u>18,000</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
Phillip A. Ragsdale, CPA
David Ray Solgnier, CPA, MBA

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND 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, 2009, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 30, 2009. 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 deficiencies described in the accompanying Schedule of Findings listed as 09-01 to 09-04 to be significant deficiencies in the internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider items 09-01 to 09-04 of the significant deficiencies described above to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 09-01.

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.

Luffey, Huffman, Rozelala, & Soignier

(A Professional Accounting Corporation)

December 30, 2009

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Findings
June 30, 2009

09-01 Utility Fund Billings

Finding

During the course of our work on the Utility Fund, we discovered that one of the Town's employees was carrying a balance of \$1,791. Excluding some of the larger commercial clients, customers generally have an average outstanding balance of around \$75 to \$100 for gas, water, sewer and garbage services. This balance was largely created during the April 2009 billing cycle which reflected gas charges of \$1,545 and the May 2009 billing cycle which reflected limb charges of \$164. The balance in this customer account at December 30, 2009 was \$1,832 which largely consisted of these two items plus the December 2009 billing of \$118.

Further investigation revealed that this employee was responsible for reading his own meters (gas and water) but at the time of the issue in question did not have an active gas account with the Town. As a result, the Town did not expect to have a meter reading for a gas account. The discovery of the uncharged gas billings occurred when the billing clerk noted that the water reading looked irregular and asked the supervisor to reread meter. It was at this time that it was discovered that the gas meter was operational. The current gas reading was then compared to the previous time it had been read and the difference was billed in April.

When the utility supervisor was questioned, he stated that he believes the \$1,545 billing was too high which was based on an error on his initial calculations of the amount owed. When the supervisor read the employee's meter, he compared the current reading to the previous reading for this employee. However, the employee had moved and it was the old location's meter reading that was used in charging the \$1,545. When the supervisor discovered this error, he found that the true reading for the employee's new location were unusable since the current reading reflected a lower number than the previous time the meter had been read for which the most logical explanation is that the meter had been changed out. It should also be noted that the Town does not record the number that is on each meter as being assigned to a specific address. At this point, the supervisor estimated meter usage based on the number of months since the employee was last billed and determined it to be around \$400.

An analysis of other employee billing histories revealed one other meter reader that had significant activity in his gas, water and sewer billings where gas had an additional \$408 charge in April 2009, water had an additional \$344 and \$136 charges in March and April of 2009 and sewer had an additional \$280 and \$106 charges in March and April of 2009. These amounts were paid by May 31, 2009 and as of December 30, 2009, this employee owed \$122 which was the amount for his December utility billing. This employee was also responsible for reading his own meter.

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Findings
June 30, 2009

Finally, it was also noted that another employee had incurred a balance of \$297 for utilities over the course of several months which have been disconnected due to nonpayment. This employee's last payment was made on November 21, 2008.

Recommendation

We recommend that the Town finalize the amount due from the employee with the \$1,545 charge and initiate collection efforts against this employee and the employee with the \$297 past due balance and work out a plan to collect these funds before June 30, 2010.

We further recommend that the Town strengthen its controls over meter reading by reaffirming with the supervisor the need for him to read all employee meters and reporting that data directly to the billing clerk. The supervisor's meter, if applicable, should be read by one of the other meter readers. Additionally, the Town should rotate meter reading amongst its employees to ensure that no personal/family relationships interfere with the Town's revenue cycle in the future. However, given the small workforce of meter readers that the Town employs and the interrelationships that often exists within a small workforce and in a community where the employees know virtually everyone in the Town, it may be necessary to expand the supervisors role to checking on a random basis meter readings that have been turned in. A record should be maintained of this follow up procedure.

The Town should also implement a policy regarding the collection of future past due accounts from an employee whereby the Town is authorized by the employee to withhold from his payroll check. This authorization has to be in place before the Town initiates withholding from an employees check. This policy should involve a service charge to discourage an employee from failing to pay his account and letting it be withheld from his check as a form of an automatic payment. If such an event occurs in the future where it is necessary to withhold an amount from an employee's check, the withheld amount should be remitted by check from the Town's checking account to the billing clerk for accurate posting and to maintain an audit trail.

The Town should also implement a policy regarding theft against the Town as punishable by immediate termination and the forfeiture of any amounts due to the employee for the repayment of the Town's loss.

Management's Corrective Action Plan

We will implement the recommendations cited above.

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Findings
June 30, 2009

09-02 Notification to Civil Authorities

Finding

Louisiana Revised Statute 24:523 requires the Town to notify the Louisiana Legislative Auditor and the District Attorney when it has actual knowledge of any misappropriation of public funds. It would appear that the Town had sufficient knowledge in April 2009 to have determined that a misappropriation had occurred in the utility billing department. This notification was not made to either official.

Recommendation

The Town should advise the District Attorney and the Louisiana Legislative Auditor in writing of this misappropriation as required by Louisiana Revised Statute 24:523.

Management's Corrective Action Plan

We will further discuss this issue with our attorney and request that he provide the correspondence that we are required to do.

09-03 Utility Fund Customer Deposits

Finding

During the course of the audit, we noted that the customer deposits reflected a balance of \$71,105 on the Town's utility billing system while the general ledger system maintained on Quickbooks reflected a balance of \$77,050. This \$5,945 difference could be the result of not recording the names on the billing system when services are connected or reflecting connection fees or utility services in Quickbooks which should have been charged to a revenue account instead of the customer deposits liability account..

The balances cited are as of December 30, 2009 due to an inability to run the billing system's deposits as of a prior date. The Quickbook balance in this account on June 30, 2009 was \$75,035 as reflected on the Statement of Net Assets.

Recommendation

The Town should dedicate time to resolving this difference by reviewing the customer billing and verifying that each customer receiving a monthly bill has a deposit on the utility billing system for water and/or gas as applicable. For customers that do not reflect a balance in the

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Findings
June 30, 2009

utility billing system, the billing clerk should determine when services began, if possible, in order to determine the amount of the deposit that should have been received and produce a listing of these customers. This listing should be reviewed and approved or changed as deemed necessary by the Town Clerk or the Mayor.

Any differences in Quickbooks as compared to the utility system's deposit listing should be adjusted to agree with the deposit listing.

In Quickbooks, future deposits and refunds should be reflected with the name of the customer in the payee section of Quickbooks and the type of service (water and/or gas) being added or removed in the memo section

Once in balance, the Quickbooks customer deposits account and the utility billing system deposits should be compared at the end of each month. Any differences should be analyzed and adjustments made as necessary. A printout of the data should also be retained to document this process.

Management's Corrective Action Plan

We will work with our consulting CPA firm to resolve this issue.

09-04 Accounting Records

Finding

The Town maintains its accounting records on Quickbooks. Quickbooks is a very useful and easy to use computer package but data can also be entered incorrectly relatively easily. As a result, monitoring of the reports is required to ensure that accurate data is reflected in the Town's general ledger. However, during the course of our audit, we had to propose several entries to adjust the accounting records.

The General Fund's eleven adjustments resulted in a \$3,489 increase in assets, a \$4,502 increase in liabilities, a \$44,648 increase in revenues and a \$45,661 increase in expenses. Some of the larger adjustments involved increasing capital outlay (expenditures) by \$99,800, increasing federal revenues by \$49,900 and decreasing public safety (expenditures) by \$49,900; decreasing local revenues by \$6,500 and increasing charges for services for \$6,500 and a \$3,489 adjustment to set up prepaid insurance.

The Utility Fund's twelve adjustments resulted in a \$1,640 decrease in assets, an \$8,633 increase in liabilities, a \$300 increase in revenues and a \$10,573 increase in expenses. These adjustments represent a material weakness in the Town's internal control over financial

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Findings
June 30, 2009

reporting. Some of the larger items involved increasing gas purchased (expenditures) and accounts payable by \$13,136 (this item dates back to an April 2008 billing that was properly reflected in the June 30, 2008 financial statements but was reversed incorrectly in fiscal year 2009), several adjustments to receivables netting to a \$4,203 decrease with the offset being a decrease in revenues and a \$3,874 adjustment to set up prepaid insurance.

Recommendation

We recommend that the Town more closely monitor its financial operations on an ongoing basis to ensure that interested parties can receive accurate financial information throughout the year which will also result in accurate end-of-year data.

Management's Corrective Action Plan

We will work with our consulting CPA firm to resolve this issue.

TOWN OF NEWELLTON
Newellton, Louisiana

Summary Status of Prior Year Findings

The following is a summary of the status of the findings included in the Schedule of Findings dated December 30, 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, 2008.

Schedule of Findings and Questioned Costs

08-01 Local Budget Act

Finding:

The Town should 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 16th, the Town would have to call a special meeting to adopt the budget on June 30th.

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

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

Status:

The Town complied with LSA-RS 39:1306 in fiscal year 2009 by advertising twice (May 28th and June 4th) and adopted the budget at the June 11, 2008 meeting by resolution (before we were aware of the need to adopt by resolution). The Town adopted its budget by ordinance for the fiscal year 2010 budget on June 10, 2009.

The Town also amended its 2009 budget on June 10, 2009 to ensure that its actual expenditures did not exceed the budget by more than 5% and that the Town's revenues were not deficient by more than 5% of budgeted revenues.