

**TOWN OF NEWELLTON, LOUISIANA  
STATUS OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 1996**

In connection with our audit of the Town as of and for the year ended June 30, 1996, in accordance with Government Auditing Standards we have also reviewed the status of material prior year findings included in our report dated October 17, 1995. The following table presents the status of those findings:

<u>Prior Year Finding</u>	<u>Current Year Status</u>
Inadequate Accounting Records and Accounting Controls	Improved; however, see current year findings Number 1 & 2.
Debt Service Millage	Cleared

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

**Unfavorable Actual-to-Budget Expenditure Variance**

**Finding:**

The General Fund Street and Sanitation actual expenditures were above the budgeted amount by more than five percent in violation of the State Budget Act. The major causes of the average are the mis-posting of \$4,200 of rental income and \$2,059 of telephone franchise income to Street overlay Project/Expenses, the mis-posting of Street and Sanitation Insurance expenditure as General Government expenditure, and a capital lease agreement to purchase a link truck for \$24,000.

**Recommendation:**

Town's accounting staff should thoroughly review every account in the detail general ledger each month to ensure that all entries are made to the proper accounts. All capital leases should be taken into consideration in the preparation and/or amendments of the budget.

**Response:**

The Town's accounting staff will thoroughly review every account in the detail general ledger each month to ensure that all entries are made to the proper accounts. Comparisons of budget to actual for expenditures and revenues will be made on a monthly basis to identify the need for any budget amendment.

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We considered these material instances of noncompliance in forming our opinion on whether the general purpose financial statements of the Town are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated September 19, 1996, on these general purpose financial statements.

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



Monroe, Louisiana  
September 19, 1996

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

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

We have audited the general purpose financial statements of the Town of Newellton, Louisiana, (the Town), as of and for the year ended June 30, 1996, and have issued our report thereon dated September 19, 1996. In our report, our opinion was qualified because we were unable to obtain sufficient evidence to support the valuations of certain assets in the General Fixed Asset Account Group, and were we able to satisfy ourselves as to those valuations by other auditing procedures.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Existing Governmental Audit Guide* published by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

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

Material instances of noncompliance are failures to follow requirements or violations of prohibitions, contained in statutes, regulations, contracts, or grants, that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the financial statements. The results of our tests of compliance disclosed the following material instances of noncompliance.

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

periodically. Backup copies on a rotating basis should be stored at an off-site location. This ensures that if a disaster occurs at the Town Hall, a copy of the backup will be available at the offsite location.

**Expenses:**

Some data files have been backed up on a periodic basis, however all data files will be backed up on a timely basis and all programs will be backed up and stored at an offsite location. The backup data files will be rotated whereby we will never have the most current backups at the Town Hall.

\* \* \* \* \*

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe reportable conditions Nos. 1, 2, 4 & 5 described above to be material weaknesses.

However, we note certain matters involving the internal control structure and its operation that we have reported to the management of the Town in a separate letter dated September 19, 1996.

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

*Ruffin, Haffner & Arson*

**MOORE, MAINTAIN**  
September 19, 1996

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

**Response:**

Statements are issued monthly from the contractor for payment and the Town pays from the statement.

**4. Deferrable Actual-to-Budget Expenditure Variance**

**Finding:**

The General Fund Street and Sanitation actual expenditures were above the budgeted amount by more than five percent in violation of the State Budget Act. The major causes of the coverage are the mis-posting of \$1,200 of rental income and \$1,485 of telephone franchise income to Street overlay Project/Engineer, the mis-posting of Street and Sanitation Insurance expenditure as General Government expenditure, and a capital lease agreement to purchase a back truck for \$26,000.

**Recommendation:**

As in the recommendation for Finding No.1, the Town's accounting staff should thoroughly review every account in the detail general ledger each month to ensure that all entries are made to the proper accounts. All capital leases should be taken into consideration in the preparation and/or amendments of the budget.

**Response:**

The Town's accounting staff will thoroughly review every account in the detail general ledger each month to ensure that all entries are made to the proper accounts. Comparisons of budget-to-actual for expenditures and revenues will be made on a monthly basis to identify the need for any budget amendment.

**5. Computer Data Backup**

**Finding:**

In reviewing the adequacy of the Town's computer program and data backup we noted that the Town does not retain a complete backup of all computer programs and data at an off-site location. In the event of fire, flood or any other kind of accident and natural disasters that may happen to the Town Hall, the Town is subject to the danger of irrecoverable damage of all computer programs and data.

**Recommendation:**

We recommend that the Town backup all computer programs and data information

**Mayer Edwin Preis  
and Members of the Board of Aldermen  
Town of Newfane**

for expenditures and revenues will be made on a monthly basis to help detect misreadings.

**2. General Ledger Closed at Wrong Date**

**Finding:**

The prior fiscal year was closed as of July 31, 1995 instead of June 30, 1995. As a result, the posted transaction detail for the month of July, 1995 was completely wiped out from the Town's accounting system. And for the first six months of the Town's fiscal year (July 1, 1995 through December 31, 1995), the month of July was missing. Much time and effort were expended in January, 1996 by the Town's personnel and independent CPA in recapturing this information to post to the proper accounts.

The Town acquired a new computer system and implemented a new computer general ledger system (QuickBooks). The new general ledger system does not require a year-end closing procedure; however, there is a possibility that current year activities could be posted to the prior year books.

**Recommendation:**

We recommend that the clerk be aware of the cut-off of year-end activities. Attention should be given to transaction coding to ensure that current year activities are not booked in the prior year's general ledger.

**Response:**

The Clerk is aware of the year end cut off date. The computer was too small to handle all information and some was lost. The Town now has a new and larger system.

**3. Fee Under Service Contract**

**Finding:**

The Town has a service agreement with a contractor to maintain the Town's sewer pond. The contract calls for a monthly fee of \$1,850. We noted that the Town has been paying only \$1,880 each month during the entire fiscal year. Although the contractor has not complained about the shortfall of fees received, the contractor has the right to request at a later day for payment on the shortfall.

**Recommendation:**

We recommend that the Clerk ensure that recurring charges agree to the relevant contracts.

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

In planning and performing our audit of the general purpose financial statements of the Town for the year ended June 30, 1998, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they had been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

***I. Account Coding of Transactions***

***Finding:***

The expenditures for natural gas purchase should be recorded in the Gas Purchase account. We noted that the expenditure for gas purchased in the amount of \$18,746 for September, 1998 was posted to the Gas Supplies and Expenses account. Also, \$1,200 of Rental Income and \$1,455 of Telephone Franchise Income were recorded as Street Overlay Project/Engineer expenditures. In many other instances entries were made to the wrong accounts. This causes the account balances to be misstated during the year and creates additional audit time and fees to analyze account balances.

***Recommendation:***

The Town's accounting staff should become familiar with the purpose of each account used in the general ledger. Every account in the detail general ledger should be thoroughly reviewed by the clerks each month to ascertain that all entries made to the accounts are coded properly. Comparisons of budget-to-actual for expenditures and revenues should be made on a monthly basis to help detect misreadings before the amount of the misstatement becomes material to the general purpose financial statements.

***Response:***

The Town clerks will thoroughly review the detail general ledger each month to ascertain that all entries made to the accounts are coded properly. Comparisons of budget-to-actual

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

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

We have audited the general purpose financial statements of the Town of Newellton, Louisiana, (the Town), as of and for the year ended June 30, 1996, and have issued our report thereon dated September 19, 1996. In our report, our opinion was qualified because we were unable to obtain sufficient evidence to support the valuations of certain assets in the General Fixed Asset Account Group, nor were we able to satisfy ourselves as to those valuations by other auditing procedures.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide* published by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

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



TOWN OF NEWELLTON, LOUISIANA  
SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 1996

COMPENSATION PAID COUNCIL MEMBERS

The schedule of compensation paid to council members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of Louisiana Legislature. Compensation of the council members is included in general administration expenditures of the General Fund. The compensation of council members is \$125 per month. The compensation of the chairman of the council is \$180 per month.

	<u>Compensation</u>
Edwin G. Frett	\$ 3,600
Kenneth Morgan	1,500
Edwin Heit	1,500
Glen McCarty	1,500
Clara Bass *	1,710
Billy Lee	<u>1,500</u>
	\$ 12,310

\* - Received additional \$18 per month for additional travel duties.

**TOWN OF NEWELLTON, LOUISIANA**  
**NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 1996**

**1. General**

The Schedule of Federal Financial Assistance presents the activity of all Federal financial assistance programs of the Town of Newellton, Louisiana (the Town) except for the Section 8 Housing Authority program which is administered independently from the Town.

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

**2. Basis of Accounting**

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

**TOWN OF NEWELL, TEXAS**  
**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 1996**

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR PROGRAM TITLE</u>	<u>CYSA NUMBER</u>	<u>APPROX AMOUNT</u>	<u>REVENUE RECOGNIZED</u>	<u>DISBURSEMENTS</u>
<b>Pass-Through Programs:</b>				
Department of Housing and Urban Development Community Development Block Grants	14219	\$ 28,500	\$ 3,000	\$ 3,000
<b>Total Pass-Through Programs</b>		<u>28,500</u>	<u>3,000</u>	<u>3,000</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>		<u>\$ 28,500</u>	<u>\$ 3,000</u>	<u>\$ 3,000</u>

See Notes to Schedule of Federal Financial Assistance

**SUPPLEMENTARY INFORMATION -  
GRANT ACTIVITY**

TOWN OF NEWELLTON, LOUISIANA  
 GENERAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL - (Continued)  
 COUNCIL LEVEL OF CONTROL  
 FOR THE YEAR ENDED JUNE 30, 1996

	GAAP BASIS <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE- FAVORABLE <u>(UNFAVORABLE)</u>
<b>Public Works</b>			
Street and Sanitation			
Salaries and Benefits	31,500	37,450	(1,950)
Operating Services	22,425	37,460	(4,035)
Operating Supplies and Maintenance	26,500	29,529	(3,029)
Capital Outlay	0	26,000	(26,000)
Debt Service	31,260	24,653	(3,604)
Street	<u>27,000</u>	<u>0</u>	<u>17,000</u>
Total Public Works	131,985	150,094	(43,047)
Total Expenditures	<u>281,834</u>	<u>384,042</u>	<u>(23,402)</u>
Deficiency of Revenues Over Expenditures	(80,310)	(68,988)	(18,608)
<b>Other Financing Sources</b>			
Operating Transfers - Out	(37,200)	(17,693)	(403)
Operating Transfers - In	26,000	73,152	4,152
Capital Lease Proceeds	<u>0</u>	<u>26,000</u>	<u>26,000</u>
Total Other Financing Sources	<u>26,800</u>	<u>81,459</u>	<u>28,719</u>
Excess of Revenues and Other Financing Sources Over Expenditures	2,670	18,121	3,711
Fund Balance, beginning of the the year as previously reported	51,679	31,658	3,000
Adjustment For Correction Of An Error (Note 10)	<u>0</u>	<u>6,758</u>	<u>0</u>
Fund Balance, beginning of the the year as restated	<u>51,679</u>	<u>26,900</u>	<u>3,000</u>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 54,189</b>	<b>\$ 31,519</b>	<b>\$ 3,000</b>

**TOWN OF NEWELLTON, LOUISIANA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -  
COUNCIL LEVEL OF CONTROL  
FOR THE YEAR ENDED JUNE 30, 1996**

	<b>GAAP BASIS BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE- FAVORABLE (UNFAVORABLE)</b>
<b>REVENUES</b>			
Taxes - Ad Valorem	\$ 28,000	\$ 29,080	1,080
Taxes - Sales and Use	55,800	56,683	883
Licenses and Permits:			
Franchise Revenue	21,700	20,288	1,412
Occupational & Other Licenses	36,000	35,454	546
Intergovernmental Revenues	25,544	15,782	9,762
Charges for Services	54,200	48,997	5,203
Fees	4,000	7,438	3,438
Interest and Rent Income	4,200	4,115	85
<b>Total Revenues</b>	<b>226,644</b>	<b>228,227</b>	<b>1,583</b>
<b>Expenditures</b>			
<b>General Government</b>			
Salaries and Benefits	34,600	40,808	6,208
Operating Services	4,218	21,080	(16,862)
Contractual Services	25,500	6,738	18,762
Interest Expense	4,000	3,680	320
Travel and Other Charges	3,200	8,141	(4,941)
<b>Total General Government</b>	<b>67,518</b>	<b>70,447</b>	<b>2,929</b>
<b>Public Safety</b>			
<b>Police Department</b>			
Salaries and Benefits	37,500	35,470	2,030
Operating Services	12,890	3,188	9,702
Operating Supplies and Maintenance	6,250	18,510	(12,260)
Contractual Services	0	1,363	(1,363)
Debt Service	0	799	(799)
<b>Total Police Department</b>	<b>56,640</b>	<b>59,330</b>	<b>2,690</b>
<b>Fire Protection</b>			
Operating Services	8,800	7,900	900
Operating Supplies and Maintenance	5,680	5,778	(98)
Travel and Other Charges	0	0	0
<b>Total Fire Protection</b>	<b>14,480</b>	<b>13,678</b>	802

(Continued)

**SUPPLEMENTARY INFORMATION**

TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996

Note 16 - Change in Reporting (Continued)

resulted in a restatement of the beginning fund balances for the General Fund as follows:

Fund balance as previously reported	\$ 51,639
Prior period error - revenues	<u>6,738</u>
Beginning fund balance - restated	<u>\$ 58,377</u>

Note 17 - Subsequent Events

In August, 1996 the Town entered into a lease agreement with a vendor for a police vehicle. Using the criteria under the Financial Accounting Standards Board Statement No. 13, the lease qualifies as a capital lease. The lease term is for 24 months with monthly lease payments of \$319.82.

Subsequent to June 30, 1996 the Town issued a Bond Anticipation Note (the Note) of \$500,000 in anticipation of the Water Revenue Bonds to be issued. The proceeds from the Note will be used to provide interim financing for the construction and acquisition of improvements and replacements to the Town's waterworks system. The Note bears interest at rate of 5.88% per annum over a period of 40 years.



**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

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

The Town jointly operates with the Town of St. Joseph, Louisiana that portion of the gas transmission line from Lake St. John Field to the Town of St. Joseph. By long-term agreement, the Towns of Newellton and St. Joseph equally share the cost of operating the gas transmission and distribution systems. The Town's share of these operating costs is included in Gas Purchases for the year ended June 30, 1996.

**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.

**Note 15 - Contingencies**

There is one lawsuit in which the Town is involved. The Town's administration and attorneys are of the opinion that the potential claims against the Town, resulting from litigation, would not materially affect the financial position of the Town at June 30, 1996. The Town's administration is of the opinion that all potential claims, resulting from litigation, are covered by insurance.

**Note 16 - Change in Reporting**

*Adjustments for Prior Period Errors*

In the financial statements for the year ended June 30, 1996, certain errors were made affecting ending fund balance of the General Fund. These corrections

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 10 - Restriction on Use - 1988 Revenue (Continued)**

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

**Note 11 - Interfund Receivables and Payables**

Individual fund interfund receivables and payables at June 30, 1996, are as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 4,426	\$ 19,637
Enterprise Fund:		
Utility Fund	19,752	4,426
Debt Service Fund	-	95
<b>TOTAL</b>	<b>\$ 15,178</b>	<b>\$ 15,138</b>

	Operating Transfers	
	Out	In
General Fund	\$ 17,653	\$ 73,132
Enterprise Fund:		
Utility Fund	73,397	4,649
Capital Project Fund	2,649	-
Debt Service Fund	2,918	17,888
<b>TOTAL</b>	<b>\$ 96,617</b>	<b>\$ 95,669</b>

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 10 - Restrictions on Use - Utility Revenues (Continued)**

Under the terms of the Revenue Preliminary Note loan agreement dated February

1, 1988, all income and revenue (hereinafter referred to as revenue) from operation of the sewerage system are pledged and shall be set aside into a "Sewerage Revenue Fund" to provide for the payment for the reasonable and necessary expenses of operating and maintaining the sewerage system, for the payment of the note and interest thereon and provide an adequate depreciation fund, as follows:

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

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

1. There shall be set aside into a "1988 Sewer Bond and Interest Sinking Fund" monthly amounts equal to one-twelfth (1/12th) of the total amount of principal and interest becoming due on the next payment date;

**TOWN OF NIBELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 9 - Capital Lease Obligation (Continued)**

The future minimum payments of the capital leases for the next five years are shown in the following table.

<u>Year Ended</u> <u>June 30,</u>	<u>Payment</u> <u>Amount</u>
1997	6,650
1998	6,650
1999	<u>4,434</u>
Total Future Minimum Lease Payments	17,734
Less: Amounts Representing Interest	<u>11,284</u>
Present Value of Future Minimum Lease Payments	<u>\$ 6,450</u>

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

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

1. The payment of the reasonable and necessary expenses of administering, operating, repairing and insuring the System;
2. Making monthly contributions to a "Water and Gas Revenue Fund 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.

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 7 - Long-Term Debt (Continued)**

**Capital Lease:**

In October, 1995 the Town entered into a capital lease agreement for a hook truck. The leased asset is recorded in General Fixed Assets Account Group.

The related liability is recorded in General Long-term Debt Account Group. The balance of the lease obligation as of June 30, 1996 was \$22,450.

Maturities of long-term obligations (except for the capital lease as discussed in Note 9) of the Town for the next five years, including interest of \$679,938, are as follows:

Fiscal Year Ended June 30,	General	Capital	Enterprise	Total
	Obligation Notes	Lease	Fund Bonds	
1997	\$ 25,698	\$ 6,012	\$ 74,245	\$ 99,955
1998	26,122	6,012	73,493	99,615
1999	26,826	6,012	72,543	99,269
2000	25,873	6,012	71,993	97,866
2001	23,998	1,689	76,243	100,238
Thereafter	79,796	0	1,166,228	1,236,024
	<u>\$ 188,915</u>	<u>\$ 25,521</u>	<u>\$ 1,534,945</u>	<u>\$ 1,723,861</u>

**Note 8 - Service Contract Agreement**

The Town entered into a one year renewable contract agreement with a company for the maintenance of the Town's LEMNA water system. The agreement is cancellable upon 30 days written notice. The agreement is in the monthly amount of \$1,858 and was not entered into until the end of June, 1995.

**Note 9 - Capital Lease Obligation**

In March, 1994 the Town entered into a lease agreement with a vendor for a backhoe. Using the criteria under Financial Accounting Standards Board Statement No. 13, the lease qualifies as a capital lease. Therefore, the asset is recorded on the books of the Enterprise Fund and a corresponding liability set up in the Enterprise Fund for the present value of the future minimum lease payments. The lease term is for 60 months and provides for monthly payments of \$554 including interest at 6%. The balance of the minimum lease payments as of June 30, 1996 was \$17,734.

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 7 - Long-Term Debt (Continued)**

**Revenue Bonds:**

\$82,000 Sewer Revenue bonds dated August 8, 1973; due in annual installments of \$1,000 - \$8,000, through July 1, 2013; interest at 4.125%.	\$ 68,000
\$100,000 Sewer Revenue bonds dated February 1, 1988; due in annual installments of \$40,000, through February 1, 2008; interest at 4.125%	60,000
\$200,000 Revenue bonds dated April 6, 1976; due in annual installments of \$8,000 - \$20,000 through April 6, 2010; interest at 5%.	200,000
\$100,000 Revenue bonds date April 6, 1976; due in annual installments of \$2,000 - \$8,000, through April 6, 2010; interest at 5%.	66,000
\$345,000 Sewer Revenue bonds dated March 23, 1988; due in annual installments of \$18,512 through May 12, 2008; interest at 5%.	<u>387,600</u>
Total Revenue Bonds - Utilities Enterprise Fund	<u>880,600</u>
Total Utilities Enterprise Fund Bonds	<u>\$ 880,600</u>

**General Obligation Notes:**

\$20,040 Note payable to Texas State Bank to finance the work on Walker Street. Payments are made monthly at a variable rate based on 75% of New York Prime and will not exceed 10%. Matures on March 15, 2004.	\$ 20,040
\$130,000 Certificate of Indebtedness, Series 1994, to finance the street overlay project. Payments are made yearly at an interest rate of 6%. Matures on August 1, 2004.	<u>130,000</u>
Total General Obligation Notes	<u>\$ 150,040</u>

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 4 - Pension and Retirement Plans (Continued)**

with 25 years of creditable service, or at any age with at least 30 years of creditable service is entitled to a retirement benefit, payable monthly for life, equal to 3% of the member's final compensation multiplied by his years of creditable service.

*Funding Policy.* Contributions to the system include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of the parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of members on which contributions were made for the previous fiscal year. State statute requires covered employees to contribute a percentage of their salaries to the system; As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the MERS for the years ended June 30, 1994, 1995 and 1996 were \$9,696; \$8,559; and \$7,253 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, 6758 Van Gogh, Baton Rouge, LA 70806 or by calling (204) 925-4816.

*Municipal Police Employees' Retirement System (MPERS)*

All full-time police officers engaged in law enforcement and earning at least \$375 per month excluding state supplemental pay, the elected chief of police whose salary is at least \$180 per month are eligible to participate in the system. Members who retire at or after age 50 with 20 years of creditable service, at or after age 55 with 12 years of creditable service and with membership in the system for one year are entitled to a retirement benefit, payable monthly for life, equal to 3-1/2% of the member's average final average compensation multiplied by his years of creditable service, not to exceed 90% of his average final compensation. The system also provides death and disability benefits. Benefits are established by state statute.

*Funding Policy.* State statutes require covered employees to contribute a percentage of their salaries to the system. As provided by Louisiana Revised Statute 11:183, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the MPERS for the years ended

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 5 - Fixed Assets (Continued)**

A summary of proprietary fixed type property, plant and equipment at June 30, 1996, is as follows:

Service Equipment	\$ 88,832
Office Equipment	3,810
Water System	1,258,243
Gas System	1,114,795
Sewer System	1,838,418
Pipelines	8,428
Total	4,342,818
Less: Accumulated Depreciation	(1,109,512)
Net Depreciable Assets	3,233,306
Land	19,628
Total Proprietary Fixed Type Property, Plant and Equipment	\$ 3,252,934

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

**Note 6 - Pension and Retirement Plans**

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

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

All full-time Town employees and elected Town officials are eligible to participate in the system. Under the plan provisions, a member who retires at or after age 60 with at least 10 years of creditable service, at or after age 59



**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1994**

**Note 3 - Ad Valorem Taxes**

Property taxes are levied by the Town in September or October each year and are actually billed to the taxpayers in November. Property taxes become due and are attached as a enforceable lien on property as of January 1 of the following year. Billed taxes become delinquent on January 1 of the year following the year in which the taxes are due.

The Town bills and collects its own property taxes using the assessed value as determined by the tax assessor of Texas Parish.

The ad valorem tax millage is as follows:

	<u>Mill</u>
General Ad Valorem Tax	12.12

**Note 4 - Sales and Use Tax**

At a special election held October 18, 1993, residents of the Town approved a general sales and use tax of .75%. Subsequent to June 30, 1994 the Board of Aldermen dedicated the proceeds of such tax to the improvement of streets and drainage.

**Note 5 - Fixed Assets**

Prior to 1995, the Town had not maintained general fixed asset records on a current basis. During the current year the Town completed reconstructing its general fixed assets records. In those cases where it was not feasible to determine the original actual cost, the assets were recorded at estimated cost. It was not considered practicable to determine the source of investment in general fixed assets prior to 1995. General fixed assets are categorized as follows:

	Balance		Additions	Deletions	Balance
Vehicles	\$218,955				\$218,955
Furniture and Equipment	\$115,000		\$ 25,000	-	\$140,000
	<u>21,400</u>		<u>-</u>	<u>-</u>	<u>21,400</u>
Total	<u>\$355,355</u>		<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$380,355</u>

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**A. Reserves and Designation of Fund Equity (Continued)**

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

**B. Due From Other Funds**

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

**C. Electrical System Operating Agreement**

On February 12, 1978, the Board of Aldermen of the Town authorized an operating agreement between the Town and Louisiana Power and Light (LP&L) for LP&L to operate the electric system within the corporate limits of the Town for a period of twenty-five years. The agreement provides that LP&L will pay to the Town two percent of total revenue collected from the sale of electric service to residential and commercial customers within the town.

**Note 2 - Cash and Deposits**

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

The Town has \$287,185 in deposits (collected bank balances) as of June 30, 1996, of which \$171,084 was secured from risk by \$171,084 of federal deposit insurance (GASB 5 - Category 1). The balance of \$116,101 of the deposits was collateralized with securities held by the financial institution in the name of the Town (GASB 5 - Category 2).

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**F. Fixed Assets (Continued)**

<b>Sewerage Systems:</b>	
Pumping Station	\$0
Lines	\$0
Avalon and Trucks	\$
Other	\$ - 7
<b>Gas Transmission and Distribution Systems:</b>	
Pipeline	\$0
Lines and Meters	\$0
Office Equipment	\$ - 7

**G. Long-Term Liabilities**

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

**H. Compensated Absences**

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

**I. Bad Debts**

Uncollectible accounts for ad valorem taxes and customers' utility receivables are generally not significant. As a result, the direct write-off method for recognizing bad debts is used. Under this method, the receivable is charged to expense when the account is deemed to be uncollectible.

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

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

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

2. After the public hearing the budget is adopted by passing an ordinance approving the budget at the selected June board meeting.
3. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
4. All legally-adopted budgets of the Town are adopted on a basis consistent with GAAP. Budgets are adopted for the General Fund.

**E. Investments**

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

**F. Fixed Assets**

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

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

Depreciation of all depreciable 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:	
Wells	50
Storage Tanks	50
Lines and Meters	50

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1994**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**C. Basis of Accounting**

Basis of accounting refers to the point at which expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting refers to the timing of the measurements made, regardless of the measurement focus applied. The governmental funds are accounted for using the modified accrual basis of accounting.

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

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

The proprietary fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

**D. Budget and Budgetary Accounting**

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

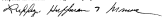
1. The proposed budget is submitted by the Town Clerk and the Mayor to the Board of Aldermen prior to July 1 of the ensuing year. Notice of the location and availability of the proposed budget for public inspection and the date of the public hearing to be conducted on the budget is then advertised in the official journal of the Town.

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

respects, the financial position of the Town as of June 30, 1996 and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 19, 1996 on our consideration of the Town's internal control structure and a report dated September 19, 1996 on its compliance with laws and regulations.

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



Jeffrey H. Hoffman  
Mooros, Lombard  
September 19, 1996

**LUFFKY, HUFFMAN & MONROE**  
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FAX (504) 337-4488

**INDEPENDENT AUDITORS' REPORT**

Mayer Edwin Perin  
and Members of the Board of Aldermen  
Town of Newellton  
Newellton, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Newellton, Louisiana (the Town) as of June 30, 1998, and for the year then ended, as listed in the accompanying Table of Contents. These general purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

We were unable to obtain sufficient evidence to support the valuation of certain assets included in the General Fixed Asset Account Group, nor were we able to satisfy ourselves as to those valuations by other auditing procedures.

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient evidence to support the valuation of certain assets in the General Fixed Asset Account Group or had we been able to satisfy ourselves as to those valuations by other auditing procedures, the general purpose financial statements referred to in the first paragraph present fairly, in all material



**TOWN OF NEWELLTON, LOUISIANA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 1996**

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**TOWN OF REBELLTON, LOUISIANA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 1996**

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**Issuance of Long-term Obligation**

While reviewing events subsequent to June 30, 1996 that could have a material impact on the Town's financial statements, we noted that the Town entered into a capital lease agreement with a vendor to purchase a police car. This lease calls for a long term financing arrangement. The lease contains both non-appropriation clause and anti-substitution clause. LA R.S. 39:1439.69 dictates how a non-appropriation clause and an anti-substitution clause that are contained in a lease agreement would determine whether State Bond Commission (SBC) permission is required for the lease. Pursuant to the provisions of R.S. 39:1439.69, all leases with a non-appropriation clause only are exempt from SBC permission. For all other lease agreements that contain no non-appropriation clause or that contain an anti-substitution clause, prior SBC permission is required.

Since the police car lease contains both non-appropriation clause and anti-substitution clause, the Town is required to obtain permission from SBC before entering into the lease. The Town did not obtain such permission before signing the contract.

We recommend that the Town be aware of the requirements of State Bond Commission (SBC) on debt issuance. The Town should obtain permission from the SBC before entering into any debt agreement.



Monroe, Louisiana  
September 13, 1996

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FAX (225) 334-4886

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

In planning and performing our audit of the general purpose financial statements of the Town of Newellton (the Town) for the year ended June 30, 1996, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls. This letter will summarize our comments and suggestions regarding these matters. This letter does not affect our report dated September 29, 1996 on the general purpose financial statements of the Town.

**Fixed Assets Record**

In our tests of the activities in the General Fixed Assets Account Group (GFAAG), we noted that record keeping of such activities is being maintained on hand-written sheets by the Town clerks. These manual details are prepared listing all existing fixed assets. Fixed assets are simply crossed out as they are disposed of. Due to the manual preparation and organization of these detail records, the fixed assets activities during the year are not clearly shown.

We recommend that Town maintain its asset records on computer by creating a spreadsheet. Detail information by asset could be maintained (asset number, cost of acquisition, date placed in service, date of disposition, etc.) which would not only enhance the Town's stewardship role over these assets, but would also make the maintenance of these records more efficient and accessible.

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# TOWN OF NEWELLTON, LOUISIANA

**Financial Report**  
**For the Year Ended June 30, 1996**

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

Release Date 3-26-97

37 JUN 2 1996  
LEGISLATIVE AUDITOR  
STATE OF LOUISIANA

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1984**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**A. Fund Accounting (Continued)**

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.

**ACCOUNT GROUPS**

**General Fixed Assets Account Group**

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

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

**General Long-Term Debt Account Group**

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

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

Total columns on the Combined Statements - Overview are captioned "Miscellaneous Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with

**TOWN OF NIBELLITON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

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

**A. Fund Accounting**

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

**GOVERNMENTAL FUNDS**

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

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

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

**PROPRIETARY FUND**

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

**TOWN OF NEWELLTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

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

**FINANCIAL REPORTING ENTITY/BASIS OF PRESENTATION**

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

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

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

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

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



**TOWN OF NEWELLTON, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**UTILITIES ENTERPRISE FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 1996**

Cash and Cash Equivalents at Beginning of Year		<u>111,098</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$	<u>81,471</u>
SHOWN ON ACCOMPANYING COMBINED BALANCE SHEET AS:		
Cash	\$	81,471
Restricted Assets:		
Cash		<u>38,791</u>
TOTAL	\$	<u>120,262</u>

*Supplemental Disclosure of Non-cash Capital Financing Activity:*

Deferred revenue of \$12,814 was recognized as contributed capital.

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

**TOWN OF NEWELLTON, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**UTILITIES ENTERPRISE FUND**  
**FOR THE YEAR ENDED JUNE 30, 1996**

<b>Cash Flows From Operating Activities</b>	
Operating Loss	\$ (21,337)
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities:	
Depreciation	83,208
Decrease in Receivables	(5,875)
Decrease in Accrued Interest Receivable	1,348
Decrease in Due From Other Funds	(1,790)
Increase in Accounts Payable	50,863
Decrease in Due to Other Funds	(2,032)
Increase in Accrued Interest Payable	(894)
Increase in Other Accrued Liabilities	1,051
Increase in Retainage Payable	(8,097)
Decreased in Deferred Revenue	(8,679)
Grant Receipts	15,000
Net Cash Provided by Operating Activities	<u>68,607</u>
<b>Cash Flows From Noncapital Financing Activities</b>	
Operating Transfers - Out	(58,548)
Distribution From Joint Gas System	7,580
Increase in Customer Deposits	6,885
Net Cash Used by Noncapital Financing Activities	<u>(44,083)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Principal Payment Bonds	(115,672)
Interest Paid on Bonds	(48,882)
Payments on Capital Lease Obligation	(2,218)
Purchase of Fixed Assets	(1,245)
Net Cash Used by Capital and Related Financing Activities	<u>(167,817)</u>
<b>Cash Flows From Investing Activities</b>	
Interest Income	12,870
Proceeds From Sale of Short Term Cash Investments	114,477
Net Cash Provided by Investing Activities	<u>127,347</u>
<b>Net (Decrease) in Cash and Cash Equivalents</b>	<b>(29,637)</b>

(Continued)

**TOWN OF NEWELLTON**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**RETAINED EARNINGS - UTILITIES ENTERPRISE FUND**  
**FOR THE YEAR ENDED JUNE 30, 1996 (Continued)**

<b>Nonoperating Revenue (Expense)</b>	
Distribution From Joint Gas System	7,500
State Grant Income	15,000
Interest Earnings	12,678
Interest Expense	<u>(48,992)</u>
Total Nonoperating Expense	<u>(13,812)</u>
<b>Loss Before Operating Transfers</b>	<b>(35,369)</b>
<b>Operating Transfers</b>	
Transfers In	4,849
Transfer Out	<u>(75,892)</u>
	<u>(69,543)</u>
<b>Net Loss</b>	<b>(104,917)</b>
<b>Retained Earnings At Beginning of Year</b>	<u>201,208</u>
<b>RETAINED EARNINGS AT END OF YEAR</b>	<b>\$ <u>133,381</u></b>

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

**TOWN OF NEWELLTON**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**RETAINED EARNINGS - UTILITIES ENTERPRISE FUND**  
**FOR THE YEAR ENDED JUNE 30, 1996**

<b>Operating Revenues</b>	
Water Sales	\$ 62,271
Gas Sales	224,640
Sewerage Fees	73,632
Flaming Fees	2,880
Fees/Chgs	5,814
Tax	1,190
Property Taxes	33
Miscellaneous	2,152
Total Operating Revenues	<u>468,592</u>
<b>Operating Expenses</b>	
Water Supplies and Expenses	34,825
Gas Purchases	152,945
Gas Supplies and Expenses	3,890
Sewer Supplies & Expenses	24,185
Supplies	18,760
Rebuilds, Mower and Tractor	4,372
Depreciation	88,288
Utility & Electricity	36,424
Engineering	15,000
Insurance - General	28,100
Legal and Audit	11,811
Mower Hauler	3,100
Office Post	827
Office Supplies	6,798
Payroll Taxes	362
Postage	2,541
Salaries and Related Benefits	53,448
Telephone	2,712
Trash	3,974
Retirement	3,578
Diary and Subscriptions	323
Travel and Meetings	1,544
Utility Taxes	11,832
Total Operating Expenses	<u>517,388</u>
<b>Total Operating (Over)</b>	<b>(21,597)</b>

(Continued)

**TOWN OF MONROE, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -**  
**ALL GOVERNMENTAL FUND TYPES HAVING ANNUAL APPROPRIATED BUDGETS**  
**FOR THE YEAR ENDED JUNE 30, 1996**

	GENERAL FUND		
	GAAP BASIS		VARIANCE, FAVORABLE
	BUDGET	ACTUAL	UNFAVORABLE
<b>REVENUES</b>			
Taxes - Ad Valorem	\$ 50,000	\$ 50,000	\$ 0.00
Taxes - Sales and Use	50,000	50,000	.00
Fees and Permits	50,000	50,000	0.00
Intergovernmental Revenues	15,000	15,000	.00
Franchise Fees	25,000	25,000	0.00
Charges For Services	50,000	42,000	(7,000)
Fines	0.00	0.00	0.00
Interest and Rent	0.00	0.00	.00
Total Revenues	<u>280,000</u>	<u>280,000</u>	<u>0.00</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
General Government	80,000	80,000	0.00
Public Safety			
Police Department	20,000	20,000	0.00
Fire Department	10,000	10,000	.00
Public Works			
Street and Illumination	(10,000)	(10,000)	(0.00)
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>(0.00)</u>
Excess of Revenues Over Expenditures	(10,000)	(10,000)	(0.00)
<b>Other Financing Sources (Uses)</b>			
Transfers In	20,000	20,000	0.00
Transfers Out	(10,000)	(10,000)	(0.00)
Capital Lease Proceeds	0	20,000	20,000
Total	<u>10,000</u>	<u>30,000</u>	<u>20,000</u>
Excess of Revenues and Other Financing Sources Over Expenditures	0.00	(10,000)	(0.00)
Fund Balances, beginning of the the year as previously reported	11,000	11,000	0
Adjustment For Correction Of An Error (Note 10)	0	(5,000)	(5,000)
Fund Balances, beginning of the the year as corrected	<u>11,000</u>	<u>6,000</u>	<u>5,000</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ 0.00</u>

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

**TOWN OF NORTHERN, LOUISIANA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES -**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED JUNE 30, 1998**

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECT FUND	TOTAL GROSSBATHURM (2014)
<b>REVENUES</b>				
Taxes - All Subjects	\$ 31,600	0	0	\$ 31,600
Taxes - Sales and Use	30,000	0	0	30,000
Licenses and Permits	30,000	0	0	30,000
Intergovernmental Revenues	(7,700)	0	1,000	(6,700)
Franchise Fees	30,000	0	0	30,000
Insurance Services	40,000	0	0	40,000
Fees	7,000	0	0	7,000
Interest and Bond Premium	4,000	0	0	4,000
Miscellaneous Revenues	0	0	0	0
Total Revenues	<u>100,900</u>	<u>0</u>	<u>1,000</u>	<u>102,900</u>
<b>EXPENDITURES</b>				
<b>General</b>				
General Government				
Finance and Administration	30,000	0	0	30,000
Public Safety				
Police Expenses	14,000	0	0	14,000
Fire Expenses	15,000	0	0	15,000
Public Works				
Street and Sanitation	31,600	0	0	31,600
Capital Outlay				
Administration	0	0	0	0
Engineering	0	0	1,000	1,000
Construction	0	0	0	0
Equipment	30,000	0	0	30,000
Debt Service				
Repayment of Principal	30,000	30,000	0	60,000
Interest and Bond Charge	1,000	0,000	0	1,000
Total Expenditures	<u>105,600</u>	<u>30,000</u>	<u>1,000</u>	<u>136,600</u>
(Excess) of Revenues Over Expenditures	(4,700)	(30,000)	(100)	(34,800)
Other Financing Sources (Uses)				
Capital Lease Proceeds	30,000	0	0	30,000
Transfers In	75,000	1,000	0	76,000
Transfer Out	(21,000)	(3,000)	(2,000)	(26,000)
Total Interfinancing Sources (Uses)	<u>84,000</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>80,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(4,700)	(32,000)	(2,100)	(38,800)
Fund Balance (Beginning of the year as previously reported)	11,000	41,000	100	52,100
Adjustment for Correction of An Error (Note 10)	(7,000)	0	0	(7,000)
Fund Balance (Beginning of the year as reported)	<u>4,000</u>	<u>41,000</u>	<u>100</u>	<u>45,100</u>
<b>FUND BALANCE END OF YEAR</b>	<u>\$ 0</u>	<u>\$ 9,000</u>	<u>\$ 0</u>	<u>\$ 9,000</u>

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

TOWN OF NEWELLTON, LOUISIANA  
COMBINED BALANCE SHEET - ALL FUND TYPES AND  
ACCOUNT CATEGORIES  
JUNE 30, 1996

LIABILITIES AND FUND EQUITY

	GOVERNMENTAL FUNDS		PROPERTY TAX FUND		GENERAL FUND ASSET ACCOUNT GROUP		TOTALS (DEBIT BALANCE ONLY)
	GENERAL FUND	DEBT FUND	PROPERTY TAX FUND	RESERVE FUND	GENERAL FUND ASSET ACCOUNT GROUP	GENERAL FUND ASSET ACCOUNT GROUP	
<b>Liabilities</b>							
Accounts Payable	2,000	0	0	0	0	0	2,000
Due to Other Funds	18,251	0	0	0	0	0	18,251
Other Accrued Liabilities	5,000	0	0	0	0	0	5,000
Customers' Deposits	0	0	0	0	0	0	0
Capital Lease Obligation - General	0	0	0	0	0	0	0
Liabilities Payable From Restricted Assets	0	0	0	0	0	0	0
Accrued Interest Payable	0	0	0	0	0	0	0
Revenue Bonds Payable Current	0	0	0	0	0	0	0
Deferred Revenues	0	0	0	0	0	0	0
Revenue Bonds Payable - Long Term	0	0	0	0	0	0	0
Capital Lease Obligation - Long Term	0	0	0	0	0	0	0
Outstanding Obligations Bonds Payable	0	0	0	0	0	0	0
<b>Total Liabilities</b>	<u>23,251</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,251</u>
<b>Fund Equity</b>							
Investment in General Fund Assets	0	0	0	0	0	0	0
Contributed Capital	0	0	0	0	0	0	0
Reserve Balance	0	0	0	0	0	0	0
Reserve - Depreciation & Contingency	0	0	0	0	0	0	0
Reserve - Debt Service	0	0	0	0	0	0	0
Unreserved	0	0	0	0	0	0	0
<b>Fund Balance:</b>							
Reserve for Debt Service	0	11,000	0	0	0	0	11,000
Unreserved and Unassigned	0	0	0	0	0	0	0
<b>Total Fund Equity</b>	<u>0</u>	<u>11,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,000</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>23,251</u>	<u>11,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>34,251</u>

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

FORM OF MEMBERSHIP, LOUISIANA  
 COMBINED BALANCE SHEET - ALL FUND TYPES AND  
 ACCOUNT CATEGORIES

JUNE 30, 1994

ASSETS	OPERATIONAL FUND TYPES			PERMANENT FUND TYPE	GENERAL ACCOUNTS		TOTAL MEMBERSHIP ASSETS
	GENERAL FUND	SERVICE FUND	CAPITAL PROJECT FUND		GENERAL ACCOUNT	PERMANENT ACCOUNT	
Cash	16,479	0	0	11,279	0	0	27,758
Accounts Receivable	0	0	0	13,000	0	0	13,000
Other Receivables	6,873	0	0	24,800	0	0	31,673
Due From Other Funds	0	0	0	1,400	0	0	1,400
Prepaid Expenses	4,025	0	0	16,807	0	0	20,832
Investments	0	0	0	6,128	0	0	6,128
Fixed Assets	0	14,200	0	14,750	0	0	28,950
Accumulated Depreciation	0	0	0	17,000	0	0	17,000
Accounts Available to Fund Services Fund	0	0	0	4,943,679	0	2,2469	4,946,628
Amount to be Provided For the Payment of General Long Term Debt	0	0	0	(1,000,000)	0	0	(1,000,000)
<b>TOTAL ASSETS</b>	<b>27,348</b>	<b>14,200</b>	<b>0</b>	<b>14,550,176</b>	<b>17,000</b>	<b>2,2469</b>	<b>18,071,144</b>