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TOWN OF NEWELLTON, LOUISIANA

Financial Report

As of and For the Year Ended June 30, 1959

Under provisions of state law, this report is a public document. A copy of the report has been furnished to the Council, or board, committee and other governmental entities. This report is available for public inspection at the Office of the Auditor of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Submitted Date July 9, 1959

TOWN OF NEWELLTON, LOUISIANA
FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999

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TOWN OF NEWELLTON, LOUISIANA

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED JUNE 30, 1999

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**Luffey
Huffman
& Monroe**

AN INDEPENDENT ACCOUNTING CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

John J. Luffey, CPA, CMA
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INDEPENDENT AUDITORS' REPORT

**Mayor Edwin Preiss
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, 1999, and for the year then ended, as listed in the accompanying Table of Contents. These general purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; the standards for financial 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.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town as of June 30, 1999 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 our report dated October 21, 1999 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.

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

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.



(A Professional Accounting Corporation)

October 21, 1999

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

TOWNS OF NEWELLTON, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND
ACCOUNT GROUPS

JUNE 30, 1999

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPE			ACCOUNTS RECEIVABLE		TOTAL PROVISIONAL FUND BALANCE
	GENERAL FUND	RESERVE FUND	CAPITAL PROJECT FUND	UTILITY FUND	ENTERPRISE FUND	GENERAL FUND	LONG-TERM DEBT		
ASSETS									
Cash	10,000	-	-	5,000	-	-	-	-	15,000
Accounts Receivable	-	-	15,440	10,000	-	-	-	-	25,440
Other Receivables	100	-	-	100	-	-	-	-	200
Due From Other Funds	11,750	-	8,200	0	-	-	-	-	20,000
Prepaid Expenses	-	-	-	6,200	-	-	-	-	6,200
Invested Assets	-	-	-	70,000	-	-	-	-	70,000
Equity Investments	-	-	-	42,000	-	-	-	-	42,000
Fund Loans	-	-	-	5,750,000	-	244,337	-	-	6,000,000
Accumulated Depreciation	-	-	-	(1,250,000)	-	-	-	-	(1,250,000)
Accounts Available in Debt Service Fund	-	-	-	-	-	-	17,000	-	17,000
Accounts to be Provided For Retirement of General Long Term Debt	-	-	-	-	-	-	60,000	-	60,000
TOTAL ASSETS	22,500	1,000	23,640	6,050	6,200	244,337	77,000	-	321,600

TOWNS OF NEWELLTON, LOUISIANA
COMBINED BALANCE SHEET - ALL FUNDS TYPES AND
ACCOUNT GROUPS
JUNE 30, 1999

	GOVERNMENTAL			PROPRIETARY			ACCOUNT GROUPS		
	GENERAL FUND	SEWER FUND	WATER FUND	GENERAL FUND	ENTERPRISE FUND	UTILITY FUND	GENERAL FUND	LONG TERM DEBT	TOTAL PERMANENT FUND BALANCE
Liabilities									
Accounts Payable	1,491.3	-	-	15,462.4	-	-	-	-	16,953.7
Due to Other Funds	-	-	85	19,814.4	-	-	-	-	19,900.4
Other Account Liabilities	11,594	-	-	1,878	-	-	-	-	13,472
Contingent Liabilities	-	-	-	40,000	-	-	-	-	40,000
Liabilities Payable From Appropriated Assets	-	-	-	10,468	-	-	-	-	10,468
Accrued Interest Payable	-	-	-	46,250	-	-	-	-	46,250
Retained Bonds Payable-Current	-	-	-	1,170,187	-	-	-	-	1,170,187
Retained Bonds Payable - Long Term	-	-	-	-	-	-	1,506	-	1,506
Capital Lease Obligations - Long Term	-	-	-	-	-	-	10,500	-	10,500
Unearned Obligations Bonds Payable	-	-	-	-	-	-	10,500	-	10,500
Total Liabilities	13,085.3	-	85	1,211,968	-	-	10,506	10,500	1,233,059
Fund Equity									
Investment in General Fund Assets	-	-	-	-	-	-	24,501	-	24,501
Contributed Capital	-	-	-	1,161,440	-	-	-	-	1,161,440
Retained Earnings (Deficits)	-	-	-	-	-	-	-	-	-
Retained - Depreciation & Contingency	-	-	-	24,178	-	-	-	-	24,178
Reserves - Debt Service	-	-	-	14,051	-	-	-	-	14,051
Unreserved	-	-	-	111,000	-	-	-	-	111,000
Fund Balance:									
Retained for Debt Service	11,914	1,007	17,429	-	-	-	-	-	19,350
Unreserved and Unappropriated	1,081	1,000	17,429	1,191,468	-	-	10,506	-	1,210,463
Total Fund Equity	12,995	2,007	34,858	1,191,468	-	-	10,506	-	1,214,839
TOTAL LIABILITIES AND FUND EQUITY	26,080.3	2,007	41,743	2,403,436	-	-	21,012	10,500	2,424,948

**TOWN OF NEWELLTON, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999**

	GENERAL FUND	SPECIAL REVENUE FUND	WATER SERVICE FUND	CAPITAL PROJECT FUND	TOTAL (MEMORANDUM ONLY)
REVENUES					
Taxes - Ad Valorem	\$ 58,034	\$ -	\$ -	\$ -	58,034
Taxes - Sales and Use	68,896	-	-	-	68,896
Licenses and Permits	18,869	-	-	-	18,869
Intergovernmental Revenue - Federal	8,650	-	-	207,508	216,158
Intergovernmental Revenue - State	19,882	-	-	-	19,882
Intergovernmental Revenue - Local	1,258	-	-	-	1,258
Fees, Charges, and Commissions for Services	121,664	-	-	-	121,664
Fines and Penalties	7,448	-	-	-	7,448
Interest Income	2,118	-	343	-	2,461
Miscellaneous Income	1,711	3,957	-	-	5,668
Total Revenues	<u>319,219</u>	<u>3,957</u>	<u>343</u>	<u>207,508</u>	<u>631,027</u>
EXPENDITURES					
Current:					
General Government					
Finance and Administration	189,521	-	-	-	189,521
Public Safety					
Police Department	81,543	-	-	-	81,543
Fire Department	11,800	-	-	-	11,800
Public Works					
Streets and Sanitation	96,766	-	-	-	96,766
Capital Outlays					
Equipment and Fixtures	1,958	-	-	-	1,958
Construction Expense	-	-	-	189,117	189,117
Debt Service					
Payment of Principal	13,488	-	10,888	-	24,376
Interest and Fiscal Charges	1,071	-	3,624	-	4,695
Total Expenditures	215,286	-	14,512	189,117	418,915
Excess (or) Balance of Resources Over Expenditures	211	3,957	18,831	61,391	84,579
Other Financing Sources (Uses)					
Operating Transfers In	66,817	-	17,048	61,391	145,256
Operating Transfers Out	(28,940)	-	-	-	(28,940)
Total Other Financing Sources (Uses)	37,877	-	17,048	61,391	116,316
Excess (or) Payments and Expenditures over Resources Over Expenditures and Other (Uses)	29,460	3,957	(152)	-	33,265
Fund Balance at Beginning of Year	<u>50,483</u>	<u>-</u>	<u>17,451</u>	<u>-</u>	<u>67,934</u>
FUND BALANCE AT END OF YEAR	<u>\$ 79,943</u>	<u>\$ 3,957</u>	<u>\$ 17,301</u>	<u>\$ -</u>	<u>\$ 101,201</u>

The accompanying notes are an integral part of this statement.

TOWN OF NEWELLTON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES,
COMBINED AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -
ALL GOVERNMENTAL FUND-TYPES HAVING ANNUAL APPROPRIATED BUDGETS
FOR THE YEAR ENDED JUNE 30, 1999

	GENERAL FUND			SPECIAL REVENUE FUND		
	GAAP BASIS BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	GAAP BASIS BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
REVENUES						
Taxes - Ad Valorem	\$ 40,540	\$ 40,458	\$ 82	\$ -	\$ -	\$ -
Taxes - Sales and Use	48,000	48,850	850	-	-	-
License and Permits	40,000	39,869	(1,311)	-	-	-
Intergovernmental Revenues						
Federal	8,872	8,657	(215)	-	-	-
State	14,000	14,882	882	-	-	-
Local	1,238	1,250	12	-	-	-
Franchising Fees	11,500	14,215	(2,715)	-	-	-
Charges For Services	13,500	47,889	34,389	-	-	-
Fees and Penalties	1,200	1,248	2,048	-	-	-
Interest	1,000	2,114	1,114	-	-	-
Miscellaneous Revenues	1,500	1,271	(229)	-	1,087	1,087
Total Revenues	<u>104,340</u>	<u>109,249</u>	<u>5,247</u>	<u>-</u>	<u>1,087</u>	<u>1,087</u>
EXPENDITURES						
Current						
General Government	94,200	100,511	(13,540)	-	-	-
Police Salary	71,100	81,143	(4,403)	-	-	-
Fire Department	21,000	14,833	5,833	-	-	-
Public Works	30,000	30,700	(1,200)	-	-	-
Street and Sidewalk	-	-	-	-	-	-
Erosion Development	-	-	-	-	-	-
Capital Outlay						
General Government	-	-	-	-	-	-
Police Salary	1,000	1,000	-	-	-	-
Misc Services	<u>20,000</u>	<u>17,000</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>115,200</u>	<u>118,514</u>	<u>(13,401)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Deficiency) of Revenues Over Expenditures	(10,860)	200	9,248	-	1,087	1,087
Other Financing Sources (Uses)						
Transfers In	47,000	46,837	(163)	-	-	-
Transfers Out	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>27,000</u>	<u>26,837</u>	<u>(163)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	<u>13,037</u>	<u>26,997</u>	<u>9,411</u>	<u>-</u>	<u>1,087</u>	<u>1,087</u>
Fund Balance at Beginning of Year	<u>13,400</u>	<u>50,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 26,437</u>	<u>\$ 77,397</u>	<u>\$ 9,411</u>	<u>\$ -</u>	<u>\$ 1,087</u>	<u>\$ 1,087</u>

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

TOWN OF NEWELLTON, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS (DEFICIT) - UTILITIES ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 1999

Operating Revenues	
Water Sales	\$ 139,984
Gas Sales	267,843
Sewerage Fees	111,684
Plumbing Fees	3,256
Penalties	8,277
Franchise Tax	781
Total Operating Revenues	<u>531,707</u>
Operating Expenses	
Water Supplies and Expenses	58,626
Gas Purchases	141,959
Gas Supplies and Expenses	5,200
Sewer Supplies & Expense	38,772
Supplies	4,868
Buildings, Mowers and Tractor	2,599
Depreciation	97,042
Utilities	96,284
Engineering	12,678
Insurance - General	19,430
Legal and Audit	9,883
Motor Fuel	6,671
Office Rent	770
Office Supplies	6,047
Payroll Taxes	1,217
Postage	2,725
Salaries and Related Benefits	81,479
Telephone	4,852
Truck	1,675
News and Subscriptions	1,798
Travel and Meetings	1,865
Miscellaneous Expenses	866
Total Operating Expenses	<u>719,538</u>
Total Operating Profit	12,177

(Continued)

TOWN OF NEWELLTON, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS (DEFICIT) - UTILITIES ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 1999 (Continued)

Nonoperating Revenue (Expense)	
Interest Earnings	6,348
Intergovernmental - State Grant	13,250
Interest Expense	<u>(67,815)</u>
Total Nonoperating Revenue (Expense)	<u>(48,217)</u>
Loss Before Operating Transfers	(34,651)
Operating Transfers	
Transfer Out	<u>(104,345)</u>
Total Operating Transfers	<u>(104,345)</u>
Net Loss	(138,996)
Retained Earnings At Beginning of Year	<u>70,968</u>
ACCUMULATED DEFICIT AT END OF YEAR	\$ <u>(107,827)</u>

The accompanying notes are an integral part of this statement.

**TOWN OF NEWELLTON, LOUISIANA
STATEMENT OF CASH FLOWS
UTILITIES ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 1999**

Cash Flows From Operating Activities

Operating Profit	\$ 12,177
Adjustments to Reconcile Operating Profit to Net Cash Provided by Operating Activities:	
Depreciation	97,449
Changes in assets and liabilities:	
Receivables	4,648
Accounts and Retainage Payable	18,768
Due from Other Funds	59
Due to Other Funds	53,417
Other Accrued Liabilities	2,600
Customer Deposits	2,948
Net Cash Provided by Operating Activities	<u>191,485</u>

Cash Flows From by Noncapital Financing Activities

Operating Transfers Out	(304,745)
Grant Income	<u>15,250</u>
Net Cash Used by Noncapital Financing Activities	<u>(289,495)</u>

Cash Flows From by Capital and Related Financing Activities

Principal Paid on Bonds	(24,647)
Interest Paid on Bonds	(67,818)
Payments on Capital Lease Obligations	(4,536)
Purchases of Fixed Assets	<u>(32,000)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(118,991)</u>

Cash Flows From Investing Activities

Interest Income	6,140
Sale of Short Term Cash Investments	<u>1,794</u>
Net Cash Provided by Investing Activities	<u>18,134</u>

(Continued)

**TOWN OF NEWELLTON, LOUISIANA
STATEMENT OF CASH FLOWS
UTILITIES ENTERPRISE FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 1999**

Net Decrease in Cash and Cash Equivalents	(6,687)
Cash and Cash Equivalents at Beginning of Year	<u>140,326</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>133,639</u>
SHOWN ON ACCOMPANYING COMBINED-BALANCE SHEET AS:	
Cash	\$ 75,458
Restricted Assets:	
Cash	<u>78,272</u>
TOTAL	\$ <u>153,730</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL INVESTING AND FINANCING ACTIVITIES	
Increase in Fixed Assets and Contributed Capital from Capital Project Funds	\$ <u>353,457</u>

The accompanying notes are an integral part of this statement.

TOWN OF NEWELLTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999

Note 1 - Summary of Significant Accounting Policies

FINANCIAL REPORTING ENTITY-BASES 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, event and disaster assistance, 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.

Based on the foregoing criteria, the Public Hearing Authority for the Town is not included as a component unit of the Town reporting entity. Although the governing

TOWN OF NEWELLTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999

board of the Public Housing Authority is substantially the same as that of the Town, the Town cannot impose its will on the Public Housing Authority nor does the Town have any fiscal responsibility for the Public Housing Authority.

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

A. Fund Accounting

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

GOVERNMENTAL FUNDS

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

Special Revenue Fund - accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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 Funds - The Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, improvements and other major projects (other than those financed by Proprietary Funds).

PROPRIETARY FUNDS

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

TOWN OF NEWELLTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999

In accordance with GASB Statement 34, the Town has elected not to apply Financial Accounting Standards Board statements and interpretations issued after November 30, 1989 to its proprietary activities unless they are adopted by the GASB.

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 unsecured 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 Column 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 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 relates to the timing of the measurements made, regardless of the measurement basis applied. The governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of

TOWN OF NEWELLTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999

accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town uses the following principles in recognizing and reporting revenues and expenditures in the governmental fund types:

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

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

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

D. Budgets and Budgetary Accounting

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

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

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

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.

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 that do not improve or extend the life of the respective assets are charged to expense. Contributions received in aid of construction are credited to contribution accounts and do not reduce the cost of the assets acquired with such contributions. Interest is capitalized on funds used during construction of projects acquired with bond funds. No interest was capitalized during the year ended June 30, 1996.

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	99
Storage Tanks	90
Lines and Meters	90
Sewerage System:	
Pumping Station	50
Lines	50
Aunts and Trucks	5
Other	5 - 7

TOWN OF NEWELLTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999

Gas Transmission and Distribution System	99
Pipeline	99
Lines and Meters	90
Office Equipment	5 - 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 Absence

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

I. Bad Debt

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

J. Reserves and Designations of Fund Equity

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

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

K. Due From Other Funds

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

TOWN OF NEWELLTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1998

L. Electrical System Operating Agreement

On February 13, 1976, the Board of Aldermen of the Town authorized an operating agreement between the Town and Louisiana Power and Light (Energy) for Energy to operate the electric system within the corporate limits of the Town for a period of twenty-five years. The agreement provides that Energy will pay to the Town two percent of total revenues collected from the sale of electric service to residential and commercial customers within the Town. Revenues under this agreement totaled \$17,748 for the year ended June 30, 1998.

M. 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.

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 \$305,958 in deposits (collected cash balances) as of June 30, 1998, of which \$351,051 was secured from risk by \$351,051 of federal deposit insurance (GASB 3 - Category 1). The balance of \$124,904 of the deposits was collateralized with securities held by the financial institution in the name of the Town (GASB 3 - Category 2).

Note 3 - Ad Valorem Taxes

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

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

TOWN OF NEWELLTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999

The ad valorem tax millage is as follows:

	<u>Mill</u>
General Ad Valorem Tax	13.12

Note 4 - Sales and Use Tax

At a special election held October 16, 1993, residents of the Town approved a general sales and use tax of .35%. Subsequent to June 30, 1994 the Board of Aldermen dedicated the proceeds of such tax to the improvement of streets and drainage.

Note 5 - Fixed Assets

The changes in general fixed assets follow:

	Balance 6/30/98	Additions	Deductions	Balance 6/30/99
Vehicles	\$ 167,188	\$ -	\$ -	\$ 167,188
Furniture and Equipment	34,363	2,984	-	37,347
Total	\$ 201,551	\$ 2,984	\$ -	\$ 204,535

A summary of proprietary fund type property, plant and equipment at June 30, 1999, is as follows:

Service Equipment	\$ 89,080
Office Equipment	3,000
Water Systems	2,407,848
Gas System	1,328,027
Sewer System	1,832,380
Pipeline	8,428
Construction in Progress	68,273
Total	5,736,976
Less: Accumulated Depreciation	(1,314,287)
Net Depreciable Assets	4,422,689
Land	79,650
Total Proprietary Fund Type Property, Plant and Equipment	\$ 4,442,413

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

TOWN OF NEWELLTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999

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

Note 6 - Pensions 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 20 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 75% 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 valuations 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, 1997, 1998 and 1999 were \$8,376; \$9,648; and \$8,188, 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 (504) 925-4816.

**TOWN OF NEWELLTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

Municipal Police Employees' Retirement System (MPERS)

All full-time police officers engaged in law enforcement and earning at least \$375 per month including state supplemental pay and elected chief of police whose salary is at least \$100 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 3-1/3% of the member's average final average compensation multiplied by his years of creditable service, not to exceed 100 per cent of his average final compensation. The system also provides death and disability benefits. Benefits are established by state statute.

Funding Policy: State statute requires covered employees to contribute a percentage of their salaries to the system. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuations and are subject to change each year based on the results of the valuations for the prior fiscal year. The Town's contributions to the MPERS for the years ended June 30, 1995, 1998 and 1999 were \$2,247, \$1,309, and \$3,078, respectively, equal to the statutorily required contributions for each year.

The MPERS issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Municipal Police Employees' Retirement System, 6001 United Plaza Blvd., Room 305, Baton Rouge, LA 70805 or by calling (504) 939-7411.

Note 7 - Long-Term Debt

The following is a summary of long term debt transactions of the Town for the year ended June 30, 1999:

	General Obligation Bonds	Capital Leases	Utilities Enterprise Fund Bonds	Total
Balance at Beginning of Year	\$ 118,157	\$ 20,875	\$ 1,548,887	\$ 1,688,119
Additions	-	-	-	-
Retirements	<u>(18,584)</u>	<u>(13,339)</u>	<u>(34,647)</u>	<u>(66,570)</u>
BALANCE AT END OF YEAR	\$ <u>99,573</u>	\$ <u>7,536</u>	\$ <u>1,514,240</u>	\$ <u>1,621,349</u>

**TOWN OF NEWELLTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

Bonds payable at June 30, 1999 are comprised of the following individual issues:

Utilities Enterprise Fund:

General Obligation Bonds:

\$18,000 Water Distribution Bonds dated April 2, 1974, due in annual installments of \$1,083, through April 2, 2000; interest at 5%.	\$ 14,250
Total General Obligation Bonds - Utilities Enterprise Fund	<u>14,250</u>

Revenue Bonds:

\$85,000 Sewer Revenue Bonds dated August 8, 1973; due in annual installments of \$5,093, through July 1, 2013; interest at 4.125%.	49,000
\$206,000 Sewer Revenue bonds dated February 1, 1968; due in annual installments of \$10,898, through February 1, 2008; interest at 4.125%.	98,325
\$508,000 Revenue bonds dated April 8, 1976; due in annual installments of \$79,799 - \$34,399 through April 6, 2016; interest at 5%.	360,000
\$100,000 Revenue bonds dated April 6, 1976; due in annual installments of \$4,400 - \$6,000, through April 6, 2006; interest at 5%.	60,000
\$215,000 Sewer Revenue bonds dated March 25, 1988; due in annual installments of \$38,512 through May 22, 2028; interest at 5%.	274,845
\$506,000 Water Revenue bonds dated April 24, 1988; due in monthly installments of \$2,798.44 through December 2038; interest at 4.875%.	<u>489,130</u>
Total Revenue Bonds - Utilities Enterprise Fund	<u>1,305,199</u>
Total Utilities Enterprise Fund Bonds	\$ <u>1,319,449</u>

**TOWN OF NEWELLTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

General Obligation Notes:

\$25,841 Note payable to Texas State Bank to finance the work on Walnut 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, 2001.	\$ 12,573
\$130,000 Certificates of Indebtedness, Series 1794, to finance the street overlay project. Payments are made yearly at an interest rate of 6%. Matures on August 1, 2004.	87,800
Total General Obligation Notes	\$ <u>100,373</u>

Capital Lease:

In October, 1985 the Town entered into a capital lease agreement for a fire truck. In August, 1996 the Town entered into a capital lease agreement for a police car. The leased assets are recorded in General Fixed Assets Account Group.

The related liability is recorded in General Long-term Debt Account Group. The balance of the lease obligations as of June 30, 1999 was \$7,530.

Matrices of long-term obligations of the Town for the next five years, including interest of \$5,317,449, are as follows:

Fiscal Year Ended June 30	General Obligation Bonds	Capital Lease	Enterprise Fund Bonds	Total
2000	\$ 25,879	\$ 6,332	\$ 180,774	\$ 212,979
2001	23,959	1,500	185,024	210,522
2002	18,118	0	194,024	222,134
2003	17,438	0	193,024	220,494
2004	17,500	0	193,024	219,524
2005-2009	17,570	0	467,464	484,960
2010-2014	0	0	431,927	431,927
2015-2019	0	0	310,944	310,944
2020-2024	0	0	235,685	235,685
2025-2029	0	0	214,852	214,852
2030-2034	0	0	142,806	142,806
2035-2038	0	0	95,347	95,347
	\$ <u>128,418</u>	\$ <u>7,832</u>	\$ <u>2,419,245</u>	\$ <u>2,538,996</u>

TOWN OF NEWELLTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999

Note 5 - Restriction on Use - Utility Revenues

Under the terms of the bond indenture pertaining to Revenue Bonds dated April 6, 1976, all income and revenue (hereinafter referred to as revenues) derived from operation of the combined waterworks and gas system (the System) are pledged to assure 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 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 coming year;
3. Making contributions to a "Water and Gas Reserve Fund" (the Reserve Fund) in an amount equal to 3% 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 loan agreement dated February 5, 1968, all income and revenues (hereinafter referred to as revenues) 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 \$3,000.

TOWN OF NEWELLTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999

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,

- 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 revenue 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:

- 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;
- There shall be set aside into a "1988 Sewer Revenue Bond Reserve Fund" monthly amounts at least equal to 3% 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,
- Funds will also be set aside at the rate of \$82 per month from the Sewerage Revenue Fund into a "1988 Sewerage Depreciation and Contingency Fund" to provide for depreciations, alterations, additions and replacements necessary to properly operate the sewerage system.

Note 10 - Interfund Receivables and Payables

Individual fund interfund receivables and payables at June 30, 1999, are as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 15,756	\$ -
Utility Enterprise Fund	95	59,016
Debt Service Fund	-	95
Capital Project Funds	46,260	-
TOTAL	\$ 62,111	\$ 59,111

TOWN OF NEWELLTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999

	Operating Transfers	
	Out	In
General Fund	\$ 46,187	\$ 28,940
Utility Enterprise Fund	-	104,743
Debt Service Fund	17,940	-
Capital Project Funds	61,538	-
TOTAL	\$ 125,663	\$ 125,683

Note 11 - On-Behalf Payments

Certain Town employees in the Police Department receive supplemental pay from the state of Louisiana. In accordance with GASB Statement No. 24 "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance", the Town has recorded revenues and expenditures for these payments in the General Fund in the amount of \$3,383.

Note 12 - 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 for gas transmission and distribution systems. The Town's share of these operating costs is included in Gas Purchases for the year ended June 30, 1999.

Note 13 - 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' operational vs 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 used based on experience and provisions are calculated based on the ultimate cost of the experience to date of the pool participants.

TOWN OF NEWELLTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999

Note 14 - Subsequent Events

Subsequent to year end, the Town received a grant from the Governor's Office of Rural Development of \$25,800 and a grant from the United States Department of Agriculture - Rural Development of \$38,000 and issued \$60,000 of Certificates of Indebtedness to finance a new fire truck and fire fighting equipment.

Note 15 - Contingencies

The worldwide challenge facing organizations, commonly referred to as the Year 2000 (Y2K) issue, is the result of problems that may be encountered with date-related transactions on systems that have historically recognized years using two digits vs. four digits, e.g. 95 versus 1995. These systems will potentially recognize the "00" as the year 1900 instead of 2000. On the surface, the Y2K problem sounds simple enough; however, the implications of this problem are far reaching and could impact a full range of business services and activities.

The Town has conducted a study of its own systems and operations. Based on this study, the Town has initiated a project to take all necessary and reasonable steps to get the relevant critical systems and operations Y2K compliant in a timely manner. The project will include confirming the Y2K preparations of significant third parties.

The assessment of the timetable for the planned completion of the internal Y2K modifications, are management's estimates. The estimates were based on numerous assumptions as to future events. There can be no guarantee that those estimates will prove accurate, and actual results could differ from those estimated if those assumptions prove inaccurate. Additionally, there can be no absolute guarantee that significant third parties will successfully and timely convert their systems.

SUPPLEMENTARY INFORMATION

TOWN OF NEWELLTON, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -
COUNCIL LEVEL OF CONTROL
FOR THE YEAR ENDED JUNE 30, 1999

	GAAP BASIS		VARIANCE- FAVORABLE
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(UNFAVORABLE)</u>
REVENUES			
Taxes - Ad Valorem	\$ 47,500	\$ 58,434	\$ 1,034
Taxes - Sales and Use	68,000	68,058	58
Licenses and Permits:			
Franchise Revenue	27,500	24,215	(3,285)
Occupational & Other Licenses	40,000	38,000	(1,900)
Intergovernmental Revenues	1,200	1,200	-
Charges for Services	72,280	97,449	25,169
Grant Revenues	27,000	28,519	1,519
Fees	5,380	7,048	1,668
Interest Income	1,000	2,135	1,135
Miscellaneous Revenues	1,380	1,771	471
Total Revenues	<u>381,220</u>	<u>579,249</u>	<u>27,727</u>
Expenditures			
General Government:			
Salaries and Benefits	64,800	57,723	6,277
Operating Services	8,823	9,211	(1,286)
Contractual Services	20,300	39,064	(18,764)
Travel and Other Charges	3,800	3,422	(3,422)
Total General Government	<u>94,323</u>	<u>108,520</u>	<u>(13,196)</u>
Public Safety:			
Police Department:			
Salaries and Benefits	58,800	58,468	(1,666)
Operating Services	15,940	17,132	(1,172)
Operating Supplies and Maintenance	3,000	3,826	(426)
Contractual Services	1,000	3,139	(1,139)
Capital Outlay	1,000	1,000	-
Debt Service	34	3,651	(3,617)
Total Police Department	<u>79,124</u>	<u>87,346</u>	<u>(8,222)</u>
Fire Protection:			
Operating Services	5,700	6,728	(1,028)
Operating Supplies and Maintenance	5,400	4,927	473
Total Fire Protection	<u>11,100</u>	<u>11,655</u>	<u>(555)</u>

(Continued)

TOWN OF NEWELLTON, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL - (Continued)
COUNCIL LEVEL OF CONTROL
FOR THE YEAR ENDED JUNE 30, 1999

	GAAP BASIS		VARIANCE- FAVORABLE
	BUDGET	ACTUAL	(UNFAVORABLE)
Public Works:			
Street and Sanitation			
Salaries and Benefits	58,848	58,428	(420)
Operating Services	21,000	21,288	(288)
Operating Supplies and Maintenance	15,400	15,899	(499)
Debt Service	13,800	13,808	(8)
Total Public Works	<u>108,048</u>	<u>118,314</u>	<u>(10,266)</u>
 Total Expenditures	 <u>293,789</u>	 <u>318,006</u>	 <u>(24,217)</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>(2,167)</u>	 <u>313</u>	 <u>2,480</u>
Other Financing Sources			
Operating Transfers - In	47,800	46,187	(1,613)
Operating Transfers - Out	<u>(26,548)</u>	<u>(26,548)</u>	<u>-</u>
Total Other Financing Sources	<u>21,252</u>	<u>19,639</u>	<u>(1,613)</u>
 Excess of Revenues and Other Sources Over Expenditures and Other Uses	 <u>21,799</u>	 <u>20,468</u>	 <u>1,331</u>
 Fund Balance at Beginning of Year	 <u>52,865</u>	 <u>52,865</u>	 <u>-</u>
 FUND BALANCE AT END OF YEAR	 <u>\$ 74,694</u>	 <u>\$ 73,933</u>	 <u>\$ 761</u>

TOWN OF NEWELLTON
COMBINED BALANCE SHEET
CAPITAL PROJECT FUNDS
JUNE 30, 2022

	<u>LCRMC GAS FUND</u>	<u>LCRMC WATER SYSTEM FUND</u>	<u>LCRMC WATER STORAGE TANK FUND</u>	<u>LCRMC SEWER SYSTEM FUND</u>	<u>TOTAL</u>
ASSETS					
Accounts Receivable	\$ -	\$ -	\$ 10,500	\$ 0,000	\$ 10,500
Due From Other Funds		4,200		40,000	44,200
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 4,200</u>	<u>\$ 10,500</u>	<u>\$ 40,000</u>	<u>\$ 54,700</u>
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts Payable	\$ -	\$ 4,200	\$ 10,500	\$ 44,000	\$ 58,700
Fund Equity					
Fund Balances - Unreserved and Unassigned	-	-	-	-	-
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ -</u>	<u>\$ 4,200</u>	<u>\$ 10,500</u>	<u>\$ 44,000</u>	<u>\$ 58,700</u>

**TOWN OF SEVERLTON
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	LCRMC GAS FUND	LCRMC WATER SYSTEM FUND	LCRMC WATER TREATMENT PLANT FUND	LCRMC SEWER SYSTEM FUND	TOTAL
Revenues					
Intergovernmental Revenues - Federal	\$ 3,652	\$ 272,424	\$ 25,221	\$ 4,994	\$ 277,291
Expenditures					
Capital Outlay	36,625	243,049	25,389	44,994	310,117
Reconciliation of Revenues Over Expenditures	(9,973)	(71,625)	(18)	(40,000)	(121,636)
Other Financing Sources					
Operating Transfers In	9,973	71,625	18	40,000	121,636
Excess of Revenues and Other Financing Sources Over Expenditures	-	-	-	-	-
Fund Balances at Beginning of Year	-	-	-	-	-
FUND BALANCES AT END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -

TOWN OF NEWELLTON, LOUISIANA
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 1999

COMPENSATION PAID ALDERMEN

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>
Kenneth Morgan	\$ 3,600
Edwin Britt	3,600
Glen McCarty	3,600
David Delaney	3,000
Clara Bass	3,600
Billy Lee	<u>300</u>
Total Compensation	\$ <u>17,700</u>

**SUPPLEMENTARY INFORMATION -
GRANT ACTIVITY**

TOWN OF NEWELLTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1999

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
U. S. Department of Justice:			
Direct Programs:			
COPS Grant	16.710	\$ 43,652	\$ 8,657
United States Department of Housing and Urban Development:			
Passed Through Louisiana Division of Administration, Office of Community Development			
Community Development Block Grants	14.228A	1,845,780	272,592
Total Expenditures of Federal Awards		\$ 1,889,432	\$ 281,249

See Notes to Schedule of Expenditures of Federal Awards

TOWN OF NEWELLTON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1999

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all Federal awards of the Town of Newellton, Louisiana (the Town). The Town reporting entity is defined in Note 1 to the Town's general purpose financial statements. All Federal awards received directly from Federal agencies, as well as Federal awards passed through other government agencies, is included on the schedule.

2. Basis of Accounting

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

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

Federal awards expended during fiscal 1999 in the Utilities Enterprise Fund are included as additions to fixed assets of the water and gas systems in the amount of \$243,064 and construction in progress in the amount of \$24,495.



**Luffey
Huffman
& Monroe**

AN FEDERATION OF ACCOUNTING ORGANIZATIONS
CERTIFIED PUBLIC ACCOUNTANTS

James L. Luffey, MBA, CPA
Thomas L. Huffman, CPA
L. Paul Monroe, CPA
William H. Jones, CPA
Theodore A. Green, CPA

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

**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, 1999 and have issued our report thereon dated October 21, 1999. We conducted our audit in accordance with generally accepted auditing standards, 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 Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

Compliance

As part of obtaining reasonable assurance about whether the Town's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we did note an immaterial instance of noncompliance which we have communicated to management of the Town in a separate letter dated October 21, 1999.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting 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 over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be considered material weaknesses.

Town of Newellton
Newellton, Louisiana

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we did note other matters involving the internal control over financial reporting that we have reported to management of the Town in a separate letter dated October 21, 1999.

This report is intended for the information of management of the Town, its oversight agency, other entities 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.



(A Professional Accounting Corporation)

October 21, 1999

**TOWN OF NEWELLTON, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS**

In connection with our audit of the Town of Newellton as of and for the year ended June 30, 1999, in accordance with *Government Auditing Standards* we have also reviewed the status of material prior year findings included in our management letter dated September 25, 1998. The following table presents the status of these findings:

<u>Prior Year Finding</u>	<u>Current Year Status</u>
Need to Replenish FHA Reserve Contingency Fund	Management Letter Comment
Adoption of Amended Budget	Resolved
Year 2000 Issue	Resolved



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**Mayor Edwin Preiss
and Members of the Board of Aldermen
Town of Newilton
Newilton, Louisiana**

In planning and performing our audit of the general purpose financial statements of the Town of Newilton (the Town) for the year ended June 30, 1999, we considered its internal control structure in order to determine our auditing procedures for the purposes of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal controls or overall compliance with laws and regulations.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and the overall environment for compliance with laws and regulations. This letter will summarize our comments and suggestions regarding these matters. This letter does not affect our report dated October 21, 1999 on the general purpose financial statements of the Town.

Need to Replenish FHA Reserve/Contingency Fund

Finding:

During the year ended June 30, 1997, the Town was required to utilize \$35,000 of its FHA Reserve/Contingency Fund certificate of deposit to fund current operations. These funds should be replenished as soon as possible, as required by the bond indenture. During the year ended June 30, 1999, the Town has made regular deposits to replenish this fund.

Recommendation: We recommend that the Town continue with its progress in replenishing the FHA Reserve/Contingency Fund.

Management's Corrective Action Plan:

The Town will continue to replenish this fund.

Local Government Budget Act

Finding: The total actual expenditures and other financing uses of the General Fund exceeded the total budgeted amount by 5.75 per cent. This condition was a

**Mayor Edwin Prots
and Members of the Board of Aldermen
Town of Newellton
Newellton, Louisiana
Page 2**

result of the town underestimating expenditures for the year. In addition, the Local Governmental Budget Act requires budgets to be adopted for the General Fund and all Special Revenue Funds. The Town did not prepare a budget for its one Special Revenue Fund because it had no expenditures.

Recommendation: We recommend that in the future, the Town adopt a budget for its Special Revenue Fund even though it only has revenues and to more closely monitor the General Fund budget to ensure that the actual expenditures do not exceed the amended budgeted amounts by more than 5 per cent.

Management's Corrective Action Plan:

In the future the General Fund's amended budget will be within limits prescribed by state law and the Town will adopt a budget for its Special Revenue Fund.



(A Professional Accounting Corporation)

October 21, 1999