

TOWN OF NEWELLTON, LOUISIANA

**Financial Report
As of and For the Year Ended June 30, 2019**

TOWN OF NEWELLTON, LOUISIANA
Financial Report
As of and For The Year Ended June 30, 2019

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REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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Keeping you on course!

INDEPENDENT AUDITORS' REPORT

**Board of Aldermen
Town of Newellton
Newellton, Louisiana**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of the Town of Newellton, Louisiana (the Town) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Board of Aldermen
Town of Newellton
Newellton, Louisiana**

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Substantial Doubt about the Town's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Town of Newellton, will continue as a going concern. As discussed in Note 15 to the financial statements, the Town has experienced operating deficits for several years and the deficit exceeded \$241,000 in this fiscal year. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 15. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information (Part A and Part B)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 4 through 11, budgetary comparison information on page 44 and 45, schedule of employer's proportionate share of net pension liabilities on page 46, and the schedule of employer's contribution to pension plan and notes on pages 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplementary information listed as Other Supplementary Information, Schedules 4 and 5 in the accompanying table of

**Board of Aldermen
Town of Newellton
Newellton, Louisiana**

contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2023, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Woodard & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

February 14, 2023

**REQUIRED SUPPLEMENTARY INFORMATION
(PART A)**

Town of Newellton
Newellton, Louisiana

Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019

As management of the Town of Newellton, we offer readers of the Town of Newellton's financial statements this narrative overview and analysis of the financial activities of the Town of Newellton for the fiscal year ended June 30, 2019. It is designed to assist the reader in focusing on significant financial issues, identify changes in the Town's financial position, and identify material deviations and individual fund issues or concerns.

Financial Highlights

- The assets and deferred outflows of the Town of Newellton exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$3,473,103 (net position).
 - ✓ Of this amount \$3,846,505 represented a restriction equal to the net amount invested in land and depreciable assets.
 - ✓ The remaining \$373,402 represents an unrestricted net deficit.
 - ✓ The Town's total net position decreased by \$307,479.
- As of the close of the current fiscal year, the Town of Newellton's governmental fund reported an ending fund balance of negative \$1,778, a decrease of \$6,284 in comparison with the prior year. Of this total amount, deficit balance of \$13,077 is available for spending at the government's discretion (*unassigned fund balance*). However, as a deficit, this number represents an amount that must be made up before the Town has a discretionary amount to spend.

Overview of the Financial Statements

The MD&A is intended to serve as an introduction to the Town of Newellton's basic financial statements. The Town of Newellton's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town of Newellton's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town of Newellton's assets, deferred outflows, liabilities, and deferred inflows with the difference between these items being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Newellton is improving or deteriorating.

Town of Newellton
Newellton, Louisiana

Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Town of Newellton that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Newellton include general government, public safety and public works. The business-type activities of the Town of Newellton include water, sewer, and gas systems.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Newellton, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Newellton can be divided into two categories: governmental funds and proprietary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Newellton maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund.

Town of Newellton
Newellton, Louisiana

Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019

The Town of Newellton adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided on page 44 for the General Fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 14 through 17 of this report.

Proprietary funds

The Town of Newellton maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found on pages 18 through 20 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 21 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the Town of Newellton's compliance with budgets for its major governmental fund.

Government-wide Financial Analysis

The statement of net position and the statement of activities are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The statement of net position presents financial information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. All of the year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in net position. Increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. In the case of the Town of Newellton, assets and deferred outflows exceeded liabilities and deferred inflows by \$3,473,103 at June 30, 2019. The combined net position decreased by \$307,479 between fiscal years 2019 and 2018.

The statement of net position and statement of activities reflect the Town's governmental activities (e.g., its basic service), such as general government, public safety, and public works. Property taxes,

Town of Newellton
Newellton, Louisiana

Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019

sales taxes, and state and federal grants finance most of these activities.

Our analysis below focuses on the summary of net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities and are as follows:

Table 1
Summary of Net Position
As of June 30, 2019 and 2018

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 23,204	\$ 25,762	\$ 131,665	\$ 184,887	\$ 154,869	\$ 210,649
Capital assets	581,219	658,420	3,266,453	3,357,348	3,847,672	4,015,768
Total assets	<u>604,423</u>	<u>684,182</u>	<u>3,398,118</u>	<u>3,542,235</u>	<u>4,002,541</u>	<u>4,226,417</u>
Deferred outflows of resources	<u>67,001</u>	<u>95,371</u>	<u>80,599</u>	<u>86,422</u>	<u>147,600</u>	<u>181,793</u>
Current and other liabilities	24,982	21,256	94,576	39,364	119,558	60,620
Long-term liabilities	<u>203,740</u>	<u>238,550</u>	<u>336,898</u>	<u>305,323</u>	<u>540,638</u>	<u>543,873</u>
Total liabilities	<u>228,722</u>	<u>259,806</u>	<u>431,474</u>	<u>344,687</u>	<u>660,196</u>	<u>604,493</u>
Deferred inflows of resources	<u>7,645</u>	<u>12,137</u>	<u>9,197</u>	<u>10,998</u>	<u>16,842</u>	<u>23,135</u>
Net investment in capital assets	581,219	658,420	3,266,453	3,357,348	3,847,672	4,015,768
Unrestricted	<u>(146,162)</u>	<u>(150,810)</u>	<u>(228,407)</u>	<u>(84,376)</u>	<u>(374,569)</u>	<u>(235,186)</u>
Total net position	<u>\$ 435,057</u>	<u>\$ 507,610</u>	<u>\$ 3,038,046</u>	<u>\$ 3,272,972</u>	<u>\$ 3,473,103</u>	<u>\$ 3,780,582</u>

Current assets and other assets are comprised of cash, investment, receivable, and other investment in jointly owned gas operation.

Capital assets consisting of land, buildings, machinery and equipment, water system, sewer system, and gas system. Net investment in capital assets of \$3,847,672 consists of capital assets at original cost of \$8,880,977, less accumulated depreciation of \$5,033,305. The Town of Newellton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Deferred inflows and outflows fluctuated by amounts related to the calculations related to pensions and OPEB as well as an additional amount related to the refunding bonds.

Town of Newellton
Newellton, Louisiana

Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019

The net position of the Town's governmental activities decreased by 14% to approximately \$435,000. Net position of the Town's business-type activities decreased 7% to approximately \$3,038,000.

Changes in net position

The Town's total revenue increased from the prior year by 3% to approximately \$870,000 (see Table 2 below). Approximately 71% of the Town's revenue comes from charges for services, and 29% comes from other general revenues and grants.

The total cost of programs and services increased from the prior year by 3% to approximately \$1,177,000 (see Table 2 below).

Table 2
Changes in Net Position
Fiscal Years Ended June 30, 2019 and 2018

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues:						
Charges for services	\$ 95,262	\$ 82,983	\$ 520,253	\$ 568,836	\$ 615,515	\$ 651,819
Operating grants and contributions	3,435	3,541	48,880	-	52,315	3,541
General Revenues:						
Property taxes	71,433	71,297	-	-	71,433	71,297
Sales taxes	62,884	58,181	-	-	62,884	58,181
Other taxes	1,652	1,809	-	-	1,652	1,809
Other general revenues	63,163	67,945	2,123	(14,781)	65,286	53,164
Transfers	179,369	180,000	(179,369)	(180,000)	-	-
Total revenues	477,198	465,757	391,887	374,055	869,085	839,812
Expenses						
General government	261,741	162,718	-	-	261,741	162,718
Public safety	115,508	152,820	-	-	115,508	152,820
Public works	172,502	251,180	-	-	172,502	251,180
Water, sewer, and gas expenses	-	-	626,813	574,344	626,813	574,344
Total expenses	549,751	566,718	626,813	574,344	1,176,564	1,141,062
Increase (decrease) in position	\$ (72,553)	\$ (100,961)	\$ (234,926)	\$ (200,289)	\$ (307,479)	\$ (301,250)
Net position - beginning of year	507,610	608,571	3,272,972	3,473,261	3,780,582	4,081,832
Net position - end of year	\$ 435,057	\$ 507,610	\$ 3,038,046	\$ 3,272,972	\$ 3,473,103	\$ 3,780,582

Town of Newellton
Newellton, Louisiana

Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019

Governmental Activities

Revenues and transfers for the Town's governmental activities increased 2% with the most significant changes being limited to the approximately \$12,000 increase in charges for services. Total expenses decreased by 3%. Expenses are classified by functions/programs. General government accounts for approximately 48%, while public safety and public work account for approximately 21% and 31% respectively, for the fiscal year 2019.

Program revenues for fiscal year 2019 directly related to those expenses totaled approximately \$95,000, which resulted in net program expense of approximately \$451,000. The remaining balance of expenses represents the cost to the taxpayers. The costs of governmental activities exceeding restricted state and federal grants are paid primarily from the following sources:

Charges for services is the single largest source of revenue in total and accounts for \$95,000. For Governmental Activities, charges for services includes garbage pickup.

Property tax revenue of \$71,000 and sales taxes of \$63,000 are the single largest general revenue sources for the Town of Newellton.

Business-type activities

Charges for services is the single largest source of revenue and includes charges for water, sewer, and gas in the business-type activities.

Revenues increased 5% to approximately \$392,000 and expenses of the Town's business-type activities increased 9% approximately to \$627,000.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Town of Newellton's governmental funds reported a deficit ending fund balance of \$1,778, a decrease of \$6,284 in comparison with the prior year. Of this deficit \$1,778, there is an unassigned fund deficit of \$13,077. The remainder of fund balance is a positive \$11,299 that is nonspendable to indicate that it is not available for new spending because it has already been committed.

Town of Newellton
Newellton, Louisiana

Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019

General Fund Budgetary Highlights

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA- R.S 39:1301 et seq), the Town of Newellton must adopt a budget for the General Fund prior to June 30. The original budget for the Town was adopted on June 13, 2018. There were no budget amendments.

Original Budget Compared to Final Budget

The General Fund original budget forecasted a positive fund balance of \$27,804 at year-end. Total revenues were projected at \$284,525. Expenditures were budgeted at \$421,721. Transfers in were budgeted at \$165,000. There were no amendments to the budget during the year.

Final Budget Compared to Actual Results

General fund revenue actual amounts were more than the final budget by 4% (\$284,525 budget versus \$294,760 actual). Transfers in of an additional \$14,369 resulted in a \$24,604 positive variance of final budget of \$449,525 versus actual of \$474,129 for total resources. However, there was a negative \$58,692 variance for expenditures where actual expenditures were more than budgeted by 14% (\$421,721 budget versus \$480,413 expenditures).

Capital Asset and Debt Administration

Capital Assets

The Town of Newellton's investment in capital assets for its governmental and business type activities as of June 30, 2019, amounts to \$3,847,672 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery, vehicles and equipment (See Table 3). In addition, depreciation expense totaled \$219,575. Table 3 presents capital assets net of depreciation at June 30, 2019 and 2018.

Town of Newellton
Newellton, Louisiana

Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019

Table 3
Capital Assets
As of June 30, 2019 and 2018

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,000	\$ 1,000	\$ 19,650	\$ 19,650	\$ 20,650	\$ 20,650
Buildings	539,644	539,644	-	-	539,644	539,644
Vehicles	313,752	335,090	-	-	313,752	335,090
Furniture and equipment	41,471	41,471	185,092	182,493	226,563	223,964
Signage	8,750	8,750	-	-	8,750	8,750
Water system	-	-	2,785,722	2,736,842	2,785,722	2,736,842
Sewer system	-	-	2,876,473	2,876,473	2,876,473	2,876,473
Gas system	-	-	1,336,605	1,336,605	1,336,605	1,336,605
Streets and drainage	772,818	772,818	-	-	772,818	772,818
Total	1,677,435	1,698,773	7,203,542	7,152,063	8,880,977	8,850,836
Less: accumulated depreciation	(1,096,216)	(1,040,353)	(3,937,089)	(3,794,715)	(5,033,305)	(4,835,068)
Total Capital Assets	\$ 581,219	\$ 658,420	\$ 3,266,453	\$ 3,357,348	\$ 3,847,672	\$ 4,015,768

Long-Term Debt

The Town paid off its remaining bonds during fiscal year 2015 and has no other long-term debt except for its net pension liability of \$448,829.

Requests for Information

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF NEWELLTON
Newellton, Louisiana
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Asset			
Cash	\$ 5,948	\$ 437	\$ 6,385
Investments	-	2,764	2,764
Receivables	244	74,293	74,537
Due from other governmental units	5,713	48,880	54,593
Prepaid expenses	11,299	6,458	17,757
Total current assets	<u>23,204</u>	<u>132,832</u>	<u>156,036</u>
Noncurrent assets			
Capital assets, net	581,219	3,266,453	3,847,672
Investment in jointly owned gas operations and maintenance fund (Deficit)	-	(1,167)	(1,167)
Total noncurrent assets	<u>581,219</u>	<u>3,265,286</u>	<u>3,846,505</u>
Total assets	<u>604,423</u>	<u>3,398,118</u>	<u>4,002,541</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on pensions	67,001	80,599	147,600
Total deferred outflows of resources	<u>67,001</u>	<u>80,599</u>	<u>147,600</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	11,413	86,648	98,061
Payroll liabilities	13,572	7,924	21,496
Deposits held	-	91,809	91,809
Total current liabilities	<u>24,982</u>	<u>186,385</u>	<u>211,367</u>
Long-term liabilities			
Net pension liability	203,740	245,089	448,829
Total noncurrent liabilities	<u>203,740</u>	<u>245,089</u>	<u>448,829</u>
Total liabilities	<u>228,722</u>	<u>431,474</u>	<u>660,196</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on pensions	7,645	9,197	16,842
Total deferred inflows of resources	<u>7,645</u>	<u>9,197</u>	<u>16,842</u>
NET POSITION			
Net investment in capital assets	581,219	3,266,453	3,847,672
Unrestricted (Deficit)	(146,162)	(228,407)	(374,569)
Total net position	<u>\$ 435,057</u>	<u>\$ 3,038,046</u>	<u>\$ 3,473,103</u>

The accompanying notes are an integral part of this statement.

TOWN OF NEWELLTON

Newellton, Louisiana

Statement of Activities

For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government						
Governmental activities						
General government	\$ 261,741	\$ -	\$ -	\$ (261,741)	\$ -	\$ (261,741)
Public safety	115,508	19,272	3,435	(92,801)	-	(92,801)
Public works	172,502	75,990	-	(96,512)	-	(96,512)
Total governmental activities	549,751	95,262	3,435	(451,054)	-	(451,054)
Business-type activity						
Utility operations	626,813	520,253	48,880	-	(57,680)	(57,680)
Interest on long-term debt		-	-	-	-	-
Total business-type activities	626,813	520,253	48,880	-	(57,680)	(57,680)
Total primary government	\$ 1,176,564	\$ 615,515	\$ 52,315	(451,054)	(57,680)	(508,734)
General revenues						
Taxes						
Ad valorem taxes				71,433	-	71,433
Sales taxes				62,884	-	62,884
Other taxes				1,652	-	1,652
Video poker				3,349	-	3,349
Licenses, permits and franchise fees				56,662	-	56,662
Interest earnings				3	610	613
Other				3,149	3,904	7,053
Loss from jointly owned gas operations and maintenance fund				-	(2,391)	(2,391)
Transfers in (out)				179,369	(179,369)	-
Total general revenues				378,501	(177,246)	201,255
Change in net position				(72,553)	(234,926)	(307,479)
Net position at beginning of year				507,610	3,272,972	3,780,582
Net position at end of year				\$ 435,057	\$ 3,038,046	\$ 3,473,103

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

TOWN OF NEWELLTON
Newellton, Louisiana

Governmental Funds
Balance Sheet
June 30, 2019

		<u>Major Fund</u> <u>General</u> <u>Fund</u>
ASSETS		
Cash	\$	5,948
Receivables		
Sales taxes		
Other receivables		244
Due from other governmental units		5,713
Prepaid expenses		11,299
Total assets	\$	<u>23,204</u>
 LIABILITIES AND FUND EQUITY		
Liabilities		
Accounts payable	\$	11,413
Payroll liabilities		13,572
Total liabilities		<u>24,982</u>
 Fund balances		
Nonspendable - prepaid expenses		11,299
Unassigned (Deficit)		<u>(13,077)</u>
Total fund balances		<u>(1,778)</u>
Total liabilities and fund balances	\$	<u>23,204</u>

The accompanying notes are an integral part of this statement.

TOWN OF NEWELLTON
Newellton, Louisiana

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position**
June 30, 2019

Total fund balances - governmental funds	\$	(1,778)
Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Governmental capital assets	\$	1,677,435
Less: accumulated depreciation		<u>(1,096,216)</u>
		581,219
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		(203,740)
Net pension liability		
Deferred outflows for pensions are not reported in the governmental funds but are reported in the government-wide financial statements		67,001
Deferred inflows for pensions are not reported in the governmental funds but are reported in the government-wide financial statements		(7,645)
Total net position-governmental activities	\$	<u><u>435,057</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF NEWELLTON

Newellton, Louisiana

Governmental Funds
Statement of Revenues, Expenditures,
and Changes in Fund Balance
For the Year Ended June 30, 2019

	Major Fund
	General Fund
Revenues	
Taxes	
Ad valorem	\$ 71,433
Sales	62,884
Charges for services	75,990
Franchise Fees	16,288
Licenses and permits	40,374
Intergovernmental	
State	8,436
Fines and forfeitures	19,272
Use of money and property	3
Other revenues	80
Total revenues	294,760
Expenditures	
Current	
General government	186,432
Public safety-police	115,061
Public safety-fire	447
Public works	178,473
Total expenditures	480,413
Excess (deficiency) of revenues over expenditures	(185,653)
Other financing sources / (uses)	
Transfers in	179,369
Total other financing sources / (uses)	179,369
Excess (deficiency) of revenues and other sources over expenditures and other uses	(6,284)
Fund balance at beginning of year	4,506
Fund balance at end of year	\$ (1,778)

The accompanying notes are an integral part of this statement.

TOWN OF NEWELLTON
Newellton, Louisiana

**Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balance
of Governmental Funds
to the Statement of Activities**

For the Year Ended June 30, 2019

Total net change in fund balances - governmental funds	\$	(6,284)
<p>Amount reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation expense did not exceed capital outlays for the year.</p>		
Depreciation expense		(77,201)
<p>Certain increase and decrease related to net pension liability are not reported in the Governmental Funds but are reported in the government-wide financial statements</p>		
Net pension liability decrease (increase)		7,863
<p>Support from non-employer contributing related to the pension are not reported in the Governmental Funds but are reported in the government-wide financial statements.</p>		
		3,069
Total change in net position- governmental activities	\$	<u><u>(72,553)</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF NEWELLTON
Newellton, Louisiana

Business-type Activities - Proprietary Fund
Statement of Net Position
June 30, 2019

	Major Fund
	Enterprise Fund
ASSETS	
Current assets	
Cash	\$ 437
Investments	2,764
Accounts receivable - net	74,293
Due from other governments	48,880
Prepaid expenses	6,458
Total current assets	132,832
Capital assets	
Non-depreciable	19,650
Depreciable	7,183,892
Total capital assets	7,203,542
Accumulated depreciation	(3,937,089)
Net capital assets	3,266,453
Other assets	
Investment in jointly owned gas operations and maintenance fund (Deficit)	(1,167)
Total other assets	(1,167)
Total assets	3,398,118
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows on pensions	80,599
Total deferred outflows of resources	80,599
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	86,648
Payroll liabilities	7,924
Customer deposits, payable from restricted assets	91,809
Total current liabilities	186,385
Noncurrent liabilities	
Net pension liability	245,089
Total noncurrent liabilities	245,089
Total liabilities	431,474
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows on pensions	9,197
Total deferred inflows of resources	9,197
NET POSITION	
Net investment in capital assets	3,266,453
Unrestricted (Deficit)	(228,407)
Total net position	\$ 3,038,046

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

TOWN OF NEWELLTON
Newellton, Louisiana
Business Type Activity - Enterprise Fund
Statement of Revenues, Expenses, and Changes in
Net Position
For The Year Ended June 30, 2019

	Major Fund
	Enterprise Fund
OPERATING REVENUES	
Water sales	\$ 215,361
Gas sales	165,444
Sewerage fees	123,210
Plumbing fees	1,246
Penalties	14,992
Total operating revenues	520,253
OPERATING EXPENSES	
Bad debts	9,317
Computer consultants	5,080
Depreciation	142,374
Dues and subscriptions	7,141
Engineering	6,703
Gas purchases	62,635
Insurance - general	31,348
Legal and audit	23,001
Miscellaneous expenses	1,592
Office supplies	7,662
Postage	960
Repairs and maintenance	5,934
Salaries and related benefits	182,994
Supplies-plant	7,242
Supplies and expenses-gas	16,279
Supplies and expenses-sewer	8,458
Supplies and expenses-water	59,903
Telephone	12,005
Travel and meetings	4,864
Utilities	31,321
Total operating expenses	626,813
Operating income (loss)	(106,560)
NONOPERATING REVENUES (EXPENSES)	
Grants	48,880
Interest earnings	610
Loss from jointly owned gas operation and maintenance fund	(2,391)
Other nonoperating revenues	3,904
Total nonoperating revenue (expenses)	51,003
Income (loss) before operating transfers	(55,557)
OPERATING TRANSFERS	
Transfers out	(179,369)
Net transfers	(179,369)
Net income (loss)	(234,926)
Net position beginning of year	3,272,972
Net position end of year	\$ 3,038,046

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

TOWN OF NEWELLTON
Newellton, Louisiana

Business-type Activity - Enterprise Fund
Statement of Cash Flows
For the Year Ended June 30, 2019

		<u>Major Fund</u> <u>Enterprise Fund</u>
Cash flows from operating activities		
Cash received from customers	\$	508,485
Cash paid for employee services		(148,068)
Cash payments to suppliers for goods and services		(239,721)
Net cash provided by operating activities		<u>120,697</u>
Cash flows from noncapital financing activities		
Transfers to general fund from the utility fund		(179,369)
Net cash used by noncapital financing activities		<u>(179,369)</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets		(54,498)
Net cash provided by financing activities		<u>(54,498)</u>
Cash flows from investing activities		
Sale of investments		106,380
Interest received on investments		610
Loss from Joint Gas Line investment		(2,391)
Net cash provided by investing activities		<u>104,599</u>
Net increase (decrease) in cash		(8,572)
Cash at beginning of year		<u>9,009</u>
Cash at end of year	\$	<u><u>437</u></u>
Reconciliation of operating income to net cash provided by operating activities		
Operating loss	\$	(106,560)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation		142,374
Bad debt expense		9,317
Change in assets and liabilities		
Accounts receivable		(14,423)
Prepaid expenses		(817)
Accounts payable and accrued liabilities		53,224
Payroll liabilities		1,983
Customer deposits		2,655
Net pension liability		28,921
Deferred charges on pensions		5,823
Deferred inflows on pensions		(1,801)
Net cash provided by operating activities	\$	<u><u>120,697</u></u>
Supplemental disclosure of noncash investing, capital, and financing activities		
Loss from jointly owned gas operations and maintenance fund	\$	<u>(2,391)</u>
Decrease in the investment of the jointly owned gas operations and maintenance fund	\$	<u><u>2,391</u></u>

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

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As of and For The Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

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

GASB Statement No. 61 established criteria for determining which component units should be considered part of the Town for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is accountability. These criteria include:

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

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As of and For The Year Ended June 30, 2019

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

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

B. Basis of Presentation

The Town's basic financial statements consist of the government-wide statements on all of the activities of the government and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities for all activities of the government. As a general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Governmental Activities represent programs which normally are supported by taxes and intergovernmental revenues.

Business-Type Activities are financed in whole or in part by fees charged to external parties for goods and services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. This includes dedicated resources such as a restricted property tax.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As of and For The Year Ended June 30, 2019

Fund Financial Statements

The Town uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate.

Emphasis of fund reporting is on the major fund level in either the governmental or business-type categories. Non-major funds (by category) or fund type are typically summarized into a single column in the basic financial statements, but the Town does not have any non-major funds in this year.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the provision of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The Town's current operations require the use of governmental fund and proprietary fund categories. The fund types used by the Town are described as follows:

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

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

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

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

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As of and For The Year Ended June 30, 2019

column in government-wide financial statements and the major funds section of the fund financial statements.

In accordance with the provisions of GASB Statement 20, the Town has elected not to apply FASB statements and interpretations issued after November 30, 1989, to proprietary activities unless they are adopted by the GASB.

Revenues:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they are “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 pay liabilities of the current period. The Town considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt which is recognized when due, and certain claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Ad valorem taxes attach as enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October of each year and are actually billed to the taxpayer in November. Billed taxes become delinquent on January 1 of the year following the year in which the taxes are due. Revenues from ad valorem taxes are budgeted in the year billed to the extent of collections expected. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Tensas Parish.

Sales taxes are considered "measurable" when in the hands of the intermediary collecting governments and are recognized as revenue at that time.

Interest earnings on time deposits are recognized as revenue when the time deposits have matured, and the interest is available. Substantially all other revenues are recognized when actually received by the Town.

Operating revenues consist of taxes, fees for service provided, commissions for services, licenses and permits, intergovernmental revenues, fines and other miscellaneous revenues. All revenues not meeting the previously mentioned definitions are reported as non-operating revenues.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As of and For The Year Ended June 30, 2019

Expenditures and Expenses:

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

Operating expenditures and expenses consist of amounts paid for wages and related benefits, contractual services, supplies used, equipment and facility maintenance and operations, and other items directly or indirectly required for the provision of services. All expenses not meeting the previously mentioned definitions are reported as nonoperating expenses and expenditures.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Proprietary Funds:

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

1. Water rates charged:
 - a. Residential customers are charged \$26 for the first 2,000 gallons of water and \$4 for each additional 1,000 gallons or fraction thereof. Effective March 1, 2019, the rates increased to \$29 for the first 2,000 gallons of water and \$5 for each additional 1,000 gallons or fraction thereof.
 - b. Commercial customers are charged \$31 for the first 2,000 gallons used and then \$4 for each additional 1,000 gallons or fraction thereof. Effective March 1, 2019, the rates increased to charged \$34 for the first 2,000 gallons used and then \$5 for each additional 1,000 gallons or fraction thereof.

2. Sewer rates charged:
 - a. Residential customers are billed \$14.20 for the first 2,000 gallons of water used and \$3.34 for each additional 1,000 gallons or fraction thereof. Effective March 1, 2019, the rates increased to \$16 for the first 2,000 gallons of water used and \$3.50 for each additional 1,000 gallons or fraction thereof.
 - b. Commercial customers are charged \$18.46 for the first 2,000 gallons of water purchased and \$3.34 for each additional 1,000 gallons or fraction thereof of water used. Effective March 1, 2019, the rates increased to \$20 for the first 2,000 gallons of water purchased and \$3.50 for each additional 1,000 gallons or fraction thereof of water used.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As of and For The Year Ended June 30, 2019

3. Gas rates charged to customers are \$13.00 per 1,000 cubic feet of gas used.
4. Garbage and limb collection rates charged:
 - a. Residential customers are billed \$10.53 per month. June 17, 2019, the Council approved to increase the rate to \$25 per month.
 - b. Commercial customers are billed \$14 per month. June 17, 2019, the Council approved to increase the rate to \$30 per month.

C. Budgets and Budgetary Accounting

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

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

D. Assets, Liabilities, and Fund Equity

Cash, Cash Equivalents, and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposits, government backed securities, commercial paper, and state sponsored investment pool and mutual funds consisting solely of government backed securities. Deposits with original maturity dates exceeding 90 days are classified as investments. Investments are reported at fair value. The Town's investment policy is to only have certificates of deposit.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As of and For The Year Ended June 30, 2019

Interfund Receivables and Payables

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

Capital Assets

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

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

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

All purchased capital assets greater than \$1,000 are recorded at cost where historical records are available and at estimated cost where no historical records are available. Donated fixed assets are valued at fair market value at date of gift. Major additions are capitalized while maintenance and repairs that do not improve or extend the life of the respective assets are charged to expense. Interest is capitalized on funds used during construction of projects acquired with bond funds. No interest was capitalized during the year ended June 30, 2019.

Depreciation of all exhaustible fixed assets used by the enterprise fund is charged as an expense against its operations. Accumulated depreciation is reported in the proprietary fund balance sheet. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. Estimated useful lives are as follows (in years):

Water, Sewer and Gas Systems	50 – 99
Buildings	20 – 30
Equipment, Furniture and Vehicles	3 – 10
Signage	10
Infrastructure Streets and Drainage	15

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As of and For The Year Ended June 30, 2019

System, and additions to / deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expenditure until then. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town's deferred outflows and deferred inflows are resources related to pensions.

Compensated Absences

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

Restricted Net Position

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments.

Imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Equity of Fund Financial Statements

GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions* requires the fund balance amounts to be reported within the fund balance categories as follows:

Non-spendable: Fund balance that is not in spendable form or legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as prepaid expenses.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As of and For The Year Ended June 30, 2019

Restricted: Fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers such as federal or state regulations for future use or through enabling legislation and are, therefore, not available for future appropriation or expenditure. The Town does not have any such fund balances in the current fiscal year.

Committed: Fund balance that can only be used for specific purposes determined by the Town's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit the funds. Committed fund balance is the result of either a policy of the Town or motions passed by the Board of Aldermen committing the funds. The Town does not have any such fund balances in the current fiscal year.

Assigned: Fund balance that is constrained by the Board of Aldermen's intent to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by the Board. The Town does not have any assigned fund balances in the current fiscal year.

Unassigned: Fund balance that is the residual classification for the general fund. The Town has not established benchmarks for unassigned fund balance requirements.

The Board of Aldermen has not established a formal policy regarding the order of spending fund balances that are restricted, committed, or assigned. The Town's informal policy for the spending prioritization of fund balances is that restricted would receive top priority followed by committed. Assigned balances receive the least priority and would be authorized to be spent only if adequate funds were available. If expenditures incurred exceed the amount that have been committed or assigned to a specific purpose, amounts unassigned would be reduced to eliminate the deficit.

E. Electrical System Operating Agreement

On September 9, 1998, the Board of Aldermen of the Town authorized an operating agreement between the Town and Louisiana Power and Light (Entergy) for Entergy to operate the electric system within the corporate limits of the Town for a period of twenty-five years. The agreement provides that Entergy will pay to the Town two percent of total revenue collected from the sale of electric service to residential and commercial customers within the Town. Revenues under this agreement totaled \$15,182 for the year ended June 30, 2019.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As of and For The Year Ended June 30, 2019

F. Bad Debts

Uncollectible amounts for ad valorem taxes are generally not significant. As a result, the direct write-off method for recognizing bad debts is used. Under this method, the receivable is charged to expense when the account is deemed to be uncollectible. The Town uses the allowance method for recognizing bad debts for customers' utility receivables. An allowance of \$12,059 has been set up for the year ended June 30, 2019.

G. 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.

H. Equity Investments

The Town has a 50% ownership in a jointly owned gas line (see Note 8) that is accounted for using the equity method. Under this method, investments are carried at cost and increased or decreased by the Town's share of earnings or losses.

Note 2 - Expenditures- Budget and Actual

The Town incurred a negative budget variance for charges to appropriations for fiscal year 2019. Total expenditures were budgeted at \$421,721 but actual expenditures totaled \$480,413 resulting in a negative variance of \$58,692 (14%).

Note 3 - Cash and Investments

At June 30, 2019, the Town has cash and investments totaling \$9,149 with \$6,385 in demand deposits and \$2,764 in certificates of deposit.

Deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Interest rate risk – The Town's policy does not address interest rate risk.

Credit Risk – The Town's policy does not address credit risk.

TOWN OF NEWELLTON
Newellton, Louisiana

Notes To Financial Statements
As of and For The Year Ended June 30, 2019

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

At year-end, the Town’s carrying amount of deposits was \$9,149 and bank balances of \$7,664, all of which is covered by federal depository insurance. Accordingly, the Town had no custodial credit risk related to its deposits at June 30, 2019.

Note 4 - Accounts Receivable

Receivables are primarily composed of amounts due from residential customers living in the Town. Accounts receivable, net of allowance for doubtful accounts, are \$74,537 as of June 30, 2019 and are comprised of the following:

	General Fund	Utility Fund	Total
Accounts Receivable			
Franchise Fees	\$ 244	\$ -	\$ 244
Customer receivables	-	86,352	86,352
Less: Allowance for doubtful accounts	-	(12,059)	(12,059)
Total	\$ 244	\$ 74,293	\$ 74,537

Note 5 - Due from Other Governments

At June 30, 2019, the Town has amounts due from other governments totaling \$54,537, of which \$5,713 is reported in the General Fund and \$48,880 is reported in the Utility Fund. In General Fund, \$1,175 is due from the State of Louisiana for beer taxes and occupational license proceeds. Another \$4,538 is due from the Concordia Parish School Board for sales taxes. In the Utility Fund, \$48,880 is due from the State of Louisiana for the Community Water Enrichment Grant.

Note 6 - Interfund Transfers

During fiscal year 2019, the Utility Enterprise Fund transferred \$179,369 to the General Fund to cover where expenditures were exceeding revenues in the General Fund.

TOWN OF NEWELLTON
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Notes To Financial Statements
As of and For The Year Ended June 30, 2019

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

Note 7 - Changes in Capital Assets

The following schedule presents changes in capital assets for the year ended June 30, 2019:

	Balance 6/30/2018	Additions	Deletions	Balance 6/30/2019
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental Activities				
Nondepreciable assets				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
Total nondepreciable assets	1,000	-	-	1,000
Depreciable assets				
Building	53,218	-	-	53,218
Vehicles	335,090	-	(21,338)	313,752
Furniture and equipment	41,471	-	-	41,471
Fire station	486,426	-	-	486,426
Signage	8,750	-	-	8,750
Streets and drainage	772,818	-	-	772,818
Total depreciable assets	1,697,773	-	(21,338)	1,676,435
Less accumulated depreciation	(1,040,353)	(77,201)	21,338	(1,096,216)
Net governmental activities capital assets	<u>\$ 658,420</u>	<u>\$ (77,201)</u>	<u>\$ -</u>	<u>\$ 581,219</u>
Business-type activities				
Nondepreciable assets				
Land	\$ 19,650	\$ -	\$ -	\$ 19,650
	19,650	-	-	19,650
Depreciable assets				
Water system	2,736,842	48,880	-	2,785,722
Sewer system	2,876,473	-	-	2,876,473
Gas system	1,327,176	-	-	1,327,176
Gas pipeline	9,429	-	-	9,429
Service equipment	182,493	2,599	-	185,092
Total depreciable assets	7,132,413	51,479	-	7,183,892
Less accumulated depreciation	(3,794,715)	(142,374)	-	(3,937,089)
Net business-type capital assets	<u>\$ 3,357,348</u>	<u>\$ (90,895)</u>	<u>\$ -</u>	<u>\$ 3,266,453</u>

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Notes To Financial Statements
As of and For The Year Ended June 30, 2019

Detailed records of capital assets acquired prior to June 30, 1974, are not available. Estimation of the cost of these assets was made through examinations of bond and grant proceeds for construction and additions, and discussion with elected officials and long-time Town employees. All major proprietary fund asset additions have been made through bond and grant programs. Therefore, depreciation on these assets has been estimated at an amount consistent with that charged to operations in previous years. Depreciation on assets placed in service subsequent to June 30, 1974, has been calculated on the straight-line basis over their estimated useful lives. Depreciation of \$77,201 was charged to governmental activities as follows: General Government, \$2,724; Public Safety, \$22,956; and Public Works, \$51,521. Depreciation of \$142,374 as of June 30, 2019, was charged to expense in for utility operations.

Note 8 - Investment in Joint Gas Line

The Towns of Newellton and St. Joseph, Louisiana entered into a joint venture in 1954, called the Town of Newellton and the Town of St. Joseph, Louisiana Jointly Owned Gas Operations and Maintenance Fund (the Joint Gas Line) to provide natural gas to the two towns for resale to their citizens and approximately fifteen other customers in the service area. Currently, each town is required to purchase gas directly from the supplier and each town is responsible for maintaining the costs of the joint gas line.

The Boards of Aldermen and the Mayors of the two towns govern the Joint Gas Line but its accounting is handled by the Town of St. Joseph. Each of the Towns own 50% of the net worth of the joint venture. This amount is typically shown as an asset called Investment in Joint Gas Line.

Summary Financial information for the joint venture at June 30, 2019, and for the year then ended, is as follows:

Assets	
Cash and cash equivalents	\$ 7,076
Total Assets	<u>7,076</u>
 Liabilities	
Accounts payable and accrued expenses	9,247
Customer deposits	<u>162</u>
Total Liabilities	<u>9,409</u>
 Net Position - Unrestricted	 <u>\$ (2,333)</u>

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Notes To Financial Statements
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The Joint Gas Line's net position decreased by \$4,781 in fiscal year 2019. The Joint Gas Line issues an annual publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by visiting the Louisiana Legislative Auditor's website at www.la.gov.

Note 9 - Ad Valorem Taxes

For the year ended June 30, 2019, ad valorem taxes of 22.51 mills were levied on property with assessed valuations (exclusive of homestead exemption) totaling \$3,351,311 for general purposes.

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

The Town bills and collects its own property taxes using the assessed values determined by the assessor of Tensas Parish. At June 30, 2019, substantially all taxes have been collected.

Note 10 - Pension Plan-Municipal Employees' Retirement System of Louisiana

Plan Description

The Town contributes to the Municipal Employees' Retirement System of Louisiana (the System) which is a cost-sharing, multiple-employer, and defined benefit pension plan. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System.

Any person whose first employment making them eligible for membership in the System occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2.

Any member of Plan A who commenced participation in the System prior to January 1, 2013 can retire providing the member meets one of the following criteria:

1. Any age with 25 years or more of creditable service.

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As of and For The Year Ended June 30, 2019

2. Age 60 with a minimum of ten years of creditable service.
3. Any age with five years of creditable service eligible for disability benefits.
4. Survivor's benefits require five or more years creditable service with legal spouse at least last 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Any member of Plan A Tier 2 can retire providing the member meets one of the following requirements:

1. Age 67 with seven years of creditable service.
2. Age 62 with ten years of creditable service.
3. Age 55 with 30 years of creditable service
4. Any age with 25 years of creditable service with an actuarially reduced early benefit.
5. Survivor's benefits require five or more years of creditable service with legal spouse at least last 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to 3% of the employee's monthly average final compensation multiplied by their years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. The System also provides death and disability benefits. Benefits are established or amended by state statute.

For the year ended June 30, 2019, the Town's total payroll for all employees was \$322,585. Total covered payroll was \$186,740. Covered payroll refers to all compensation paid by the Town to active employees covered by the Plan.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810, or by visiting the System's website www.mersla.com.

Contributions

According to state statute, contribution requirements for all employers are actuarially

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Notes To Financial Statements
As of and For The Year Ended June 30, 2019

determined each year. For the year ended June 30, 2019, the actual employer contribution rate was 26.00% for Plan A, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Town to the System monthly. The Town's contributions to the System under Plan A for the year ending June 30, 2019 were \$48,552.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810, or by visiting the System's website www.mersla.com.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the Town reported a liability of \$448,829 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Town's proportion was 0.108395%, which was a decrease of 0.000300% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$77,337 plus amortization of changes in proportionate share and differences between employer contributions and proportionate share of contributions, which was \$(276). Total pension expense for the Town for the year ended June 30, 2019 was \$77,061.

The Town recognized revenue in the amount of \$6,761 for support provided by non-employer contributions.

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Notes To Financial Statements
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At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

MERS

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (15,958)
Changes in assumptions	13,511	-
Net difference between projected and actual earnings on pension plan investments	68,779	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,758	(884)
Employer contributions subsequent to the measurement date	48,552	-
Total MERS	\$ 147,600	\$ (16,842)

Deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	MERS
2020	\$ 53,659
2021	20,516
2022	6,066
2023	1,965
	\$ 82,206

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Notes To Financial Statements
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Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018, are as follows:

MERS

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	3 years
Investment Rate of Return	7.275%
Inflation Rate	2.6%
Salary Increases, including inflation	5.0%
Annuitant and beneficiary mortality	RP-2000 Healthy Annuitant Sex Distinct Mortality Table set forward 2 years for males and set forward 1 year for females, projected to 2028 using Scale AA.
Employee mortality	RP-2000 Employee Mortality Table set back 2 years for both males and females.
Disabled lives mortality	RP-2000 Disabled Lives Mortality Tables set back 5 years for males and set back 3 years for females.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an

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Notes To Financial Statements
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adjustment for the effect of rebalancing/diversification.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	50.0%	2.2%
Public fixed income	35.0%	1.5%
Alternative investments	15.0%	0.6%
Totals	100.0%	4.3%
Inflation		2.7%
Expected arithmetic nominal return		7.0%

Discount Rate

The discount rate used to measure the total pension liability was 7.275% for the year ended June 30, 2018. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of

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five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2018 is 3 years for Plan A.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.275%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.275%) or one percentage-point higher (8.275%) than the current rate:

	1.0% Decrease (6.275%)	Current Discount Rate (7.275%)	1.0% Increase (8.275%)
Proportionate share of net pension liability	\$ 576,561	\$ 448,829	\$ 339,804

Payables to the Pension Plan

These financial statements include a payable to the pension plan of , which is the legally required contribution due as of June 30, 2019. This amount is recorded in accrued expenses.

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Municipal Employees' Retirement System of Louisiana Audit Report at www.mersla.com.

Note 11 - Utilities Operation

Operation of the Town of Newellton utility system consists of Water, Gas, Sewer and Garbage services. Operating results of the individual utilities for the year ended June 30, 2019 are as follows:

	Gas	Water	Sewer	Garbage
Operating Revenues	\$ 165,444	\$ 215,361	\$ 124,456	\$ 75,990
Operating Expenses	235,935	264,300	109,662	123,852
Operating Income	\$ (70,491)	\$ (48,939)	\$ 14,794	\$ (47,862)

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Notes To Financial Statements
As of and For The Year Ended June 30, 2019

Operating expenses above include costs which cannot be directly associated with a single department and thus, these expenses have been allocated on the basis of gross utility sales.

Note 12 - Risk Financing Activities

The Town is a participating member in the Louisiana Municipal 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 coverage and provides coverage of 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.

The Town's coverage had ended at the end of the policy period on May 1, 2016. The Town obtained coverage for its vehicle portion of its policy beginning on November 16, 2017. Remaining coverage for commercial general liability, errors and omissions and law enforcement began on November 16, 2017.

Note 13 - Adoption of New Accounting Standards

The following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the District's financial report:

GASB Statement 87. Leases. This standard will require all leases to be reported on the Statement of Net Position under a single accounting model for both lessors and lessees. The statement will require the recognition of leased assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. This standard is effective for annual reporting periods beginning after June 15, 2021. The District will include the requirements of this standard, as applicable, in its August 31, 2022 financial statements. All of the District's lease agreements, if any, will need to be evaluated to determine the impact of implementing this standard, however, the effect of this standard or its applicability to the District are unknown at this time.

GASB Statement 89. Accounting for Interest Cost Incurred before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance

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Notes To Financial Statements
As of and For The Year Ended June 30, 2019

and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The District will include the requirements of this standard, as applicable, in its August 31, 2022 financial statements. The effect of this standard or its applicability to the District are unknown at this time.

GASB Statement 91. Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The District does not believe it will be impacted by this statement.

Note 14 - Subsequent Events

Management has evaluated subsequent events through February 14, 2023, the date which the financial statements were available to be issued and determined the following pending subsequent events occurred that requires disclosure:

Construction was completed for an upgrade to the Town's water treatment plant through an \$800,000 Louisiana Community Development Block Grant.

Note 15 - Uncertainty about Going Concern

General Fund

For the year ended June 30, 2019, the General Fund's expenditures exceeded its revenues by \$185,653. The Town transferred \$179,369 from the Utility Fund to subsidize the General Fund which reduced the deficiency of revenues and other sources over expenditures and other uses to \$6,284. For the past five years, including fiscal year 2019, the General Fund's expenditures have exceeded revenues by an average of \$187,000. The General Fund's unrestricted equity balance on June 30, 2019, was a deficit of \$13,077.

Unaudited financials indicate that the deficit decreased in fiscal year 2020 and operating revenue exceeded operating expenditures in fiscal year 2021 and 2022. However, the losses for the four-year period of 2019-2022 are cumulatively more than \$137,000 (unaudited). As of the report date, the Town continues to operate but resources are limited.

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Notes To Financial Statements
As of and For The Year Ended June 30, 2019

Utility Fund

For the year ended June 30, 2019, the Utility Fund's expenses exceeded its revenues by \$55,557. Coupled with the \$179,369 transfer to the General Fund noted above, the Utility Fund had a net decrease of \$234,926 for the year. For the past four years, including fiscal year 2019, the Utility Fund's expenses have exceeded revenues. The Utility Fund's deficit unrestricted net assets balance on June 30, 2019 was \$228,407.

Unaudited financials indicate that the deficit continued in fiscal years 2020, 2021 and 2022. The unaudited financials further indicate neither funds dedicated to a major repair, which may or may not happen, nor cash balances to restrict for the amount of customer deposits. It also does not include any additional costs for the Joint Gas Line which has also shown a decline in operations and a negative fund balance. The Town owns 50% of this entity. As of the report date, the Town continues to operate but resources are limited.

It is unclear whether discontinuance of certain operations will be necessary to eliminate the uncertainty.

The financial statements do not include any adjustments that might be necessary if the Town is unable to continue as a going concern.

**REQUIRED SUPPLEMENTARY INFORMATION
(PART B)**

TOWN OF NEWELLTON

Newellton, Louisiana

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

Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Budgetary fund balance at beginning of year	\$ -	\$ -	\$ 4,506	\$ 4,506
Resources (inflows)				
Ad valorem taxes	70,000	70,000	71,433	1,433
Sales and other taxes	60,000	60,000	62,884	2,884
Charges for services	72,000	72,000	75,990	3,990
License and permits				
Franchise revenue	17,500	17,500	16,288	(1,212)
Occupational & other licenses	40,000	40,000	40,374	374
Intergovernmental revenue	4,000	4,000	8,436	4,436
Fines and forfeitures	20,000	20,000	19,272	(728)
Interest income	25	25	3	(22)
Miscellaneous	1,000	1,000	80	(920)
Total revenues	<u>284,525</u>	<u>284,525</u>	<u>294,760</u>	<u>10,235</u>
Transfers in	<u>165,000</u>	<u>165,000</u>	<u>179,369</u>	<u>14,369</u>
Total resources (inflows)	<u>449,525</u>	<u>449,525</u>	<u>474,129</u>	<u>24,604</u>
Amounts available for appropriations	<u>449,525</u>	<u>449,525</u>	<u>478,635</u>	<u>29,110</u>
Charges to appropriations (outflows)				
Current:				
General government	142,796	142,796	186,432	(43,636)
Public safety				
Police department	109,925	109,925	115,061	(5,136)
Fire department	500	500	447	53
Public works	168,500	168,500	178,473	(9,973)
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charges to appropriations (outflows)	<u>421,721</u>	<u>421,721</u>	<u>480,413</u>	<u>(58,692)</u>
Budgetary fund balance at end of year	<u>\$ 27,804</u>	<u>\$ 27,804</u>	<u>\$ (1,778)</u>	<u>\$ (29,582)</u>

TOWN OF NEWELLTON
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Notes to Budgetary Comparison Schedules (Unaudited)
For the Year Ended June 30, 2019

A. BUDGETS

General Budget Practices

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

State statute requires budgets to be adopted for the general fund.

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.

After the public hearing, the budget is adopted by passing an ordinance approving the budget at the selected June board meeting.

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.

All legally adopted budgets of the Town are adopted on a basis consistent with GAAP. A budget is adopted for the General Fund; encumbrance accounting is not used by the Town.

Town of Newellton
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Municipal Employee's Retirement System (Plan A)
Schedule of Employer's Proportionate Share of Net Pension Liability (Unaudited)
For the year ended June 30, 2019

Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability
2019	0.108395%	\$ 448,829	\$ 197,897	227%	64%
2018	0.108695%	\$ 454,718	\$ 197,383	230%	62%
2017	0.092700%	\$ 379,948	\$ 165,595	229%	62%
2016	0.102087%	\$ 364,669	\$ 175,117	208%	66%
2015	0.141518%	\$ 363,198	\$ 205,487	177%	66%

*Amounts presented were determined as of the measurement date (previous fiscal year)

*This schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.*

Town of Newellton
Newellton, Louisiana

Municipal Employee's Retirement System (Plan A)
Schedule of Employer's Contribution to Pension Plan (Unaudited)
For the year ended June 30, 2019

Year	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Employee Payroll
2019	\$ 48,550	\$ 48,550		\$ 186,740	26%
2018	\$ 48,980	\$ 48,980	-	\$ 197,897	25%
2017	\$ 44,905	\$ 44,905	-	\$ 197,383	23%
2016	\$ 32,705	\$ 32,705	-	\$ 165,595	20%
2015	\$ 34,450	\$ 34,450	-	\$ 175,117	20%
2014	\$ 38,350	\$ 38,530		\$ 205,487	19%

*Amounts presented were determined as of the end of the fiscal year.

*The schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.*

Notes to Required Supplementary Information
(Unaudited)

Changes of Assumptions or Other Inputs

Changes in assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Changes in Proportion

Changes in the Town's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in the Town's pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Compensation Paid to Aldermen
For the year ended June 30, 2019

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>
Richard Dunmore	\$ 4,750
Edwin Britt	4,750
Lavone Garner	4,750
Mattie Sampson	4,750
Ben Britton	4,750
	<u>\$ 23,750</u>

TOWN OF NEWELLTON
Newellton, Louisiana

**Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer**
For the Year Ended June 30, 2019

Chief Executive Officer: Timothy Turner, Mayor

<u>Purpose</u>	<u>Amount</u>
	\$
Salary	11,400
Benefits-retirement contributions	165
Mileage reimbursements	821
Conference travel and registration fees	276
	\$ <u>12,662</u>

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS



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

**Board of Aldermen
Town of Newellton
Newellton, Louisiana**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund, of Town of Newellton, Louisiana (the Town), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 14, 2023.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings as item 2019-001 to be a material weakness.

**Board of Aldermen
Town of Newellton
Newellton, Louisiana**

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of findings as item 2019-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2019-003 through 2019-005.

The Town's Response to Findings

The Town's responses to the findings identified in our audit is described in the accompanying schedule of findings. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Woodard & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

February 14, 2023

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Findings
For the Year Ended June 30, 2019

2019-001 Internal Control over Financial Reporting and Operations

Criteria or Specific Requirement

Proper internal controls over financial reporting requires that accounting records contain up-to-date, accurate, and complete information to ensure that the financial data can be relied upon to monitor the financial condition of the entity. Financial records should be reviewed timely to supporting documentation to ensure that the transactions are properly recorded and classified in the accounting records.

Condition

The accounting program encountered a glitch that resulted in lost data. The accounting program faltered on its own and there was no back up in place from which to restore the data. The records were available to recreate the data, but reconstruction was time consuming leaving a considerable period in which the Town did not have records available for management decision-making.

Additionally, budget to actual financials were not presented to the Council monthly.

Utility functions are intermingled amongst themselves and the general fund (refer to 2019-002). Each utility function, water, sewer, gas and garbage, should be maintained in its own fund to provide management with information on sustainability of each function.

Cause

The software did not have a good backup process in place. The new town clerk was unaware of the need to present monthly budget to actual reports to the Council or the need to differentiate utilities.

Effect

Management did not receive complete, thorough information necessary to make decisions in a timely manner.

Recommendations

Management should ensure the safety of accounting records and provide monthly budget to actual comparisons to the Council.

Origination date

This finding originated in June 30, 2019.

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Findings
For the Year Ended June 30, 2019

Management's Response

Town of Newellton has agreed to open a separate account for utilities only, water/gas deposits. A resolution has been prepared authorizing this account. This account gives the Town ability to reimburse citizen's funds if they close their accounts. No other funds will be deposited in this account.

2019-002 Reporting over Utilities

Criteria or Specific Requirement

Accounting records should allow management to assess the performance of each activity independently. Each category of utility, such as gas, should be maintained in its own fund with expenses, such as payroll, charged to the fund based upon actual expense related to that function.

Condition

All utility functions are one utility fund except for garbage which is recorded in the general fund. In order for management to assess the performance of each function, each utility, water, sewer, gas, and garbage, should be maintained in its own fund.

Transfers to the general fund are made as the general fund needs monies rather than to repay the general fund for enterprise activities paid for by the general fund.

Cause

The funds were previously set up in a consolidated format.

Effect

There is no accurate way to determine precisely if utilities are earning enough revenue to meet or exceed the expenses involved to operate the function.

Recommendations

Management should realign accounting records to have utilities broken into their own funds.

Origination date

This finding originated in June 30, 2019.

Management's Response

Town of Newellton is taking advisement and will make provisions to enhance proper management according to the budget and policy and procedures made.

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Findings
For the Year Ended June 30, 2019

2019-003 Financial Stability

Criteria or Specific Requirement

Local governments are required to exercise financial stability "...a condition in which the political subdivision is capable of meeting its financial obligations in a timely manner as they become due without substantial disposition of assets outside the ordinary course of business, substantial layoffs of personnel, or interruption of statutorily or other legally required services of the political subdivision, restricting of debt, revision of operations, or similar actions." (LA R.S. 39:1351(A)(1)(b))

Condition

General Fund

For the year ended June 30, 2019, the General Fund's expenditures exceeded its revenues by \$185,653. The Town transferred \$179,369 from the Utility Fund to subsidize the General Fund which reduced the deficiency of revenues and other sources over expenditures and other uses to \$6,284. For the past five years, including fiscal year 2019, the General Fund's expenditures have exceeded revenues by an average of \$187,000. The General Fund's unrestricted equity balance on June 30, 2019, was a deficit of \$13,077.

Unaudited financials indicate that the deficit decreased in fiscal year 2020 and operating revenue exceeded operating expenditures in fiscal year 2021 and 2022. However, the losses for the four-year period of 2019-2022 are cumulatively more than \$137,000 (unaudited). As of the report date, the Town continues to operate but resources are limited.

Utility Fund

For the year ended June 30, 2019, the Utility Fund's expenses exceeded its revenues by \$55,557. Coupled with the \$179,369 transfer to the General Fund noted above, the Utility Fund had a net decrease of \$234,926 for the year. For the past four years, including fiscal year 2019, the Utility Fund's expenses have exceeded revenues. The Utility Fund's deficit unrestricted net assets balance on June 30, 2019 was \$227,240.

Unaudited financials indicate that the deficit continued in fiscal years 2020, 2021 and 2022. The unaudited financials further indicate that the Town has no funds dedicated to a major repair, which may or may not happen. The Town also has no cash to restrict for the amount of customer deposits. The Town budget does not include any additional costs for the Joint Gas Line which has also shown a decline in operations and a negative fund balance. The Town owns 50% of this entity. As of the report date, the Town continues to operate but resources are limited.

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Findings
For the Year Ended June 30, 2019

It is unclear whether discontinuance of certain operations will be necessary to eliminate the uncertainty.

The financial statements do not include any adjustments that might be necessary if the Town is unable to continue as a going concern.

Cause

The Town's revenue has failed to be sufficient to cover the Town's expenditures for multiple years.

Effect

There may be a going concern issue and / or noncompliance with state law.

Recommendations

Management should ensure expenditures do not exceed revenue.

Origination date

This finding originated in June 30, 2019.

Management's Response

Town of Newellton has had a rate study done for water department. The lack of movement on this process is a result of potentially consolidating with Tensas Water, which is in progression at this time.

2019-004 Violations of Louisiana Local Government Budget Act

Criteria or Specific Requirement

A budget should be prepared annually in accordance with the applicable Louisiana Revised Statutes whereby the entity is in compliance with:

- 39:1305 Budget preparation
- 39:1306 Completion and submission of the proposed budget
- 39:1307 Public participation
- 39:1308 Inspection of the proposed budget
- 39:1309 Adoption
- 39:1313 Budget filing
- 33:406 Enactment, recording, and publication of ordinances and resolutions and if necessary during the year:
- 39:1310 Amending the budget

And if a budget is not adopted:

- 39:1312 Governing authority's failure to make appropriation

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Findings
For the Year Ended June 30, 2019

This revised statute requires if a budget is not adopted, “then fifty percent of the amounts appropriated in the appropriation ordinance or resolution for the last completed fiscal year shall be deemed reappropriated for the several objects and purposes specified in such appropriation ordinance or resolution”.

Condition Found

The Town’s 2019 budget approved July 10, 2019 was not approved timely. The amounts available for appropriations budgeted exceeded actual by \$29,110 (5.47%) and total charges to appropriations actual exceeded budget by \$58,692 (13.92%) without the budget being amended.

Causes

The Council did not revise the budget when required.

Effects

Management did not comply with the requirements of Louisiana Revised Statutes 39:1306, 39:1307, 39:1308, 39:1309, 39:1313, 33:406, 39:1310, 39:1312.

Recommendations to Prevent Future Occurrences

Management should monitor budget to actual financial comparisons and ensure the budget is revised when required to comply with the requirements of the Louisiana Local Budget Act.

Origination date

This finding originated in June 30, 2015.

Management’s Response

The Town of Newellton has had audit prepared but the delayed being turned in to the state due to the fact that audit being prepared late which caused Newellton to be placed on the noncompliance list.

2019-005 Late Submission of Audit Report to the Louisiana Legislative Auditor

Criteria or Specific Requirement

Louisiana Revised Statute 24:513A (5)(a)(i) requires that “...audits shall be completed within six months of the close of the entity’s fiscal year.” The Town’s audit report should be submitted to the Louisiana Legislative Auditor by December 31st of each year.

TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Findings
For the Year Ended June 30, 2019

Condition Found

The Town's audit report for the fiscal year ending June 30, 2019 was not completed within the six month deadline as required by Louisiana Revised Statute 24:513A (a)(5)(i).

Cause

The trial balance was not presented for audit in a timely manner due to a computer error resulting in lost data needing to be reaccumulated. This delay was then compounded by the COVID-19 pandemic and multiple natural disasters. Further, illnesses and retention issues further delayed the audit.

Effect

Management did not comply with the requirements of Louisiana Revised Statute 24:513A (a)(5)(i).

Recommendations to Prevent Future Occurrences

The Town should have its financial records available for audit by July 31 of each year and engage with a CPA firm prior to fiscal year-end.

Origination date

This finding originated in fiscal year 2013.

Management's Response

Town of Newellton did submit all information to our previous auditors for each calendar year. Most of the files were pulled when auditors came to Town Hall and other files were delivered by Newellton's Clerk to the Monroe office. Some of the files were misplaced on their end so our Clerk reissued more files to them. Meanwhile COVID-19 pandemic and other disasters came around which further caused delays in audits being prepared on time.

Town of Newellton
Newellton, Louisiana

Summary Status of Prior Year Findings
For the Year Ended June 30, 2019

The following is a summary of the status of the prior year audit findings included in the Huffman & Soignier (APAC) audit report dated June 5, 2019 in connection with the audit of the financial statements of the Town of Newellton (the Town) as of and for the year ended June 30, 2018.

2018-001 Late Submission of Audit Report to the Louisiana Legislative Auditor

Condition Found

The Town's audit report for the fiscal year ending June 30, 2018 was not completed within the six month deadline as required by Louisiana Revised Statute 24:513A (a)(5)(i).

Status

Not resolved. Refer to current year finding 2019-005.

2018-002 Violations of Louisiana Local Government Budget Act

Condition Found

The Town was in violation of the revised state statutes noted above due to its failure to prepare an original budget. An amended budget was prepared but the Town's actual expenditures of \$487,504 exceeded its budgeted expenditures of \$460,150 for a \$27,354 (5.9%) negative variance which is greater than the 5% variance that is allowed.

Status

Not resolved. Refer to current year finding 2019-004.



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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Aldermen of
Town of Newellton
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Town of Newellton, Louisiana (the Town) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Town's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

**To the Board of Aldermen
Town of Newellton
Newellton, Louisiana**

- e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Result: There were no written policies or written policies provided did not cover all subitems related to budgeting, purchasing disbursement, receipts, payroll, contracting, ethics, debt services and disaster recovery/business continuity.

Management's Response: The Newellton Mayor and the Town board members are working alongside each other to prepare policies and procedures to be put into place as for moving forward.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

**To the Board of Aldermen
Town of Newellton
Newellton, Louisiana**

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: None of the monthly meeting minutes for fiscal year 2019 contained reference to monthly budget-to-actual comparisons. The minutes also did not include any formal plan to eliminate the negative unrestricted fund balance in the general fund.

Management's Response: The Town of Newellton has agreed to present copies of the budget at every meeting going forward. This will give the Councils the ability to make better financial decision and keep better records that will enhance business practices. Bills and bank statements will also be presented at town meeting so the Board will know the accounts to make proper payments of receipts and bills owed.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**To the Board of Aldermen
Town of Newellton
Newellton, Louisiana**

Results: This section is exempt because there were no exceptions in the prior year.

Collections (excluding EFTs)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

**To the Board of Aldermen
Town of Newellton
Newellton, Louisiana**

- e) Trace the actual deposit per the bank statement to the general ledger.

Results: This section is exempt because there were no exceptions in the prior year.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
- [Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: This section is exempt because there were no exceptions in the prior year.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons

**To the Board of Aldermen
Town of Newellton
Newellton, Louisiana**

who maintained possession of the cards. Obtain management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: Finance fees were charged on all selected credit card statements. There was no written documentation of business/public purpose on the itemized receipt of the credit card purchase.

Management's Response: All credit card transactions and payments will be authorized by the Mayor or Council before or after any transactions made. Signatures and receipts will be needed as prof and to be filed in our office. Any items purchased with credit cards must be authorized prior to any purchase by a governing body be it the Mayor or Council. All bills will be paid in a timely manner.

Travel and Travel-Related Expense Reimbursement (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

**To the Board of Aldermen
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- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were identified as a result of these procedures.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: This section is exempt because there were no exceptions in the prior year.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

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17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: Attendance records and leave documentation was not provided for the five employees. There were no terminated employees to perform testing upon.

Management's Response: Any employee that take leave or vacation must have these request authorized by the Mayor or Council. These times will be documented. Time cards for payroll will be signed by the Mayor during those pay periods to make sure employees hours add up with working hours. If an employee is terminated before any payment is issued out, time and vacations are to be added up before any payments are issued.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

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Results: One of the five employees selected had documentation to support completion of one hour of ethics training during the fiscal period. There was no documentation to support that employees attested to reading the entity's ethics policy during the fiscal period.

Management's Response: Mayor and Council are required to take ethics training during the proper time. Those training can be taken online or at any convention that provide training. All persons who complete these training must present any acknowledgement or completion. These certificates are filed at town hall and each individual are allowed a copy for themselves.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: This section is exempt because there were no exceptions in the prior year.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: This section is exempt because there were no exceptions in the prior year.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed

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additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Woodard & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

February 14, 2023