

Town of Mooringsport, Louisiana

Financial Statements

As of and for the Year Ended June 30, 2012

Town of Mooringsport, Louisiana
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Certified Public Accountants

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Independent Accountants' Review Report

The Honorable Mayor Lynn Porter and
the Town Council
Town of Mooringsport

We have reviewed the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Town of Mooringsport, Louisiana, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Town of Mooringsport. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the Town of Mooringsport is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 25 be presented to supplement the basic financial statements. Such information, although not a required 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. Such information was not audited, reviewed, or compiled by us and accordingly, we do not express an opinion or provide any assurance on it.

Management has omitted the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. The results of our review of the basic financial statements are not affected by this missing information.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying Schedule of Compensation Paid to Council Members and Mayor is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a long horizontal flourish extending to the right.

Cook & Morehart
Certified Public Accountants
December 31, 2012

Town of Mooringsport
Mooringsport, Louisiana
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash	\$ 26,069	\$ 4,525	\$ 30,594
Investments	74,974		74,974
Receivables	8,710	8,816	17,526
Internal balances	6,966	(6,966)	
Restricted assets, cash		14,766	14,766
Restricted assets, investments		24,207	24,207
Capital assets (net)	<u>317,695</u>	<u>1,023,428</u>	<u>1,341,123</u>
Total Assets	<u>434,414</u>	<u>1,068,776</u>	<u>1,503,190</u>
Liabilities			
Accounts payable	8,183	23,729	31,912
Payable from restricted assets:			
Customer deposits		24,815	24,815
Non-current Liabilities			
Revenue bonds payable -			
Due within one year		7,000	7,000
Due in more than one year		<u>66,000</u>	<u>66,000</u>
Total liabilities	<u>8,183</u>	<u>121,544</u>	<u>129,727</u>
Net Assets (deficit)			
Invested in capital assets, net of related debt	317,695	950,428	1,268,123
Unrestricted	<u>108,536</u>	<u>(3,196)</u>	<u>105,340</u>
Total net assets	<u>\$ 426,231</u>	<u>\$ 947,232</u>	<u>\$ 1,373,463</u>

See accompanying notes and independent accountants' review report

Town of Mooringsport
Mooringsport, Louisiana
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs:	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 136,680	\$	29,000	\$ (107,680)	\$	\$ (107,680)
Streets	5,384			(5,384)		\$ (5,384)
Public safety	33,049	15,999		(17,050)		(17,050)
Total governmental activities	175,113	15,999	29,000	(130,114)		(130,114)
Business-type activities						
Water and Sewer	279,947	184,097	8,297		(87,553)	(87,553)
Garbage collection	28,699	30,144			1,445	1,445
Total business-type activities	308,646	214,241	8,297		(86,108)	(86,108)
Total government	\$ 483,759	\$ 230,240	\$ 37,297	\$ (130,114)	\$ (86,108)	\$ (216,222)
General revenues:						
Ad Valorem taxes				16,736		16,736
Sales tax				42,394		42,394
Franchise taxes				34,324		34,324
Licenses and permits				23,716		23,716
Intergovernmental						
Investment earnings				1,753	48	1,801
Other miscellaneous				25,546	2,103	27,649
Transfers				6,728	(6,728)	
Total general revenues				151,197	(4,577)	146,620
Changes in net assets				21,083	(90,685)	(69,602)
Net assets, beginning				405,148	1,037,917	1,443,065
Net assets, ending				\$ 426,231	\$ 947,232	\$ 1,373,463

See accompanying notes and independent accountants' review report

Town of Mooringsport
Mooringsport, Louisiana
Balance Sheet
Governmental Fund
June 30, 2012

Assets	<u>General</u>
Cash	\$ 26,069
Investments	74,974
Receivables	8,710
<i>Due from other funds</i>	<u>6,966</u>
Total Assets	<u><u>\$ 116,719</u></u>
Liabilities and Fund Balance	
Liabilities:	
Accounts payables	<u>\$ 8,183</u>
Total Liabilities	<u>8,183</u>
Fund balance:	
<i>Assigned for cemetery</i>	76,458
Unassigned	<u>32,078</u>
Total Fund Balance	<u>108,536</u>
Total Liabilities and Fund Balances	<u><u>\$ 116,719</u></u>

See accompanying notes and independent accountants' review report

Town of Mooringsport
Mooringsport, Louisiana
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Assets
June 30, 2012

Fund Balance - Governmental Fund	\$ 108,536
 Amounts reported for government activities in the Statement of Net Assets are different because:	
 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	 <u>317,695</u>
Net Assets of Governmental Activities	 <u><u>\$ 426,231</u></u>

See accompanying notes and independent accountants' review report

Town of Mooringsport
Mooringsport, Louisiana
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2012

	General
Revenues:	
Taxes	
Sales tax	\$ 42,394
Franchise tax	34,324
Ad Valorem	16,736
Licenses and permits	23,716
Intergovernmental revenues	
State grant	29,000
Fines and forfeitures	15,999
Investment earnings	1,753
Other revenues	25,546
Total revenues	189,468
Expenditures:	
Current	
General government	127,206
Public safety	24,519
Streets	3,812
Capital Outlay	58,848
Debt Service - principal retirement	4,866
Total expenditures	219,251
Excess (deficiency) of revenues over (under) expenditures	(29,783)
Other Financing Sources	
Transfer in	6,728
Total other financing sources	6,728
Net change in fund balance	(23,055)
Fund balance, beginning of year	131,591
Fund balance, end of year	\$ 108,536

See accompanying notes and independent accountants' review report

Town of Mooringsport
Mooringsport, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in the Fund Balance of the Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2012

Net change in fund balance - governmental fund	\$	(23,055)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Government 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. This is the amount by which capital outlays \$(58,848) exceeds depreciation \$(19,576) in the current period.		39,272
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Principal payments on debts		4,866
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Change in Net Assets of Governmental Activities	\$	21,083
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See accompanying notes and independent accountants' review report

Town of Mooringsport
Mooringsport, Louisiana
Statement of Net Assets
Proprietary Fund
June 30, 2012

	<u>Business-Type Activities</u> <u>Enterprise Fund</u> <u>Water and Sewer Fund</u>
Assets	
Current assets	
Cash	\$ 4,525
Restricted cash	14,766
Restricted investments	24,207
Receivables	<u>8,816</u>
Total current assets	<u>52,314</u>
Noncurrent assets	
Capital assets (net accumulated depreciation)	<u>1,023,428</u>
Total noncurrent assets	<u>1,023,428</u>
Total assets	<u>1,075,742</u>
Liabilities	
Current liabilities	
Accounts payable	23,729
Due to other funds	6,968
Payable from restricted assets:	
Customer deposits	24,815
Revenue bonds payable	<u>7,000</u>
Total current liabilities	<u>62,510</u>
Noncurrent liabilities	
Revenue bonds	<u>66,000</u>
Total noncurrent liabilities	<u>66,000</u>
Total liabilities	<u>128,510</u>
Net assets (deficit)	
Invested in capital assets, net of related debt	950,428
Unrestricted	<u>(3,196)</u>
Total net assets	<u>\$ 947,232</u>

See accompanying notes and independent accountants' review report

Town of Mooringsport
Mooringsport, Louisiana
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-Type Activities Enterprise Fund
	Water and Sewer Fund
Operating Revenues	
Charges for services	\$ 184,097
Other	2,103
Total operating revenues	186,200
Operating Expenses	
Personal services	87,519
Chemicals and supplies	31,178
Office expense	7,307
Utilities	13,128
Insurance	9,079
Repair and maintenance	53,018
Depreciation	75,884
Total operating expenses	277,113
Operating income (loss)	(90,913)
Non-Operating Revenues (Expenses)	
Interest earnings	48
Interest expense	(2,834)
Garbage fees	30,144
Garbage collection fees	(28,699)
Total non-operating revenues (expenses)	(1,341)
Income (loss) before contributions	(92,254)
Capital contributions	8,297
Transfer (out)	(6,728)
Change in net assets	(90,685)
Total net assets, beginning of year	1,037,917
Total net assets, end of year	\$ 947,232

See accompanying notes and independent accountants' review report

Town of Mooringsport
Mooringsport, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Business-Type Activities Enterprise Fund
	Water and Sewer Fund
Cash Flows from Operating Activities	
<i>Receipts from customers and users</i>	\$ 186,246
Payments to suppliers	(103,387)
Payments to employees	(87,519)
Net cash provided (used) by operating activities	(4,660)
Cash Flows from Capital and Related Financing Activities	
Purchases of capital assets	(12,847)
Capital contributions	8,297
Principal paid on capital debt	(7,000)
Interest paid on capital debt	(2,834)
Net cash provided (used) by capital and related financing activities	(14,384)
Cash Flows from Noncapital Financing Activities	
Transfer to other fund	(6,728)
Other	1,443
Net cash (used) by noncapital financing activities	(5,285)
Cash Flows from Investing Activities	
Increase in investments	(15)
Interest income	48
Net cash provided (used) by investing activities	33
Net decrease in cash	(24,296)
<i>Cash, beginning of year</i>	43,587
Cash, end of year	\$ 19,291
Reconciliation of Operating Income(loss) to Net Cash Provided (used) by Operating Activities:	
Operating income (loss)	\$ (90,913)
Adjustments to Reconcile Operating Income (loss) to Net Cash Provided (used) by Operating Activities:	
Depreciation expense	75,884
(Increase) decrease in accounts receivable	2,149
Increase (decrease) in accounts payable	6,939
Increase (decrease) in customer deposits	1,281
Net cash provided (used) by operating activities	\$ (4,660)

See accompanying notes and independent accountants' review report

Town of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2012

Introduction

The Town of Mooringsport, Louisiana (The Town) was incorporated in 1934, under the provisions of the Lawrason Act. The Town is located in the Parish of Caddo.

Elected officials of the Town of Mooringsport are a mayor, five (5) councilmen, and a chief of police, who are elected every four years. The affairs of the Town are conducted and managed by the mayor and the councilmen.

(1) Summary of Significant Accounting Policies

The Town of Mooringsport's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town of Mooringsport are discussed below.

A. Reporting Entity

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

GASB Statement No. 14, as amended by GASB Statement No. 39, established criteria for determining which component units should be considered part of the Town of Mooringsport for financial reporting purposes. The *basic criterion for including a potential component unit within the reporting entity is financial accountability.* The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Town to impose its will on that organization and/or
 - b. *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 or significance of the relationship.

(Continued)

Town of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2012
(Continued)

In addition, the GASB 39 states that a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are *significant to that primary government*.

In addition, other organizations should be evaluated as potential component units if they are closely related to, or financially integrated with, the primary government.

Based on the criteria described above, there are no component units to be included as part of the reporting entity.

B. Basic Financial Statements – Government-Wide Statements

The Town of Mooringsport's basic financial statements include both government-wide (reporting the funds maintained by the Town of Mooringsport as a whole) and fund financial statements (reporting the Town of Mooringsport's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's general fund is classified as governmental activities. The Town's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental activities and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The Town of Mooringsport's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town of Mooringsport's functions. The functions are also supported by general government revenues (sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

(Continued)

Town of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2012
(Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations of providing water and sewer services.

The net costs (by function) are normally covered by general revenue (sales and use taxes, certain intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the Town of Mooringsport as an entity and the change in the Town of Mooringsport's net assets resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town of Mooringsport are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town of Mooringsport:

1. Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Town of Mooringsport:
 - a. General fund is the general operating fund of the Town of Mooringsport. It is used to account for all financial resources except those required to be accounted for in another fund.
2. Proprietary Funds – the focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town:
 - a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of fund category) for the determination of major funds.

(Continued)

Town of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2012
(Continued)

The following major funds are presented in the fund financial statements:

General Fund – accounts for all financial resources except those required to be accounted for in another fund.

Enterprise Fund – accounts for the provision of water and sewer services of the Town.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by R.S. 33:2955 and the Town's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

F. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

(Continued)

Town of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2012
(Continued)

Buildings and improvements	10–40 years
Land improvements	10–30 years
Infrastructure	25–50 years
Furniture and equipment	5–15 years
Vehicles	5–15 years
Other equipment	5–10 years
Water and sewer systems	5–40 years

GASBS No. 34 requires the Town to report and depreciate new infrastructure assets effective July 1, 2003. Infrastructure assets include roads, bridges, traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is not required.

G. Revenues

Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Fines, forfeitures, licenses, and permits are recognized in the period they are collected. Interest income on demand and time deposits is recorded when earned. Federal and state grants are recorded when the Town is entitled to the funds.

H. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

I. Sales Taxes

The Town receives a one (1) percent sales and use tax with the net proceeds, after deducting costs of collection and administration, dedicated to construction, acquiring, extending, improving and/or maintaining drainage facilities, streets, street lighting facilities, bridges, sidewalks, waterworks, sewers and sewer disposal works, recreational facilities, public parks, public buildings and equipment, payment of salaries of municipal employees, maintaining and operating the municipal police department including the purchase of equipment thereof, or for any one or more of said purpose, title to which improvements shall be in the public.

(Continued)

Town of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2012
(Continued)

J. Interfund Activity

Interfund activity is reported as either loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

K. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

L. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net assets. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Bad Debts

The Town uses the direct charge-off method of accounting for water and sewer system receivables. Although this method is not in accordance with generally accepted accounting principles, the overall effect on the financial statements is immaterial.

N. Capitalized Interest

The Town capitalizes net interest costs and interest earned as part of the cost of constructing various water and sewer projects when material.

O. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Water and Sewer Funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

(Continued)

Town of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2012
(Continued)

P. Fund Balance

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

1. *Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.*
2. *Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.*
3. *Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the board of alderman (the Town's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the board of aldermen removes those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).*
4. *Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the Mayor, an appointed body or official the board of aldermen has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes.*
5. *Unassigned fund balance are the residual classification for the Town's general fund and include all spendable amounts not contained in the other classifications.*

The Town's policy is to apply expenditures against nonspendable fund balances, restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, in that order.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

(Continued)

Town of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2012
(Continued)

(2) Budgets

The Town follows the following budget practices:

Formal budgetary accounting is employed as a management control. Town of Mooringsport prepares and adopts a budget each year for its general and utility funds in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the GAAP basis of accounting. All budget appropriations lapse at year end. There was one budget amendment during the year ended June 30, 2012.

(3) Cash, Cash Equivalents, and Investments

At June 30, 2012, the Town has cash, cash equivalents, and investments (book balances), totaling \$144,541, as detailed below.

A. Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2012 (book balances) totaled \$45,360 of which \$14,766 is shown as a restricted asset. These deposits are stated at cost, which approximates market. 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 market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

B. Investments

At June 30, 2012, the Town had investments totaling \$99,181 of which \$24,207 is shown as a restricted asset.

Certificates of deposit	\$ <u>99,181</u>
-------------------------	------------------

The certificates of deposit have initial maturities greater than 90 days and are carried at cost, which approximates market.

C. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2012, 100% of the Town's bank balances were secured by FDIC insurance.

(Continued)

Town of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2012
(Continued)

(4) Receivables

Receivables at June 30, 2012 are as follows:

Governmental activities:	
Sales and use taxes	\$ 2,379
Franchise	5,267
Ad Valorem taxes	<u>1,064</u>
	<u>8,710</u>
Business-type activities:	
Water and sewer charges	<u>8,816</u>
	<u>8,816</u>
	<u>\$ 17,526</u>

(5) Restricted Assets – Enterprise Fund

Certain resources are set aside for specific purposes and are classified as restricted assets on the balance sheet because their use is limited. Meter deposits are classified as restricted assets. Restricted assets as of June 30, 2012 are as follows:

<u>Utility Fund</u>	
Customer meter deposits	<u>\$ 38,973</u>

(Continued)

Town of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2012
(Continued)

(6) Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2012 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 59,269	\$	\$	\$ 59,269
Total capital assets, not being depreciated	<u>59,269</u>			<u>59,269</u>
Capital assets, being depreciated				
Buildings and other improvements	301,192	58,848		360,040
Machinery and equipment	<u>232,774</u>			<u>232,774</u>
Total capital assets being depreciated	<u>533,966</u>	<u>58,848</u>		<u>592,814</u>
Less accumulated depreciation for:				
Buildings and improvements	(94,906)	(7,145)		(102,051)
Machinery and equipment	<u>(219,906)</u>	<u>(12,431)</u>		<u>(232,337)</u>
Total accumulated depreciation	<u>(314,812)</u>	<u>(19,576)</u>		<u>(334,388)</u>
Total capital assets being depreciated, net	<u>219,154</u>	<u>39,272</u>		<u>258,426</u>
Governmental activities capital assets, net	<u>\$ 278,423</u>	<u>\$ 39,272</u>	<u>\$</u>	<u>\$ 317,695</u>

(Continued)

Town of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2012
(Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Business-Type Activities:</i>				
<i>Capital assets, not being depreciated</i>				
Construction in progress	\$ 38,458	\$	\$ (38,458)	\$
Land	5,307			5,307
Total capital assets, not being depreciated	<u>43,765</u>		<u>(38,458)</u>	<u>5,307</u>
 <i>Capital assets, being depreciated</i>				
Distribution system	2,533,115	51,306		2,584,421
Machinery and equipment	52,285			52,285
Total capital assets, being depreciated	<u>2,585,400</u>	<u>51,306</u>		<u>2,636,706</u>
 <i>Less accumulated depreciation for:</i>				
Distribution system	(1,490,416)	(75,884)		(1,566,300)
Machinery and equipment	(52,285)			(52,285)
Total accumulated depreciation	<u>(1,542,701)</u>	<u>(75,884)</u>		<u>(1,618,585)</u>
 Total capital assets being depreciated, net	<u>1,042,699</u>	<u>(24,578)</u>		<u>1,018,121</u>
 Business-type activities capital assets, net	<u>\$ 1,086,464</u>	<u>\$ (24,578)</u>	<u>\$ (38,458)</u>	<u>\$ 1,023,428</u>

Depreciation expense for the year ended June 30, 2012 was charged as follows:

<i>Governmental activities:</i>	
General	\$ 9,474
Public safety	8,530
Streets	1,572
Total	<u>\$ 19,576</u>
 <i>Business-Type activities</i>	
Water and sewer	<u>\$ 75,884</u>
Total	<u>\$ 75,884</u>

(Continued)

Town of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2012
(Continued)

(7) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Note Payable	\$ 4,866	\$	\$ (4,866)	\$	
Total Governmental Activities	<u>\$ 4,866</u>	<u>\$</u>	<u>\$ (4,866)</u>	<u>\$</u>	<u>\$</u>
Business-type Activities:					
Utility Revenue Bonds	\$ 80,000	\$	\$ (7,000)	\$ 73,000	\$ 7,000
Total Business-type Activities	<u>\$ 80,000</u>	<u>\$</u>	<u>\$ (7,000)</u>	<u>\$ 73,000</u>	<u>\$ 7,000</u>

Utility Revenue Bonds –

\$68,000 revenue bonds dated February, 2011; due in annual payments ranging from \$7,000 - \$10,000 which includes principal and interest; interest rate of 4.25%; final payment due February, 2021.

\$ 63,000

\$12,000 Revenue Bonds dated February, 2011; due in five (5) consecutive annual payments, ranging from \$2,000 - \$3,000 of principal only; interest rate 0%.

10,000

Total revenue bonds payable

\$ 73,000

Payments on the note payable were made from the general fund.

The Utility Revenue Bonds constitute special obligations of the Town solely secured by a lien on and pledge of the net revenues of the water and sewer system.

Debt service requirements at June 30, 2012, were as follows:

(Continued)

Town of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2012
(Continued)

Business-Type Activities - Utility Revenue Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 7,000	\$ 2,678
2014	7,000	2,465
2015	8,000	2,252
2016	8,000	2,040
2017	8,000	1,828
2018-2021	35,000	3,782
	<u>\$ 73,000</u>	<u>\$ 15,045</u>

(8) Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town attempts to minimize risk from significant losses through the purchase of insurance.

(9) Subsequent Events

Subsequent events have been evaluated through December 31, 2012, the date the financial statements were available to be issued.

(10) Subsequent Events – Construction Contracts

The Town obtained a LCDBG Grant Award for water system improvements. Costs totaling approximately \$33,379 were incurred and paid in September, 2012 to finish the project. The costs were funded by \$30,041 of LCDBG grant award and \$3,338 of the Town's funds.

(11) Levied Taxes

The Town levies taxes on real and business personal property located within its boundaries. The Parish Tax Assessor assesses the property values and prepares the Town's property tax roll. The Town bills and collects its own property taxes. Ad valorem taxes are levied and billed to the taxpayer in December, and are payable upon receipt of notice. Ad valorem taxes attach as an enforceable lien on property as of December 31, of each year. Taxes of 10.65 mills were levied and were dedicated for general operating purposes.

(12) Interfund Activity

During the year ended June 30, 2012, transfers totaling \$6,728 were made from the enterprise fund to the general fund for general operating purposes. At June 30, 2012 the enterprise fund owed the general fund \$6,966.

Town of Mooringsport
Mooringsport, Louisiana
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP) and Actual
General Fund
For the Year Ended June 30, 2012

Revenues	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		Positive (Negative)
Sales tax	\$ 26,000	\$ 25,000	\$ 42,394	\$ 17,394
Franchise tax	20,000	25,000	34,324	9,324
Ad valorem tax	17,966	17,966	16,736	(1,230)
License and permits	19,000	19,000	23,716	4,716
Intergovernmental revenues			29,000	29,000
Fines and forfeitures	30,000	20,000	15,999	(4,001)
Investment earnings		700	1,753	1,053
Miscellaneous	21,430	35,930	25,546	(10,384)
Total revenues	134,396	143,596	189,468	45,872
Expenditures				
General government	81,542	111,795	127,206	(15,411)
Public safety	47,500	29,000	24,519	4,481
Streets	2,000	2,400	3,812	(1,412)
Capital outlay			58,848	(58,848)
Debt service			4,866	(4,866)
Total expenditures	131,042	143,195	219,251	(76,056)
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>3,354</u>	<u>401</u>	<u>(29,783)</u>	<u>(30,184)</u>
<i>Other financing sources (uses):</i>				
Operating transfers in			6,728	6,728
Total other financing sources (uses)			<u>6,728</u>	<u>6,728</u>
<i>Excess (deficiency) of revenues and other sources over expenditures and other uses</i>	<u>3,354</u>	<u>401</u>	<u>(23,055)</u>	<u>(23,456)</u>
Fund balance, beginning of year	<u>131,591</u>	<u>131,591</u>	<u>131,591</u>	
Fund balance, end of year	<u>\$ 134,945</u>	<u>\$ 131,992</u>	<u>\$ 108,536</u>	<u>\$ (23,456)</u>

See independent accountants' review report

Town of Mooringsport
Mooringsport, Louisiana
Schedule of Compensation Paid to Council Members and Mayor
For the Year Ended June 30, 2012

Mayor:

Lynn Porter	\$ 4,305
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Council:

Cathy Cogley	600
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George Moore	600
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Michael Doyle	600
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Phillip Green	600
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Robbin Haley	200
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Bob Guth	<u>350</u>
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Total	<u>\$ 7,255</u>
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COOK & MOREHART

Certified Public Accountants

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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountants' Report On Applying Agreed-Upon Procedures

To the Honorable Lynn Porter, Mayor
And the Town Council
Town of Mooringsport, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the Town of Mooringsport and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Town of Mooringsport's compliance with certain laws and regulations during the year ended June 30, 2012 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with 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 the 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.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2296 (the public bid law).

Expenditures made during the year ended June 30, 2012 subject to public bid law were made in accordance with LSA-RS 38:2211-2296.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

The Town provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

The Town provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from the Town in agreed-upon procedure (3) were also included on the listing obtained from the Town in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by the Town [agreed-upon procedure (3)] appeared on the list provided by the Town in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

The Town provided us with a copy of the original budget and amendments. There was one amendment to the budget during the year ended June 30, 2012.

6. Trace the budget adoption and amendment to the *minute book*.

We traced the adoption of the original budget to the minutes of a meeting held on June 16, 2011 which indicated that the budget had been adopted by the Council. We traced the budget amendment to the minutes of a meeting held on June 14, 2012.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues fail to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures.

1) Revenues met budgeted revenues by 5% or more.

2) Expenditures exceeded budgeted amounts by greater than 5%. See current year finding 2012-1.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account;

All six disbursements were properly coded to the correct fund and general ledger account.

(c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the proper authorities.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Town posted its meetings and agendas as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposits slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the Town for the year ended June 30, 2012 indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Town of Mooringsport and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Cook & Morehart
Certified Public Accountants
December 31, 2012

Town of Mooringsport
Mooringsport, Louisiana
Summary Schedule of Prior Year Audit Findings
For Louisiana Legislative Auditor
June 30, 2012

2011-1

Condition: The Town did not file its financial statements within the time frame required by State law.

Current Status: The June 30, 2012 report was filed timely.

2011-2

Condition: The segregation of duties is inadequate to provide effective internal control. The Town relies on its auditor to assist in the preparation of external financial statements and related disclosures.

Current Status: Unresolved- see current year findings.

2011-3

Condition: The Town did not maintain adequate accounting records for the year ended June 30, 2011.

Current Status: Resolved

2011-4

Condition: The Town did not establish or make deposits to special bank accounts as required by the terms of the Utilities Revenue Bonds, Series 2011.

Current Status: Unresolved- see current year findings.

Town of Mooringsport
Mooringsport, Louisiana
Schedule of Current Year Findings
For Louisiana Legislative Auditor
June 30, 2012

Current Year Findings

Finding 2012-1 Budgetary Control

Finding: The Town's actual expenditures exceeded the budgeted expenditures by greater than 5%.

Recommendation: We recommend the Town monitor and amend budgets in order to be in compliance with state law.

Managements Response: The Town will monitor and amend budgets in order to be in compliance with state law.

Finding 2012-2

Condition: The segregation of duties is inadequate to provide effective internal control. The Town relies on its auditor to assist in the preparation of external financial statements and related disclosures.

Criteria: The Clerk performs related duties such as posting accounting records, preparing payroll, preparing bank reconciliations, and posting to customer accounts. Internal control over the preparation of the annual financial statements, complete with notes in accordance with generally accepted accounting principles have not been established.

Cause: The condition is due to economic and space limitations.

Recommendation: Whether or not it would be cost effective to correct a deficiency is not a factor in reporting requirements under accounting standards generally accepted in the United States of America. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all deficiencies reported under accounting standards generally accepted in the United States of America. In this case, both management and the auditor do not believe that correcting the material weakness described above is cost effective or practical, and, accordingly, do not believe that any corrective action is necessary.

Management Response: We concur with the finding.

Finding 2012-3

Finding: The Town did not establish or make deposits to special bank accounts as required by the terms of the Utilities Revenue Bonds, Series 2011.

Cause: Oversight by Town Management.

Recommendation: The Town should comply with the requirements of the Utilities Revenue Bonds, Series 2011.

Management's Response: The Town will be responsible to open an account for sinking funds.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

12-19-12 (Date Transmitted)

COOK + MOREHART, CPAs

(Auditors)

In connection with your review of our financial statements as of ¹²⁻³⁰⁻¹² ~~12-31-12~~ and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [] No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes [] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements,

without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes [✓] No []

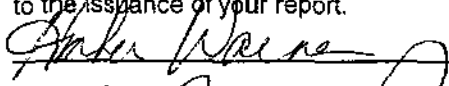
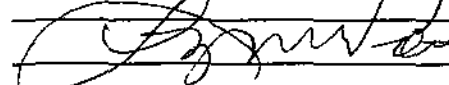

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes [✓] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

	Town Clerk Secretary	12-19-12	Date
	Treasurer		Date
	President MAYOR	12-19-12	Date