

**Town of Addis, Louisiana**  
**Annual Financial Report**  
**For the Year ended December 31, 2010**

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

Release Date OCT 12 2011

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the Town Council  
Addis Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Addis Louisiana, as of and for the year ended December 31, 2010, which collectively comprise the basic financial statements of the Town of Addis Louisiana as listed in the table of contents. These financial statements are the responsibility of the Town's management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the Town's 2009 financial statements and, in my report dated July 6, 2010, I expressed a qualified opinion on the respective financial statements of the governmental activities, the business-type activities and each major fund.

I conducted my audit in accordance with 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the Town of Addis Louisiana, as of December 31, 2010, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 17 to the financial statements, the Town adopted the provisions of GASB Statement No. 61, *The Financial Reporting Entity*, *Omnibus*, an amendment of GASB Statements No. 14 and No. 34 in 2010.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 20, 2011, on my consideration of the Town of Addis's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 35 through 36 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. I 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

*W. Kathleen Beard, CPA*

September 20, 2011

**REQUIRED SUPPLEMENTARY INFORMATION (Part I)**

**Town of Addis, Louisiana**

**Management's Discussion and Analysis (Unaudited)**

**December 31, 2010**

We offer the readers of the financial statements of the Town of Addis Louisiana this narrative overview and analysis of the financial activities of the Town of Addis (hereafter referred to as the Town ) for the fiscal year ended December 31 2010

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2010 fiscal year include the following

- The Town's assets exceeded its liabilities at the close of the fiscal year by \$9,367,616 (net assets). Of this amount, \$1,263,804 (unrestricted net assets) may be used to meet the government's obligations to citizens and creditors.
- The Town's total net assets increased by \$182,854 for the year ended December 31 2010. Net assets of governmental activities increased by \$236,025 and net assets of business-type activities decreased by \$53,171.
- As of the close of the current fiscal year, the Town's governmental fund reported an ending fund balance of \$1,040,093, an increase of \$6,230 in comparison with the prior fiscal year. This entire amount was unreserved, undesignated, and available for spending.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$1,040,093, or 48.1% of total General Fund expenditures.

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

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

**Government-Wide Financial Statements**

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

The **Statement of Net Assets** presents information on all of the Town's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The **Statement of Activities** presents information showing how the Town's net assets changed during the most recent fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

The Town's government-wide financial statements distinguish functions 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 Town's governmental activities include general government, public safety, streets and roads. The business-type activities of the Town include sanitary sewer facilities.

### **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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. The Town's funds are classified into two categories: governmental funds and proprietary funds.

**Governmental Funds** These funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. The focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

The focus of governmental funds is narrower than that of the government-wide financial statements; therefore, a comparison should be made between the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This will present a better understanding of the long-term impact of the government's near-term financing decisions.

The Town maintains a General governmental fund which covers the operations of the Town including police protection services for citizens, maintenance of streets and roads, and the general administrative office.

The Town adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

**Proprietary funds** The Town maintains one type of proprietary fund—*Enterprise*. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its sanitary sewer facilities activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

**Notes to the Financial Statements** The notes included in this report provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceed liabilities by \$9,367,616 at December 31, 2010.

A large portion of the Town's net assets (86 percent) reflects its investment in capital assets (e.g., land, buildings, furniture and fixtures, machinery, vehicles, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

A condensed version of the Town's Net Assets is presented as follows:

|   | Government Activities |                     | Business-type Activities |                     | Total               |                     |
|---|-----------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
|   | 2010                  | 2009                | 2010                     | 2009                | 2010                | 2009                |
| Current and other assets                          | \$ 1,139,057          | \$ 1,067,778        | \$ 261,469               | \$ 105,105          | \$ 1,400,526        | \$ 1,172,883        |
| Capital assets                                    | 3,281,480             | 3,062,526           | 5,300,728                | 5,003,847           | 8,582,208           | 8,066,373           |
| <b>Total assets</b>                               | <b>4,420,537</b>      | <b>4,130,304</b>    | <b>5,562,197</b>         | <b>5,108,952</b>    | <b>9,982,734</b>    | <b>9,239,256</b>    |
| Current and other liabilities                     | 91,290                | 27,083              | 441,387                  | 7,414               | 532,677             | 34,497              |
| Long-term liabilities                             | 10,000                | 20,000              | 72,441                   | -                   | 82,441              | 20,000              |
| <b>Total liabilities</b>                          | <b>101,290</b>        | <b>47,083</b>       | <b>513,828</b>           | <b>7,414</b>        | <b>615,118</b>      | <b>54,497</b>       |
| <b>Net assets</b>                                 |                       |                     |                          |                     |                     |                     |
| Invested in capital assets<br>net of related debt | 3,281,480             | 3,062,526           | 4,793,071                | 5,003,847           | 8,074,551           | 8,066,373           |
| Restricted for debt service                       | -                     | -                   | 29,262                   | -                   | 29,262              | -                   |
| Unrestricted                                      | 1,037,767             | 1,020,696           | 226,036                  | 97,693              | 1,263,803           | 1,118,389           |
| <b>Total net assets</b>                           | <b>\$ 4,319,247</b>   | <b>\$ 4,083,222</b> | <b>\$ 5,048,369</b>      | <b>\$ 5,101,540</b> | <b>\$ 9,367,616</b> | <b>\$ 9,184,762</b> |

The balance of unrestricted net assets \$1,263,804 may be used to meet the government's ongoing obligations to citizens and creditors.

At December 31, 2010, the Town is able to report positive fund balances in all categories of net assets for governmental activities and business activities.

The Town's net assets increased by \$182,854 during the current fiscal year.

A condensed version of the Town of Addis's Statement of Activities is presented as follows:

|                                  | Government Activities |                     | Business-type Activities |                     | Total               |                     |
|----------------------------------|-----------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
|                                  | 2010                  | 2009                | 2010                     | 2009                | 2010                | 2009                |
| Revenues                         |                       |                     |                          |                     |                     |                     |
| Program revenues                 |                       |                     |                          |                     |                     |                     |
| Charges for services             | \$ 111,398            | \$ 99,396           | \$ 422,483               | \$ 279,083          | \$ 533,881          | \$ 378,479          |
| Grants and contributions         | 87,237                | 45,953              | -                        | -                   | 87,237              | 15,953              |
| Capital grants and contributions | 16,831                | 48,077              | -                        | -                   | 16,831              | 48,077              |
| General revenues                 |                       |                     |                          |                     |                     |                     |
| Sales taxes                      | 1,444,130             | 1,620,040           | -                        | -                   | 1,444,130           | 1,620,040           |
| Other taxes                      | 208,872               | 170,948             | -                        | -                   | 208,872             | 170,948             |
| Licenses and permits             | 151,421               | 121,313             | -                        | -                   | 151,421             | 121,313             |
| Other general revenues           | 146,816               | 59,664              | -                        | -                   | 146,816             | 59,662              |
| Total revenues                   | <u>2,166,705</u>      | <u>2,165,391</u>    | <u>422,483</u>           | <u>279,083</u>      | <u>2,589,188</u>    | <u>2,144,472</u>    |
| Expenses                         |                       |                     |                          |                     |                     |                     |
| General government               | 723,626               | 629,761             | -                        | -                   | 723,626             | 629,761             |
| Public safety                    | 852,616               | 720,828             | -                        | -                   | 852,616             | 720,828             |
| Roads and drainage               | 354,437               | 275,186             | -                        | -                   | 354,437             | 275,186             |
| Water, sewage and gas            | -                     | -                   | 475,654                  | 377,541             | 475,654             | 377,511             |
| Transfers                        | -                     | 79,067              | -                        | (79,067)            | -                   | -                   |
| Total expenses                   | <u>1,930,679</u>      | <u>1,704,842</u>    | <u>475,654</u>           | <u>298,474</u>      | <u>2,406,333</u>    | <u>2,003,316</u>    |
| Change in net assets             | 236,025               | 460,548             | (53,171)                 | (19,391)            | 182,854             | 141,156             |
| Net assets, beginning of year    | <u>4,083,222</u>      | <u>3,622,674</u>    | <u>5,101,540</u>         | <u>5,120,931</u>    | <u>9,184,762</u>    | <u>7,898,001</u>    |
| Net assets, end of year          | <u>\$ 4,319,247</u>   | <u>\$ 4,083,222</u> | <u>\$ 5,048,369</u>      | <u>\$ 5,101,540</u> | <u>\$ 9,367,616</u> | <u>\$ 8,339,160</u> |

## GOVERNMENTAL FUND FINANCIAL ANALYSIS

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

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

As a measure of the Town's liquidity, it may be useful to compare fund balance to total expenditures. Fund balance represents 48% of total fund expenditures.

During the current year, the fund balance of the Town increased by \$6,230.

**Proprietary Funds** The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. As noted above, the Town maintains one enterprise fund for its sanitary sewer facilities activities. For the fiscal year ended December 31, 2010, this fund reported net assets of \$5,048,369, which is a net decrease from the prior year of \$53,171.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The budget for the general fund was amended once during the year, in order to more accurately show the expected final figures.

The Town received \$14,545 less than its revised budgeted revenues. Total expenditures were less than the final amended budget by \$61,845, resulting in a \$47,300 favorable variance.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets** The Town's investment in capital assets for its governmental and business type activities as of December 31, 2010, amounts to \$8,582,208 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and wastewater treatment plant.

Major capital asset events during the current fiscal year included the following:

- \$429,874 was spent on the wastewater facility upgrade.
- \$122,338 was spent on new machinery and equipment.
- \$258,260 was spent on the historical park.

### Town of Addis's Capital Asset

|   | Government Activities |                     | Business-type Activities |                     | Total               |                     |
|---|-----------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
|   | 2010                  | 2009                | 2010                     | 2009                | 2010                | 2009                |
| Land                                    | \$ 208,338            | \$ 208,338          | \$ 16,755                | \$ 16,755           | \$ 225,093          | \$ 225,093          |
| Land rights                             | -                     | -                   | 30,198                   | -                   | 30,198              | -                   |
| Construction in progress                | 3,348                 | -                   | 394,745                  | 47,291              | 398,093             | 47,291              |
| Land improvements                       | 1,824,433             | 1,803,070           | -                        | -                   | 1,824,433           | 1,803,070           |
| Buildings and structures                | 844,006               | 844,006             | 82,419                   | -                   | 926,425             | 844,006             |
| Museum                                  | 196,669               | 196,669             | -                        | -                   | 196,669             | 196,669             |
| Historic railroad park                  | 355,128               | 96,868              | -                        | -                   | 355,128             | 96,868              |
| Water System                            | -                     | -                   | -                        | -                   | -                   | -                   |
| Sewer facility                          | -                     | -                   | 6,668,134                | 6,660,810           | 6,668,134           | 6,660,810           |
| Furniture and fixtures                  | 33,182                | 33,182              | -                        | -                   | 33,182              | 33,182              |
| <b>Vehicles</b>                         |                       |                     |                          |                     |                     |                     |
| Town                                    | 25,254                | 25,254              | 40,819                   | 40,819              | 66,073              | 66,073              |
| Fire Department                         | 229,175               | 229,175             | -                        | -                   | 229,175             | 229,175             |
| Police                                  | 353,239               | 322,906             | -                        | -                   | 353,239             | 322,906             |
| <b>Machinery and equipment</b>          |                       |                     |                          |                     |                     |                     |
| Town                                    | 402,301               | 279,963             | 257,118                  | 257,118             | 659,419             | 537,081             |
| Police                                  | 91,107                | 85,087              | -                        | -                   | 91,107              | 85,087              |
| Website                                 | 9,870                 | 9,870               | -                        | -                   | 9,870               | 9,870               |
| Works of art                            | 9,343                 | 9,343               | -                        | -                   | 9,343               | 9,343               |
| <b>Subtotal</b>                         | <b>4,585,393</b>      | <b>4,143,731</b>    | <b>7,490,188</b>         | <b>7,022,793</b>    | <b>12,075,581</b>   | <b>11,166,524</b>   |
| Less: Accumulated depreciation          | <b>(1,303,913)</b>    | <b>(1,081,205)</b>  | <b>(2,189,460)</b>       | <b>(2,018,947)</b>  | <b>(3,493,373)</b>  | <b>(3,100,152)</b>  |
| <b>Total Capital Assets, net of A/D</b> | <b>\$ 3,281,480</b>   | <b>\$ 3,062,526</b> | <b>\$ 5,300,728</b>      | <b>\$ 5,003,846</b> | <b>\$ 8,582,208</b> | <b>\$ 8,066,372</b> |

### Long-term Debt

At the end of the fiscal year, the Town had an outstanding debt of \$20,000 on a law suit stemming from a vehicular accident. The original judgment was for \$100,000. The terms for repayment of this judgment is for payment of \$10,000 for ten years beginning September 2003. Eight payments have been made to date, with the ninth due on September 1, 2011. The judgment can be prepaid at any time without a penalty.

The Department of Environmental Quality (DEQ) project to upgrade the wastewater treatment plant began in 2010 and is financed by issuance of \$1,569,060 Sewer Revenue Bonds Series 2010. The bonds were purchased by the Clean Water State Revolving Fund (CFDA 66.458) administered by the Louisiana Department of Environmental Quality. During 2010, the Town received installments of loan proceeds in the amount of \$144,504. Total project cost incurred through the end of 2010 totaled \$394,745. The Town expects to complete the project and draw the remainder of the bonds proceeds during the year ending December 31, 2012.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Town of Addis is expecting a very slight increase in revenues with the economic situation taken into consideration.

Projects and acquisitions planned for 2011 are Picnic pods, sidewalks and a parking lot for the historic railroad park, and improvements to the wastewater/sewer system which is expected to cost approximately \$1,500,000 and is financed through the state Clean Water Revolving Fund.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Vera Lucas, Town Clerk, at (225) 687-4844.

## **BASIC FINANCIAL STATEMENTS**

**Town of Addis, Louisiana**  
**Statement of Net Assets**  
**December 31, 2010 with summarized comparative totals for 2009**

|  | <u>Primary Government</u>                |   |                              | <u>2009</u><br><u>Totals</u> |
|--|--|---|------------------------------|------------------------------|
|  | <u>Governmental</u><br><u>Activities</u> | <u>Business-type</u><br><u>Activities</u> | <u>2010</u><br><u>Totals</u> |                              |
| <b>ASSETS</b>                                  |  |   |                              |                              |
| Cash and cash equivalents                      | \$ 456 590                               | \$ 183 254                                | \$ 639 844                   | \$ 629 180                   |
| Cash and cash equivalents restricted           | -  | 29 262                                    | 29 262                       | -                            |
| Investments                                    | 395 192                                  | -   | 395 192                      | 230 751                      |
| Accounts receivable (net)                      | 195 233                                  | 33 694                                    | 228 927                      | 258 078                      |
| Accrued interest receivable                    | 122                                      | -   | 122                          | 728                          |
| Internal balances                              | 74 246                                   | (74 246)                                  | -                            | -                            |
| Prepays  | 17 674                                   | 9 981                                     | 27 655                       | 26 490                       |
| Inventory                                      | -  | 79,524                                    | 79 524                       | 27 658                       |
| Capital assets                                 |  |   |                              |                              |
| Non-depreciable                                | 211 686                                  | 441 699                                   | 653 385                      | 272 384                      |
| Depreciable net                                | 3 069 794                                | 4 859 029                                 | 7,928 823                    | 7 793 988                    |
| <b>Total assets</b>                            | <b>4 420 537</b>                         | <b>5 562,197</b>                          | <b>9,982 734</b>             | <b>9 239 256</b>             |
| <b>LIABILITIES</b>                             |  |   |                              |                              |
| Accounts payable                               | 20 334                                   | 121 099                                   | 141 433                      | 21 961                       |
| Contracts and retainages payable               | 31 620                                   | 248 320                                   | 279 940                      | -                            |
| Accrued liabilities                            | 10 140                                   | (94)                                      | 10 046                       | (225)                        |
| Due to other governments                       | 11 436                                   | -   | 11 436                       | 896                          |
| Deferred revenue                               | 7 760                                    | -   | 7 760                        | 1 865                        |
| Long-term liabilities -                        |  |   |                              |                              |
| Due within one year                            | 10,000                                   | 72 060                                    | 82 060                       | 10,000                       |
| Due in more than one year                      | 10 000                                   | 72 441                                    | 82 441                       | 20,000                       |
| <b>Total liabilities</b>                       | <b>101 290</b>                           | <b>513 826</b>                            | <b>615 116</b>               | <b>54 497</b>                |
| <b>NET ASSETS</b>                              |  |   |                              |                              |
| Invested in capital assets net of related debt | 3 281 480                                | 4 793 071                                 | 8 074 551                    | 8 066 372                    |
| Restricted for debt service                    | -  | 29 262                                    | 29 262                       | -                            |
| Unrestricted                                   | 1 037 768                                | 226 036                                   | 1 263 804                    | 1 118 390                    |
| <b>Total net assets</b>                        | <b>\$ 4 319 247</b>                      | <b>\$ 5 048 369</b>                       | <b>\$ 9 367 616</b>          | <b>\$ 9 184 762</b>          |

The accompanying notes to the financial statements are an integral part of this statement

**Town of Addis  
Statement of Activities  
For the Year Ended December 31, 2010 with summarized comparative totals for 2009**

| Functions/Programs   | Program Revenues     |                          | Capital                  |               | Net (Expense)Revenue and Changes in Net Assets |                          |              |              |
|--|----------------------|--------------------------|--------------------------|---------------|--|--------------------------|--------------|--------------|
|  | Operating            |                          | Grants and Contributions |               | Primary Government                             |                          |              |              |
|  | Charges for Services | Grants and Contributions | Grants and Contributions | Contributions | Governmental Activities                        | Business type Activities | 2010 Total   | 2009 Total   |
| <b>Primary government</b>  |                      |                          |                          |               |  |                          |              |              |
| <b>Governmental activities</b>                                       |                      |                          |                          |               |  |                          |              |              |
| General administration   | \$ 723,627           | \$ 4,665                 | \$ 87,237                | \$ 16,831     | \$ (718,962)                                   | \$ (718,962)             | \$ (624,861) |              |
| Public safety  | 852,616              | 99,773                   | 87,237                   | 16,831        | (648,775)                                      | (648,775)                | (539,162)    |              |
| Public services  | 354,437              | 6,960                    |                          |               | (347,477)                                      | (347,477)                | (268,326)    |              |
| Interest on long term debt   |                      |                          |                          |               |  |                          |              |              |
| Total governmental activities  | 1,930,680            | 111,398                  | 87,237                   | 16,831        | (1,715,214)                                    | (1,715,214)              | (1,432,349)  |              |
| <b>Business-type activities</b>                                      |                      |                          |                          |               |  |                          |              |              |
| Sewer user charges   | 475,653              | 422,483                  |                          |               | (53,171)                                       | (53,171)                 | (98,458)     |              |
| Total business type activities                                       | 475,653              | 422,483                  |                          |               | (53,171)                                       | (53,171)                 | (98,458)     |              |
| <b>General revenues</b>  |                      |                          |                          |               |  |                          |              |              |
| General purpose sales and use tax                                    |                      |                          |                          |               | 1,444,130                                      | 1,444,130                | 1,620,040    |              |
| Franchise taxes  |                      |                          |                          |               | 208,872  | 208,872                  | 170,948      |              |
| Occupational license & permits                                       |                      |                          |                          |               | 151,421  | 151,421                  | 121,313      |              |
| Other taxes  |                      |                          |                          |               | 17,924   | 17,924                   | 23,168       |              |
| Grants revenue and contributions not restricted to specific programs |                      |                          |                          |               | 117,741  | 117,741                  | 30,782       |              |
| Investment income  |                      |                          |                          |               | 10,097   | 10,097                   | 4,451        |              |
| Other income   |                      |                          |                          |               | 1,055  | 1,055                    | 519          |              |
| Special Items Gain/(Loss) on sale of fixed assets                    |                      |                          |                          |               |  |                          | 745          |              |
| Transfers out  |                      |                          |                          |               |  |                          |              |              |
| Total general revenues special items and transfers                   |                      |                          |                          |               | 1,951,239                                      | 1,951,239                | 1,971,964    |              |
| <b>Change in net assets</b>  |                      |                          |                          |               | 236,025  | (53,171)                 | 182,854      | 441,157      |
| <b>Net assets January 1</b>  |                      |                          |                          |               | 4,083,222                                      | 5,101,540                | 9,184,762    | 8,743,605    |
| <b>Net assets December 31</b>  |                      |                          |                          |               | \$ 4,319,247                                   | \$ 5,048,369             | \$ 9,367,616 | \$ 9,184,762 |

The accompanying notes to the financial statements are an integral part of this statement

**Town of Addis, Louisiana**  
**Balance Sheet**  
**Governmental Funds - General Fund**  
**December 31, 2010 with summarized comparative totals for 2009**

|                                      | 2010         | 2009         |
|--------------------------------------|--------------|--------------|
| <b>ASSETS</b>                        |              |              |
| Cash and cash equivalents -          |              |              |
| Cash on hand and in banks            | \$ 456 590   | \$ 553 860   |
| Investments                          | 395 192      | 230 751      |
| Receivables -                        |              |              |
| Franchise tax                        | 79 006       | 69,424       |
| Other                                | -            | 1 542        |
| Accrued interest                     | 122          | 728          |
| Due from other governments -         |              |              |
| Sales tax                            | 107 586      | 125 272      |
| Grants                               | 7,320        | 17 490       |
| Other                                | 1 321        | 3,811        |
| Due from other funds                 | 74 246       | 48 067       |
| Total Assets                         | \$ 1 121 383 | \$ 1 050 946 |
| <b>LIABILITIES AND FUND BALANCES</b> |              |              |
| Accounts payable                     | \$ 20 334    | \$ 13 368    |
| Contracts and retainages payable     | 31 620       | -            |
| Accrued liabilities                  | 10 140       | 954          |
| Due to other governments             | 11,436       | 896          |
| Deferred revenue                     | 7 760        | 1 865        |
| Total Liabilities                    | 81 289       | 17 083       |
| Fund Balances -                      |              |              |
| Unrestricted                         | 1 040 093    | 1,033,863    |
| Total Fund Balances                  | 1 040 093    | 1,033,863    |
| Total Liabilities and Fund Balances  | \$ 1 121,383 | \$ 1 050 946 |

The accompanying notes to the financial statements are an integral part of this statement

**Town of Addis, Louisiana**  
**Reconciliation of the Balance Sheet to the Statement of Net Assets**  
**Governmental Funds**  
**December 31, 2010 with summarized comparative totals for 2009**

|   | <b>2010</b>      | <b>2009</b>      |
|---|------------------|------------------|
| Fund Balances - total governmental funds  | \$ 1 040 093     | \$ 1 033 863     |
| Amounts reported for governmental activities in the Statement of Net Assets are different because                           |                  |                  |
| Capital assets used in governmental activities are not financial resources therefore are not reported in governmental funds |                  |                  |
| Governmental capital assets   | 4 585 393        | 4 143 731        |
| Less accumulated depreciation   | (1 303 913)      | (1 081 205)      |
|   | 3 281 480        | 3 062 526        |
| Prepaid insurance premiums in governmental activities are not recognized as expenditures for governmental funds             | 17 674           | 16 833           |
| Long-term liabilities are not due and payable in the current year and therefore not reported in the governmental funds      | (20 000)         | (30 000)         |
| <br>Net Assets of Governmental Funds  | <br>\$ 4,319 247 | <br>\$ 4 083 222 |

The accompanying notes to the financial statements are an integral part of this statement

**Town of Addis, Louisiana**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds - General Fund**  
**Year ended December 31, 2010 with summarized comparative totals for 2009**

|   | <u>2010</u>         | <u>2009</u>         |
|---|---------------------|---------------------|
| <b>REVENUES</b>                           |                     |                     |
| Taxes and licenses                        | \$ 151,421          | \$ 121,313          |
| Franchise fees                            | 208,872             | 170,948             |
| Intergovernmental revenue                 | 1,683,863           | 1,768,016           |
| Charges for services                      | 11,625              | 11,760              |
| Fines and forfeitures                     | 99,773              | 87,636              |
| Investment income                         | 10,097              | 4,451               |
| Sale of fixed assets                      | -                   | 5,101               |
| Miscellaneous                             | 1,055               | 519                 |
| Total revenues                            | <u>2,166,705</u>    | <u>2,169,744</u>    |
| <b>EXPENDITURES</b>                       |                     |                     |
| Current -                                 |                     |                     |
| General administration                    | 593,790             | 519,389             |
| Public safety                             | 788,277             | 673,128             |
| Public works                              | 326,746             | 255,279             |
| Capital outlay                            | 441,662             | 873,511             |
| Debt service                              | 10,000              | 10,000              |
| Total expenditures                        | <u>2,160,475</u>    | <u>2,331,307</u>    |
| Excess Revenues Over (Under) Expenditures | 6,230               | (161,563)           |
| <b>OTHER FINANCING SOURCES (USES)</b>     |                     |                     |
| Transfers (Out)/Capital Contributions     | -                   | (79,067)            |
| Total Other Financing Sources (Uses)      | -                   | (79,067)            |
| Net Change in Fund Balances               | 6,230               | (240,630)           |
| <b>FUND BALANCE</b>                       |                     |                     |
| Beginning of Year                         | <u>1,033,863</u>    | <u>1,274,493</u>    |
| End of Year                               | <u>\$ 1,040,093</u> | <u>\$ 1,033,863</u> |

The accompanying notes to the financial statements are an integral part of this statement

**Town of Addis, Louisiana**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances to the Statement of Activities**  
**Governmental Funds**  
**December 31, 2010 with summarized comparative totals for 2009**

|  | 2010       | 2009         |
|--|------------|--------------|
| Net Change in Fund Balances - total governmental funds   | \$ 6 230   | \$ (240,630) |
| Amounts reported for governmental activities in Statement of Net Assets are different because  |            |              |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.             |            |              |
| Expenditures for capital assets  | 441 662    | 873 511      |
| Less current year depreciation   | (222 708)  | (178 359)    |
|  | 218 954    | 695 152      |
| Expenditures in the Statement of Activities that do not use current financial resources are not reported as expenditures in the funds.   |            |              |
| Current  | 17,674     | 16 833       |
| Prior  | (16,833)   | (16 452)     |
| Payment of lease obligations and other debt payments is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.          | 10 000     | 10 000       |
| Governmental funds report gross proceeds from sale of fixed assets as revenue, but in the Statement of Net Assets on the Gain/(Loss) is reported which reflects book value of assets sold. | -          | (4 356)      |
| Change in Net Assets of Governmental Funds   | \$ 236 025 | \$ 460 548   |

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

**Town of Addis, Louisiana**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2010 with summarized comparative totals for 2009**

|  | <b>- Business-type Activities -<br/>Enterprise Fund - Sewer System</b> |              |
|--|--|--------------|
| ASSETS   | 2010   | 2009         |
| Current assets -   |  |              |
| Cash and cash equivalents  | \$ 183,254   | \$ 75,320    |
| Accounts receivable  | 33,694   | 40,539       |
| Prepaid expenses   | 9,981  | 9,657        |
| Inventory - tanks  | 79,524   | 27,658       |
| Total Current Assets   | 306,453  | 153,175      |
| Noncurrent assets -  |  |              |
| Restricted cash and cash equivalents   | 29,262   | -            |
| Capital assets -   |  |              |
| Non-depreciable  | 441,699  | 64,046       |
| Depreciable (net of accumulated depreciation of \$2,189,460 for 2010<br>and \$2,018,947 in 2009) | 4,859,029  | 4,939,800    |
| Total Capital Assets (net)   | 5,300,728  | 5,000,846    |
| Total Noncurrent Assets  | 5,329,990  | 5,000,846    |
| Total Assets   | \$ 5,636,442   | \$ 5,157,021 |
|  |  |              |
| LIABILITIES  |  |              |
| Current liabilities -  |  |              |
| Accounts payable   | \$ 121,099   | \$ 8,593     |
| Contracts and retainage payable  | 248,320  | -            |
| Accrued liabilities  | (94)   | (1,179)      |
| Due to other funds   | 74,246   | 48,067       |
| Sewer revenue bonds payable  | 72,060   | -            |
| Total Current Liabilities  | 515,631  | 55,481       |
| Long-term liabilities  |  |              |
| Sewer revenue bonds payable  | 72,441   | -            |
| Total Liabilities  | 588,073  | 55,481       |
|  |  |              |
| NET ASSETS   |  |              |
| Invested in capital assets net of related debt   | 4,793,071  | 5,003,846    |
| Restricted for debt service  | 29,262   | -            |
| Unrestricted   | 226,036  | 97,694       |
| Total Net Assets   | \$ 5,048,369   | \$ 5,101,540 |

The accompanying notes to the financial statements are an integral part of this statement

**Town of Addis, Louisiana**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**Year ended December 31, 2010 with summarized comparative totals for 2009**

|                                    | <b>- Business-type Activities -<br/>Enterprise Fund - Sewer System</b> |                     |
|------------------------------------|--|---------------------|
|                                    | <b>2010</b>  | <b>2009</b>         |
| <b>OPERATING REVENUES</b>          |  |                     |
| Charges for services               | \$ 390 637   | \$ 266 376          |
| Installations                      | 6 814  | 3 407               |
| Impact fees                        | 22 005   | 7 350               |
| Miscellaneous income               | 3 027  | 1 950               |
|                                    |  |                     |
| Total Operating Revenue            | 422 483  | 279 083             |
| <b>OPERATING EXPENSES</b>          |  |                     |
| Salaries and fringe benefits       | 168 553  | 123 029             |
| Utilities                          | 45 079   | 39 515              |
| Operating expenses                 | 84 570   | 46 389              |
| Contract services                  | 6 939  | 4 341               |
| Depreciation                       | 170 513  | 164 267             |
|                                    |  |                     |
| Total Operating Expense            | 475,653  | 377 541             |
| Operating Income (Loss)            | (53 171)   | (98 458)            |
| <b>CAPITAL CONTRIBUTIONS</b>       |  |                     |
| General Fund                       | -  | 79 067              |
|                                    |  |                     |
| Change in net assets               | (53 171)   | (19 391)            |
| Total net assets beginning of year | 5 101 540  | 5 120 931           |
|                                    |  |                     |
| Total net assets end of year       | <u>\$ 5 048 369</u>  | <u>\$ 5,101 540</u> |

The accompanying notes to the financial statements are an integral part of this statement

**Town of Addis**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Year ended December 31, 2010 with summarized comparative totals for 2009**

|   | <b>- Business-type Activities -<br/>Enterprise Fund - Sewer System</b> |             |
|---|--|-------------|
|   | <b>2010</b>  | <b>2009</b> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |  |             |
| Cash received from customers  | \$ 429 327   | \$ 268 747  |
| Cash payments for goods and services  | (253 188)  | (128 709)   |
| Cash payments for salaries  | (105 386)  | (86 575)    |
| Net Cash Provided by (Used for) Operating Activities  | 70 753   | 53 463      |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>  |  |             |
| Operating loan from General Fund  | -  | 1 000       |
| Repayment of operating loan to General Fund   | (1 732)  | (3 032)     |
| Net Cash Provided by (Used for) Noncapital financing activities   | (1 732)  | (2 032)     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>   |  |             |
| Capital Contribution - General Fund   | -  | 79 067      |
| Proceeds from Sewer revenue bonds   | 144 501  |             |
| Acquisition and construction of capital assets  | (76 327)   | (179,571)   |
| Net Cash Provided by (Used for) Capital and Related Financing Activities                                  | 68 174   | (100 504)   |
| <b>INCREASE (DECREASE) IN CASH</b>  | 137 195  | (49 073)    |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING</b>   | 75 320   | 124,393     |
| <b>CASH AND CASH EQUIVALENTS ENDING</b>   | \$ 212 515   | \$ 75 320   |
| <br><b>RECONCILIATION OF OPERATING INCOME TO NET CASH<br/>PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b> |  |             |
| Operating income (loss)   | \$ (53 171)  | \$ (98 458) |
| Adjustments to reconcile operating income to net cash<br>provided by (used for) operating activities      |  |             |
| Depreciation  | 170 513  | 164 267     |
| <b>Net Changes in Assets and Liabilities -</b>  |  |             |
| (Increase) decrease in accounts receivable - customers  | 6 845  | (10 336)    |
| (Increase) decrease in prepaid expenses   | (324)  | (2 143)     |
| (Increase) decrease in inventory  | (51 866)   | (2 529)     |
| Increase (decrease) in accounts payable   | (2 329)  | 3 877       |
| Increase (decrease) in accrued liabilities  | 1,085  | (1 215)     |
| Total adjustments   | 123 924  | 151,921     |
| Net Cash provided by (used for) operating activities  | \$ 70,753  | \$ 53,463   |

Noncash Capital Financing Activities  
Capital assets of \$391 067 were acquired from current liabilities

The accompanying notes to the financial statements are an integral part of this statement

Town of Addis Louisiana  
Notes to the Financial Statements  
As of and for the year ended December 31, 2010

**Introduction**

The Town of Addis was incorporated September 1915 under the provisions of Title 33 Chapter 2 Part 1 of the Louisiana Revised Statutes (Lawson Act - Act No. 36 of 1898). The "Town" operates under a Mayor - Council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services.

The Town's financial statements are prepared in accordance 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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so. The more significant accounting policies established in GAAP and used by the Town are discussed below.

**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The financial reporting entity consists of (a) the primary government (Town of Addis), (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 primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. GASB Statement No. 14, *The Financial Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the Town governing authority appoints a majority of board members of the potential component unit (or serves as board members of potential component unit as required by law).
3. Fiscal interdependency between the Town and potential component unit.
4. Imposition of will by the Town on the potential component unit.
5. Financial benefit/burden relationship between the Town and the potential component unit.

Based on the above criteria, the Town has no component units.

Town of Addis Louisiana  
Notes to the Financial Statements  
As of and for the year ended December 31, 2010

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

**B Basic Financial Statements – Government–Wide Statements**

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's police, public works, and general administrative services are classified as governmental activities. The Town's sewer services are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column (b) 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'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's functions and business-type activities. The functions are also supported by general government revenues (sales and use tax, franchise tax, and certain governmental 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 (public safety, public works, and general administration) or a business-type activity. Operating grants include operating specific and discretionary (either operating or capital) grants; column reports capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (sales and use tax, franchise tax, intergovernmental revenue, interest income, etc.).

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

**C Basic Financial Statements – Fund Financial Statements**

The financial transactions of the Town are reported in individual funds in the 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 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 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Town had no nonmajor funds.

Town of Addis Louisiana  
Notes to the Financial Statements  
As of and for the year ended December 31 2010

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

**C Basic Financial Statements – Fund Financial Statements (Continued)**

Governmental Funds The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources uses and balances of current financial resources) rather than upon net income. Expendable assets are assigned to funds according to the purpose for which they may be used. Current liabilities are assigned to funds from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period operations of the Town. The Town reports these major governmental funds and fund types:

**General Fund** - The General Fund is the main operating fund of the Town. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Proprietary Fund Types 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 Town reports the following proprietary fund types:

**Enterprise Fund** - Used to account for operations for which a fee is charged to external users for sewer services. The activities reported in this fund are reported as business-type activities in the government-wide financial statements.

**D Basis of Accounting**

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

Accrual Both the 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. Non-exchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

Town of Addis Louisiana  
Notes to the Financial Statements  
As of and for the year ended December 31 2010

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

**D Basis of Accounting (Continued)**

Modified Accrual The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the 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. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave which are recognized when due and payable.

**E Deposits 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 deposit, government backed securities, state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments are reported at their fair value.

**F Inter-fund Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/funds other funds" for the current portion of inter-fund loans. All other outstanding balances between funds are reported as "Advances". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**G Inventories and Prepaid Items**

All inventories are valued at cost. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and business-type fund financial statements.

Town of Addis Louisiana  
Notes to the Financial Statements  
As of and for the year ended December 31 2010

**I Summary of Significant Accounting Policies (Continued)**

**H Capital Assets**

Capital assets which include property plant equipment and infrastructure assets (e.g. roads bridges sidewalk and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized 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. The Town maintains a threshold level of \$2,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current fiscal year no interest was incurred in the capitalized projects.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

|                                 |          |
|---------------------------------|----------|
| Buildings                       | 40 Years |
| Land improvements               | 20 Years |
| Sewer system                    | 20 Years |
| Mowers tractors and attachments | 15 Years |
| Line trucks                     | 15 Years |
| Fire fighting equipment         | 10 Years |
| Light trucks & equipment        | 5 Years  |

**I Compensated Absences**

Employees of the Town earn vacation or sick leave at varying rates based upon length of service. Vacation leave is non-cumulative. Unused personal/sick leave may be carried into the ninety days of the subsequent year. Any unused personal/sick leave is immaterial; therefore, no accrual has been made.

**I Long-term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Town of Addis Louisiana  
Notes to the Financial Statements  
As of and for the year ended December 31 2010

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

**K Fund Equity**

Government-wide and proprietary fund net assets are divided into three components

- Invested in capital assets net of related debt – consist of historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets
- Restricted net assets - consist of net assets that are restricted by the Town's creditors by state enabling legislation by grantors and by other contributors
- Unrestricted – all other net assets are reported in this category

In the fund financial statements governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change

**L Comparative Data**

The financial statements include prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Town's financial statements for the year ended December 31 2009 from which the summarized information was derived

**M 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 these estimates

**N Defining Operating Revenues and Expenses**

The Town's proprietary fund distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses of the Town's sewer fund consists of charges for services (including system development charges) and the costs of providing those services including depreciation. All other revenues and expenses are reported as non-operating

Town of Addis Louisiana  
Notes to the Financial Statements  
As of and for the year ended December 31 2010

**2 Stewardship, Compliance and Accountability**

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

- 1 A proposed budget is prepared and submitted to the Mayor and Board of Councilmen prior to the beginning of each fiscal year. The proposed budget is published in the official journal and made available for public inspection. A public hearing is called to obtain taxpayer comments.
- 2 The budget is adopted through passage of an ordinance prior to commencement of the fiscal year for which the budget is being adopted.
- 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 approval from the Board of Councilmen.
- 4 Budgets for the General is adopted on a GAAP basis therefore these funds utilize the same basis of accounting for both budgetary purposes and actual results. The Budgetary Comparison Schedule presents a comparison of budgetary data and actual results of operations for which budgets are legally adopted.
- 5 All budgetary appropriations lapse at the end of each fiscal year.
- 6 The level of budgetary control is total appropriations.

**3 Cash and Cash Equivalents**

At December 31 2010 the Town had cash and cash equivalents (book balances) totaling \$669,106 detailed as follows:

|                                  |                   |
|----------------------------------|-------------------|
| Cash on hand                     | \$ 366            |
| Demand deposits                  | 213,694           |
| Interest bearing demand deposits | 363,897           |
| Savings                          | 16,317            |
| Money Market Accounts            | <u>74,832</u>     |
|                                  | <u>\$ 669,106</u> |

These deposits are stated at cost, which approximates market. Under state law, these deposits (or 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. 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.

Town of Addis Louisiana  
Notes to the Financial Statements  
As of and for the year ended December 31, 2009

**3 Cash and Cash Equivalents (Continued)**

At December 31, 2010, the Town had \$714,809 in deposits (collected bank balances). These deposits were secured from risk by \$553,299 in federal deposit insurance and \$152,970 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). Deposits in the amount of \$8,540 were in accounts backed by government securities.

**4 Investments**

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by municipality or its agent in the municipality's name
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the municipality's name
3. Uninsured and unregistered, with securities held by the counter party or by its trust department or agent but not in the municipality's name

At fiscal year-end, the Town's investment balances were as follows:

| Type of Investment      | Category         |           |                  | Fair Value | Carrying Amount |            | Total Carrying Amount |
|-------------------------|------------------|-----------|------------------|------------|-----------------|------------|-----------------------|
|                         | 1                | 2         | 3                |            | Amortized Cost  | Cost       |                       |
| Certificates of Deposit | \$ 91,064        | \$        | \$ 41,985        | \$ 133,049 | \$ 133,049      | \$ 133,049 | \$ 133,049            |
| <b>Total</b>            | <b>\$ 91,064</b> | <b>\$</b> | <b>\$ 41,985</b> |            |                 |            |                       |

Investments not subject to Categorization:

Government Securities

Federal Home Loan Bank Cons Bonds

4.625% Maty 6/12/2020

54,272      51,123      51,123      51,725

U.S. Treasury Notes

1.0% Maty 8/31/11

70,353      70,357      70,357      70,353

6.25% Maty 6/30/12

70,208      70,153      70,153      70,208

7.50% Maty 8/15/13

69,858      69,934      69,934      69,858

**Total Investments**

**\$ 397,740      \$ 394,616      \$ 394,616      \$ 395,192**

**Interest Rate Risk:** The Town has no formal policy regarding interest rate risk.

Town of Addis Louisiana  
Notes to the Financial Statements  
As of and for the year ended December 31 2010

**5 Receivables**

The following is a summary of receivables for December 31 2010

| Class of Receivable   | Governmental      | Business Type    | Total             |
|-----------------------|-------------------|------------------|-------------------|
|                       | Activities        | Activities       |                   |
|                       | General           | Proprietary      |                   |
|                       | Fund              | Fund             |                   |
| Taxes                 |                   |                  |                   |
| Franchise             | \$ 79 006         | \$               | \$ 79 006         |
| Intergovernmental     |                   |                  |                   |
| Parish sales tax      | 107 586           |                  | 107 586           |
| State video poker tax | 724               |                  | 724               |
| State beer tax        | 597               |                  | 597               |
| Grants                |                   |                  |                   |
| Police Grants         | 7 320             |                  | 7 320             |
| Accounts              |                   | 33 694           | 33 694            |
|                       | <u>\$ 195 233</u> | <u>\$ 33 694</u> | <u>\$ 228 927</u> |

**6 Inter-fund Transactions**

Due To/From Other Funds

| Receivable Fund | Payable Fund           | Amount           |
|-----------------|------------------------|------------------|
| General         | Proprietary Fund Sewer | <u>\$ 74 246</u> |

Interfund Transfers

| Transfer Out | Capital Contribution   |           |
|--------------|------------------------|-----------|
| General Fund | Proprietary Fund Sewer | <u>\$</u> |

The purpose of loans by General Fund to the Proprietary Fund-Sewer was for capital additions comprised of a maintenance building located at the sewer plant

Town of Addis Louisiana  
Notes to the Financial Statements  
As of and for the year ended December 31 2010

**7 Capital Assets Summary**

|  | Balance<br><u>1/1/2010</u> | <u>Increases</u>  | <u>Decreases</u> | Balance<br><u>12/31/2010</u> |
|--|----------------------------|-------------------|------------------|------------------------------|
| <b>Governmental Activities</b>   |                            |                   |                  |                              |
| Non depreciable Land   | \$ 208 338                 | \$                | \$               | \$ 208 338                   |
| Construction in progress   |                            | 3 348             |                  | 3 348                        |
| Total Non depreciable  | 208 338                    | 3 348             |                  | 211 686                      |
| Depreciable  |                            |                   |                  |                              |
| Improvements other than buildings  | 1 803 070                  | 21 363            |                  | 1 824 433                    |
| Buildings  | 844 006                    |                   |                  | 844 006                      |
| Historical Railroad Park   | 96 868                     | 258 260           |                  | 355 128                      |
| Museum   | 196 669                    |                   |                  | 196 669                      |
| Water system   | 1                          |                   |                  | 1                            |
| Furniture & fixtures   | 33 182                     |                   |                  | 33 182                       |
| Vehicles Town  | 25 254                     |                   |                  | 25 254                       |
| Machinery & equipment  | 279 963                    | 122 338           |                  | 402 301                      |
| Website  | 9 870                      |                   |                  | 9 870                        |
| Works of Art   | 9 343                      |                   |                  | 9 343                        |
| Fire Department Vehicles   | 229 175                    |                   |                  | 229 175                      |
| Police Department Equipment  | 85 087                     | 6 020             |                  | 91 107                       |
| Police Department Vehicles   | 322 906                    | 30 333            |                  | 353 239                      |
| Total Depreciable  | 3 935 393                  | 438 314           |                  | 4 373 707                    |
| Total Assets   | 4 143 731                  | 441 662           |                  | 4 585 393                    |
| <u>Less Accumulated depreciation</u>   |                            |                   |                  |                              |
| Improvements other than buildings  | 84 662                     | 90 206            |                  | 174 868                      |
| Buildings  | 306 994                    | 20 570            |                  | 327 564                      |
| Historical Railroad Park   | 5 643                      | 5 756             |                  | 11 399                       |
| Museum   | 48 911                     | 5 364             |                  | 54 275                       |
| Water system   | 1                          |                   |                  | 1                            |
| Furniture & fixtures   | 25 107                     | 2 751             |                  | 27 858                       |
| Vehicles Town  | 11 956                     | 2 800             |                  | 14 756                       |
| Machinery & equipment  | 165 283                    | 28 607            |                  | 193 890                      |
| Website  | 9 870                      |                   |                  | 9 870                        |
| Works of Art   | 8 469                      | 875               |                  | 9 343                        |
| Fire Department Vehicles   | 227 698                    |                   |                  | 227 698                      |
| Police Department Equipment  | 61 720                     | 5 587             |                  | 67 307                       |
| Police Department Vehicles   | 124 892                    | 60 193            |                  | 185 085                      |
| Total Accumulated Depreciation   | 1 081 205                  | 222 708           |                  | 1 303 913                    |
| Net Book Value   | 2 854 188                  |                   |                  | 3 069 794                    |
| Governmental Activities Capital Assets net                                     | <u>\$ 3 062 526</u>        |                   |                  | <u>\$ 3 281 480</u>          |
| Depreciation expense charged to functions of the primary government as follows |                            |                   |                  |                              |
| General government   |                            | \$ 128 321        |                  |                              |
| Public safety  |                            | 65 780            |                  |                              |
| Public services  |                            | 28 607            |                  |                              |
| Total Depreciation expense   |                            | <u>\$ 222 708</u> |                  |                              |

Town of Addis Louisiana  
Notes to the Financial Statements  
As of and for the year ended December 31 2010

**7 Capital Assets Summary (Continued)**

The following is a summary of the changes in property plant and equipment of the Enterprise Fund for the year ending December 31 2010

|   | Balance<br>1/1/2010 | Increases      | Decreases       | Balance<br>12/31/2010 |
|---|---------------------|----------------|-----------------|-----------------------|
| <b>Business like activities</b>             |                     |                |                 |                       |
| Non depreciable                             |                     |                |                 |                       |
| Land  | \$ 16 755           | \$             | \$              | \$ 16 755             |
| Land rights                                 |                     | 30 198         |                 | 30 198                |
| Construction in progress                    | 47 291              | 429 874        | (82 419)        | 394 745               |
| Total Non Depreciable                       | <u>64 046</u>       | <u>460 072</u> | <u>(82 419)</u> | <u>441 699</u>        |
| Depreciable                                 |                     |                |                 |                       |
| Buildings                                   |                     | 82 419         |                 | 82 419                |
| Sewer facility                              | 6 660 810           | 7 323          |                 | 6 668 133             |
| Machinery & equipment                       | 257 118             |                |                 | 257 118               |
| Vehicles                                    | 40 819              |                |                 | 40 819                |
| Total Depreciable                           | <u>6 958 747</u>    | <u>89 742</u>  |                 | <u>7 048 489</u>      |
| Total Assets                                | <u>7 022 793</u>    | <u>549 813</u> | <u>(82 419)</u> | <u>7 490 188</u>      |
| <b>Less Accumulated depreciation</b>        |                     |                |                 |                       |
| Buildings                                   |                     | 2 007          |                 | 2 007                 |
| Sewer facility                              | 1 779 621           | 156 699        |                 | 1 936 320             |
| Machinery & equipment                       | 219 347             | 7 419          |                 | 226 766               |
| Vehicles                                    | 19 979              | 4 387          |                 | 24 366                |
| Total Accumulated Depreciation              | <u>2 018 947</u>    | <u>170 513</u> |                 | <u>2 189 460</u>      |
| Net Book Value                              | <u>4 939 800</u>    |                |                 | <u>4 859 029</u>      |
| Business type Activities Capital Assets net | <u>\$ 5 003 846</u> |                |                 | <u>\$ 5 300 728</u>   |

Town of Addis Louisiana  
Notes to the Financial Statements  
As of and for the year ended December 31 2010

**8 Long-Term Liabilities**

Long-term liability activity for the year ending December 31 2010 is as follows

| Type of Debt                          | Balance at<br>1/1/2010 | Additions         | Deductions         | Balance at<br>12/31/2010 | Amounts Due<br>In One Year |
|---------------------------------------|------------------------|-------------------|--------------------|--------------------------|----------------------------|
| <b>Governmental activities</b>        |                        |                   |                    |                          |                            |
| Judgment payable                      | \$ 30 000              | \$                | \$ (10 000)        | \$ 20 000                | \$ 10 000                  |
| <b>Total Governmental activities</b>  | <b>\$ 30 000</b>       | <b>\$</b>         | <b>\$ (10 000)</b> | <b>\$ 20 000</b>         | <b>\$ 10 000</b>           |
| <b>Business like activities</b>       |                        |                   |                    |                          |                            |
| Sewer revenue bonds                   | \$                     | \$ 144 501        | \$                 | \$ 144 501               | \$ 72 060                  |
| <b>Total Business like activities</b> | <b>\$</b>              | <b>\$ 144 501</b> | <b>\$</b>          | <b>\$ 144 501</b>        | <b>\$ 72 060</b>           |

The Town issued a note to pay the balance due on the settlement of a lawsuit. The Town paid \$100 000 during 2002 and agreed to pay ten yearly installments of \$10 000 per year commencing on September 1 2003 with interest paid at the rate of 0%. In the event that any installment is not promptly paid when due all remaining installments will become immediately due with an additional 25% of both principal and interest due as attorney's fees. Annual payments to retire the note are as follows:

| <u>September 1,</u> |                  |
|---------------------|------------------|
| 2011                | \$ 10 000        |
| 2012                | 10 000           |
|                     | <u>\$ 20 000</u> |
|                     | =====            |

On November 10 2010 the Town issued Sewer Revenue Bonds Series 2010 in the amount of \$1 569 060 for the purpose of paying the costs of constructing and acquiring improvements and extensions to the Town's sewer system. The bonds were purchased by the Louisiana Department of Environmental Quality financed by the Clean Water State Revolving Fund. As of December 31 2010 the Town had received the first installment of \$144 501.42. Purchase price of the bonds are distributed to the Town in installments as construction progresses. The project is expected to be completed by the end of 2011.

The annual maturities for the bonds for the years subsequent to December 31 2010 are as follows:

| <u>Year Ending<br/>December<br/>31,</u> | <u>Principal</u>    | <u>Interest</u>  | <u>Admin Fee</u> | <u>Total</u>        |
|---|---------------------|------------------|------------------|---------------------|
| 2011                                    | \$ 72 060           | \$ 6 884         | \$ 7 649         | \$ 86 593           |
| 2012                                    | 72 000              | 6 737            | 7 485            | 86 222              |
| 2013                                    | 73 000              | 6 413            | 7 125            | 86 538              |
| 2014                                    | 74 000              | 6 084            | 6 760            | 86 844              |
| 2015                                    | 74 000              | 5 751            | 6 390            | 86 141              |
| 2016-2020                               | 382 000             | 23 684           | 26 315           | 431 999             |
| 2021-2025                               | 401 000             | 14 922           | 16 580           | 432 502             |
| 2026-2030                               | <u>421 000</u>      | <u>5 720</u>     | <u>6 355</u>     | <u>433 075</u>      |
|   | <u>\$ 1 569 060</u> | <u>\$ 76 194</u> | <u>\$ 84 659</u> | <u>\$ 1 729 913</u> |

Town of Addis Louisiana  
Notes to the Financial Statements  
As of and for the year ended December 31 2010

**9 Restricted Assets/Net Assets**

The bond ordinance for the Sewer Revenue Bonds Series 2010 requires the creation of the following accounts

- Sewer Revenue Bond and Interest Sinking Fund which must be funded by making monthly deposits equal to the principal and administrative fee for such month to be used for the payment of bonds interest and administrative fee when they become due
- Sewer Revenue Bond Reserve Fund to be retained solely for the purpose of paying principal of and interest on bonds payable to which there would otherwise be default by depositing each month a sum equal to at least 25% of the amount deposited in the Sewer Revenue Bond and Interest Sinking Fund
- Sewer Depreciation Additions and Contingency Fund to care for extensions additions improvements renewals and replacements necessary to properly operate the System by depositing an amount equal to 5% of the net revenues for the preceding month provided the sum is available after meeting the first two requirements until a balance of \$150 000 is achieved

**10 Pension Plan**

*Plan Description* Police employees of the Town of Addis are members of the state retirement system for municipal police employees a cost sharing multiple-employer public employee retirement system Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11 2211-11 2233 Any member is eligible for normal retirement after he has been a member of the System for 1 year if he has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55 Benefits rates are 3 1/3% of average final compensation per number of years of creditable service no to exceed 100% of final salary The plan also provides for disability benefits calculated a 3% of average final compensation multiplied by years of creditable service, but not less than forty percent nor more than sixty percent of average final compensation The Municipal Police Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for MPERS The report may be obtained by calling 1-225-929-7411

*Funding Policy* The payroll for employees covered by the System for the year ended December 31 2010 was \$338 508 the Town's total payroll was \$843 385 Covered employees are required by State statute to contribute 7.5% of their salary to the plan The Town is required by the same statute to contribute the remaining amounts necessary to pay benefits when due The contribution requirements for the year ended December 31 2010 2009 and 2008 was \$102 139 \$56 800 and \$45 600 respectfully The 2010 contribution of \$102,139 consisted of \$72 196 from the Town and \$29 943 from employees the Town contribution represents 11% (through 6/30) and 25% (7/1 through 12/31) and employee contribution of 7.5% of covered payroll

Town of Addis Louisiana  
Notes to the Financial Statements  
As of and for the year ended December 31, 2010

**11 Deferred Compensation Plan**

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all permanent Town employees, permits them to defer until future years up to 25% of annual gross earnings not to exceed (for 2008 and thereafter) \$15,000 (adjusted for cost of living adjustments and catch-up contributions for participants 50 and older). The Town contributes on behalf of its employees based upon employee contributions with a maximum match of 13.9%. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. In accordance with GASB No. 32, the Town is no longer required to report the plan in its financial statements.

**12 Intergovernmental Agreements**

Fire Protection Sub-District No. 1 of West Baton Rouge -

The Town entered into a local services agreement with the Sub-District in January 1992 to provide fire protection within the Town of Addis. Under the terms of the agreement, the Town has agreed to do the following:

- 1) Lease all vehicles, equipment, and supplies belonging to the Town and for the use of the Addis Volunteer Fire Department to the Sub-District, provided that the Sub-District shall bear the cost of insurance coverage on all vehicles, equipment, and supplies, said coverage to be approved by the Town with certificates of such insurance to be presented.
- 2) Permit the Sub-District to use the Town's existing fire stations and Old Town Hall during the term of the agreement, provided that the Sub-District shall provide insurance coverage thereon at least equal to the amount which the Town has in force on the date of the agreement and further provided that the Town is listed as an additional insured on the policy. However, insurance costs as to Station #2 shall be fifty (50%) percent to Town and fifty (50%) percent to Sub-District.

At December 31, 2010, the Town owed the Fire Sub-District \$896 which is reported as Due to Other Governments.

West Baton Rouge Parish Water Works District No. 1 -

A service agreement is in effect between the District and the Town to continue an on-going activity in which the District invoices and collects sewer fees from water customers living within the Town. The sewer rates are based on water usage, and customers may have their water service discontinued for non-payment of sewer fees. The amount due from the District for customer sewer fees billed through December 31, 2010 was \$16,832.

Town of Addis, Louisiana  
Notes to the Financial Statements  
As of and for the year ended December 31, 2010

**12 Intergovernmental Agreements (Continued)**

West Baton Rouge Water Works District No. 2 -

A service agreement was renewed effective through December 31, 2009, between the District and the Town in which the District shall prepare sewer bills and collect sewer charges for the Town on a monthly basis for those properties being provided said service by the Town which are on the District's water system. The Town shall pay the District \$33 per bill with the fee to be included on the District's water bill. The fee shall be deducted from monies collected by the District for the Town. The amount due from the District for customer sewer fees billed through December 31, 2010 was \$16,863.

**13 Risk Management**

The Town of Addis is exposed to various risks of loss for which the Town carries commercial insurance. There have been no reductions in insurance coverage during the last year. Settled claims have not exceeded coverage in the last three years.

**14 Contingencies and Commitments**

**Litigation** - In the opinion of the Town's management, after consultation with legal counsel, the potential loss for any claims and lawsuits will not materially affect the Town's financial position.

**Commitments** - The Town is in the process of improving their sewer facility. Construction cost related to the project are expected to be approximately \$1,500,000 and is financed through revenue bonds purchased by Louisiana Department of Environmental Quality financed by the Clean Water State Revolving Fund (See Note 8). The project is expected to be complete by the end of 2011.

**15 Sewer User Fees**

Charges for sewer use are as follows:

\$14.00 plus \$1.50 per 1,000 gallons after 4,000 for residential and  
\$24.00 plus \$1.50 per 1,000 gallons after 4,000 for non-residential

**16 Economic Dependence**

The Town of Addis received 56% of its total revenue from parish sales tax.

Town of Addis Louisiana  
Notes to the Financial Statements  
As of and for the year ended December 31 2010

**17 New GASB Standards**

In 2010 the Town implemented the following GASB statements

Statement No. 51 *Accounting and Reporting for Intangible Assets* This statement establishes accounting and reporting requirements for intangible assets to reduce inconsistencies in reporting of these types of asset. The statement requires that all intangible assets not specifically excluded by its scope and provisions be classified as capital assets.

Statement No. 61 *The Financial Reporting Entity Omnibus an amendment of GASB Statements No. 14 and No. 34* This statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity and financial reporting entity display and disclosure requirements. It applies to financial reporting by primary governments and other stand-alone governments and to the separately issued financial statements of governmental component units as defined in paragraph 9 of Statement 14. In addition this statement should be applied to nongovernmental component units when they are included in a governmental financial reporting entity.

There was no effect on net assets/fund equity for prior periods related to implementation of these standards.

**18 Subsequent Events**

Subsequent events were evaluated through September 20 2011 which is the date the financial statements were available to be issued. The Town has received additional loan proceeds from the Sewer Revenue Bonds Series 2010 in the amount of \$1,161,704 which was used to pay construction cost for the Sewer Improvement Project.

**REQUIRED SUPPLEMENTARY INFORMATION (Part II)**

Town of Addis Louisiana  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended December 31 2010 with summarized comparative totals for 2009

|   | <u>Budgeted Amounts</u> |              | <u>Actual</u>                       | <u>Variance with</u>                | <u>Actual</u> |
|---|-------------------------|--------------|-------------------------------------|-------------------------------------|---------------|
|   | <u>Original</u>         | <u>Final</u> | <u>Amounts</u><br>(Budgetary Basis) | <u>Final Budget</u><br>Over (Under) |               |
| <b>REVENUES</b>                                   |                         |              |                                     |                                     |               |
| Taxes and license                                 |                         |              |                                     |                                     |               |
| Occupational license                              | \$ 98 000               | \$ 109 500   | \$ 114 666                          | \$ 5 166                            | \$ 99 320     |
| Building permits                                  | 20 000                  | 27 000       | 36 380                              | 9 380                               | 21 730        |
| Trailer moving permits                            | 200                     | 250          | 315                                 | 65                                  | 215           |
| Bartender permits                                 | 200                     | 200          | 60                                  | (140)                               | 48            |
| Franchise fees                                    |                         |              |                                     |                                     |               |
| Entergy   | 220 000                 | 220 000      | 163 487                             | (56 513)                            | 128 367       |
| Cable television                                  | 16 000                  | 16 000       | 45 385                              | 29 385                              | 42 581        |
| Telephone   | 300                     | 300          |                                     | (300)                               |               |
| Intergovernmental                                 |                         |              |                                     |                                     |               |
| Sales tax Parish                                  | 535 000                 | 535 000      | 539 581                             | 4 581                               | 590 561       |
| Sales tax District                                | 930 000                 | 930 000      | 904 549                             | (25 451)                            | 1 029 479     |
| State of Louisiana Beer tax                       | 1 500                   | 1 500        | 3 636                               | 2 136                               | 2 281         |
| State of Louisiana Video Poker tax                | 15 000                  | 15 000       | 14 288                              | (712)                               | 20 887        |
| Capital District Law Enforcement Grant            | 500                     | 500          |                                     | (500)                               | 2 005         |
| Stimulus Grant Police                             | 100 000                 | 100 000      | 87 237                              | (12 763)                            | 87 054        |
| LLEBG Equipment grant                             | 500                     | 500          |                                     | (500)                               | 4 968         |
| Rural development grant                           | 35 000                  | 15 000       | 16 831                              | 1 831                               |               |
| FEMA Hurricane reimbursements                     |                         | 118 000      | 117 741                             | (259)                               | 30 782        |
| Charges for services                              |                         |              |                                     |                                     |               |
| Highway maintenance                               | 7 400                   | 7 400        | 6 860                               | (540)                               | 6 860         |
| Rental Civic Center                               | 4 500                   | 4 500        | 4 665                               | 165                                 | 4 600         |
| Planning and zoning                               | 500                     | 500          |                                     | (500)                               | 200           |
| Grass mowing Town                                 | 100                     | 100          | 100                                 |                                     | 100           |
| Fines and forfeitures                             | 75 000                  | 75 000       | 99 773                              | 24 773                              | 87 636        |
| Investment income                                 | 5 000                   | 2 000        | 10 097                              | 8 097                               | 4 451         |
| Sale of fixed assets                              | 2 500                   |              |                                     |                                     | 5 101         |
| Miscellaneous                                     | 3 000                   | 3 000        | 1 055                               | (1 945)                             | 519           |
| Amounts Available for Appropriation               | 2 070 200               | 2 181 250    | 2 166 705                           | (14 545)                            | 2 169 744     |
| <b>EXPENDITURES</b>                               |                         |              |                                     |                                     |               |
| Current expenditures                              |                         |              |                                     |                                     |               |
| General administration                            | 537 880                 | 597 630      | 593 789                             | 3 841                               | 519 389       |
| Public safety Police                              | 644 410                 | 699 370      | 788 277                             | (88 907)                            | 673 128       |
| Public works Streets & sanitation                 | 336 320                 | 370 520      | 321 486                             | 49 034                              | 255 279       |
| Public works Drainage                             | 91 300                  | 56 300       | 5 260                               | 51 040                              |               |
| Capital outlay                                    |                         |              |                                     |                                     |               |
| General administration                            | 127 000                 | 302 000      | 261 608                             | 40 392                              | 149 939       |
| Public safety Police                              | 50 000                  | 50 000       | 40 701                              | 9 299                               | 146 189       |
| Public works Streets & sanitation                 | 5 000                   | 125 000      | 139 353                             | (14 353)                            | 577 383       |
| Public works Drainage                             | 4 000                   | 11 500       |                                     | 11 500                              |               |
| Debt service                                      | 10 000                  | 10 000       | 10 000                              |                                     | 10 000        |
| Total expenditures                                | 2 105 910               | 2 222 320    | 2 160 475                           | 61 845                              | 2 331 307     |
| Excess (Deficiency) of Revenues over Expenditures | (35 710)                | (41 070)     | 6 230                               | 47 300                              | (161 563)     |

Town of Addis, Louisiana  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended December 31 2010 with summarized comparative totals for 2009

|                                   | <u>Budgeted Amounts</u> |                   | <u>Actual</u>                              | <u>Variance with</u>                       | <u>Actual</u>       |
|-----------------------------------|-------------------------|-------------------|--|--|---------------------|
|                                   | <u>Original</u>         | <u>Final</u>      | <u>Amounts</u><br><u>(Budgetary Basis)</u> | <u>Final Budget</u><br><u>Over (Under)</u> | <u>2009</u>         |
| Transfers In/(Out)                |                         |                   |  |  |                     |
| Enterprise Fund Sewer System      |                         |                   |  |  | (79 067)            |
| Total Transfers In/(Out)          |                         |                   |  |  | (79 067)            |
| <b>Net Change in Fund Balance</b> | (35 710)                | (41 070)          | 6 230                                      | 47 300                                     | (240 630)           |
| Beginning Fund Balance            | 1 274 493               | 1 033 863         | 1 033 863                                  | 0  | 1 274 493           |
| Ending Fund Balance               | <u>\$ 1 238 783</u>     | <u>\$ 992 793</u> | <u>\$ 1 040 093</u>                        | <u>\$ 47 301</u>                           | <u>\$ 1 033 863</u> |

**Notes**

The Original and Final Budgets are prepared using the Modified Accrual Basis of Accounting

The Original and Final Budgets adopted by the Town of Addis with excess expenditures over appropriations represent use of fund balance for the purpose of capital outlay projects

**OTHER SUPPLEMENTARY INFORMATION**

Town of Addis Louisiana  
Schedule of Per Diem Paid to Council Members  
Year Ended December 31 2010

The schedule of payments to council members was prepared in compliance with House Concurrent Resolution No 54 of the 1979 Session of the Legislature

The salary and per diem of the council members is included in the current expenditures of the General Fund

|                     | <u>Salary</u>    |
|---------------------|------------------|
| Mayor               |                  |
| Carroll P Bourgeois | \$ 53 578        |
| Council Members -   |                  |
| Wilson E Cazes      | 7,250            |
| D H Toups           | 7 250            |
| J G Landry          | 7,250            |
| Lance S Gauthreaux  | 7 250            |
| Russell L Parish    | <u>7 250</u>     |
| Total               | <u>\$ 89 828</u> |

**INFORMATION REQUIRED BY GOVERNMENT AUDITING STANDARDS**

**W Kathleen Beard**  
**Certified Public Accountant**  
10191 Bueche Rd - Erwinville LA 70729  
(225) 627-4537 - FAX (225) 627-4584

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

To the Honorable Mayor and Members  
of the Town Council  
Addis Louisiana

I have audited the accompanying financial statements of the governmental activities and the business type activities of Town of Addis Louisiana as of and for the year ended December 31, 2010, and have issued my report thereon dated September 20, 2011. I have conducted my audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of Addis Louisiana's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Addis Louisiana's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town of Addis Louisiana's internal control over financial reporting.

*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.

My consideration of internal control over financial reporting was for a limited purpose described in the first paragraph of this section and designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Addis Louisiana's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with

those provisions was not an objective of my audit and accordingly I do not express such an opinion. The results of my tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* listed as Finding 2010-1.

This report is intended for the information of the mayor and council members of the Town of Addis Louisiana and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513 this report is distributed by the Legislative Auditor as a public document.

*W Kathleen Beard, CPA*

September 20, 2011

**Town of Addis, Louisiana**  
**Schedule of Findings and Responses**  
**December 31, 2010**

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I have audited the basic financial statements of the Town of Addis, Louisiana as of and for the year ended December 31, 2010, and have issued my report thereon dated September 20, 2011. I conducted my audit in accordance with 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. My audit of the primary government financial statements as of December 31, 2010, resulted in an unqualified opinion on the financial statement taken as a whole.

**Section I Summary of Auditor's Reports**

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Significant Deficiencies  Yes  No      Material Weaknesses  Yes  No  
Other Conditions  Yes  No

Compliance

Material to the Financial Statements  Yes  No

b. Federal Awards

N/A - Federal awards below \$500,000 threshold required by OMB Circular A-133

**Section II - Financial Statement Findings**

**Compliance with State Law**

**Finding 2010-1** - Audit for year ending December 31, 2010 was not completed by the statutory deadline of June 30, 2011.

Criteria - LA RS 24:514 requires that the audit be completed and submitted to the Office of the Legislative Auditor within six months of the end of the fiscal year.

Cause - The books were not available for audit until late May. By that time the auditor had scheduling conflicts due to delays in receiving accounting records for other audits that prevented the this audit from being completed by the June 30<sup>th</sup> deadline.

Affect - Noncompliance with LA RS 24:514

Recommendation - Begin year end close out earlier to deliver the books to the auditor by March 15th

Corrective Action Planned - The closed out and available for audit by the agreed upon time

**Town of Addis, Louisiana  
Schedule of Prior Year Findings  
December 31, 2010**

**Financial Statement Findings Internal Control and Compliance - None**

**Federal Awards – N/A**

Contact Persons

W Kathleen Beard CPA – Auditor  
Carroll P Bourgeois Mayor – Town of Addis

**Management Letter - None**