

TOWN OF IOTA, LOUISIANA

FINANCIAL REPORT

JUNE 30, 2013

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To the Honorable Cynthia F. McDaniel, Mayor,
and the Board of Aldermen
Town of Iota, Louisiana

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Iota, Louisiana, as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Iota, Louisiana, as of

June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 36 through 42 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. The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The budgetary comparison information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Iota, Louisiana's, basic financial statements. The schedule of insurance in force, schedule of utility rates, schedule of customers, statements of operating revenues and operating expenses by department, and schedule of aged accounts receivable are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we do not express an opinion or provided any assurance on it.

The prior year comparative information has been derived from the Town of Iota, Louisiana's 2012 financial statements and, in our report dated August 27, 2012, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 4, 2013, on our consideration of the Town of Iota, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Iota, Louisiana's internal control over financial reporting and compliance.



Lafayette, Louisiana
December 4, 2013

BASIC FINANCIAL STATEMENTS
Government-Wide Financial Statements (GWFS)

TOWN OF IOTA, LOUISIANA

STATEMENT OF NET POSITION

June 30, 2013

ASSETS	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash	\$ 523,842	\$ 45,694	\$ 569,536
Certificates of deposit	144,420	-	144,420
Taxes receivable	3,365	-	3,365
Franchise fees receivable	18,426	-	18,426
Due from other governmental agencies	62,175	-	62,175
Accounts receivable	-	38,734	38,734
Unbilled service receivable	-	14,167	14,167
Other receivables	13,247	-	13,247
Prepaid insurance	6,913	7,680	14,593
Internal balances	(1,385)	1,385	-
Inventories, at cost	-	19,407	19,407
Restricted assets:			
Cash	-	126,040	126,040
Certificates of deposit	-	45,932	45,932
Capital assets:			
Non-depreciable	85,342	26,844	112,186
Depreciable, net	<u>696,893</u>	<u>1,691,568</u>	<u>2,388,461</u>
Total assets	<u>\$ 1,553,238</u>	<u>\$ 2,017,451</u>	<u>\$ 3,570,689</u>

See Notes to Financial Statements

LIABILITIES AND NET POSITION	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 32,300	\$ 27,579	\$ 59,879
Retainage payable	5,723	-	5,723
Accrued liabilities	725	1,774	2,499
Deferred revenue	787	-	787
Customers' deposits	-	94,766	94,766
Other liabilities	-	1,240	1,240
Long-term liabilities:			
Portion due or payable within one year -			
Bonds payable	-	12,721	12,721
Portion due or payable after one year -			
Bonds payable	-	554,918	554,918
Total liabilities	<u>\$ 39,535</u>	<u>\$ 692,998</u>	<u>\$ 732,533</u>
NET POSITION			
Net investment in capital assets,	\$ 782,235	\$ 1,150,773	\$ 1,933,008
Restricted for:			
Debt service	-	75,433	75,433
Tax dedications	655,201	-	655,201
Unrestricted	<u>76,267</u>	<u>98,247</u>	<u>174,514</u>
Total net position	<u>\$ 1,513,703</u>	<u>\$ 1,324,453</u>	<u>\$ 2,838,156</u>
Total liabilities and net position	<u>\$ 1,553,238</u>	<u>\$ 2,017,451</u>	<u>\$ 3,570,689</u>

TOWN OF IOTA, LOUISIANA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Fees, Fines and Charges for Services</u>	<u>Capital Grants and Contributions</u>
Governmental activities:			
General government	\$ 59,802	\$ 3,498	\$ 55,214
Public safety	173,869	9,108	-
Public works	130,434	-	37,851
Culture and recreation	5,711	-	-
Total governmental activities	<u>\$ 369,816</u>	<u>\$ 12,606</u>	<u>\$ 93,065</u>
Business-type activities:			
Gas, water and sewer	\$ 627,244	\$ 516,562	\$ -
Total	<u>\$ 997,060</u>	<u>\$ 529,168</u>	<u>\$ 93,065</u>

General revenues:

Taxes -
 Property
 Sales and use
 Franchise
 Licenses and permits
 Grants and contributions not restricted
 to specific programs
 Investment income
 Gain (loss) on disposal of capital assets
 Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

See Notes to Financial Statements.

Net (Expense) Revenue and
Change in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (1,090)	\$ -	\$ (1,090)
(164,761)	-	(164,761)
(92,583)	-	(92,583)
(5,711)	-	(5,711)
<u>\$ (264,145)</u>	<u>\$ -</u>	<u>\$ (264,145)</u>
<u>\$ -</u>	<u>\$ (110,682)</u>	<u>\$ (110,682)</u>
<u>\$ (264,145)</u>	<u>\$ (110,682)</u>	<u>\$ (374,827)</u>
\$ 112,760	\$ -	\$ 112,760
228,894	-	228,894
68,150	-	68,150
61,748	-	61,748
11,829	-	11,829
1,176	300	1,476
775	-	775
1,633	-	1,633
<u>(114,731)</u>	<u>114,731</u>	<u>-</u>
<u>\$ 372,234</u>	<u>\$ 115,031</u>	<u>\$ 487,265</u>
\$ 108,089	\$ 4,349	\$ 112,438
<u>1,405,614</u>	<u>1,320,104</u>	<u>2,725,718</u>
<u>\$ 1,513,703</u>	<u>\$ 1,324,453</u>	<u>\$ 2,838,156</u>

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BASIC FINANCIAL STATEMENTS

Fund Financial Statements (FFS)

TOWN OF IOTA, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2013

ASSETS	General Fund	Sales Tax Fund	LCDBG Fund	Total Governmental Funds
Cash	\$ 127,101	\$ 396,641	\$ 100	\$ 523,842
Certificates of deposit	12,224	132,196	-	144,420
Taxes receivable	3,365	-	-	3,365
Franchise fees receivable	18,426	-	-	18,426
Due from other governmental agencies	20,376	19,793	-	40,169
Prepaid insurance	6,913	-	-	6,913
Other receivables	13,247	-	-	13,247
	<u>\$ 201,652</u>	<u>\$ 548,630</u>	<u>\$ 100</u>	<u>\$ 750,382</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 17,516	\$ 14,784	\$ -	\$ 32,300
Retainage payable	5,723	-	-	5,723
Accrued liabilities	725	-	-	725
Deferred revenue	787	-	-	787
Due to other funds	1,285	-	100	1,385
	<u>\$ 26,036</u>	<u>14,784</u>	<u>100</u>	<u>\$ 40,920</u>
FUND BALANCES				
Restricted for:				
Tax dedications	\$ 99,349	\$ 533,846	\$ -	\$ 633,195
Unassigned	76,267	-	-	76,267
	<u>\$ 175,616</u>	<u>\$ 533,846</u>	<u>\$ -</u>	<u>\$ 709,462</u>
Total fund balances	<u>\$ 175,616</u>	<u>\$ 533,846</u>	<u>\$ -</u>	<u>\$ 709,462</u>
Total liabilities and fund balances	<u>\$ 201,652</u>	<u>\$ 548,630</u>	<u>\$ 100</u>	<u>\$ 750,382</u>

See Notes to Financial Statements.

TOWN OF IOTA, LOUISIANA
 RECONCILIATION OF THE GOVERNMENTAL FUNDS
 BALANCE SHEET TO THE STATEMENT OF NET POSITION
 June 30, 2013

Total fund balances - governmental funds	\$	709,462
Total net position reported for governmental activities in the statement of net position is different because:		
<p style="margin-left: 40px;">Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.</p>		
Capital assets, net		782,235
<p style="margin-left: 40px;">Some revenues were not considered measurable at year end and therefore not available soon enough to pay for current period expenditures.</p>		
Sales taxes		<u>22,006</u>
Total net position of governmental activities	\$	<u><u>1,513,703</u></u>

See Notes to Financial Statements.

TOWN OF IOTA, LOUISIANA
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended June 30, 2013

	General Fund	Sales Tax Fund	LCDBG Fund	Total Governmental Funds
Revenues:				
Taxes	\$ 180,910	\$ 229,319	\$ -	\$ 410,229
Licenses and permits	61,748	-	-	61,748
Intergovernmental	49,680	-	55,214	104,894
Charges for services	3,498	-	-	3,498
Fines and forfeits	9,108	-	-	9,108
Investment income	91	1,085	-	1,176
Miscellaneous	1,633	-	-	1,633
Total revenues	\$ 306,668	\$ 230,404	\$ 55,214	\$ 592,286
Expenditures:				
Current -				
General government	\$ 48,138	\$ 9,096	\$ -	\$ 57,234
Public safety	164,046	-	-	164,046
Public works	75,873	17,481	-	93,354
Culture and recreation	2,627	-	-	2,627
Capital outlay	3,960	-	55,214	59,174
Total expenditures	\$ 294,644	\$ 26,577	\$ 55,214	\$ 376,435
Excess (deficiency) of revenues over expenditures	\$ 12,024	\$ 203,827	\$ -	\$ 215,851
Other financing sources (uses) :				
Sale of capital assets	\$ 775	\$ -	\$ -	\$ 775
Transfers in	45,763	-	-	45,763
Transfers out	-	(160,494)	-	(160,494)
Total other financing sources (uses)	\$ 46,538	\$ (160,494)	\$ -	\$ (113,956)
Net change in fund balances	\$ 58,562	\$ 43,333	\$ -	\$ 101,895
Fund balances, beginning	117,054	490,513	-	607,567
Fund balances, ending	\$ 175,616	\$ 533,846	\$ -	\$ 709,462

See Notes to Financial Statements.

TOWN OF IOTA, LOUISIANA

Exhibit F

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 Year Ended June 30, 2013

Net change in fund balances – total governmental funds		\$	101,895
The change in net position reported for governmental activities in the statement of activities is different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay		\$	59,174
Depreciation expense			<u>(52,555)</u> 6,619
Because some revenues are not measurable at year-end they are not considered available revenues in the governmental funds.			
Sales taxes			<u>(425)</u>
Change in net position of governmental activities		\$	<u>108,089</u>

See Notes to Financial Statements

TOWN OF IOTA, LOUISIANA
 STATEMENTS OF NET POSITION
 PROPRIETARY FUND
 BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
 June 30, 2013 and 2012

ASSETS	<u>2013</u>	<u>2012</u>
CURRENT ASSETS		
Cash	\$ 45,694	\$ 16,203
Accounts receivable	38,734	40,781
Unbilled service receivable	14,167	6,358
Due from other funds	1,385	1,433
Prepaid insurance	7,680	8,383
Inventories, at cost	<u>19,407</u>	<u>19,407</u>
Total current assets	<u>\$ 127,067</u>	<u>\$ 92,565</u>
RESTRICTED ASSETS		
Cash	\$ 126,040	\$ 117,214
Certificates of deposit	<u>45,932</u>	<u>45,679</u>
Total restricted assets	<u>\$ 171,972</u>	<u>\$ 162,893</u>
CAPITAL ASSETS		
Non-depreciable	\$ 26,844	\$ 26,844
Depreciable, net	<u>1,691,568</u>	<u>1,737,662</u>
Total capital assets	<u>\$ 1,718,412</u>	<u>\$ 1,764,506</u>
Total assets	<u>\$ 2,017,451</u>	<u>\$ 2,019,964</u>

See Notes to Financial Statements.

LIABILITIES AND NET POSITION	<u>2013</u>	<u>2012</u>
CURRENT LIABILITIES (payable from current assets)		
Accounts payable	\$ 27,579	\$ 22,020
Accrued liabilities	1,774	7,018
Other liabilities	<u>1,240</u>	<u>1,240</u>
Total current liabilities (payable from current assets)	<u>\$ 30,593</u>	<u>\$ 30,278</u>
CURRENT LIABILITIES (payable from restricted assets)		
Revenue bonds payable	\$ 12,721	\$ 12,132
Customers' deposits	<u>94,766</u>	<u>89,731</u>
Total current liabilities (payable from restricted assets)	<u>\$ 107,487</u>	<u>\$ 101,863</u>
NONCURRENT LIABILITIES		
Revenue bonds payable	<u>\$ 554,918</u>	<u>\$ 567,719</u>
Total liabilities	<u>\$ 692,998</u>	<u>\$ 699,860</u>
NET POSITION		
Net investment in capital assets	\$ 1,150,773	\$ 1,184,655
Restricted for debt service	75,433	71,350
Unrestricted	<u>98,247</u>	<u>64,099</u>
Total net position	<u>\$ 1,324,453</u>	<u>\$ 1,320,104</u>
Total liabilities and net position	<u>\$ 2,017,451</u>	<u>\$ 2,019,964</u>

TOWN OF IOTA, LOUISIANA

STATEMENTS OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET POSITION
 PROPRIETARY FUND
 BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
 Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Charges for services	\$ 490,720	\$ 442,001
Miscellaneous	25,842	26,510
Total operating revenues	<u>\$ 516,562</u>	<u>\$ 468,511</u>
Operating expenses:		
Salaries and wages	\$ 193,139	\$ 217,017
Payroll taxes	15,404	16,609
Gas purchases	62,487	57,315
Materials and supplies	60,293	52,254
Fuel	12,445	16,854
Telephone and utilities	27,237	26,861
Depreciation	112,245	107,435
Repairs and maintenance	21,514	42,331
Printing, postage, and supplies	4,647	4,931
Insurance	57,117	47,863
Truck expenses	3,628	2,906
Professional services	8,327	14,608
Travel and training	5,956	4,559
Uniforms	4,912	4,108
Other	10,650	8,966
Total operating expenses	<u>\$ 600,001</u>	<u>\$ 624,617</u>
Operating loss	<u>\$ (83,439)</u>	<u>\$ (156,106)</u>
Non-operating revenues (expenses):		
Investment income	\$ 300	\$ 575
Interest expense	<u>(27,243)</u>	<u>(27,810)</u>
Total non-operating revenues (expenses)	<u>\$ (26,943)</u>	<u>\$ (27,235)</u>
Loss before transfers	\$ (110,382)	\$ (183,341)
Transfers in	116,441	96,788
Transfers out	<u>(1,710)</u>	<u>(1,457)</u>
Change in net position	\$ 4,349	\$ (88,010)
Net position, beginning	1,320,104	1,408,114
Net position, ending	<u>\$ 1,324,453</u>	<u>\$ 1,320,104</u>

See Notes to Financial Statements.

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TOWN OF IOTA, LOUISIANA
 STATEMENTS OF CASH FLOWS
 PROPRIETARY FUND
 BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
 Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 484,958	\$ 446,881
Payments to suppliers for goods and services	(272,902)	(274,475)
Payments to employees and for employee related costs	(213,750)	(234,691)
Other receipts	25,842	26,510
Net cash provided by (used in) operating activities	<u>\$ 24,148</u>	<u>\$ (35,775)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	\$ 116,441	\$ 96,788
Transfers to other funds	(1,710)	(1,457)
Increase in customers' deposits, net	5,035	3,929
Net cash provided by noncapital financing activities	<u>\$ 119,766</u>	<u>\$ 99,260</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest paid	\$ (27,281)	\$ (27,846)
Principal payments	(12,212)	(11,646)
Purchase of capital assets	(66,151)	(71,421)
Grant revenue	-	32,714
Net cash used in capital and related financing activities	<u>\$ (105,644)</u>	<u>\$ (78,199)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities of investments	\$ 45,679	\$ 45,268
Purchase of investments	(45,932)	(45,679)
Investment earnings	300	575
Net cash provided by investing activities	<u>\$ 47</u>	<u>\$ 164</u>
Net increase (decrease) in cash	\$ 38,317	\$ (14,550)
Cash, beginning of year	<u>133,417</u>	<u>147,967</u>
Cash, end of year	<u>\$ 171,734</u>	<u>\$ 133,417</u>

(continued)

TOWN OF IOTA, LOUISIANA
STATEMENTS OF CASH FLOWS (CONTINUED)
PROPRIETARY FUND
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
Years Ended June 30, 2013 and 2012

	2013	2012
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating loss	\$ (83,439)	\$ (156,106)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	112,245	107,435
Changes in assets and liabilities -		
(Increase) decrease in receivables	(5,762)	4,881
Decrease in due from other funds	48	125
(Increase) decrease in prepaid insurance	703	(8,383)
Decrease in inventories	-	2,727
Increase in accounts payables	5,559	14,612
Decrease in accrued and other liabilities	(5,206)	(1,066)
Net cash provided by (used in) operating activities	\$ 24,148	\$ (35,775)
 CASH REPORTED ON THE STATEMENT OF NET POSITION AS:		
Current	\$ 45,694	\$ 16,203
Restricted	126,040	117,214
Total cash	\$ 171,734	\$ 133,417

See Notes to Financial Statements.

TOWN OF IOTA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the Town of Iota, Louisiana (the "Town") have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Town are described below.

Reporting entity:

A financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but 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.

Primary government –

The Town was incorporated in 1901, under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government and provides the following services to its residents as authorized by its charter: public safety, public works, culture and recreation, and general administrative services. The Town also operates an enterprise activity, a combined utilities fund, which provides gas, sewer, and water services.

Component units –

The basic criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes, 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 primary government's governing authority (Board of Aldermen or Mayor) appoints a majority of board members of the potential component unit.
3. Fiscal interdependency between the primary government and the potential component unit.
4. Imposition of will by the primary government on the potential component unit.
5. Financial benefit/burden relationship between the primary government and the potential component unit.

Based on the above criteria, there are no organizations or agencies which should be included in the basic financial statements as component units.

NOTES TO FINANCIAL STATEMENTS

Basis of presentation:

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

Government-wide financial statements –

The government-wide financial statements include the statement of net position and the statement of activities for all non-fiduciary activities of the government. As a general rule, the effect of interfund activity has been removed from these statements. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business type activities are financed in whole or in part by fees charged to external parties.

In the government-wide statement of net position, both the governmental and business-type activities columns (1) are presented on a consolidated basis by column, and (2) 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 position is reported in three parts: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

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 (property, sales and use taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net cost (by function or business-type activity) is normally covered by general revenue (property, sales and use taxes, intergovernmental revenues, investment income, etc.).

The Town does not allocate indirect costs.

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

Fund financial statements –

The fund financial statements provide information about the Town's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each reported in a separate column. The Town does not have any nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment income, result from nonexchange transactions or ancillary activities.

NOTES TO FINANCIAL STATEMENTS

The Town reports the following major governmental funds:

General Fund – used to account for all financial resources traditionally associated with governments that are not required to be accounted for in another fund.

Sales Tax Fund – used to account for the collection and disbursement of the Town’s 1% sales and use tax levies. These taxes are dedicated as described in Note 8.

The Town reports the following major proprietary fund:

Combined Utilities Fund – used to account the provision of gas, sewer, and water services to the residents of the Town.

The emphasis in the fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and proprietary funds combined) for the determination of major funds.

Basis of accounting:

Government-wide and proprietary fund financial statements –

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, property taxes are recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements –

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Sales taxes are considered “measurable” when in the hands of the Sales Tax Collector and are recognized as revenue at that time. Ad valorem taxes are recognized as revenue in the year for which budgeted, that is, in the year in which such taxes are billed and collected. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. All other receivables collected within 60 days after year end are considered available and recognized as revenue of the current year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. Purchases of various operating supplies are regarded as expenditures at the time purchased.

NOTES TO FINANCIAL STATEMENTS

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents:

Cash includes amounts in demand deposits and on hand. For purposes of reporting cash flows, the Town considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Town had no cash equivalents at June 30, 2013.

Custodial credit risk:

The Town is exposed to custodial credit risk as it relates to their deposits with financial institutions. The Town's policy to ensure there is no exposure to this risk is to require each financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. These securities must be held in the Town's name. Accordingly, the Town had no custodial credit risk related to its deposits at June 30, 2013.

Investments:

Under State law, the Town may invest in United States bonds, treasury notes or certificates, or time certificates of deposit of State banks having their principal office in the State of Louisiana, or any other federally insured investment. The Town may also invest in shares of any homestead and building and loan association in any amount not exceeding the federally insured amount. The Town's investments at June 30, 2013, consisted of time certificates of deposit purchased from local financial institutions. These certificates of deposit are stated at cost.

Receivables:

Uncollectible amounts due from customers for utility services are recognized as bad debts by use of the direct write-off method at the time information becomes available which would indicate the uncollectibility of the particular receivable. The results of using this method as opposed to the allowance method are not materially different.

Interfund receivables and payables:

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

Inventories:

Inventories are valued at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

Restricted assets:

Certain resources of the Combined Utilities Fund are classified as restricted assets in the statement of net position because their use is limited by debt indenture or because they represent customers' deposits being held by the Town.

NOTES TO FINANCIAL STATEMENTS

Fixed assets:

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in the governmental fund operations or the proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide financial statements –

The Town's property, plant, equipment and infrastructure with useful lives of more than one year are stated at historical cost or estimated historical cost for assets where actual historical cost is not available and reported in the government-wide financial statements as capital assets. The Town maintains a threshold level of \$500 for capitalizing capital assets. The costs of normal repairs and maintenance that do not add to the value of an asset or materially extend asset useful lives are not capitalized. Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Buildings and improvements	20 – 40
Machinery and equipment	5 – 15
Infrastructure	10 - 40
Utilities systems	5 – 25

Fund financial statements –

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

Long-term debt:

The accounting treatment of long-term debt depends on whether the debt relates to governmental or proprietary fund obligations and whether it is reported in the government-wide or fund financial statements.

Government-wide financial statements –

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. Long-term debt consists of revenue bonds and certificates of indebtedness.

Fund financial statements –

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. Long-term debt in proprietary fund operations is accounted for the same in the fund financial statements as it is in the government-wide statements.

NOTES TO FINANCIAL STATEMENTS

Equity classifications:

Government-wide financial statements –

Equity is classified as net position and displayed in three components: (1) net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, (2) restricted net position - consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (b) law through constitutional provisions or enabling legislation, and (3) unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

The government-wide statement of net position reports \$748,115 of restricted net position, \$672,682 of which is restricted by enabling legislation.

Fund financial statements –

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. The following describes the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Alderman establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Alderman through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Proprietary fund equity is classified the same as in the government-wide statements.

NOTES TO FINANCIAL STATEMENTS

Interfund transfers:

Permanent reallocation of resources between funds of the primary government are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds and individual proprietary funds have been eliminated.

Compensated absences:

Employees earn a set amount of annual vacation leave depending on years of service. Vacation cannot be accumulated and compensation in lieu of vacation is not paid. Employees earn five days of sick leave each year. Sick leave can be accumulated without limitation. Employees who resign or retire or who are dismissed from employment are not paid for any unused sick leave. Therefore, no provision for compensated absences has been made in the financial statements.

Recent pronouncements:

In June 2011, the GASB issued Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This statement is effective for financial statements for years beginning after December 15, 2011. This statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources and net position in a statement of financial position and related disclosures.

In March 2012, GASB issued Statement No. 65 "Items Previously Reported as Assets and Liabilities." This statement is effective for financial statements for years beginning after December 15, 2012. This statement established accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows or resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations.

The adoption of GASB Statement No. 63 changed formatting of the financial statements and the adoption of GASB Statement No. 65 is expected to have changes in formatting of the financial statements and classifications of certain items within the financial statements and the related disclosures next year.

Note 2. Property Taxes

Government-wide financial statements –

Property taxes are recognized in the year for which they are levied, net of uncollectible amounts, as applicable.

Fund financial statements –

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable by December 31. The Town bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2013, property taxes of 27.00 mills were levied on assessed valuations totaling \$4,144,370. Total taxes levied were \$111,269. Taxes receivable at June 30, 2013 totaled \$3,665. An allowance of \$300 has been recorded as of June 30, 2013 for uncollectible taxes. A summary of tax millage dedication is as follows:

Corporate tax	8.00 Mills
Street maintenance tax	5.00 Mills
Drainage and public buildings tax	5.00 Mills
Bridge tax	<u>9.00 Mills</u>
Total tax mills	<u>27.00 Mills</u>

Note 3. Due From Other Governmental Agencies

Due from other governmental agencies at June 30, 2013 consist of the following:

Fund financial statements:	
Governmental funds -	
State of Louisiana:	
State highway maintenance fees	\$ 2,525
2010-2011 LGAP grant	17,851
Acadia Parish School Board:	
Sales taxes	<u>19,793</u>
Total fund financial statements	<u>\$ 40,169</u>
Government-wide financial statements:	
Total amount reported in the fund financial statements from above	\$ 40,169
Additional sales and use taxes due from the Acadia Parish School Board	<u>22,006</u>
	<u>\$ 62,175</u>

Note 4. Interfund Balances

Interfund balances at June 30, 2013 consist of the following:

	Due From		Total
	General Fund	LCDBG Fund	
Due to:			
Combined Utilities Fund	\$ 1,285	\$ 100	\$ 1,385

These balances resulted from the time lag between the dates that (1) reimbursable expenditures or expenses, as appropriate, occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets and Depreciation

Capital assets activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated -				
Construction in progress	\$ -	\$ 55,214	\$ -	\$ 55,214
Land	30,128	-	-	30,128
	<u>\$ 30,128</u>	<u>\$ 55,214</u>	<u>\$ -</u>	<u>\$ 85,342</u>
Capital assets being depreciated -				
Buildings and improvements	\$ 201,914	\$ -	\$ -	\$ 201,914
Machinery and equipment	283,104	3,960	-	287,064
Infrastructure	819,998	-	-	819,998
Total capital assets being depreciated	<u>\$ 1,305,016</u>	<u>\$ 3,960</u>	<u>\$ -</u>	<u>\$ 1,308,976</u>
Less accumulated depreciation for -				
Buildings and improvements	\$ (166,659)	\$ (4,205)	\$ -	\$ (170,864)
Machinery and equipment	(202,340)	(29,222)	-	(231,562)
Infrastructure	(190,529)	(19,128)	-	(209,657)
Total accumulated depreciation	<u>\$ (559,528)</u>	<u>\$ (52,555)</u>	<u>\$ -</u>	<u>\$ (612,083)</u>
Total capital assets being depreciated, net	<u>\$ 745,488</u>	<u>\$ (48,595)</u>	<u>\$ -</u>	<u>\$ 696,893</u>
Governmental activities capital assets, net	<u>\$ 775,616</u>	<u>\$ 6,619</u>	<u>\$ -</u>	<u>\$ 782,235</u>

NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated -				
Land	\$ 26,844	\$ -	\$ -	\$ 26,844
Capital assets being depreciated -				
Buildings and improvements	\$ 59,578	\$ -	\$ -	\$ 59,578
Machinery and equipment	90,642	52,311	-	142,953
Gas and sewer distribution systems	1,881,175	-	-	1,881,175
Water treatment system	<u>2,204,854</u>	<u>13,840</u>	<u>-</u>	<u>2,218,694</u>
Total capital assets being depreciated	<u>\$ 4,236,249</u>	<u>\$ 66,151</u>	<u>\$ -</u>	<u>\$ 4,302,400</u>
Less accumulated depreciation for -				
Buildings and improvements	\$ (30,190)	\$ (2,288)	\$ -	\$ (32,478)
Machinery and equipment	(83,254)	(7,978)	-	(91,232)
Gas and sewer distribution systems	(1,165,856)	(53,735)	-	(1,219,591)
Water treatment system	<u>(1,219,287)</u>	<u>(48,244)</u>	<u>-</u>	<u>(1,267,531)</u>
Total accumulated depreciation	<u>\$ (2,498,587)</u>	<u>\$ (112,245)</u>	<u>\$ -</u>	<u>\$ (2,610,832)</u>
Total capital assets being depreciated net	<u>\$ 1,737,662</u>	<u>\$ (46,094)</u>	<u>\$ -</u>	<u>\$ 1,691,568</u>
Business-type activities capital assets, net	<u>\$ 1,764,506</u>	<u>\$ (46,094)</u>	<u>\$ -</u>	<u>\$ 1,718,412</u>

Depreciation expense for the year ended June 30, 2013 was charged as follows:

Governmental activities:	
General government	\$ 2,568
Public safety	9,823
Public works	37,080
Culture and recreation	<u>3,084</u>
Total governmental activities depreciation expense	<u>\$ 52,555</u>
Business-type activities:	
Gas, water and sewer	<u>\$ 112,245</u>

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt

Revenue Bonds: The Town has issued bonds which are payable from a specific revenue source, income derived from the proprietary fund. Proceeds were used to construct and acquire additions, extensions, and improvements to the sewerage system. These bonds, expected to be paid from the Combined Utility Fund (enterprise fund), are reported in that fund.

Long-term debt outstanding at June 30, 2013 is as follows:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding</u>	<u>Due Within One Year</u>
Business-type activities:					
Sewer Revenue Bonds -					
Series					
1997A	4/6/1998	4/6/2038	4.75%	\$ 488,971	\$ 10,959
Series					
1997B	4/6/1998	4/6/2038	4.75%	<u>78,668</u>	<u>1,762</u>
				<u>\$ 567,639</u>	<u>\$ 12,721</u>

The annual debt service requirements to maturity of all long-term debt outstanding at June 30, 2013 follow:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 12,721	\$ 26,771	\$ 39,492
2015	13,338	26,153	39,491
2016	13,986	25,506	39,492
2017	14,665	24,827	39,492
2018	15,377	24,115	39,492
2019-2023	88,835	108,625	197,460
2024-2028	112,597	84,863	197,460
2029-2033	142,714	54,746	197,460
2034-2038	<u>153,406</u>	<u>16,914</u>	<u>170,320</u>
	<u>\$ 567,639</u>	<u>\$ 392,520</u>	<u>\$ 960,159</u>

A summary of changes in long-term debt reported in the government-wide financial statements for the year ended June 30, 2013 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Business-type activities:				
Sewer Revenue Bonds -				
Series 1997A	\$ 499,491	\$ -	\$ (10,520)	\$ 488,971
Series 1997B	<u>80,360</u>	<u>-</u>	<u>(1,692)</u>	<u>78,668</u>
	<u>\$ 579,851</u>	<u>\$ -</u>	<u>\$ (12,212)</u>	<u>\$ 567,639</u>

NOTES TO FINANCIAL STATEMENTS

Interest costs incurred and charged to expense for the year ended June 30, 2013 totaled \$27,243. All of which is reported as a direct expense of the applicable activity for the business-type activities.

Note 7. Flow of Funds; Restrictions on Use

Sewer Revenues:

Under the terms of the bond indenture on outstanding Sewer Revenue Bonds dated April 6, 1998, all income and revenues (hereinafter referred to as revenue) earned from the operation of the sewer system are to be deposited into an account designated as the Sewer Revenue Account and said account is to be maintained and administered in the following order of priority and for the following express purposes:

- a) The payment of all reasonable and necessary expenses of administering, operating, and maintaining the sewer system from an account designated as the Maintenance and Operation Account.
- b) Each month there will be set aside into a Sewer Revenue Bond and Interest Sinking Account \$2,835 for payment on the Sewer Revenue Bonds, Series 1997A and \$456 for payment on the Sewer Revenue Bonds, Series 1997B. Such transfers shall be made on or before the 6th day of each month, beginning May 6, 1999, to assure the prompt payment of principal and interest installments as they become due. The balance as of June 30, 2013 was \$20,589 in the Sewer Revenue Bond and Interest Sinking Account.
- c) Each month, there shall be set aside into a Sewer Revenue Bond Reserve Account an amount constituting 5% of the amounts required to be paid into the aforesaid Sewer Revenue Bond and Interest Sinking Account until such time as there has been accumulated in the Account an amount equal to the highest annual debt service payable in any future year (\$39,492). The amount transferred into the Sewer Revenue Bond Reserve Account for the year ended June 30, 2013 was \$1,980. The balance as of June 30, 2013 was \$27,720 in the Sewer Revenue Bond Reserve Account.
- d) Funds will be set aside into a Sewer Revenue Bond Depreciation and Contingency Account to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the utilities system. Transfers of \$172 shall be made monthly into this fund. Payments will continue as long as bonds are outstanding and the balance in this fund shall not be reduced without the permission of the U.S. Department of Rural Development. The balance as of June 30, 2013 was \$28,896 in the Sewer Revenue Bond Depreciation and Contingency Account.

All required transfers were made for the year ended June 30, 2013.

Note 8. Dedication of Sales and Use Tax Proceeds

The proceeds of the 1967 1% sales and use tax are accounted for in the Sales Tax Fund and are dedicated to the following purposes:

Constructing, acquiring, extending, improving and/or maintaining sewers and sewage disposal works, a natural gas transmission and distribution system, drainage facilities, streets, waterworks, recreational facilities, public parks, public buildings, and fire department stations and equipment, including fire engines, garbage collection, and disposal facilities.

The proceeds of the 1991 1% sales and use tax are accounted for in the Sales Tax Fund and are dedicated to the following purposes:

- a) Constructing, acquiring, improving, maintaining, and operating sewers and sewage disposal works, including the acquisition of land and equipment for such purpose.

NOTES TO FINANCIAL STATEMENTS

- b) Constructing, acquiring, improving, maintaining, and operating any work of permanent public improvement.

Sales taxes recognized in the governmental fund financial statements under the modified accrued basis of accounting totaled \$229,319, while the amount recognized in the government-wide financial statements under the full accrual basis of accounting totaled \$228,894.

Note 9. Interfund Transfers

Interfund transfers for the year ended June 30, 2013 consist of the following:

	Transfers From		Total
	Sales Tax Fund	Combined Utilities Fund	
Transfers to:			
General Fund	\$ 44,053	\$ 1,710	\$ 45,763
Combined Utilities Fund	116,441	-	116,441
Total	\$ 160,494	\$ 1,710	\$ 162,204

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

Note 10. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town purchases commercial insurance to cover any claims related to these risks.

Note 11. Contingencies

In the normal course of operations, the Town receives grant funds from various Federal and State agencies. The grant programs are subject to audits by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as a result of these audits is not believed to be material.

NOTES TO FINANCIAL STATEMENTS

Note 12. Compensation of Elected Officials

A detail of compensation paid to individual elected officials for the year ended June 30, 2013 follows:

Cindy McDaniel, Mayor	\$ 4,200
Nicholas Bouterie	600
Troy Lantz	2,100
Raleigh Miller	2,100
Warren Pousson	2,100
Brenda Prather	<u>2,100</u>
Total	<u>\$ 13,200</u>

Note 13. Commitments

The Town entered into a cancellable lease for a police car. Monthly lease payments are \$510. Total lease expense under this lease agreement for the year ended June 30, 2013 was \$6,120.

In addition, the Town had entered into construction and engineering contracts for the construction of a new town hall. Total contract amounts for this project are \$721,385 of which the town has already expended \$55,214. Expenditures under these contracts are expected to be reimbursed by a Community Development Block grant from the state.

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REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedules

TOWN OF IOTA, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes -				
Property	\$ 105,600	\$ 110,090	\$ 112,760	\$ 2,670
Electric franchise	50,000	53,500	53,110	(390)
Telephone franchise	2,500	2,500	3,027	527
Cable TV franchise	8,200	8,900	12,013	3,113
Total taxes	<u>\$ 166,300</u>	<u>\$ 174,990</u>	<u>\$ 180,910</u>	<u>\$ 5,920</u>
Licenses and Permits -				
Occupational licenses	\$ 15,000	\$ 15,000	\$ 15,293	\$ 293
Insurance licenses	18,000	27,000	40,418	13,418
Liquor Licenses	650	700	700	-
Building permits	1,600	7,000	5,337	(1,663)
Total licenses and permits	<u>\$ 35,250</u>	<u>\$ 49,700</u>	<u>\$ 61,748</u>	<u>\$ 12,048</u>
Intergovernmental -				
Alcoholic beverage tax	\$ 2,500	\$ 2,500	\$ 3,038	\$ 538
State highway maintenance fees	2,525	5,050	5,050	-
Video poker machine fees	3,000	3,300	3,741	441
Grants -				
State	-	-	37,851	37,851
Total intergovernmental	<u>\$ 8,025</u>	<u>\$ 10,850</u>	<u>\$ 49,680</u>	<u>\$ 38,830</u>
Charges for services	<u>\$ 7,500</u>	<u>\$ 3,650</u>	<u>\$ 3,498</u>	<u>\$ (152)</u>
Fines and forfeits	<u>\$ 14,200</u>	<u>\$ 9,800</u>	<u>\$ 9,108</u>	<u>\$ (692)</u>
Investment income	<u>\$ 150</u>	<u>\$ 65</u>	<u>\$ 91</u>	<u>\$ 26</u>
Miscellaneous	<u>\$ 2,050</u>	<u>\$ 2,450</u>	<u>\$ 1,633</u>	<u>\$ (817)</u>
Total revenues	<u>\$ 233,475</u>	<u>\$ 251,505</u>	<u>\$ 306,668</u>	<u>\$ 55,163</u>

(continued)

TOWN OF IOTA, LOUISIANA

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
Year Ended June 30, 2013

Expenditures:	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Current -				
General government:				
Salaries and wages	\$ 14,000	\$ 14,000	\$ 13,200	\$ 800
Payroll taxes	1,000	1,050	1,010	40
Telephone and utilities	6,200	6,090	6,298	(208)
Repairs and maintenance	250	125	1,451	(1,326)
Printing and postage	4,800	3,500	3,202	298
Insurance	8,000	6,000	12,640	(6,640)
Professional services	10,200	6,320	6,269	51
Travel and training	1,000	1,200	1,802	(602)
Collection fees	500	800	1,213	(413)
Miscellaneous	850	1,010	1,053	(43)
Total general government	<u>\$ 46,800</u>	<u>\$ 40,095</u>	<u>\$ 48,138</u>	<u>\$ (8,043)</u>
Public safety:				
Salaries and wages	\$ 95,000	\$ 114,000	\$ 109,159	\$ 4,841
Payroll taxes	8,500	10,500	10,261	239
Auto lease	-	6,500	6,120	380
Materials and supplies	2,500	980	954	26
Telephone	1,500	1,800	1,772	28
Insurance	14,000	15,100	21,736	(6,636)
Auto expenses	19,000	12,000	12,194	(194)
Travel and training	250	85	83	2
Auxiliary police expenses	500	250	243	7
Uniforms	450	315	313	2
Miscellaneous	1,700	1,300	1,211	89
Total public safety	<u>\$ 143,400</u>	<u>\$ 162,830</u>	<u>\$ 164,046</u>	<u>\$ (1,216)</u>
Public works:				
Materials and supplies	\$ 39,500	\$ 44,300	\$ 42,908	\$ 1,392
Telephone and utilities	17,550	17,650	17,643	7
Repairs and Maintenance	6,750	6,600	5,714	886
Insurance	5,000	8,500	8,347	153
Professional services	-	-	562	(562)
Miscellaneous	2,000	500	699	(199)
Total public works	<u>\$ 70,800</u>	<u>\$ 77,550</u>	<u>\$ 75,873</u>	<u>\$ 1,677</u>

(continued)

TOWN OF IOTA, LOUISIANA

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Culture and recreation:				
Beautification	\$ -	\$ 200	\$ 200	\$ -
Utilities	3,000	2,300	2,427	(127)
Total culture and recreation	<u>\$ 3,000</u>	<u>\$ 2,500</u>	<u>\$ 2,627</u>	<u>\$ (127)</u>
Capital outlay	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,960</u>	<u>\$ (3,960)</u>
Debt service -				
Principal	\$ -	\$ -	\$ -	\$ -
Interest	500	-	-	-
Total debt service	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total expenditures	<u>\$ 264,500</u>	<u>\$ 282,975</u>	<u>\$ 294,644</u>	<u>\$ (11,669)</u>
Deficiency of revenues over expenditures	<u>\$ (31,025)</u>	<u>\$ (31,470)</u>	<u>\$ 12,024</u>	<u>\$ 43,494</u>
Other financing sources:				
Sale of capital assets	\$ -	\$ -	\$ 775	\$ 775
Transfers in	1,600	30,500	45,763	15,263
Total other financing sources	<u>\$ 1,600</u>	<u>\$ 30,500</u>	<u>\$ 46,538</u>	<u>\$ 16,038</u>
Net change in fund balance	\$ (29,425)	\$ (970)	\$ 58,562	\$ 59,532
Fund balance, beginning	<u>117,054</u>	<u>117,054</u>	<u>117,054</u>	<u>-</u>
Fund balance, ending	<u>\$ 87,629</u>	<u>\$ 116,084</u>	<u>\$ 175,616</u>	<u>\$ 59,532</u>

See Notes to Budgetary Comparison Schedules.

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TOWN OF IOTA, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE
 SALES TAX FUND
 Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes -				
Sales taxes	\$ 178,000	\$ 245,000	\$ 229,319	\$ (15,681)
Investment income	2,000	900	1,085	185
Total revenues	<u>\$ 180,000</u>	<u>\$ 245,900</u>	<u>\$ 230,404</u>	<u>\$ (15,496)</u>
Expenditures:				
Current -				
General government:				
Collection fees	\$ 2,800	\$ 3,895	\$ 3,553	\$ 342
Professional services	8,000	6,000	5,543	457
Miscellaneous	-	700	-	700
Insurance	5,000	24,000	-	24,000
City hall maintenance	300	-	-	-
Registration and membership fees	<u>1,200</u>	<u>1,900</u>	<u>-</u>	<u>1,900</u>
Total general government	<u>\$ 17,300</u>	<u>\$ 36,495</u>	<u>\$ 9,096</u>	<u>\$ 27,399</u>
Public works:				
Professional services	\$ 12,000	\$ 930	\$ -	\$ 930
Repairs and maintenance	-	140	17,481	(17,341)
Tree maintenance	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public works	<u>\$ 14,500</u>	<u>\$ 1,070</u>	<u>\$ 17,481</u>	<u>\$ (16,411)</u>
Culture and recreation:				
Beautification	<u>\$ 1,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital Outlay	<u>\$ -</u>	<u>\$ 73,000</u>	<u>\$ -</u>	<u>\$ 73,000</u>
Total expenditures	<u>\$ 33,600</u>	<u>\$ 110,565</u>	<u>\$ 26,577</u>	<u>\$ 83,988</u>
Excess of revenues over expenditures	<u>\$ 146,400</u>	<u>\$ 135,335</u>	<u>\$ 203,827</u>	<u>\$ 68,492</u>

(continued)

TOWN OF IOTA, LOUISIANA

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
SALES TAX FUND
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Other financing uses:				
Transfers out	\$ (40,000)	\$ (59,350)	\$ (160,494)	\$ (101,144)
Net change in fund balance	\$ 106,400	\$ 75,985	\$ 43,333	\$ (32,652)
Fund balance, beginning	490,513	490,513	490,513	-
Fund balance, ending	<u>\$ 596,913</u>	<u>\$ 566,498</u>	<u>\$ 533,846</u>	<u>\$ (32,652)</u>

See Notes to Budgetary Comparison Schedules.

TOWN OF IOTA, LOUISIANA
 NOTES TO BUDGETARY COMPARISON SCHEDULES

Note 1. Budgets and Budgetary Accounting

The Town of Iota, Louisiana uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. The department heads submit a proposed operating budget for the ensuing year. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is then legally enacted through passage of a resolution.
4. An amendment involving the transfer of monies from one department to another or from one program or function to another or any other increases in expenditures exceeding amounts estimated must be approved by the Board of Aldermen.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. The budget is employed as a management control device during the year that assists its users in financial activity analysis.

All budget appropriations lapse at year-end. The budgets presented are the originally adopted budget and the final budget.

Note 2. Stewardship, Compliance and Accountability

Excess of Expenditures over Appropriations. The following individual funds had actual expenditures in excess of appropriations for the year ended June 30, 2013:

	Original Budget	Final Budget	Actual	Excess
General Fund	<u>\$ 264,500</u>	<u>\$ 282,975</u>	<u>\$ 294,644</u>	<u>\$ (11,669)</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF IOTA, LOUISIANA

SCHEDULE OF INSURANCE IN FORCE

June 30, 2013

<u>Insurer</u>	<u>Assets Covered</u>
America first Insurance	Town Hall and improvements
America first Insurance	Water system and improvements
America first Insurance	Rescue unit building and meeting hall
America first Insurance	Equipment warehouses
America first Insurance	Sewer system and improvements
Louisiana Municipal Risk Management Agency	Law enforcement officers' and public officials' liability
Louisiana Municipal Risk Management Agency	Municipal employees
Louisiana Municipal Risk Management Agency	Automobile liability
Louisiana Municipal Risk Management Agency	General liability
Williams Insurance	Mayor, Clerk, Tax Collector, and Secretary
Williams Insurance	Mayor
Williams Insurance	Clerk
Williams Insurance	Secretary
Essex Insurance Company	Automobiles

Schedule 1

<u>Risk Covered</u>	<u>Limits Coverage</u>	<u>Co-Insurance Clause</u>	<u>Expiration Date</u>
Fire, lightning, extended coverage, vandalism, and malicious mischief	\$ 132,533	80%	4/12/2014
Fire, lightning, extended coverage, vandalism, and malicious mischief	\$ 1,183,041	80%	4/12/2014
Fire, lightning, extended coverage, vandalism, and malicious mischief	\$ 41,882	80%	4/12/2014
Fire, lightning, extended coverage, vandalism, and malicious mischief	\$ 170,858	80%	4/12/2014
Fire, lightning, extended coverage, vandalism, and malicious mischief	\$ 662,318	80%	4/12/2014
Bond	\$ 500,000 each	-	5/1/2015
Worker's compensation & employer's liability	Statutory	-	1/1/2014
Comprehensive collision	\$ 500,000	-	5/1/2015
Fire, medical payments, property damage	\$ 500,000	-	5/1/2015
Bond	\$ 120,000 (Aggregate Total)	-	10/16/2013
Bond	\$ 20,000	-	12/9/2013
Bond	\$ 20,000	-	10/28/2013
Bond	\$ 20,000	-	11/18/2013
Commercial automotive physical damage	Total loss endorsement	-	7/23/2014

TOWN OF IOTA, LOUISIANA

SCHEDULE OF UTILITY RATES
 PROPRIETARY FUND
 COMBINED UTILITIES FUND
 June 30, 2013

<u>Gas (Effective June 26, 2008)</u>	<u>Residential and Commercial</u>	
0-200 cubic feet		\$8.50/month
Over 200 cubic feet		\$.80 per 100 cubic feet or part thereof
		<u>Industrial</u>
		\$8.50/month
		\$.58 per 100 cubic feet or part thereof
<u>Sewer (Effective February 26, 2013)</u>	<u>Residential</u>	<u>Commercial</u>
Based on water sold:		
First 2,000 gallons	\$12.50/month	\$13.00/month
Over 2,000 gallons	\$ 3.00 per 1,000 gallons or each part thereof	\$ 3.25 per 1,000 gallons or each part thereof
<u>Water (Effective February 26, 2013)</u>		<u>In Town</u>
First 2,000 gallons	\$14.00/month	\$15.00/month
Over 2,000 gallons	\$ 3.50 per 1,000 gallons or each part thereof	\$ 5.00 per 1,000 gallons or each part thereof
		<u>Out of Town</u>
	\$17.50/month	\$15.00/month
	\$ 4.00 per 1,000 gallons or each part thereof	\$ 5.00 per 1,000 gallons or each part thereof

TOWN OF IOTA, LOUISIANA

SCHEDULE OF CUSTOMERS

PROPRIETARY FUND

COMBINED UTILITIES FUND

June 30, 2013

<u>Type of Customer</u>	<u>Gas</u>	<u>Sewer</u>	<u>Water</u>
Residential	296	525	573
Commercial	32	76	93
Schools	<u>6</u>	<u>1</u>	<u>1</u>
Total customers	<u>334</u>	<u>602</u>	<u>667</u>

TOWN OF IOTA, LOUISIANA

STATEMENT OF OPERATING REVENUES AND OPERATING EXPENSES
BY DEPARTMENT
COMBINED UTILITIES FUND
Year Ended June 30, 2013

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues:				
Sales	\$ 139,619	\$ 204,336	\$ 146,765	\$ 490,720
Miscellaneous	7,353	10,761	7,729	25,843
	<u>146,972</u>	<u>215,097</u>	<u>154,494</u>	<u>516,563</u>
Total operating revenues	\$ 146,972	\$ 215,097	\$ 154,494	\$ 516,563
Operating expenses:				
Salaries and wages	\$ 54,952	\$ 80,423	\$ 57,764	\$ 193,139
Payroll taxes	4,383	6,414	4,607	15,404
Gas purchases	62,487	-	-	62,487
Material and supplies	11,579	35,073	13,641	60,293
Fuel	3,541	5,182	3,722	12,445
Telephone and utilities	1,284	15,116	10,837	27,237
Depreciation	2,430	51,566	58,250	112,246
Repairs and maintenance	5,202	7,547	8,765	21,514
Printing, postage and supplies	1,322	1,935	1,390	4,647
Insurance	16,251	23,784	17,083	57,118
Truck expenses	1,032	1,511	1,085	3,628
Professional services	2,369	3,467	2,490	8,326
Travel and training	1,695	2,480	1,781	5,956
Uniforms	1,398	2,045	1,469	4,912
Other	3,030	4,435	3,185	10,650
	<u>172,955</u>	<u>240,978</u>	<u>186,069</u>	<u>600,002</u>
Total operating expenses	\$ 172,955	\$ 240,978	\$ 186,069	\$ 600,002
Operating loss	<u>\$ (25,983)</u>	<u>\$ (25,881)</u>	<u>\$ (31,575)</u>	<u>\$ (83,439)</u>

TOWN OF IOTA, LOUISIANA

STATEMENT OF OPERATING REVENUES AND OPERATING EXPENSES
BY DEPARTMENT
COMBINED UTILITIES FUND
Year Ended June 30, 2012

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues:				
Sales	\$ 133,412	\$ 184,047	\$ 124,542	\$ 442,001
Miscellaneous	<u>8,001</u>	<u>11,039</u>	<u>7,470</u>	<u>26,510</u>
Total operating revenues	<u>\$ 141,413</u>	<u>\$ 195,086</u>	<u>\$ 132,012</u>	<u>\$ 468,511</u>
Operating expenses:				
Salaries and wages	\$ 65,503	\$ 90,365	\$ 61,149	\$ 217,017
Payroll taxes	5,013	6,916	4,680	16,609
Gas purchases	57,315	-	-	57,315
Material and supplies	9,035	30,509	12,710	52,254
Fuel	5,087	7,018	4,749	16,854
Telephone and utilities	1,188	14,970	10,703	26,861
Depreciation	1,116	49,563	56,756	107,435
Repairs and maintenance	17,385	10,868	14,078	42,331
Printing, postage and supplies	1,489	2,053	1,389	4,931
Insurance	14,447	19,930	13,486	47,863
Truck expenses	877	1,210	819	2,906
Professional services	4,409	6,083	4,116	14,608
Travel and training	1,376	1,898	1,285	4,559
Uniforms	1,239	1,711	1,158	4,108
Other	<u>2,706</u>	<u>3,734</u>	<u>2,526</u>	<u>8,966</u>
Total operating expenses	<u>\$ 188,185</u>	<u>\$ 246,828</u>	<u>\$ 189,604</u>	<u>\$ 624,617</u>
Operating loss	<u>\$ (46,772)</u>	<u>\$ (51,742)</u>	<u>\$ (57,592)</u>	<u>\$ (156,106)</u>

TOWN OF IOTA, LOUISIANA

SCHEDULE OF AGED ACCOUNTS RECEIVABLE
PROPRIETARY FUND
COMBINED UTILITIES FUND
Year Ended June 30, 2012

0-30 days	\$	41,335
31-60 days		(1,845)
61-90 days		(190)
91-120 days		(10)
Over 120 days		<u>(556)</u>
	\$	<u>38,734</u>



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Ralph Friend, CPA 2002
Donald W. Kelley, CPA 2005
George J. Trappey, III, CPA 2007
Terrel P. Dressel, CPA 2007
Herbert Lemoine II, CPA 2008
Mary T. Miller, CPA 2011
Mary A. Castille, CPA 2013

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

To the Honorable Cynthia F. McDaniel, Mayor,
and the Board of Aldermen
Town of Iota, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Iota, Louisiana, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Iota, Louisiana's basic financial statements and have issued our report thereon dated December 4, 2013.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control that we consider to be a material weakness.

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 Town of Iota, Louisiana's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses at #2013-1 to be a material weakness.

*Members of American Institute of
Certified Public Accountants
Society of Louisiana Certified
Public Accountants*

* A Professional Accounting Corporation

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Iota, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards* and which is described in the accompanying schedule of findings and responses at #2013-2.

Town of Iota, Louisiana's Response to Findings

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

Purpose of This Report

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



Lafayette, Louisiana
December 4, 2013

TOWN OF IOTA, LOUISIANA
 SCHEDULE OF FINDINGS AND RESPONSES
 Year Ended June 30, 2013

We have audited the basic financial statements of the Town of Iota, Louisiana, as of and for the year ended June 30, 2013, and have issued our report thereon dated December 4, 2013. We conducted our 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. Our audit of the financial statements as of June 30, 2013, resulted in unqualified opinions.

Section I. Summary of Auditors' Reports

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

Internal Control

Material weaknesses Yes No

Control deficiencies identified
that are not considered to be
material weaknesses Yes None reported

Compliance

Compliance material to financial statements Yes No

Section II. Financial Statement Findings

#2013-1 Segregation of Duties

Finding: The Town does not have an adequate segregation of duties in the administrative office. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Town may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition. This condition was also included in the 2012 audit as item #2012-1.

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Town should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Response: We have segregated duties as much as possible with the resources available. We will continue to monitor the situation.

#2013-2 Budget Violation

Finding: The Louisiana Local Government Budget Act requires governments to amend their budget when total actual revenues fail to meet budgeted revenues or actual expenditures exceed total budgeted expenditures by 5% or more. For the year ended June 30, 2013, actual revenues failed to meet final budgeted revenues in the Sales Tax Fund by 6%, which is a violation of the Louisiana Local Government Budget Act.

Recommendation: The budget should be reviewed periodically during the year, and amended as necessary, to ensure compliance.

Response: The budget will be monitored to ensure compliance with State law.

TOWN OF IOTA, LOUISIANA
SCHEDULE OF PRIOR FINDINGS
Year Ended June 30, 2013

Section I. Internal Control and Compliance Material to the Financial Statements

#2012-1 Segregation of Duties

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Town should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Current Status: This finding is repeated in the current year at #2013-1. The Town has provided as much segregation as possible with the resources available.

#2012-2 Budget Violation

Recommendation: The budget should be reviewed periodically during the year, and amended as necessary, to ensure compliance with the Local Government Budget Act.

Current Status: This finding is repeated in the current year at #2013-2. The Town will continue to review the budget periodically during the year, and amend as necessary.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

There were no matters reported in a separate management letter for the year ended June 30, 2013.