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**TOWNSHIP OF ARCADIA  
Arcadia, Louisiana**

**General Purpose Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended  
December 31, 1997**

**With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 APR 25 1998

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TOWN OF ARCADEA  
Arcadia, Louisiana

General Purpose Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended  
December 31, 1997  
With Supplemental Information Schedules

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## Independent Auditor's Report

**MAYOR AND BOARD OF ALDERMEN  
TOWN OF ARCADIA  
Arcadia, Louisiana**

I have audited the general purpose financial statements of the Town of Arcadia, as of December 31, 1997, and for the year ended as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Arcadia's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Arcadia as of December 31, 1997, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

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TOWN OF ARCADIA  
Arcadia, Louisiana  
Independent Auditor's Report,  
December 31, 1997

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Town of Arcadia. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, I have also tested reports dated March 23, 1998, on the Town of Arcadia's compliance with laws, regulations, contracts, and grants; and my consideration of the agency's internal control structure.



West Monroe, Louisiana  
March 23, 1998

**GENERAL PURPOSE FINANCIAL STATEMENTS  
(OVERVIEW)**

**TOWNS OF ABERDEEN**  
 Arnette, Louisiana  
**ALL FUNDS TYPES AND ACCOUNT OBJECTS**

Combined Balance Sheet, December 31, 2021

	CONTRIBUTIONS FROM OTHER FUNDS				TOTAL	TOTAL	TOTAL	TOTAL
	GENERAL FUND	WATER	SEWER	STREET LIGHT				
ASSETS AND OTHER DEBITS								
Current assets:								
Cash and cash equivalents	319,401	\$219,289	\$119,742	\$40,560				\$1,179,449
Due from other funds	29,690		6,813					36,503
Receivables (net of allowances for non-delinquent accounts)	49,495	13,558		34,209				177,284
Inventory	179,251	25,128	317,298	14,400	5,000	5,000	5,000	1,127,141
Total current assets								2,225,387
Non-current assets:								
State receivables			61,259	12,796				74,055
Land, buildings, and equipment (net of accumulated depreciation)				5,311,461				6,428,259
Deposits with (to): Employees Benefit Services Corporation						10,000		6,000
Amount available in state revenue funds								417,159
Amounts to be provided for retirement of general long-term debt								1,139,374
<b>TOTAL ASSETS AND OTHER DEBITS</b>								<b>10,036,135</b>
								<b>10,036,135</b>

TOTAL ASSETS AND OTHER DEBITS

**LIABILITIES AND FUND EQUITY**

<b>Liabilities:</b>							
<b>Current liabilities:</b>							
Accounts payable	148,028	96,247	941	95,210			81,029
Payroll withholdings payable	4,408						4,408
Due to other funds	4,487	3,087		3,526			50,467
<b>Total Current Liabilities</b>	<u>161,923</u>	<u>100,334</u>	<u>941</u>	<u>102,262</u>	<u>10,036</u>	<u>10,036</u>	<u>132,904</u>
<b>Current liabilities (payable from restricted assets) - restricted deposits</b>				9,528			
<b>Bonds payable</b>							21,211
<b>Contract of labor/retirees payable</b>						50,000	1,280,890
<b>Due to other participants</b>					84,944	76,712	76,712
<b>Deferred amounts</b>						4,942	4,942
<b>Total Liabilities</b>	<u>161,923</u>	<u>100,334</u>	<u>941</u>	<u>111,790</u>	<u>90,986</u>	<u>1,058,711</u>	<u>1,459,361</u>
<b>Fund Equity:</b>							
Contributed capital				1,208,000			8,208,891
Reserves in general fund assets							1,459,361
Retained earnings							21,211
Reserve for restricted deposits				9,528			418,884
Unreserved - unobligated							49,428
<b>Total restricted earnings</b>	<u>9,528</u>	<u>9,528</u>	<u>9,528</u>	<u>9,528</u>	<u>9,528</u>	<u>9,528</u>	<u>49,428</u>
<b>Fund balances:</b>							
Reserved for debt service			311,448				311,448
Unreserved - unobligated	28,416	21,110					28,416
<b>Total fund balances</b>	<u>28,416</u>	<u>21,110</u>	<u>311,448</u>	<u>308,528</u>	<u>308,528</u>	<u>308,528</u>	<u>308,434</u>
<b>Total Fund Equity</b>	<u>28,416</u>	<u>21,110</u>	<u>311,448</u>	<u>308,528</u>	<u>318,056</u>	<u>308,528</u>	<u>308,434</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>190,339</u>	<u>121,444</u>	<u>1,071,390</u>	<u>420,318</u>	<u>1,376,842</u>	<u>1,367,239</u>	<u>1,767,795</u>

The accompanying notes are an integral part of this statement.



**TOWN OF ARCADIA**  
**Arcadia, Louisiana**  
**GOVERNMENTAL FUND TYPE**

**Combined Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**For the Year Ended December 31, 1997**

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>					
<b>Taxes:</b>					
Ad valorem taxes	\$58,807	\$137,528			\$196,335
Sales and use taxes	338,681		\$623,360		962,041
Other taxes, penalties, and interest	77,696				77,696
Licenses and permits	86,715				86,715
<b>Intergovernmental revenues:</b>					
Federal funds	11,673			\$41,483	\$53,156
State funds	\$8,277				\$8,277
Local funds	\$2,294				\$2,294
<b>Fees, charges, and commissions</b>					
For services	2,228				2,228
Fines and forfeitures	8,621				8,621
Use of money and property	965	17,343	19,876		38,184
Other revenues	\$481				\$481
<b>Total revenues</b>	<u>\$66,655</u>	<u>\$157,871</u>	<u>\$643,236</u>	<u>\$41,483</u>	<u>\$1,309,685</u>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	261,319	15,617	36,336		313,272
Public safety	276,019				276,019
Public works	128,653	91,081			219,734
Health and welfare	16,188				16,188
Culture and recreation	23,567				23,567
Economic development and assistance		11,808			11,808
Transportation	\$308				\$308
Debt service	14,258		367,743		381,991
Capital outlay	\$8,656	\$2,546	\$1,370	\$4,483	\$14,055
<b>Total expenditures</b>	<u>\$723,841</u>	<u>\$177,052</u>	<u>\$369,449</u>	<u>\$41,483</u>	<u>\$1,411,825</u>

(Continued)

## TOWN OF ARCADEA

Arcadea, Louisiana

## GOVERNMENTAL FUND TYPE

Contract Statement of Revenues, Expenditures,  
and Changes in Fund Balances, etc.

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM PAGE 7)
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>587,714</u>	<u>58,705</u>	<u>(297,199)</u>	<u>NONE</u>	<u>(511,290)</u>
<b>OTHER FINANCING SOURCES (Use)</b>					
Sale of assets	2,419				2,419
Proceeds from insurance	4,824				4,824
Operating transfers in	19,192		189,842		219,034
Operating transfers out	<u>(19,842)</u>	<u>(19,192)</u>			<u>(219,034)</u>
Total other financing sources (use)	<u>(179,416)</u>	<u>(19,192)</u>	<u>189,842</u>	<u>NONE</u>	<u>7,234</u>
<b>EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USE</b>	<u>(81,702)</u>	<u>(81,585)</u>	<u>(87,347)</u>	<u>NONE</u>	<u>(150,632)</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>162,218</u>	<u>225,813</u>	<u>614,483</u>	<u>NONE</u>	<u>1,002,514</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>576,516</u>	<u>874,800</u>	<u>851,136</u>	<u>NONE</u>	<u>2,302,452</u>

(Continued)

The accompanying notes are an integral part of this statement.

**TOWN OF ARCADEA**  
Arcadea, Louisiana  
**GOVERNMENTAL FUND TYPE - GENERAL  
AND SPECIAL REVENUE FUNDS**

Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 1997

	GENERAL FUNDS			SPECIAL REVENUE FUNDS		
	BUDGET 1997 (1996)	ACTUAL	% CHG	BUDGET 1997 (1996)	ACTUAL	% CHG
<b>REVENUES</b>						
<b>Taxes:</b>						
Ad valorem taxes	\$60,000	\$58,077	(3.1%)			
Sales and use taxes	270,004	278,664	(3.2%)	\$40,000	\$177,526	343.6%
Other taxes, penalties, and licenses	83,700	77,856	(6.9%)			
Licenses and permits	80,000	86,715	8.3%			
<b>Intergovernmental revenues:</b>						
Federal funds	21,500	11,471	(46.6%)			
State funds	44,500	56,217	25.4%			
Local funds		12,294	12.2%			
Fees, charges, and commissions for services	3,000	2,238	(25.4%)			
Fines and forfeitures	60,000	5,421	(91.0%)			
Use of money and property	6,200	905	(85.4%)	10,500	17,743	68.0%
Other revenues	1,000	5,481	448.1%			
<b>Total revenues</b>	<u>\$672,704</u>	<u>\$661,633</u>	<u>(1.6%)</u>	<u>\$50,500</u>	<u>\$195,271</u>	<u>287.6%</u>
<b>EXPENDITURES</b>						
<b>Current:</b>						
General government	219,176	261,338	18.8%	13,875	19,667	41.8%
Public safety	249,500	276,879	11.0%	65,140	91,661	40.8%
Public works	141,000	128,653	(8.8%)			
Health and welfare	14,000	16,000	14.3%			
Culture and recreation	47,000	23,967	(49.0%)			
Economic development and assistance				27,000	11,818	29.0%
Transportation	26,500	5,300	(20.0%)			
Debt service		14,200	14.2%			
Capital outlay	11,000	48,633	342.1%	20,000	28,246	40.6%
<b>Total expenditures</b>	<u>708,176</u>	<u>775,944</u>	<u>10.9%</u>	<u>126,975</u>	<u>143,592</u>	<u>12.3%</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>164,528</u>	<u>(114,311)</u>	<u>(69.5%)</u>	<u>(76,475)</u>	<u>(48,321)</u>	<u>(63.2%)</u>
<b>OTHER FINANCING SOURCES (Use)</b>						
Sale of assets		2,400	2.4%			
Proceeds from insurance		4,824	4.8%			
Operating transfers in		81,800	81.8%			
Operating transfers out	(140,200)	(177,842)	(27.0%)	(14,200)	(18,150)	(27.8%)
<b>Total other financing sources (use)</b>	<u>(140,200)</u>	<u>(170,818)</u>	<u>(22.0%)</u>	<u>(14,200)</u>	<u>(18,150)</u>	<u>(27.8%)</u>

(Continued)

TOWN OF ARCADIA  
Arcadia, Louisiana  
GOVERNMENTAL FUND TYPE  
Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Budget  
(GAAP Basis) and Actual, etc.

	GENERAL FUNDS			SPECIAL-REVENUE FUNDS		
	2016 ACT.	2016 BUD.	2016 CHANGES	2016 ACT.	2016 BUD.	2016 CHANGES
<b>EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USE</b>	5,604	(255,702)	(250,098)	(5,604)	(255,702)	(250,098)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	74,156	202,235	128,079	171,696	227,871	(56,175)
<b>FUND BALANCES AT END OF YEAR</b>	79,760	(53,467)	(133,227)	166,092	172,169	(4,903)

(Continued)

The accompanying notes are an integral part of this statement.

TOWN OF ARCADIA  
Arcadia, Louisiana  
PROPRIETARY FUND TYPE -  
WATER AND SEWER ENTERPRISE FUND

Statement of Revenues, Expenses  
and Changes in Retained Earnings  
For the Year Ended December 31, 1997

<b>OPERATING REVENUES</b>	
Charges for water service	\$ 123,466
Charges for sewer service	29,482
Sewer user charges	112,856
Other operating revenues	<u>1,300</u>
Total revenues	<u>467,104</u>
<b>OPERATING EXPENSES</b>	
General and administrative	71,272
Water department	318,092
Sewer department	98,288
Depreciation	<u>161,300</u>
Total operating expenses	<u>649,134</u>
<b>OPERATING INCOME</b>	<u>(181,072)</u>
<b>NON-OPERATING REVENUES</b>	
Interest income	15,749
Sales tax revenues	<u>195,811</u>
Total non-operating revenues	<u>211,560</u>
<b>NET INCOME</b>	30,488
Add depreciation on fixed assets acquired with federal grant	88,700
<b>RETAINED EARNINGS AT BEGINNING OF YEAR</b>	<u>949,188</u>
<b>RETAINED EARNINGS AT END OF YEAR</b>	<u>\$ 1,068,436</u>

The accompanying notes are an integral part of this statement.

TOWN OF ARCADIA  
Arcadia, Louisiana  
PROPRIETARY FUND TYPE -  
WATER AND SEWER ENTERPRISE FUND

Statement of Cash Flows  
For the Year Ended December 31, 1997

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income	<u>(818,072)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation expense	160,500
Increase in accounts receivable	(16,910)
Decrease in due from other funds	9,228
Increase in inventory	(8,422)
Decrease in accounts payable	(11,443)
Increase in due to other funds	1,700
Increase in customer deposits	584
Total adjustments	<u>118,234</u>
Net cash provided by operating activities	<u>642,838</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Sales tax revenue	<u>165,811</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition and construction of capital assets	<u>(21,441)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earnings	<u>15,749</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>117,279</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>328,123</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>445,402</u>

The accompanying notes are an integral part of this statement.

TOWN OF ARCADIA  
Arcadia, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended December 31, 1997

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Arcadia was incorporated June 26, 1902, under the provisions of the Louisiana Act. The town operates under a Mayor-Board of Aldermen form of government. The town provides the following services as authorized by its charter: police and fire protection, water and sewerage systems, industrial development and improvement and general administrative services.

**A. REPORTING ENTITY**

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

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Arcadia for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the town to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the town.
2. Organizations for which the town does not appoint a voting majority but are fiscally dependent on the town.

## TOWN OF ARCADIA

Arcadia, Louisiana

### Notes to the Financial Statements (Continued)

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the town has determined that there are no component units that are part of the reporting entity.

## B. FUND ACCOUNTING

The town uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by separating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term obligations) that are not recorded in the "funds" because they do not directly affect expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

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

### Governmental Funds:

#### General Fund

The General Fund is the general operating fund of the town. It accounts for all financial resources, except those required to be accounted for in other funds.



**TOWNSHIP OF ARCADEA**

Arcadea, Louisiana

**Notes to the Financial Statements (Continued)**

**Special Revenue Funds**

Special revenue funds are used to account for the proceeds of specific revenue sources such as sales taxes. These revenues are legally restricted by tax proposition to expenditures for specified purposes such as street maintenance and construction and industrial development and increment.

**Debt Service Funds**

Debt service funds are used to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

**Capital Projects Funds**

The capital projects funds account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

**Proprietary Fund Type - Water and Sewer Enterprise Fund**

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

**Retirement Fund - Deferred Compensation**

**Plan Agency Fund**

The Deferred Compensation Plan Agency Fund accounts for the collection and distribution, by the plan administrator, of town employees' voluntary income tax deferral of portions of their salaries. Agency funds are custodial in nature (i.e., assets equal liabilities) and do not involve measurement of operations.

## TOWN OF ARCADIA

Arcadia, Louisiana

Notes to the Financial Statements (Continued)

### C. FIXED ASSETS AND LONG-TERM DEBT

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures (capital outlay) in governmental funds and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at estimated cost where no historical records are available. Approximately 48 per cent of general fixed assets are valued at estimated historical cost based on the actual cost of like items. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of fixed assets or materially extend their useful lives are not capitalized but are only recognized as a normal current expenditure of the governmental funds. Public domain or infrastructure general fixed assets consisting of roads, bridges and drainage systems are not capitalized, as these assets are inseparable and of value only to the users.

The fixed assets used in the proprietary fund type operations are included on the balance sheet of the fund. Depreciation of all depreciable fixed assets used by the proprietary fund type operations is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Water systems	30 years
Sewer systems	40 years
Improvements	20 years
Equipment and vehicles	4-15 years

General long-term debt, such as bonds and certificates of indebtedness payable, are recognized as a liability of a governmental fund only when due. The remaining portion of such debt is reported in the general long-term debt account group. Long-term liabilities expected to be financed from enterprise fund operations are accounted for in the enterprise fund.

### D. BASIS OF ACCOUNTING

The financial and reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present revenues (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**TOWN OF ARCADIA**

Arcadia, Louisiana

**Notes to the Financial Statements (Continued)**

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

**Revenues**

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the town in November. The Bienville Parish Sheriff, through a local services agreement, bills and collects property taxes using the assessed values determined by the tax assessor of Bienville Parish. The taxes are normally collected in December of the current year and January and February of the ensuing year.

Sales taxes are recognized in the month received by the town's collection agent, the Bienville Parish School Board.

Other taxes, penalties and interest, fees, charges, and commissions for services, fines and forfeitures and intergovernmental revenues are recorded when the town is entitled to the funds.

Interest income on bank deposits is recorded when the interest has been earned and the amount is determinable.

Substantially, all other revenues are recorded when they are received by the town.

Based on the above criteria, ad valorem taxes, sales taxes, other taxes, penalties and interest and intergovernmental revenues have been treated as susceptible to accrual.

**Expenditures**

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

**TOWN OF ACADEA**

Acadia, Louisiana

**Notes to the Financial Statements (Continued)**

**Other Financing Sources (Use)**

Sales of fixed assets, proceeds from insurance, and transfers between funds which are not expected to be repaid are accounted for as other financing sources (use) and are recognized when the underlying events occur.

**Proprietary Fund Type - Water and Sewer Enterprise Fund**

The Water and Sewer Enterprise Fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

**E. BUDGET PRACTICES**

A proposed budget for the ensuing year is prepared by the mayor and town clerk and submitted to the board of aldermen. Proposed budgets are prepared on the modified accrual basis. The town publishes a notice of public hearing on the budget and holds the public hearing in order to receive comments from citizens. Changes are made to the proposed budget based on the public hearing and the desires of the board of aldermen as a whole. The budget is then adopted through the passage of an ordinance to take effect ten days after passage.

Budget amendments involving the transfer of funds from one department, program, or function or increased expenditures resulting from increases in budgeted revenues require the approval of the board of aldermen. Unexpended appropriations lapse at year-end and must be reappropriated for the following year to be expended. The town does not use encumbrance accounting in its accounting system. The budget comparison statement included in the accompanying financial statements includes the original adopted budgets and the subsequent amendments.

**F. CASH AND CASH EQUIVALENTS**

Under state law, the town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state or the union, or the laws of the United States. The town may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal or branch offices in Louisiana.

**TOWN OF ARCADEA**

Arcadea, Louisiana

**Notes to the Financial Statements (Continued)**

At December 31, 1987 the town has cash and cash equivalents (bank balances) totaling \$1,286,334 as follows:

Demand deposits	\$945,298
Petty cash	93
Time deposits	<u>240,843</u>
Total	<u>\$1,286,234</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. 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. Cash and cash equivalents (bank balances) at December 31, 1987 are secured as follows:

Bank balances	<u>\$1,153,986</u>
Federal deposit insurance	530,813
Pledged securities (uncollateralized)	<u>1,001,782</u>
Total	<u>\$1,365,581</u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the town, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106. However, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 90 days of being notified by the town that the fiscal agent bank has failed to pay deposited funds upon demand. Further, LRS 39:1224 states that securities held by a third party shall be deemed to be held in the town's name.

For purposes of the Statement of Cash Flows, cash equivalents include all highly liquid investments with a maturity date of three months or less when purchased.

**G. INVENTORY**

Inventory in the Water and Sewer Enterprise Fund, consisting of expendable supplies held for consumption, is valued at historical cost.

**TOWN OF ARCADIA**

Arcadia, Louisiana

Notes to the Financial Statements (Continued)

**II. VACATION AND SICK LEAVE**

Full-time employees of the Town of Arcadia earn two weeks of vacation after one year of service. Vacation time which is earned but not used during the calendar year cannot be carried forward into the next calendar year, except under special circumstances pre-approved by the mayor or board of aldermen. Employees earn two weeks sick leave each calendar year following the successful completion of the employee's probationary period. Unused sick leave does not accumulate and cannot be carried forward to the next year.

**I. SALES TAX**

On October 18, 1987, the voters of the Town of Arcadia approved the re-dedication of the 1987 one cent sales tax to be used and dedicated as follows: 50% for general operating revenue; 30% for constructing, paving, resurfacing, improving, and/or maintaining streets and for the town; and 10% for acquiring, improving, maintaining and supporting parks and recreation programs and for the town; and 10% for industrial construction, placement and/or placement. The original tax passed on May 2, 1987 and it was for a fifteen year period. The election on October 18, 1987 extended the levy and collection of the tax for an additional ten years from June 1, 2002. On July 13, 1991, the voters approved a one percent sales and use tax requiring that at least 40% of the proceeds be used for constructing, acquiring, extending and/or improving sewer and sewerage disposal facilities and the waterworks system of the town and the remainder to be used for any lawful purpose of the town. The 1991 tax is for a twenty-five year period. The Bienville Parish School Board serves as the collection agent for the sales taxes and is paid a collection fee for acting as such.

**J. TOTAL COLUMN ON THE  
COMBINED STATEMENTS**

Total columns on the combined statements are captioned Memorandum Only (review) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

## TOWN OF ARCADIA

Arcadia, Louisiana

## Notes to the Financial Statements (Continued)

## 2. LEVIED TAXES

For the year ended December 31, 1997, a .7 mill tax authorized by the State of Louisiana for general operating purposes was levied on property with assessed valuations totaling \$10,447,050.

The following are the principal taxpayers for the town and their 1997 assessed valuation (amounts expressed in thousands):

	1997 Assessed Valuation	Percent of Total Assessed Valuation
Rayson International	\$1,457,220	13.91%
AT&T	964,320	9.20%
Stone Container	647,870	6.19%
First National Bank, Bienville Parish	483,060	4.61%
BellSouth	457,890	4.37%
FAC Realty Trust, Inc.	325,180	3.10%
Energy of Louisiana	289,060	2.76%
VP Factory Outlet	173,510	1.65%
Bienville Motors	164,830	1.57%
McLennan Brothers Rental	144,760	1.38%
Total	<u>\$5,186,700</u>	<u>49.73%</u>

## 3. RECEIVABLES

The following is a summary of receivables at December 31, 1997:

	General Fund	Special Revenue Funds	Water and Sewer Enterprise Fund	Total
Taxes:				
Ad valorem	\$29,520			\$29,520
Other taxes, penalties, and interest	22,975	\$10,900		33,975
Federal funds	898			898
State funds	3,336			3,336
Accounts			\$76,409	76,409
Less allowance for doubtful accounts			(3,824)	(3,824)
Other			1,541	1,541
Total	<u>\$37,829</u>	<u>\$10,900</u>	<u>\$73,085</u>	<u>\$121,814</u>

## TOWN OF ARCADIA

Arcadia, Louisiana

Notes to the Financial Statements (Continued)

## 4. DUE FROM/TO OTHER FUNDS

Individual fund balances due from/to other funds at December 31, 1997, are as follows:

	Due from Other Funds	Due to Other Funds
General fund		\$4,682
Special revenue funds:		
3 M81	\$28,414	
Industrial Endowment	2,853	
Sales tax	6,384	30,882
Debt service fund - 1988 Public Improvement Bonds	4,817	
Water and Sewer Enterprise fund		1,700
<b>Total</b>	<b><u>\$38,482</u></b>	<b><u>\$36,482</u></b>

## 5. NOTE RECEIVABLE

On June 12, 1986, the town entered into a contract with KADAV, Inc., wherein the town agreed to loan to KADAV, Inc., \$348,481 of Louisiana Community Development Block Grant proceeds for the renovation of a building in order to promote economic development in Arcadia. KADAV, Inc. agreed to repay the loan principal and interest of three percent per annum, by making sixteen annual payments of \$27,736 through September 1, 2002. On May 31, 1991, the agreement was amended so that KADAV Inc., remit 50 percent of each loan and interest payment directly to the Town of Arcadia and the remaining 50 percent directly to the State of Louisiana, Division of Administration. The principal due the town at December 31, 1997, totals \$61,259. This amount is reflected in the accompanying balance sheet as a note receivable with a corresponding deferred revenue liability recorded to demonstrate that the funds are not available to fund current operations.

## 6. FIXED ASSETS

The following presents the changes in general fixed assets for the year ended December 31, 1997:

	Balance at January 1	Additions	Disposals	Balance at December 31
Land	\$146,535	\$11,876		\$157,410
Buildings	422,882	4,259		427,141
Improvements		2,891		2,891



## TOWNSHIP OF ARCADIA

Arcadia, Louisiana

## Notes to the Financial Statements (Continued)

	Balance at January 1,	Additions	Deletions	Balance at December 31,
Equipment	\$566,063	\$69,090	(570,510)	\$64,643
Total	\$1,134,738	\$69,349	(570,510)	\$1,633,577

Capital outlay on Statement B includes expenditures for street improvements of \$41,483 which are not capitalized in the general long-term debt account group.

A summary of proprietary land-type property, plant, and equipment at December 31, 1997, follows:

	Cost	Accumulated Depreciation	Net Book Value
Land	\$259,828		\$259,828
Water wells	379,009	(\$427,539)	151,470
Pumping plant	305,235	(89,364)	215,871
Purification plant	111,489	(110,791)	698
Storage reservoir tanks	163,252	(119,274)	43,978
Water distribution system	1,368,173	(792,892)	575,281
General equipment	69,694	(33,657)	36,037
Office equipment	13,306	(8,199)	5,107
Improvements	7,800	(3,093)	4,707
Sewer system	5,233,908	(1,007,135)	4,226,773
Automobiles	49,646	(28,988)	20,658
Total	\$7,960,928	(\$2,629,499)	\$5,331,429

## 7. PENSION PLANS

Substantially all employees of the Town of Arcadia are members of either the Municipal Employees' Retirement System of Louisiana or the Municipal Police Employees' Retirement System of Louisiana. The state retirement systems are cost-sharing, multiple-employer, defined benefit pension plans administered by separate boards of trustees. Further information relative to each plan is follows:

## MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefits provisions. All employees of the municipality are members of Plan B. All permanent employees working at least 28 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B employees who

**TOWN OF ARCADIA**

Arcadia, Louisiana

**Notes to the Financial Statements (Continued)**

retire at or after age 50 with at least 10 years of creditable service, at or after age 55 with at least 20 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to two per cent of their final average monthly salary for each year of creditable service. Furthermore, employees with at least 10 years of creditable service but less than 20 years, may take early retirement benefits commencing at or after age 50 with the basic benefit reduced three percent for each year retirement proceeds are 60, unless he has at least 20 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 50 percent of final average salary. Final average salary is the employee's average salary over the 25 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefits accrued to their date of termination. The system also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7927 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

Under Plan B, members are required by state statute to contribute 5.0 per cent of their annual covered salary and the Town of Arcadia is required to contribute at an actuarially determined rate. The current rate is 3.25 per cent of annual covered payroll. Contributions to the system include one-fourth of one per cent (except Orleans and East Baton Rouge Parishes) of the gross shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Arcadia are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:183, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Arcadia's contributions to the System under Plan B for the years ended December 31, 1997, 1998, and 1999, were \$6,626, \$7,455, and \$6,376 respectively, equal to the required contributions for each.

**MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM**

All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to three and one-third per cent of their final average salary for each year of creditable service. Final average salary

## TOWN OF ARCADEA

Arcadea, Louisiana

### Notes to the Financial Statements (Continued)

is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the age specified above and receive the benefits accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available report that includes financial statements and required supplementary information for the System. This report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70804-2250, or by calling (504) 928-7411.

Plan members are required by state statute to contribute 7.5 per cent of their annual covered salary and the Town of Arcadea is required to contribute at an actuarially determined rate. The current rate is 9.0 per cent of annual covered payroll. The contribution requirements of plan members and the Town of Arcadea are established and may be amended by state statute. As provided by Louisiana Revised Statute 10:103 the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Arcadea's contributions to the System for the year ended December 31, 1997, 1998, and 1999, were \$11,047, \$12,534, \$10,245, respectively, equal to the required contributions for each.

## 8. DEFERRED COMPENSATION PLAN

The town offers its employees and elected officials a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan, available to all town employees and officials, permits employees and officials to defer a portion of their salaries until future years. The deferred compensation is not available to employees or officials until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the town (not being restricted to the provisions of benefits under the plan), subject only to the claims of the town's general creditors. Participants' rights under the plan are equal to those of general creditors of the town in an amount equal to the fair market value of the deferred account for each participant.

A summary of changes in the Deferred Compensation Plan Agency Fund deposits due other follows:

## TOWNSHIP OF ARCADEIA

Arcadeia, Louisiana

## Notes to the Financial Statements (Continued)

Balance at January 1, 1997	\$2,481
Additions	<u>2,461</u>
Balance at December 31, 1997	<u>\$4,942</u>

## 9. CHANGES IN LONG-TERM DEBT

The following is a summary of general long-term debt transactions for the year ended December 31, 1997:

	Bonds Payable	Credits of Reserves	Total
Long-term debt at December 31, 1996	\$1,845,000	\$68,018	\$1,913,018
Retirements	<u>(768,000)</u>	<u>(8,288)</u>	<u>(776,288)</u>
Long-term debt at December 31, 1997	<u>\$1,077,000</u>	<u>\$59,730</u>	<u>\$1,136,730</u>

On May 29, 1997, the town defeased the outstanding 1988 series Public Improvement Sales Tax Bonds. The town deposited \$155,477 into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1988 series bonds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the 1988 series bonds are considered defeased and the liability for those bonds has been removed from the general long-term debt account group.

Long-term debt at December 31, 1997, is comprised of the following individual issues:

1992 Sales Tax Bonds - \$1,700,000 - Sales tax bond issue dated January 1, 1992, due in annual installments of \$50,000 to \$150,000 through January 2012; interest at 8.2 to 11.0 per cent. Debt retirement payments are made from the 1992 Sales Tax Bonds Debt Service Fund.	\$1,410,000
Refunding Bonds, Series 1992 - \$300,000 - Refunding bonds issued November 5, 1992, due in annual installments of \$25,000 to \$40,000 through May 2002; interest at 5.25 to 6.0 per cent. Debt retirement payments are made from the Refunding Bonds Debt Service Fund.	\$170,000

## TOWNSHIP OF ABCADEA

Arcadia, Louisiana

## Notes to the Financial Statements (Continued)

Certificates of indebtedness: \$100,000 issue dated March 17, 1994, for the purpose of purchasing equipment. The principal is due in annual installments of \$7,237 to \$13,368 through March 17, 2004 with interest at 7.0 per cent. Debt retirement payments are made from the Industrial Development Special Revenue Fund.

	<u>\$36,732</u>
Total	<u>\$1,456,732</u>

The annual requirements to amortize all general long-term debt outstanding at December 31, 1997, including interest of \$879,541, are as follows:

Year	Certificate		Total
	Payable	Indebtedness	
1998	\$199,321	\$14,238	\$213,559
1999	193,742	14,238	207,980
2000	197,312	14,238	211,550
2001	196,125	14,238	210,363
2002	199,970	14,238	214,208
2003 - 2007	802,905	28,476	831,381
2008 - 2011	647,835		647,835
Total	<u>\$1,456,607</u>	<u>\$95,686</u>	<u>\$1,552,293</u>

## 16. CONTRIBUTED CAPITAL

The town has received grants from various federal, state, and local agencies to finance the acquisition and construction of the enterprise fund fixed assets. The amount, shown as contributed capital on the balance sheet, is reduced each year by the amount of depreciation expense recognized on fixed assets constructed or acquired with the federal grant funds. The following schedule presents the above contributed capital for the year ended December 31, 1997:

Balance, January 1, 1997	<u>\$5,387,351</u>
Deductions - Depreciation on fixed assets acquired with federal grant	<u>(98,769)</u>
Balance, December 31, 1997	<u>\$5,288,581</u>

**TOWN OF ARCADIA**

Arcadia, Louisiana

Notes to the Financial Statements (Continued)

**11. NONCOMPLIANCE WITH LOCAL GOVERNMENT BUDGET ACT**

For the year ended December 31, 1997, General Fund expenditures and other uses exceeded budget by \$78,575 or 8 percent.

**12. LOCAL SERVICES AGREEMENT**

On September 27, 1985, the town entered into an agreement with the Bienville Parish Sheriff for the collection of all valorem taxes. The sheriff is responsible for mailing tax notices, collecting the taxes owed to the town, and monthly remittance of collections to the town. A five percent collection fee and the cost of printing tax notices is borne by the town. The initial one-year term which began October 1, 1995 is to be automatically extended unless the town notifies the sheriff of its intent to terminate the agreement.

**13. LITIGATION AND CLAIMS**

As December 31, 1997, the town was involved in one lawsuit, which, in the opinion of legal counsel, is adequately covered by the town's liability insurance.

**14. FEDERAL FINANCIAL ASSISTANCE**

During the year ended December 31, 1997, the town of Arcadia participated in the following federal financial assistance programs:

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME PROGRAM TITLE	GRANT NUMBER	CITY SHARE	CONTRACT EXPENSES YEAR ENDED December 31, 1997
United States Department of Justice Passed through City of Community Oriented Policing Services (COPS)	85CIPW0451D	18.700	11,670
United States Department of Housing and Urban Development Passed through Louisiana Division of Administration - Louisiana Community Development Block Grant - State's Program Street Improvements	107-700048	14.228	41,483
Total Federal Financial Assistance:			\$53,153

TOWN OF ARCADEA

Arcadia, Louisiana

Notes to the Financial Statements (Continued)

**15. RANDALL FARMS AGREEMENT**

Revenue bonds, series 1997A totaling \$3,000,000 and revenue bonds, series 1997B totaling \$5,200,000 were issued August 1, 1997. Under an agreement entered into between the Town of Arcadia and Randall Farms, LLC, the bonds do not bear the full faith and credit of the town. The retirement of the bonds, including interest charges, paying agent fees, and any other costs associated with servicing the debt, are the sole responsibility of Randall Farms, LLC.

**SUPPLEMENTAL INFORMATION SCHEDULES**



**TOWN OF ARCADIA**  
Arcadia, Louisiana  
**SUPPLEMENTAL INFORMATION SCHEDULES**  
As of and for the Year Ended December 31, 1997

**SPECIAL REVENUE FUNDS**

**3 MILL FUND**

The 3 Mill Fund accounts for 30 percent of the 1997 1 percent sales tax to be dedicated and used for constructing, paving, resurfacing, improving and/or maintaining streets in and for the town.

**INDUSTRIAL INDUCEMENT FUND**

The Industrial Inducement Fund accounts for 10 percent of the 1997 1 percent sales tax to be dedicated and used for industrial construction, inducement and/or procurement.

**INDUSTRIAL DEVELOPMENT FUND**

The Industrial Development Fund accounts for the repayment of principal and interest by KADAV, Inc. on a loan the town made to KADAV to financially assist the corporation for certain economic development in the town. Recaptured funds are used to assist other businesses within the town in order to promote economic development and for other purposes approved by the Louisiana Division of Administration.

**SALES TAX FUND**

The Sales Tax Fund is used to account for the town's sales tax collections. Designated taxes are distributed to the appropriate funds and the remaining portion is used for paying the cost of collection of the taxes and to fund any other lawful purpose.

**PARKS AND RECREATION FUND**

The Parks and Recreation Fund accounts for 10 percent of the 1997 1 percent sales tax to be dedicated and used to acquire, maintain, improve, and support parks and recreation programs in and for the town.

**TOWN OF ARCADEA**  
Arcadea, Louisiana  
**SPECIAL REVENUE FUNDS**

Combining Balance Sheet, December 31, 1997

	1997-1998	1998-1999	1999-2000	PARCELS TAX	SALES TAX	TOTAL
	\$ MILL.	\$100,000	\$100,000	TAX	\$100,000	TOTAL
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$11,078	\$95,838	\$13,988	\$20,743		\$210,649
Due from other funds	29,415	2,852		6,385		29,658
Accounts receivable				10,900		10,900
Total current assets	100,471	98,690	13,988	38,028	NONE	251,159
Note receivable			61,259			61,259
<b>TOTAL ASSETS</b>	<b>100,471</b>	<b>98,690</b>	<b>75,247</b>	<b>38,028</b>	<b>NONE</b>	<b>311,418</b>
<b>LIABILITIES AND FUND EQUITY</b>						
Liabilities:						
Current liabilities:						
Accounts payable	\$1,986			\$1,411	\$2,890	\$6,247
Due to other funds				38,892		38,892
Total current liabilities	1,986	NONE	14,182	51,513	2,890	38,329
Deferred revenue			61,259			61,259
Total liabilities	1,986	NONE	61,259	51,513	2,890	97,388
Fund equity - fund balances (deficit) - reserved - unexpended	98,485	98,690	13,988	6,515	(2,890)	214,030
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>100,471</b>	<b>98,690</b>	<b>75,247</b>	<b>38,028</b>	<b>NONE</b>	<b>311,418</b>

**TOWN OF ARCADEA**  
Arcadea, Louisiana  
**SPECIAL REVENUE FUNDS**

Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended December 31, 1997

	<u>\$ MIL.</u>	<u>INDUSTRIAL ENCOURAGEMENT</u>	<u>INDUSTRIAL DEVELOPMENT</u>	<u>SALES TAX</u>	<u>FEES AND REGISTRATION</u>	<u>TOTAL</u>
<b>REVENUES</b>						
Sales and use taxes	147,400	124,478		815,140		1,087,018
Use of money and property	498	1,794	813,021	487		17,700
Total revenues	<u>147,898</u>	<u>126,272</u>	<u>813,021</u>	<u>13,613</u>	<u>800,000</u>	<u>1,900,704</u>
<b>EXPENDITURES</b>						
Current:						
General government			125	15,492		15,617
Public works	91,081					91,081
Economic development and assistance		11,700	58			11,818
Capital outlay	<u>20,896</u>				<u>12,850</u>	<u>33,746</u>
Total expenditures	<u>111,977</u>	<u>11,700</u>	<u>173</u>	<u>15,492</u>	<u>12,850</u>	<u>143,092</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>35,921</u>	<u>114,572</u>	<u>639,948</u>	<u>116</u>	<u>787,150</u>	<u>757,612</u>
<b>OTHER FINANCING SOURCE (use)</b>						
Operating transfers (in)	<u>(4,306)</u>	<u>(628)</u>	<u>(14,758)</u>	<u>8000</u>	<u>8000</u>	<u>(15,292)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCE OVER EXPENDITURES AND OTHER USE</b>	<u>31,615</u>	<u>113,944</u>	<u>625,190</u>	<u>116</u>	<u>789,150</u>	<u>742,320</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>170,711</u>	<u>84,100</u>	<u>14,422</u>	<u>6,374</u>	<u>30,100</u>	<u>205,707</u>
<b>FUND BALANCES (Deficit) AT END OF YEAR</b>	<u>206,326</u>	<u>198,844</u>	<u>115,432</u>	<u>30,513</u>	<u>112,150</u>	<u>563,265</u>

TOWN OF ARCADIA  
Arcadia, Louisiana  
SUPPLEMENTAL INFORMATION SCHEDULES  
As of and for the Year Ended December 31, 1997

**DEBT SERVICE FUNDS**

**1982 SALES TAX BONDS**

The 1982 Sales Tax Bonds Fund accumulates monies for the retirement of the January 1, 1982 sales tax bonds issued for the purpose of constructing, acquiring, extending and/or improving sewers and sewerage disposal and waterworks systems in the town. Financing is provided by sales and use tax.

**1988 PUBLIC IMPROVEMENT BONDS**

The 1988 Public Improvement Bonds Fund accumulates monies for the retirement of the May 1, 1988 public improvement bonds issued for the purpose of constructing and acquiring a new city hall. Financing is provided by sales and use tax.

**REFUNDING BONDS**

The Refunding Bonds Fund accumulates monies for the retirement of the November 1, 1992 refunding bonds issued to refund outstanding certificates of indebtedness dated May 3, 1989 and March 1, 1990. Financing is provided by transfers from the Sales Tax Special Revenue Fund.

**TOWN OF ARCADEA**  
**Arcadea, Louisiana**  
**DEBT SERVICE FUNDS**

Combining Balance Sheet, December 31, 1997

	1997 SULLY'S FUNDS	1998 PUBLIC IMPROVEMENT FUNDS	RESERVE FUNDS	TOTAL
<b>ASSETS</b>				
Cash and cash equivalents	\$266,209	\$201,456	\$43,107	\$510,772
Due from other funds		6,817		6,817
<b>TOTAL ASSETS</b>	<u>\$266,209</u>	<u>\$208,273</u>	<u>\$43,107</u>	<u>\$517,589</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Liabilities - accounts payable	\$423			\$423
Fund Equity - fund balance - assigned for debt service	<u>265,786</u>	<u>\$208,273</u>	<u>\$43,107</u>	<u>\$517,166</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$266,209</u>	<u>\$208,273</u>	<u>\$43,107</u>	<u>\$517,589</u>

TOWN OF ARCADIA  
Arcadia, Louisiana  
DEBT SERVICE FUNDS

Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended December 31, 1997

	1997 SALES TAX REVENUE	1997 FUND IMPROVEMENT REVENUE	REFUNDING REVENUE	TOTAL
<b>REVENUES</b>				
Sales and use taxes		\$122,582		\$122,582
Use of money and property	\$11,097	8,412	5,100	19,878
Total revenues	<u>11,097</u>	<u>130,994</u>	<u>5,100</u>	<u>147,291</u>
<b>EXPENDITURES</b>				
Current - general government		36,336		36,336
Debt service	139,938	186,212	41,993	368,143
Capital outlay		15,330		15,330
Total expenditures	<u>139,938</u>	<u>237,878</u>	<u>41,993</u>	<u>419,809</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>-148,841</u>	<u>-107,124</u>	<u>-36,724</u>	<u>(292,189)</u>
<b>OTHER FINANCING SOURCE</b>				
Operating transfers in	<u>138,852</u>	<u>8088</u>	<u>41,012</u>	<u>191,952</u>
<b>EXCESS (Deficiency) OF REVENUES AND OTHER SOURCE OVER EXPENDITURES</b>	<u>9,949</u>	<u>(107,124)</u>	<u>(312)</u>	<u>(97,287)</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>155,799</u>	<u>315,367</u>	<u>42,309</u>	<u>513,475</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>165,748</u>	<u>208,243</u>	<u>42,097</u>	<u>416,088</u>

TOWN OF ARCADIA  
Arcadia, Louisiana  
SUPPLEMENTAL INFORMATION SCHEDULE  
As of and for the Year Ended December 31, 1997

**COMPENSATION PAID ALDERMEN**

The schedule of compensation paid aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of aldermen has been set by ordinance at \$200 per month with the mayor pro tem receiving \$225 per month and is included in general government expenditures of the General Fund.

TOWN OF ARCADIA  
Arcadia, LouisianaSchedule of Compensation Paid Aldermen  
For the Year Ended December 31, 1997

Charlie Brown	\$2,400
Gary Carlisle	2,400
Harold Darnon, Mayor Pro Tem	2,700
Ivan Kelley	2,400
Charles Smith, Jr.	<u>2,400</u>
Total	<u>\$12,300</u>



**Independent Auditor's Reports Required  
by Government Auditing Standards**

The following independent auditor's reports on compliance with laws, regulations, contracts, and grants and internal control situations are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



**Independent Auditor's Report on Compliance  
With Laws, Regulations, Contracts, and Grants**

**MAYOR AND BOARD OF ALDERMEN  
TOWN OF ARCADIA  
Arcadia, Louisiana**

I have audited the general purpose financial statements of the Town of Arcadia as of December 31, 1997, and for the year then ended, and have issued my report thereon dated March 23, 1998.

I conducted my audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the Louisiana Governmental Audit Guide, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Town of Arcadia is the responsibility of the Town of Arcadia's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, I performed tests of the Town of Arcadia's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

Material instances of noncompliance consist of failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, contracts or grants that cause me to conclude that the aggregation of the misstatements resulting from these failures or violations is material to the general purpose financial statements. The results of my tests of compliance disclosed the following instance of noncompliance.

**VERNON COON**  
MEMBER AMERICAN  
INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

**OFFICE OF LOUISIANA  
CHARTERED PUBLIC  
ACCOUNTANTS**

**MEMBER ASSOCIATE IN  
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MAYOR AND BOARD OF ALDERMEN  
TOWN OF ARCADIA  
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Independent Auditor's Report  
on Compliance, etc.,  
December 31, 1997

**Need to Comply with Local Government  
Budget Act**

**Findings:** The town did not comply with state law governing budgetary activity. Louisiana Revised Statute (LRS) 39:1310 requires that budget amendments be adopted when expenditures and other fees to date plus projected amounts to year-end exceed budgeted amounts by 3% or more. Management of the town did not adequately monitor budgets and, consequently, the General Fund's actual expenditures exceeded budgeted expenditures by \$78,375 or 3%.

**Recommendation:** I recommend that the town comply with all requirements of the Local Government Budget Act, monitor expenditures, and amend budgets when operations and compliance with state law dictates such.

**Management's Response:** "We will comply with all the requirements."

I considered this instance of noncompliance in forming my opinion on whether the town's 1997 financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect my report dated March 23, 1998, on these general purpose financial statements.

The audit report for the year ended December 31, 1996, included a findings related to budgets. As noted above this finding has not been resolved by management of the town.

This report is intended for the information of the Town of Arcadia, management of the town, and interested state and federal grantor agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana  
March 23, 1998



**Independent Auditor's Report  
on the Internal Control Structure**

**MAYOR AND BOARD OF ALDERMEN  
TOWN OF ARCADIA  
Arcadia, Louisiana**

I have audited the general purpose financial statements of the Town of Arcadia as of December 31, 1997, and for the year then ended, and have issued my report thereon dated March 23, 1998.

I conducted my audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the Louisiana Governmental Audit Guide, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. These standards and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Town of Arcadia is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the general purpose financial statements of the Town of Arcadia for the year ended December 31, 1997, I obtained an understanding of the internal control structure. With respect to the internal control structure, I

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MAYOR AND BOARD OF ALDERMEN  
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Internal Control Structure,  
December 31, 1997

obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the town's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

**Need Segregation of Duties  
In Collecting, Depositing  
and Recording Cash Receipts**

**Finding:** Proper internal control procedures require that no employee be in a position to both perpetrate and conceal errors or irregularities that would not be detected within a timely period by other employees in the normal course of performing their assigned functions. My examination of the internal controls disclosed the following deficiencies:

1. During the year ended December 31, 1997, one employee was responsible for collecting, depositing, and recording water and sewer service receipts as well as collecting and depositing all other cash receipts. In addition to collecting and depositing water and sewer service receipts, this employee was also responsible for maintaining records of unpaid taxes, posting water and sewer payments to the subsidiary accounts receivable records and following up on unpaid accounts.
2. When water and sewer payments are received the water and sewer clerk stamps the customer's payment stub as paid or makes a receipt if the customer has not brought their bill. She then places the money in a unbolstered drawer. The receipts are not posted to the computer on a daily basis and daily deposits are not made, therefore, I was unable to reconcile daily receipts to the general ledger or deposit slips. Since I was unable to trace daily receipts I attempted to reconcile cash receipts for the year to the general ledger. I totaled cash receipts on the balancing worksheet, which shows receipts and adjustments by day. I then computed the total from the balancing worksheet to revenue shown in the general ledger for water, sewer, and user charges. The following are the amounts shown on each report:

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Arcadia, Louisiana  
Independent Auditor's Report on  
Internal Control Structure,  
December 31, 1987

Balancing worksheet	516,594
General ledger	<u>145,774</u>
Difference	<u>370,820</u>

After discussions with the water and sewer clerk and examination of agency records I was unable to determine the reason for the difference.

3. During my field work I noted that the door to the water and sewer office is left open. On several occasions I saw individuals in the work area who did not belong there and that the office was left unattended and the drawer containing the money was not locked.

4. During the year ended December 31, 1987 the town water and sewer clerk wrote off \$26,132 without prior approval of the Board of Aldermen.

5. My examination of the trial balance aging report disclosed that \$7,856 is over sixty days delinquent and \$11,968 is over ninety days delinquent. Discussions with agency personnel disclosed that the Town's policy regarding overdue payments is toutoff customer service for amounts due sixty days and over. The agency personnel informed me the policy was not being followed because a major industry in the area had closed last year leaving many people unemployed.

**Recommendation:** To correct above listed deficiencies I recommend the following:

1. In order to achieve proper internal controls over receipts, the functions of collecting, depositing and recording receipts should be performed by separate individuals. I recommend that the town hire an additional employee for the position of town cashier whose duties would be to collect all taxes, fines, permits, water and sewer service payments, etc. The current employee would continue to be responsible for maintaining subsidiary accounts receivable records and the town clerk would be responsible for making deposits and recording the receipts in the accounting records.

2. The water and sewer clerk should post receipts to the computer every day and a deposit should be made that corresponds with the receipts listing for that day.

3. The door to the office should be closed and locked at all times during the day. The cash drawer should be locked when the office is left unattended.

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Internal Control Structure,  
December 31, 1997

4. Before any water or sewer bill is adjusted or written off approval should be obtained from the Board of Aldermen.

5. Water service should be terminated when bills are delinquent sixty days or more to be in compliance with the town's policy regarding cutoff. If management elects to relax its collection policy because of unfavorable economic conditions, it should be by formal approval or adoption.

**Management's Response:** Until we hire another person, the town clerk or mayor are doing the deposits. All posting has been done to this date. The door to the water and sewer office is closed and locked. The water and sewer clerk is asking that only authorized individuals be in the office and that all others come to the payment window. We mailed shut off notices on the 17th of March and will try to change the cutoff policy to thirty days. The Board of Aldermen and Mayor will work on authorizing accounts to be written off. We are paying daily and getting a new computer system for the water and sewer department which should help.

**Need to Reconcile Customer Deposits**

I was unable to reconcile customer deposits per the general ledger cash account and liability account to customer deposits per Utility Billing System's (UBS) deposit report. At December 31, 1997, the cash account indicated \$5,053 more than UBS while the liability account indicated \$49,765 more than UBS. The following may have contributed to the difference:

- a) Amounts charged for meters were deposited in the customer deposit account.
- b) Deposits were not transferred to the new customer account when customers transferred service to a new address.
- c) Inactive accounts were purged from the system but the deposit remains in the general ledger account.

**Recommendation:** I recommend that the following be done to reconcile the amounts:

- a) Amounts charged for meters be deposited in the Water and Sewer account.
- b) The water clerk transfer deposits with a customer when service is transferred.
- c) The water clerk post the date the deposit is received to UBS.
- d) The town clerk transfer funds from the water and sewer account to the customer service account to agree the cash account to the liability account.
- e) The water clerk reconcile the deposit report to the general ledger monthly.

MAYOR AND BOARD OF ALDERMEN  
TOWN OF ARCADIA  
Arcadia, Louisiana  
Independent Auditor's Report on  
Internal Control Structure  
December 31, 1997

**Management's Response:** We will follow the recommendations. Amounts collected for meter deposits will be deposited in the meter deposit account, the water clerk will transfer deposits when service is transferred, the date the deposit is received will be recorded, and the deposit report will be reconciled monthly. In addition, our new computer system will help.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses as defined above. However, I believe the reportable conditions described above to be material weaknesses.

This report is intended for the information of the Town of Arcadia, management of the town, and interested state and federal grantor agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



Wax Monroe, Louisiana  
March 23, 1998