

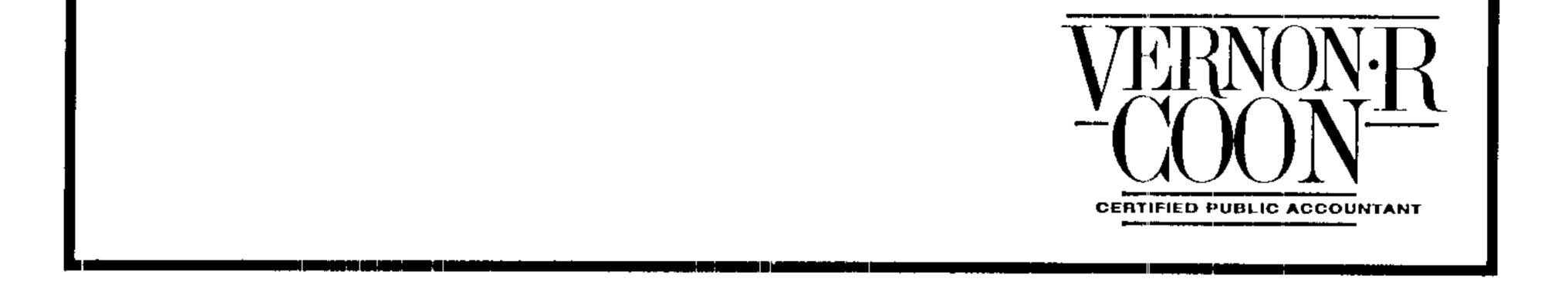
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With Supplemental Information Schedules

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public respection at the Baton Rouge office of the Legislature Auditor and, where appropriate, at the office of the parish clerk of court. APR 1 2 2000 Release Date



TOWN OF ARCADIA Arcadia, Louisiana

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General Purpose Financial Statements With Independent Auditor's Report As of and for the Year Ended December 31, 1999 With Supplemental Information Schedules

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Independent Auditor's Report

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Combining Balance Sheet

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TOWN OF ARCADIA Arcadia, Louisiana Contents, December 31, 1999.

Combining Balance Sheet

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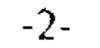
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Corrective Action Plan





MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

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, 1999, and for the year then 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.

PRACTICE LIMITED TO

GOVERNMENTAL ACCOUNTING, AUDITING AND FINANCIAL REPORTING 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, 1999, 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.

116 PROFESSIONAL DRIVE.

WEST MONROE,

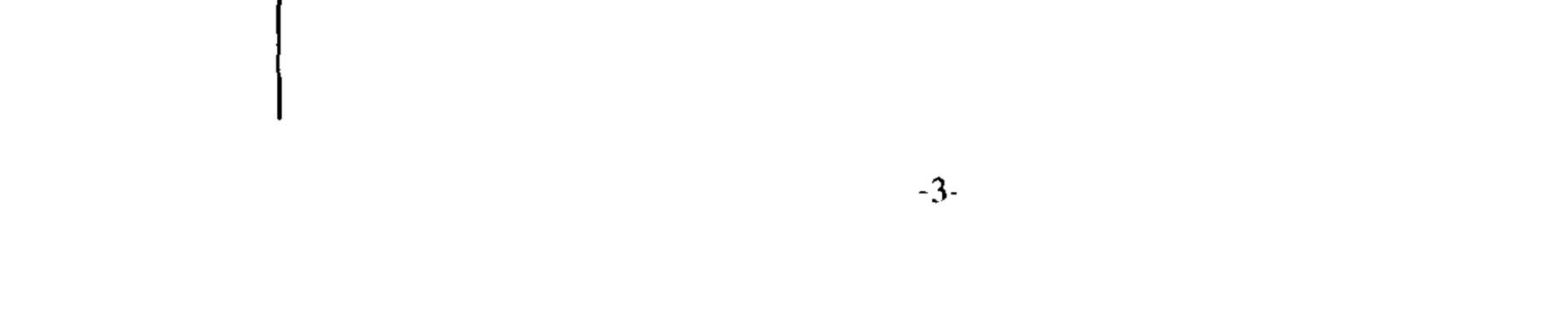
LOUISIANA 71291

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EMAIL viccon@aol com



TOWN OF ARCADIA Arcadia, Louisiana Independent Auditor's Report, December 31, 1999

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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 issued a report dated March 20, 2000, on the Town of Arcadia's compliance with laws, regulations, and contracts, and my consideration of the agency's internal control over financial reporting. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.



V Margaret / Margaret

West Monroe, Louisiana March 20, 2000



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GENERAL PURPOSE FINANCIAL STATEMENTS (OVERVIEW)



Statement A

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TOWN OF ARCADIA

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		TOTAL (MEMORANDUM ONLY)		\$1.372.061 45.715	165,555	1,597.273 36,433 39,228	6,483,789 358,213	1,090,165	\$9,605,101	
		r groups general long-term debt				NONE	\$358,213	1.090.165	\$1.448.378	
		ACCOUNT GENERAL FIXED ASSETS				NONE	\$1,338,244		\$1.338.244	
		PROPRIETARY FUND TYPE - WATER AND SEWER ENTERPRISE FUND		\$366,151	48,376 13.942	428,469 36,433	5,145,545		\$5.610.447	
- GROUPS	31, 1999	CAPITAL PROJECTS FUND			\$16,480	16.480			\$16.480	
Louisiana VD ACCOUNT	t. December	ND TYPE DEBT SERVICE FUNDS		\$358,213		358.213			\$358,213	
Arcadia. L TYPES AND	Combined Balance Sheet. December 31, 1999	GOVERNMENTAL FUND TYPE SPECIAL DEBT ENERAL REVENUE SERVICE FUND FUNDS FUNDS		\$309,504 37,040		346.544 39.228			\$385,772	
ALL FUND TYPES AND ACCOUNT GROUPS	Combined	GOVERN GENERAL FUND		\$338,193 8.675	100,699	447.567			<u>\$447.567</u>	
			R DEBITS	llents 5 llowances for	nts)	and cash equivalents	jurpment (net of on) bt service funds	debt	AND OTHER DEBITS	

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TOTAL ASSETS AN

Land, buildings, and equip accumulated depreciation) Amount available in debt s cash an Amount to be provided for of general long-term de Total current assets Land, buildings, and Restricted assets -Note receivable

Due from other funds Receivables (net of allc uncollectible account Inventory

Cash and cash equivale ASSETS AND OTHER Current assets:

\$8 101.252 2.692 13.650	163.986	57,673 1,390,000 58.378	39,228	5,116,185 1.338,244	57,673 316,174 373,847	6,817 358,213 702,530 7,895,836 \$9,605,101	
	NONE	\$1.390.000 58.378	1,448,378		NONE	\$1,448,378	
	NONE		NONE	\$1.338.244	NONE	NONE 1.338.244 \$1.338.244	
\$39.535	23.207 62.742	57.673	120.415	5,116,185	57,673 316,174 373,847	5,490.032 5,610,447	
\$8 13.175	3.305 16.488		16.488		NONE	\$16,480 (8)	I
	NONE		NONE		NONE	\$358.213 358.213 358.213 \$358.213	
\$7.617	8.689 16.306		39.228 55.534		NONE	330.238 330.238 330.238 \$385.772	
\$40,925 2.692 13,650 669	<u>10.514</u> 68.450		68,450		NONE	6,817 372,300 379,117 379,117 \$447,567	
ngs payable	ls Jabilities	payable from restricted c deposits	techness payaote	al fixed assets	omer deposits esignated d eamings	hall construction t service esignated alances l Equity LIABILITIES AND D EQUITY	

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The accompanying notes are an integral part of this statement.

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Reserved for city ha Reserved for debt se Unreserved - undesig Total fund balar Total Fund Ed TOTAL LL FUND E Due to other funds Total Current Liab Current liabilities (pay assets) - customer de Reserved for custom Unreserved - undesi Total retained e Payroll withholding Investment in general Total Líabilitie Certificate of indebte Accounts payable Contributed capital Retained earnings: LIABIL/ITIES AND Salaries payable Current liabilities: Interest payable Deferred revenue Cash overdraft Fund balances: Bonds payable Fund Equity: Liabilities:

Statement B

TOWN OF ARCADIA Arcadia, Louisiana GOVERNMENTAL FUND TYPE

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances For the Year Ended December 31, 1999

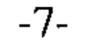
	GENERAL <u>FUND</u>	SPECIAL REVENUE FUNDS	DEBT SERVICE <u>FUNDS</u>	CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM ONLY)
REVENUES					
Taxes:					
Ad valorem taxes	\$70,125				\$70,125
Sales and use taxes	509,838	\$241,178			751,016
Other taxes, penalties, and interest	81,418				81,418
Licenses and permits	124,692				124,692
Intergovernmental revenues:					
Federal funds	381			\$166,923	167,304
State funds	83,941				83,941
Local funds	12,057				12,057
Fees, charges, and commissions					
for services	5,393				5,393
Fines and forfeitures	5,046				5,046
Use of money and property	8,199	20,840	\$14,551		43,590
Other revenues	478				<u> </u>
Total revenues	901,568	262,018	14,551	166,923	1,345,060
EXPENDITURES					
Current:					
General government	252,674	15,191		20,638	288,503
Public safety	302,091				302,091
Public works		278,467			278,467
Health and welfare	15,400				15,400
Culture and recreation		13,271			13,271
Economic development					
and assistance		7,956			7,956
Transportation	2,684				2,684
Debt service		14,238	196,327		210,565
Capital outlay	85,516	36,827		146,293	268,636
Total expenditures	658,365	365,950	196,327	166,931	1,387,573



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Statement B

TOWN OF ARCADIA Arcadia, Louisiana GOVERNMENTAL FUND TYPE Combined Statement of Revenues, Expenditures, and Changes in Fund Balances, etc.

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	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM ONLY)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>\$243,203</u>	<u>(\$103,932)</u>	<u>(\$181,776)</u>	(\$8)	(\$42,513)
OTHER FINANCING SOURCES (Use)					
Sale of assets	665				665
Proceeds from insurance	9,075				9,075
Operating transfers in		100,370	217,629		317,999
Operating transfers out Total other financian	(140,951)			-	(140,951)
Total other financing sources (use)	(131,211)	100,370	217,629	NONE	186,788
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USE	111,992	(3,562)	35,853	(8)	144,275
FUND BALANCES AT BEGINNING OF YEAR Residual equity transfer	260,308 6,817	333,800	329,177 (6,817)	NONE	923,285
FUND BALANCES AT END OF YEAR	<u>\$379,117</u>	<u>\$330,238</u>	<u>\$358,213</u>	<u>(\$8)</u>	<u>\$1,067,560</u>

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The accompanying notes are an integral part of this statement.

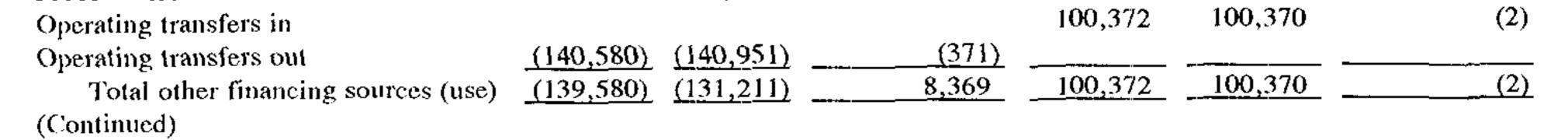
Statement C

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TOWN OF ARCADIA Arcadia, 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, 1999

		GENERAL FUN		SPE0	CIAL REVENU	UE FUNDS VARIANCE FAVORABLE	
	BUDGET	ACTUAL	FAVORABLE <u>(UNFAVORABLE)</u>	BUDGET	ACTUAL	(UNFAVORABLE)	
REVENUES							
Taxes:							
Ad valorem taxes	\$60,000	\$70,125	\$10,125				
Sales and use taxes	515,028	509,838	(5,190)	\$247,190	\$241,178	(\$6,012)	
Other taxes, penalties, and interest	73,500	81,418	7,918				
Licenses and permits	120,600	124,692	4,092				
Intergovernmental revenues:							
Federal funds		381	381				
State funds	38,100	83,941	45,841				
Local funds	12,000	12,057	57				
Fees, charges, and commissions for							
services	5,000	5,393	393				
Fines and forfeitures	5,000	5,046	46				
Use of money and property	5,200	8,199	2,999	20,068	20,840	772	
Other revenues		478	478	400	· ·····	(400)	
Total revenues	834,428	<u>901,568</u>	67,140	267,658	262,018	(5,640)	
EXPENDITURES							
Current:							
General government	304,083	252,674	51,409	14,288	15,191	(903)	
Public safety	255,629	302,091	(46,462)				
Public works				300,940	278,467	22,473	
Health and welfare	17,600	15,400	2,200				
Culture and recreation				15,600	13,271	2,329	
Economic development and							
assistance				16,560	7,956	8,604	
Transportation	6,500	2,684	3,816				
Debt service				14,240	14,238	2	
Capital outlay	68,000	85,516	(17,516)	34,000	36,827	(2,827)	
Total expenditures	651,812	658,365	(6,553)	395,628	<u>365,950</u>	29,678	
EXCESS (Deficiency) OF							
REVENUES OVER			- - -	12 AA 080	1100 000	A 4 000	
EXPENDITURES	<u>182,6</u> 16	243,203	60,587	(127,970)	(103,932)	24,038	
OTHER FINANCING SOURCES AND USE							
Sale of assets	1,000	665	(335)				
Proceeds from insurance		9,075	9,075				
			-	100 272	100 270	(2)	



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Statement C

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

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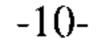
	,	GENERAL FUND			CIAL REVEN	JE FUNDS	
	BUDGET	<u>ACTUAL</u>	VARIANCE FAVORABLE <u>(UNFAVORABLE)</u>	BUDGET	ACTUAL	VARIANCE FAVORABLE <u>(UNFAVORABLE)</u>	
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USE	\$43,036	\$111,992	\$68,956	(\$27,598)	(\$3,562)	\$24,036	
FUND BALANCES AT BEGINNING OF YEAR Residual Equity Transfer	260,308	260,308 6,817		324,035	333,800	9,765	
FUND BALANCES AT END OF YEAR	<u>\$303,344</u>	<u>\$379,117</u>	\$75,773	<u>\$296,437</u>	<u>\$330,238</u>	<u>\$33,801</u>	

(Concluded)



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The accompanying notes are an integral part of this statement.



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Statement D

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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, 1999

OPERA	TING	REVENUES
	-	_

Charges for water service Charges for sewer service Sewer user charges Other operating revenues Total revenues

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\$506,553 30,994 102,972 <u>638</u> 641,157

OPERATING EXPENSES

General and administrative	78,381
Water department	479,645
Sewer department	76,982
Depreciation	183,111
Total operating expenses	818,119
OPERATING INCOME	(176,962)
NON-OPERATING REVENUES (EXPENSES)	
Interest income	25,042
Sales tax revenues	185,396
Non-operating transfer out	(177,048)
Total non-operating revenues	33,390
NET INCOME	(143,572)
Add depreciation on fixed assets acquired with federal grant	96,203
RETAINED EARNINGS AT BEGINNING OF YEAR	421,216
RETAINED EARNINGS AT END OF YEAR	<u>\$373,847</u>

The accompanying notes are an integral part of this statement.

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Statement E

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

Statement of Cash Flows For the Year Ended December 31, 1999

CASH FLOWS FROM OPERATING ACTIVITIES

Operating income(\$176,962)Adjustments to Reconcile Operating Income to Net CashProvided by Operating Activities:Depreciation expense183,111Increase in accounts receivable(11,040)Increase in inventory(580)Increase in accounts payable18,685

Increase in accounts payable	10,000
Increase in due to other funds	4,221
Increase in customer deposits	1,743
Total adjustments	196,140
Net cash provided by operating activities	19,178
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Sales tax revenue	185,396
Non-operating transfers out	(177,048)
Net cash provided by non-capital financing activities	8,348
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(50, 125)
Acquisition and construction of capital assets	(50,125)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest carnings	25,042
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,443
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	400,141
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$402,584

The accompanying notes are an integral part of this statement.

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TOWN OF ARCADIA Arcadia, Louisiana

Notes to the Financial Statements As of and for the Year Ended December 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Arcadia was incorporated June 26, 1902, under the provisions of the Lawrason 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, streets, industrial development and inducement 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.

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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 segregating 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 net 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.

-14-

Special Revenue Funds

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

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.

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 49 per cent of general fixed assets are valued at estimated historical cost based on the

-15-

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 immovable and of value only to the town.

The fixed assets used in the proprietary fund type operations are included on the balance sheet of the fund. Depreciation of all exhaustible 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 system

30 years

mater by stem	SU years
Sewer system	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 increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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:

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Revenues

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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 carned 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.

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.

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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 affect ten days after passage.

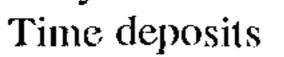
Budget amendments involving the transfer of funds from one department, program, or function or increased expenditures resulting from increases in budgeted revenues require the approval of the board of aldermen. Unexpended appropriations lapse at year-end and must be reappropriated for the following year 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

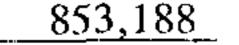
Under state law, the town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The town may invest in certificates and time deposits of state banks organized under Louisiana law and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

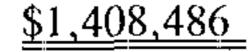
At December 31, 1999 the town has cash and cash equivalents (book balances) totaling \$1,408,486 as follows:

Demand deposits	\$555,205
Petty cash	93



Total







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, 1999 are secured as follows:

Bank Balances	<u>\$1,501,688</u>
Federal deposit insurance Pledged securities (uncollateralized)	\$400,000 <u>1,849,848</u>
Total	\$2,249,848

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 10 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.

H. 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 can be accumulated and can be carried forward to the next year, however, employees will not be compensated upon termination or retirement.

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TOWN OF ARCADIA

Arcadia, Louisiana Notes to the Financial Statements (Continued)

I. RISK MANAGEMENT

The town is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the town maintains commercial insurance policies covering its automobiles, professional liability, general liability, and surety bond coverage. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 1999.

J. SALES TAX

On October 18, 1997, the voters of the Town of Arcadia approved the rededication 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; 10% for acquiring, improving, maintaining and supporting parks and recreation programs in and for the town; and 10% for industrial construction, inducement and/or procurement. The election on October 18, 1997 extended the levy and collection of the original 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.

K. TOTAL COLUMN ON THE COMBINED STATEMENTS

Total columns on the combined statements are captioned Memorandum Only (overview) 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.

2. LEVIED TAXES

For the year ended December 31, 1999, a 7 mill tax authorized by Article 6, Section 27 of the Louisiana Constitution of 1974 for general operating purposes was levied on property with assessed valuations totaling \$11,920,620.

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The following are the principal taxpayers for the town and their 1999 assessed valuation (amounts expressed in thousands):

	1999 Assessed	of Total Assessed
	Valuation	Valuation
Haynes International	\$1,490	12.50%
AT&T	1,154	9.68%
Stone Bag Corporation	845	7.09%
First National Bank, Bienville Parish	505	4.24%
Bellsouth	419	3.51%
Randall Farms	278	2.33%
Entergy of Louisiana	213	1.79%
Bienville Motors	207	1.74%
Arcadia Branch Bank	194	1.63%
VF Factory Outlet Mall	170	1.43%
Total	<u>\$5,475</u>	<u> </u>

3. **RECEIVABLES**

The following is a summary of receivables at December 31, 1999:

	General Fund	Capital Projects Fund	Water and Sewer Enterprise Fund	<u> </u>
Taxes:				+ < > > > > > > > > > >
Ad valorem	\$62,901			\$62,901
Other taxes, penalties, and interest	16,118			16,118
Federal funds		\$16,480		16,480
State funds	1,556			1,556
Accounts	·		\$53,351	53,351
Less allowance for doubtful accounts			(4,975)	(4,975)
Other	20,124		<u> </u>	20,124
Total	<u>\$100,699</u>	<u>\$16,480</u>	<u>\$48,376</u>	<u>\$165,555</u>

4. DUE FROM/TO OTHER FUNDS

Individual fund balances due from/to other funds at December 31, 1999, are as follows:

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	Due from	Due to
	Other	Other
	Funds	<u>Funds</u>
General fund	\$8,675	\$10,514
Special revenue funds:		
3 Mill	35,243	
Industrial Inducement	1,797	
Parks and Recreation		1,055
Sales tax		7,634
LCDBG Capital Projects fund		3,305
Water and Sewer Enterprise fund	••••••••••••••••••••••••••••••••••••••	23,207
Total	<u>\$45,715</u>	<u>\$45,715</u>

5. NOTE RECEIVABLE

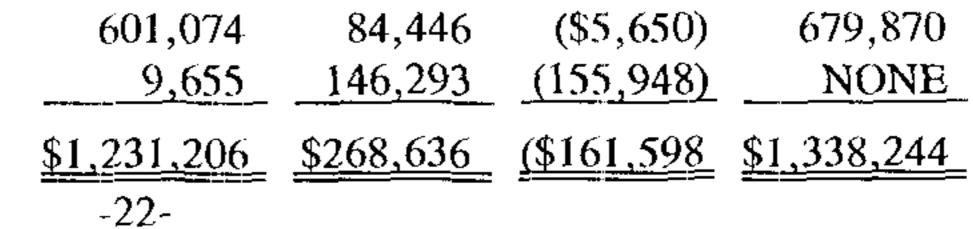
On June 12, 1986, the town entered into a contract with KADAV, Inc., wherein the town agreed to Ioan to KADAV, Inc., \$348,400 of Louisiana Community Development Block Grant proceeds for the renovation of a building in order to promote economic development in Arcadia. KADAV, Inc. agreed to repay the Ioan 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., remits 50 percent of each Ioan 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, 1999, totals \$39,228. 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, 1999:

	Balance at			Balance at
	<u>January 1</u> ,	Additions	<u>Deletions</u>	December 31,
Land	\$179,125			\$179,125
Buildings	431,402			431,402
Improvements	9,950	\$37,897		47,847

Equipment Construction in progress



Total

A summary of proprietary fund type property, plant, and equipment at December 31, 1999, follows:

	Cent	Accumulated	Net Book
	Cost	Depreciation	<u>Value</u>
Land	\$259,828		\$259,828
Water wells	579,009	(\$450,525)	128,484
Pumping plant	105,235	(95,316)	9,919
Purification plant	111,489	(111,140)	349
Storage reservoir tanks	163,232	(129,914)	33,318
Water distribution system	1,368,173	(884,181)	483,992
General equipment	140,534	(63,068)	77,466
Office equipment	15,531	(10,679)	4,852
Improvements	7,800	(4,050)	3,750
Sewer system	5,263,251	(1,189,937)	4,073,314
Automobiles	125,917	(55,644)	70,273
Total	<u>\$8,139,999</u>	<u>(\$2,994,454)</u>	<u>\$5,145,545</u>

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. Pertinent information relative to each plan 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 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 30 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 30 years, may take early retirement benefits commencing at or after age 60,

with the basic benefit reduced three percent for each year retirement precedes age 60, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final average salary. Final

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average salary 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 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, 7937 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 4.50 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 taxes 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 11:103, 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 Arcadia's contributions to the System under Plan B for the years ended December 31, 1999, 1998, and 1997, were \$10,125, \$7,238, and \$6,626 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 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 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 ages 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. That report may be

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obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 united Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Plan members are required by state statute to contribute 7.5 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 9.0 per cent of annual covered payroll. 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 11:103, 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 Arcadia's contributions to the System for the year ended December 31, 1999, 1998, and 1997, were \$12,242, \$12,191, \$11,047, respectively, equal to the required contributions for each.

8. CHANGES IN LONG-TERM DEBT

The following is a summary of general long-term debt transactions for the year ended December 31, 1999:

		Certificate	
	Bonds	of	
	Payable	<u>Indebtedness</u>	<u> </u>
Long-term debt at December 31, 1998	\$1,485,000	\$67,865	\$1,552,865
Retirements	(95,000)	(9,487)	(104,487)
Long-term debt at December 31, 1999	<u>\$1,390,000</u>	<u>\$58,378</u>	<u>\$1,448,378</u>

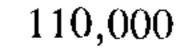
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Long-term debt at December 31, 1999, is comprised of the following individual issues:

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 6.2 to 11.0 per cent. Debt retirement payments are made from the 1992 Sales Tax Bonds Debt Service Fund.

\$1,280,000

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 6.1 per cent. Debt retirement payments are made from the Refunding Bonds Debt Service Fund.



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 \$13,306 through March 17, 2004 with interest at 7.0 per cent. Debt retirement payments are made from the Industrial Development Special Revenue Fund.

Total

Year

<u>\$58,378</u> <u>\$1,448,378</u>

The annual requirements to amortize all general long-term debt outstanding at December 31, 1999, including interest of \$666,157, are as follows:

	Certificate	
Bonds	of	
Payable	Indebtedness	Total

2000	\$197,712	\$14,238	\$211,950
2001	196,123	14,238	210,361
2002	198,970	14,238	213,208
2003	162,470	14,238	
2004	161,440	14,238	
2005 - 2009	806,270		806,270
20010 - 2011	320,360		320,360
Total	<u>\$2,043,345</u>	<u>\$71,190</u>	\$2,114,535

9. 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 federal grant funds. The following schedule presents changes in contributed capital for the year ended December 31, 1999:

Balance, January 1, 1999	\$5,212,388
Deductions - Depreciation on fixed assets acquired with federal grant	(96,203)
Balance, December 31, 1999	<u>\$5,116,185</u>

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10. LOCAL SERVICES AGREEMENT

On September 27, 1995, the town entered into an agreement with the Bienville Parish Sheriff for the collection of ad 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.

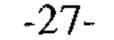
11. LITIGATION AND CLAIMS

At December 31, 1999, the town was involved in several lawsuits, which, in the opinion of legal counsel is adequately covered by the town's liability insurance. Therefore, no liability has been recorded in the accompanying financial statements.

12. FEDERAL FINANCIAL ASSISTANCE

During the year ended December 31, 1999, the town of Arcadia participated in the following federal financial assistance programs:

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE	GRANT NUMBER	CFDA <u>NUMBER</u>	CONSUMED/ EXPENDED YEAR ENDED December 31, 1999
United States Department of Justice			
Passed through Office of Community Oriented			
Policing Services (COPS)	95CFWX4510	16.710	\$381
United States Department of Housing			
and Urban Development			
Passed through Louisiana Division of			
Administration - Louisiana Community			
Development Block Grant - State's Program			
Street improvements	107-900346	14.228	166,923
Total Federal Financial Assistance			\$167,304

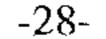


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14. RANDALL FARMS AGREEMENT

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.

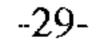


SUPPLEMENTAL INFORMATION SCHEDULES

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TOWN OF ARCADIA Arcadia, Louisiana SUPPLEMENTAL INFORMATION SCHEDULES As of and for the Year Ended December 31, 1999

SPECIAL REVENUE FUNDS

3 MILL FUND

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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 conomic 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

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TOWN OF ARCADIA Arcadia, Louisiana SPECIAL REVENUE FUNDS

Combining Balance Sheet, December 31, 1999

	<u>3 MILL</u>	INDUSTRIAL INDUCEMENT	INDUSTRIAL <u>DEVELOPMENT</u>	SALES TAX	PARKS AND <u>RECREATION</u>	TOTAL_
ASSETS Current assets: Cash and cash equivalents Due from other funds	\$66,041 35,243	\$181,009 1,797	\$13,868	\$1,685	\$46,901	\$309,504 37,040
Total current assets Note receivable	101,284	182,806	13,868 39,228	1,685	46,901	346,544 39,228
TOTAL ASSETS	<u>\$101,284</u>	<u>\$182,806</u>	\$53,096	<u>\$1,685</u>	<u>\$46,901</u>	\$385,772

LIABILITIES AND

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FUND EQUITY

Liabilities:

Current liabilities:

Accounts payable	\$6,029	\$127		\$1,001	\$460	\$7,617
Due to other funds		<u> </u>		7,634	1,055	8,689
Total current liabilities	6,029	127	NONE	8,635	1,515	16,306
Deferred revenue			\$39,228			39,228
Total Liabilities	6,029	127	39,228	8,635	1,515	55,534
Fund Equity - fund balances						
(Deficit) - unreserved -						
undesignated	95,255	182,679	13,868_	<u>(6,950)</u>	45,386	330,238
TOTAL LIABILITIES						
AND FUND	<u>\$101,284</u>	<u>\$182,806</u>	\$53,096	\$1,685	<u>\$46,901</u>	\$385,772

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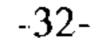
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TOWN OF ARCADIA Arcadia, Louisiana SPECIAL REVENUE FUNDS

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Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances For the Year Ended December 31, 1999

	<u>3 MILL</u>	INDUSTRIAL INDUCEMENT	INDUSTRIAL <u>DEVELOPMENT</u>	SALES TAX	PARKS AND <u>RECREATION</u>	<u> </u>
REVENUES						
Sales and use taxes	\$139,410	\$46,349		\$9,070	\$46,349	\$241,178
Use of money and property	1,578	4,507	<u>\$13,868</u>	887		20,840
Total revenues	140,988	50,856	13,868	9,957	46,349	262,018
EXPENDITURES						
Current:						
General government				15,191		15,191
Public works	278,467					278,467
Culture and recreation					13,271	13,271
Economic development and						
assistance		7,956				7,956
Debt service			14,238			14,238
Capital outlay	30,977				5,850	36,827
Total expenditures	309,444	7,956	14,238	15,191	19,121	365,950
EXCESS (Deficiency) OF REVENUES OVER						
EXPENDITURES	(168,456)	42,900	(370)	(5,234)	27,228	(103,932)
OTHER FINANCING SOURCES						
Operating transfers in	100,000	<u>NONE</u>	370	NONE	NONE	100,370
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCE OVER						
EXPENDITURES	(68,456)	42,900	NONE	(5,234)	27,228	(3,562)
FUND BALANCES (Deficit) AT BEGINNING OF YEAR	163,711	139,779	13,868	<u>(1,716)</u>	18,158	333,800
FUND BALANCES (Deficit) AT END OF YEAR	<u>\$95,255</u>	<u>\$182,679</u>	<u>\$13,868</u>	<u>(\$6,950)</u>	<u>\$45,386</u>	<u>\$330,238</u>



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TOWN OF ARCADIA Arcadia, Louisiana SUPPLEMENTAL INFORMATION SCHEDULES As of and for the Year Ended December 31, 1999

DEBT SERVICE FUNDS

1992 SALES TAX BONDS

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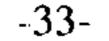
The 1992 Sales Tax Bonds Fund accumulates monies for the retirement of the January 1, 1992 sales tax bonds issued for the purpose of constructing, acquiring, extending and/or improving sewers and sewerage disposal and waterworks system in the town. Financing is provided by sales and use tax.

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 5, 1989 and March 1, 1990. Financing is provided by transfers from the Sales Tax Special Revenue Fund.



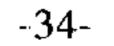
TOWN OF ARCADIA Arcadia, Louisiana DEBT SERVICE FUNDS

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Combining Balance Sheet, December 31, 1999

	1992
	SALES TAX REFUNDING
	BONDS BONDS TOTAL
ASSETS	
Cash and cash equivalents	<u>\$310,381</u> <u>\$47,832</u> <u>\$358,213</u>
FUND EQUITY	
Fund Equity - fund balances -	
reserved for debt service	<u>\$310,381</u> <u>\$47,832</u> <u>\$358,213</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, 1999

	1992 SALES TAX BONDS	1988 PUBLIC IMPROVEMENT BONDS	REFUNDING BONDS	TOTAL
REVENUES Use of money and property	<u>\$13,188</u>		\$1,363	\$14,551
EXPENDITURES Debt service	158,184	<u> </u>	38,143	196,327

EXCESS (Deficiency) OF

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REVENUES OVER EXPENDITURES (144,996) NONE (36,780)(181,776) **OTHER FINANCING SOURCE** 177,048 Operating transfers in 40,581 217,629 **EXCESS (Deficiency) OF REVENUES** AND OTHER SOURCE 32,052 35,853 **OVER EXPENDITURES** NONE 3,801 FUND BALANCES AT 6,817 278,329 **BEGINNING OF YEAR** 44,031 329,177 Residual equity transfer (6,817) (6,817)FUND BALANCES AT \$358,213 **END OF YEAR** \$47,832 \$310,381 NONE

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TOWN OF ARCADIA Arcadia, Louisiana SUPPLEMENTAL INFORMATION SCHEDULE As of and for the Year Ended December 31, 1999

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.

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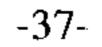
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TOWN OF ARCADIA Arcadia, Louisiana

Schedule of Compensation Paid Aldermen For the Year Ended December 31, 1999

Charlie Brown	\$2,400
Gary Carlisle, Mayor Pro Tem	2,700
Bruce Russell	2,400
Jean Kelley	2,400
Charles Smith, Jr.	2,400
Total	\$12,300



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

The following independent auditor's reports on compliance with laws, regulations and contracts and internal control over financial reporting 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.



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MEMBER AMERICAN INSTITUTE OF CERTIFIED FUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA **CERTIFIED PUBLIC** ACCOUNTANTS

Independent Auditor's Report on Compliance and **Internal Control Over Financial Reporting**

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 and for the year ended December 31, 1999 and have issued my report thereon dated March 20, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government* Auditing Standards, issued by the Comptroller General of the United States.

PRACTICE LIMITED TO

GOVERNMENTAL ACCOUNTING, AUDITING AND FINANCIAL REPORTING

116 PROFESSIONAL DRIVE,

WEST MONROE,

LOUISIANA 71291

TELEPHONE 1.800.541.5020

318.325.2121

FAX 318.324.1630

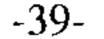
EMAIL vicoon@aol.com

Compliance

As part of obtaining reasonable assurance about whether the Town of Arcadia's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of Arcadia's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a certain matter involving the internal control over financial reporting and its operation that I considered to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the Town of Arcadia's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and question costs as item 99-1.



MAYOR AND BOARD OF ALDERMEN TOWN OF ARCADIA

Arcadia, Louisiana Independent Auditor's Report on Compliance And Internal Control Over Financial Reporting, etc. December 31, 1999

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 manner by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I consider item 99-1 to be a material weakness.

This report is intended solely for the information and use of the Town of Arcadia and management of the town's office and is not intended to be and should not be used by anyone other than these specified parties

parties.

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West Monroe, Louisiana March 20, 2000



TOWN OF ARCADIA Arcadia, Louisiana

Schedule of Findings and Questioned Costs For the Year Ended December 31, 1999

A. SUMMARY OF AUDIT RESULTS

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- 1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Town of Arcadia.
- 2. No instances of noncompliance material to the financial statements of the Town of Arcadia were disclosed during the audit.
- 3. One reportable condition relating to the audit of the financial statements is reported in the independent auditor's report on Internal Control Over Financial Reporting. The reportable condition was considered a material weakness.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

99-1 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 the deposit listing maintained on the new computer software. At December 31, 1999, the cash account has a balance of \$36,433, the liability account has a balance of \$57,673 and the deposit listing report has a balance of \$28,550. 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 for those accounts 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 Meter Deposit 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 deposit listing.
- 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.

In addition, the water clerk must determine, to whom individual deposits belong.

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c) The water clerk reconcile the deposit report to the general ledger monthly.

TOWN OF ARCADIA Arcadia, Louisiana

Summary Schedule of Prior Audit Findings For the Year Ended December 31, 1999

98-1 Need Segregation of Duties In Collecting, Depositing and Recording Cash Receipts

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Recommendation: To correct the deficiencies the auditor recommended 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. Records should be filed in an orderly manner. I recommend that a binder be maintained for each month. The daily cash receipts journals should be filed in chronological order. In addition to this a separate binder should be maintained for the billing registers and they should also be filed in chronological order. It should be noted that had the information been filed in an orderly manner it would have allowed a more efficient audit process.

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, it should be by formal approval or adoption.

Status: The town has implemented the auditor's recommendations.

Need to Reconcile Customer Deposits 98-2

The auditor recommended that the following be done to reconcile the amounts: **Recommendation:**

Amounts charged for meters be deposited in the Meter Deposit account. a) The water clerk transfer deposits with a customer when service is b) transferred.

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TOWN OF ARCADIA Arcadia, Louisiana

Summary Schedule of Prior Audit Findings (Contd.) For the Year Ended December 31, 1999

- c) The water clerk post the date the deposit is received to deposit listing.
- 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. In addition, the water clerk must determine which individuals deposits belong to.
- e) The water clerk reconcile the deposit report to the general ledger monthly.

Status: See finding 99-1

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98-3 DONATION OF PUBLIC FUNDS

Recommendation: The auditor recommended that the town discontinue paying the electricity bill unless

it can systematically allocate the bill to the museum and the chamber and pay only the museum cost. Further, the chamber must pay rent for use of the town's building. In the future the board should advertise that surplus property is available for sale or lease in accordance with Louisiana Revised Statute 33:4712.

Status: This town has implemented the auditor's recommendation.





TOWN OF ARCAIMA

Peggy C. Ganit, Mayor

Jean H. Kelley • District I Bruce Russell - District II Charles M. Brown - District III Edward Mason, Jr. - District IV **Gary Carlisle - District V**

Council Members

P.O. Box 767 Arcadia, Louislana 71001 (318) 263-8458 Economic & Community Development (318) 263-9050 Fax (318) 263-2571

Clerk Dianne Futch

Attorney **Hussell Davis**

March 15, 2000

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Legislative Audit Advisory Council
State of Louisiana
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397
Attn: Daniel G. Kyle, CPA, CFE
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Dear Mr. Kyle:

The Town of Arcadia respectfully submits the following corrective action plan for the year ended December 31, 1999.

Need to Reconcile Customer Deposits 99-1

Recommendation: The auditor recommended that the following be done to reconcile the amounts:

- Amounts charged for meters be deposited in the Meter 8) Deposit Account.
- The water clerk transfor deposits with a customer when b) service is transferred.
- The water clerk post the date the deposit is received c) to deposit listing.
- dThe town clerk transfers funds from the water and sewer account to the customer service account to agree the cash account to the lability account. In addition, the water clerk must determine, to whom individual deposits belong.
- The water clerk reconcile the deposit report to the c) general ledger monthly.

Action to be taken:

- Amounts charged for meters are being deposited in the **a**) Meter Deposit Account.
- The water clerk will transfer deposits with a customer b) when service is transferred.

The water clerk will post the date the deposit is **c**) received to deposit listing.

d) The town clerk will transfer funds from the water and sewer account to the customer service account to agree the cash account to the liability account. In addition, the water clerk must determine which individual deposits belong.

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e) The water clerk will reconcile the deposit report to the general ledger each month.

Respectfully, fint Peggy

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Mayor

PCG:djf

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