

LEGISLATIVE AUDITOR
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TOWN OF ARCADIA
Arcadia, Louisiana

**General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 1999
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 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 12 2000

**VERNON·R
COON**
CERTIFIED PUBLIC ACCOUNTANT

TOWN OF ARCADIA
Arcadia, Louisiana

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

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.

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.

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

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.

A handwritten signature in black ink, appearing to be 'V. Smith', written in a cursive style.

West Monroe, Louisiana
March 20, 2000

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

TOWN OF ARCADIA
 Arcadia, Louisiana
 ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet, December 31, 1999

	...GOVERNMENTAL FUND TYPE...		PROPRIETARY FUND TYPE -		...ACCOUNT GROUPS...		TOTAL
	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUND	WATER AND SEWER ENTERPRISE FUND	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	(MEMORANDUM ONLY)
ASSETS AND OTHER DEBITS							
Current assets:							
Cash and cash equivalents	\$338,193	\$309,504	\$358,213	\$366,151			\$1,372,061
Due from other funds	8,675	37,040					45,715
Receivables (net of allowances for uncollectible accounts)	100,699		\$16,480	48,376			165,555
Inventory				13,942			13,942
Total current assets	<u>447,567</u>	<u>346,544</u>	<u>358,213</u>	<u>428,469</u>	<u>NONE</u>	<u>NONE</u>	<u>1,597,273</u>
Restricted assets - cash and cash equivalents				36,433			36,433
Note receivable		39,228					39,228
Land, buildings, and equipment (net of accumulated depreciation)				5,145,545	\$1,338,244		6,483,789
Amount available in debt service funds						\$358,213	358,213
Amount to be provided for retirement of general long-term debt						1,090,165	1,090,165
TOTAL ASSETS AND OTHER DEBITS	<u>\$447,567</u>	<u>\$385,772</u>	<u>\$358,213</u>	<u>\$5,610,447</u>	<u>\$1,338,244</u>	<u>\$1,448,378</u>	<u>\$9,605,101</u>

LIABILITIES AND FUND EQUITY

Liabilities:									
Current liabilities:									
Cash overdraft			\$8						\$8
Accounts payable	\$40,925	\$7,617	13,175	\$39,535					101,252
Payroll withholdings payable	2,692								2,692
Salaries payable	13,650								13,650
Interest payable	669								669
Due to other funds	10,514	8,689	3,305	23,207					45,715
Total Current Liabilities	<u>68,450</u>	<u>16,306</u>	<u>16,488</u>	<u>62,742</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>163,986</u>
Current liabilities (payable from restricted assets) - customer deposits				57,673					57,673
Bonds payable					\$1,390,000				1,390,000
Certificate of indebtedness payable					58,378				58,378
Deferred revenue		39,228							39,228
Total Liabilities	<u>68,450</u>	<u>55,534</u>	<u>16,488</u>	<u>120,415</u>	<u>NONE</u>	<u>NONE</u>	<u>1,448,378</u>	<u>1,709,265</u>	<u>1,709,265</u>
Fund Equity:									
Contributed capital				5,116,185					5,116,185
Investment in general fixed assets					\$1,338,244				1,338,244
Retained earnings:									
Reserved for customer deposits				57,673					57,673
Unreserved - undesignated				316,174					316,174
Total retained earnings	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>373,847</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>373,847</u>	<u>373,847</u>
Fund balances:									
Reserved for city hall construction	6,817								6,817
Reserved for debt service					\$358,213				358,213
Unreserved - undesignated	372,300	330,238	(8)						702,530
Total fund balances	<u>379,117</u>	<u>330,238</u>	<u>(8)</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>1,067,560</u>	<u>1,067,560</u>
Total Fund Equity	<u>379,117</u>	<u>330,238</u>	<u>(8)</u>	<u>5,490,032</u>	<u>1,338,244</u>	<u>1,448,378</u>	<u>1,338,244</u>	<u>7,895,836</u>	<u>7,895,836</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$447,567</u>	<u>\$385,772</u>	<u>\$16,480</u>	<u>\$5,610,447</u>	<u>\$1,338,244</u>	<u>\$1,448,378</u>	<u>\$1,448,378</u>	<u>\$9,605,101</u>	<u>\$9,605,101</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, 1999

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>DEBT SERVICE FUNDS</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
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				478
Total revenues	<u>901,568</u>	<u>262,018</u>	<u>14,551</u>	<u>166,923</u>	<u>1,345,060</u>
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	<u>658,365</u>	<u>365,950</u>	<u>196,327</u>	<u>166,931</u>	<u>1,387,573</u>

(Continued)

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

	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>	<u>(\$8)</u>	<u>(\$42,513)</u>
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	<u>(140,951)</u>				<u>(140,951)</u>
Total other financing sources (use)	<u>(131,211)</u>	<u>100,370</u>	<u>217,629</u>	<u>NONE</u>	<u>186,788</u>
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	260,308	333,800	329,177	NONE	923,285
Residual equity transfer	<u>6,817</u>		<u>(6,817)</u>		
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>

(Concluded)

The accompanying notes are an integral part of this statement.

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 FUND.....		SPECIAL REVENUE FUNDS.....		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
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	<u>834,428</u>	<u>901,568</u>	<u>67,140</u>	<u>267,658</u>	<u>262,018</u>	<u>(5,640)</u>
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	<u>68,000</u>	<u>85,516</u>	<u>(17,516)</u>	<u>34,000</u>	<u>36,827</u>	<u>(2,827)</u>
Total expenditures	<u>651,812</u>	<u>658,365</u>	<u>(6,553)</u>	<u>395,628</u>	<u>365,950</u>	<u>29,678</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>182,616</u>	<u>243,203</u>	<u>60,587</u>	<u>(127,970)</u>	<u>(103,932)</u>	<u>24,038</u>
OTHER FINANCING SOURCES AND USE						
Sale of assets	1,000	665	(335)			
Proceeds from insurance		9,075	9,075			
Operating transfers in				100,372	100,370	(2)
Operating transfers out	<u>(140,580)</u>	<u>(140,951)</u>	<u>(371)</u>			
Total other financing sources (use)	<u>(139,580)</u>	<u>(131,211)</u>	<u>8,369</u>	<u>100,372</u>	<u>100,370</u>	<u>(2)</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 FUND.....		SPECIAL REVENUE FUNDS.....		
	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
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	260,308	260,308		324,035	333,800	9,765
Residual Equity Transfer		6,817				
FUND BALANCES AT END OF YEAR	<u>\$303,344</u>	<u>\$379,117</u>	<u>\$75,773</u>	<u>\$296,437</u>	<u>\$330,238</u>	<u>\$33,801</u>

(Concluded)

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, 1999

OPERATING REVENUES	
Charges for water service	\$506,553
Charges for sewer service	30,994
Sewer user charges	102,972
Other operating revenues	<u>638</u>
Total revenues	<u>641,157</u>
OPERATING EXPENSES	
General and administrative	78,381
Water department	479,645
Sewer department	76,982
Depreciation	<u>183,111</u>
Total operating expenses	<u>818,119</u>
OPERATING INCOME	<u>(176,962)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	25,042
Sales tax revenues	185,396
Non-operating transfer out	<u>(177,048)</u>
Total non-operating revenues	<u>33,390</u>
NET INCOME	<u>(143,572)</u>
Add depreciation on fixed assets acquired with federal grant	96,203
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>421,216</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$373,847</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, 1999

CASH FLOWS FROM OPERATING ACTIVITIES	<u>(\$176,962)</u>
Operating income	
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation expense	183,111
Increase in accounts receivable	(11,040)
Increase in inventory	(580)
Increase in accounts payable	18,685
Increase in due to other funds	4,221
Increase in customer deposits	1,743
Total adjustments	<u>196,140</u>
Net cash provided by operating activities	<u>19,178</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Sales tax revenue	185,396
Non-operating transfers out	<u>(177,048)</u>
Net cash provided by non-capital financing activities	<u>8,348</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	<u>(50,125)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	<u>25,042</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,443
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>400,141</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$402,584</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, 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.

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.

TOWN OF ARCADIA

Arcadia, 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. 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

TOWN OF ARCADIA
Arcadia, Louisiana
Notes to the Financial Statements (Continued)

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
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:

TOWN OF ARCADIA

Arcadia, Louisiana

Notes to the Financial Statements (Continued)

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.

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.

TOWN OF ARCADIA
Arcadia, Louisiana
Notes to the Financial Statements (Continued)

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
Time deposits	<u>853,188</u>
Total	<u>\$1,408,486</u>

TOWN OF ARCADIA
 Arcadia, Louisiana
 Notes to the Financial Statements (Continued)

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	\$400,000
Pledged securities (uncollateralized)	<u>1,849,848</u>
Total	<u>\$2,249,848</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 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.

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

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.

TOWN OF ARCADIA
 Arcadia, Louisiana
 Notes to the Financial Statements (Continued)

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

	1999 Assessed Valuation	Per cent of Total Assessed 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>45.94%</u>

3. RECEIVABLES

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

	General Fund	Capital Projects Fund	Water and Sewer Enterprise Fund	Total
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	<u>20,124</u>			<u>20,124</u>
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:

TOWN OF ARCADIA
 Arcadia, Louisiana
 Notes to the Financial Statements (Continued)

	Due from Other Funds	Due to Other Funds
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
	<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 loan 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 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., remits 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, 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 January 1,	Additions	Deletions	Balance at December 31,
Land	\$179,125			\$179,125
Buildings	431,402			431,402
Improvements	9,950	\$37,897		47,847
Equipment	601,074	84,446	(\$5,650)	679,870
Construction in progress	9,655	146,293	(155,948)	NONE
	<u>\$1,231,206</u>	<u>\$268,636</u>	<u>(\$161,598)</u>	<u>\$1,338,244</u>

TOWN OF ARCADIA
 Arcadia, Louisiana
 Notes to the Financial Statements (Continued)

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

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book 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	<u>125,917</u>	<u>(55,644)</u>	<u>70,273</u>
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

TOWN OF ARCADIA

Arcadia, Louisiana

Notes to the Financial Statements (Continued)

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

TOWN OF ARCADIA

Arcadia, Louisiana

Notes to the Financial Statements (Continued)

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:

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

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.	110,000

TOWN OF ARCADIA
 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 \$13,306 through March 17, 2004 with interest at 7.0 per cent. Debt retirement payments are made from the Industrial Development Special Revenue Fund.	<u>\$58,378</u>
Total	<u><u>\$1,448,378</u></u>

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

<u>Year</u>	<u>Bonds Payable</u>	<u>Certificate of Indebtedness</u>	<u>Total</u>
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
2010 - 2011	320,360		320,360
Total	<u><u>\$2,043,345</u></u>	<u><u>\$71,190</u></u>	<u><u>\$2,114,535</u></u>

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	<u>(96,203)</u>
Balance, December 31, 1999	<u><u>\$5,116,185</u></u>

TOWN OF ARCADIA

Arcadia, Louisiana

Notes to the Financial Statements (Continued)

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:

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE</u>	<u>GRANT NUMBER</u>	<u>CFDA NUMBER</u>	<u>CONSUMED/ ...EXPENDED... YEAR ENDED December 31, 1999</u>
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	<u>166,923</u>
Total Federal Financial Assistance			<u><u>\$167,304</u></u>

TOWN OF ARCADIA

Arcadia, Louisiana

Notes to the Financial Statements (Continued)

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

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

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 ARCADIA
Arcadia, Louisiana
SPECIAL REVENUE FUNDS

Combining Balance Sheet, December 31, 1999

	<u>3 MILL</u>	<u>INDUSTRIAL INDUCEMENT</u>	<u>INDUSTRIAL DEVELOPMENT</u>	<u>SALES TAX</u>	<u>PARKS AND RECREATION</u>	<u>TOTAL</u>
ASSETS						
Current assets:						
Cash and cash equivalents	\$66,041	\$181,009	\$13,868	\$1,685	\$46,901	\$309,504
Due from other funds	35,243	1,797				37,040
Total current assets	<u>101,284</u>	<u>182,806</u>	<u>13,868</u>	<u>1,685</u>	<u>46,901</u>	<u>346,544</u>
Note receivable			39,228			39,228
TOTAL ASSETS	<u>\$101,284</u>	<u>\$182,806</u>	<u>\$53,096</u>	<u>\$1,685</u>	<u>\$46,901</u>	<u>\$385,772</u>
LIABILITIES AND FUND EQUITY						
Liabilities:						
Current liabilities:						
Accounts payable	\$6,029	\$127		\$1,001	\$460	\$7,617
Due to other funds				7,634	1,055	8,689
Total current liabilities	<u>6,029</u>	<u>127</u>	<u>NONE</u>	<u>8,635</u>	<u>1,515</u>	<u>16,306</u>
Deferred revenue			\$39,228			39,228
Total Liabilities	<u>6,029</u>	<u>127</u>	<u>39,228</u>	<u>8,635</u>	<u>1,515</u>	<u>55,534</u>
Fund Equity - fund balances (Deficit) - unreserved - undesignated	<u>95,255</u>	<u>182,679</u>	<u>13,868</u>	<u>(6,950)</u>	<u>45,386</u>	<u>330,238</u>
TOTAL LIABILITIES AND FUND	<u>\$101,284</u>	<u>\$182,806</u>	<u>\$53,096</u>	<u>\$1,685</u>	<u>\$46,901</u>	<u>\$385,772</u>

TOWN OF ARCADIA
Arcadia, Louisiana
SPECIAL REVENUE FUNDS

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

	<u>3 MILL</u>	<u>INDUSTRIAL INDUCEMENT</u>	<u>INDUSTRIAL DEVELOPMENT</u>	<u>SALES TAX</u>	<u>PARKS AND RECREATION</u>	<u>TOTAL</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	\$13,868	887		20,840
Total revenues	<u>140,988</u>	<u>50,856</u>	<u>13,868</u>	<u>9,957</u>	<u>46,349</u>	<u>262,018</u>
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	<u>309,444</u>	<u>7,956</u>	<u>14,238</u>	<u>15,191</u>	<u>19,121</u>	<u>365,950</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(168,456)</u>	<u>42,900</u>	<u>(370)</u>	<u>(5,234)</u>	<u>27,228</u>	<u>(103,932)</u>
OTHER FINANCING SOURCES						
Operating transfers in	<u>100,000</u>	<u>NONE</u>	<u>370</u>	<u>NONE</u>	<u>NONE</u>	<u>100,370</u>
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	<u>163,711</u>	<u>139,779</u>	<u>13,868</u>	<u>(1,716)</u>	<u>18,158</u>	<u>333,800</u>
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>

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

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

Combining Balance Sheet, December 31, 1999

	1992 SALES TAX BONDS	REFUNDING 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>		<u>\$1,363</u>	<u>\$14,551</u>
EXPENDITURES				
Debt service	<u>158,184</u>		<u>38,143</u>	<u>196,327</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(144,996)</u>	NONE	<u>(36,780)</u>	<u>(181,776)</u>
OTHER FINANCING SOURCE				
Operating transfers in	<u>177,048</u>		<u>40,581</u>	<u>217,629</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCE OVER EXPENDITURES	32,052	NONE	3,801	35,853
FUND BALANCES AT BEGINNING OF YEAR	278,329	6,817	44,031	329,177
Residual equity transfer		<u>(6,817)</u>		<u>(6,817)</u>
FUND BALANCES AT END OF YEAR	<u><u>\$310,381</u></u>	<u>NONE</u>	<u><u>\$47,832</u></u>	<u><u>\$358,213</u></u>

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.

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.	<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 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.



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

MAYOR AND BOARD OF ALDERMEN
TOWN OF ARCADIA
Arcadia, Louisiana

MEMBER AMERICAN
INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC
ACCOUNTANTS

PRACTICE LIMITED TO
GOVERNMENTAL
ACCOUNTING, AUDITING
AND FINANCIAL REPORTING

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.

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.

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WEST MONROE,
LOUISIANA 71291
TELEPHONE
1.800.541.5020
318.325.2121
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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.

A handwritten signature in black ink, appearing to be 'V. ...', written in a cursive style.

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

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.
- e) 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**

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.

98-2 Need to Reconcile Customer Deposits

Recommendation: The auditor recommended 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.

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

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 ARCADIA

Council Members

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

Peggy C. Gantt, Mayor

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

Clerk
Dianne Fulch

Attorney
Russell Davis

March 15, 2000

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

Dear Mr. Kyle:

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

99-1 Need to Reconcile Customer Deposits

Recommendation: The auditor recommended 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 transfers 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.
- e) The water clerk reconcile the deposit report to the general ledger monthly.

Action to be taken:

- a) Amounts charged for meters are being deposited in the Meter Deposit Account.
- b) The water clerk will transfer deposits with a customer when service is transferred.
- c) The water clerk will post the date the deposit is 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.
- e) The water clerk will reconcile the deposit report to the general ledger each month.

Respectfully,



Peggy C. Gault
MAYOR

PCG:djf