

TOWN OF LAKE ARTHUR, LOUISIANA
ANNUAL FINANCIAL REPORT
JULY 31, 1999

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Release Date _____

TOWN OF LAKE ARTHUR, LOUISIANA

ANNUAL FINANCIAL REPORT
Year Ended July 31, 1999

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Title Page	
Table of Contents	2-3
List of Principal Officials	4
FINANCIAL SECTION	
Independent Auditor's Report on the Financial Statements	5-6
Combined Statements-Overview ("Liftable General Purpose Financial Statements):	
Combined Balance Sheet-All Fund Types and Account Groups	8-9
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-All Governmental Fund Types	10-11
Combined Statement of Revenues, Expenditures and Changes in Fund Balances-Budget (GAAP Basis) and Actual- General and Special Revenue Fund Types	12-13
Statement of Revenues, Expenses, and Changes in Retained Earnings-Proprietary Fund Type	14
Statement of Cash Flows-Proprietary Fund Type	15-16
Notes to Financial Statements	17-32
Financial Statements of Individual Funds and Account Groups:	
General Fund:	
Comparative Balance Sheet	35
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual	36
Statement of Expenditures Compared to Budget (GAAP Basis)	37-38
Special Revenue Funds:	
Combining Balance Sheet	40-41
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	42-43

	Page
Street and Alley Maintenance Fund:	
Comparative Balance Sheet	44
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual	45
Drainage Maintenance Fund:	
Comparative Balance Sheet	46
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual	47
Sales Tax Fund:	
Comparative Balance Sheet	48
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual	49
Sidewalk Account Fund:	
Comparative Balance Sheet	50
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual	51
Debt Service Funds:	
Combining Balance Sheet	53
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	54
Enterprise Fund-Utilities System Fund:	
Comparative Balance Sheet	56-57
Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings	58
Comparative Statement of Cash Flows	59
General Long-Term Debt Account Group:	
Statement of General Long-Term Debt	61
General Fixed Asset Account Group:	
Statement of General Fixed Assets	63
 SUPPLEMENTARY INFORMATION	
Year 2000 Supplementary Information	65
Schedule of Expenditures of Federal Awards	66
Notes to Schedule of Expenditures of Federal Awards	67
 INDEPENDENT AUDITOR'S REPORTS ON INTERNAL CONTROL STRUCTURE AND COMPLIANCE	
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	69-70

TOWN OF LAKE ARTHUR, LOUISIANA

July 31, 1999

MAYOR

The Honorable E. R. Giles

BOARD OF ALDERMEN

Mr. Robert Bertrand
Mr. Ellsworth Duhon
Mr. David Hanks

Ms. Betty Moore
Mr. Mark LaPoint

LEGAL COUNSEL

Mr. Bennett LaPoint

TOWN CLERK

Mrs. Dorothy Charles

McELROY, QUIRK & BURCH

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Barbara Hutson Gonzales, CPA
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Martin L. Chehotsky, CPA, CFE
Robert M. Gani, CPA
Tina L. Demarest, CPA, CVA

Mollie C. Broussard, CPA



Charles P. Quirk, CPA
Oray J. Woods Jr., CPA
Robert E. Cargile, CPA
William A. Mancuso, CPA

Charles L. McElroy, CPA (1917-1997)
Patrick J. Reddick, CPA (1926-1995)
Frank D. Burch, CPA (1921-1991)

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen
Town of Lake Arthur
Lake Arthur, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Lake Arthur, Louisiana, and the combining, individual fund and account group financial statements of the Town as of July 31, 1999, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Town of Lake Arthur, Louisiana management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned general purpose financial statements present fairly, in all material respects, the financial position of the Town of Lake Arthur, Louisiana, as of July 31, 1999, and the results of its operations and changes in cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining, individual fund, and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the Town of Lake Arthur, Louisiana at July 31, 1999, and the results of operations of such funds and the cash flows of the individual proprietary funds for the year then ended, in conformity with generally accepted accounting principles.

The Year 2000 supplementary information on page 64 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and the presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Town of Lake Arthur is or will become Year 2000 compliant, that the Town's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Town does business are or will become Year 2000 compliant.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 30, 1999, on the Town of Lake Arthur's compliance with laws and regulations and on its internal control over financial reporting.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Town of Lake Arthur, Louisiana, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion on the combined, combining, individual fund, and account group financial statements of the Town of Lake Arthur, Louisiana.

McElroy, Quirk + Burch
Lake Charles, Louisiana
August 30, 1999

COMBINED STATEMENTS - OVERVIEW
("LIFTABLE" GENERAL PURPOSE
FINANCIAL STATEMENTS)

TOWN OF LAKE ARTHUR, LOUISIANA

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS
July 31, 1999

ASSETS	Governmental Fund Types		
	General	Special Revenue	Debt Service
Cash	\$ 25,964	\$ 292,266	\$ 196,759
Investments, at cost	769,979	273,766	249,554
Receivables	33,703	-	-
Due from other funds	347,900	65,254	61,972
Restricted assets:			
Cash	-	-	-
Property and equipment, less accumulated depreciation	-	-	-
Amount available in debt service funds	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
Total assets	\$ 1,177,546	\$ 631,286	\$ 508,285
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 26,057	\$ 45,217	\$ -
Payroll taxes payable	-	-	-
Other payables	1,135	-	-
Due to other funds	228,477	24,271	26,159
Payable from restricted assets:			
Customer deposits	-	-	-
Bonds and note payable	-	-	-
General obligation bonds payable	-	-	-
Accrued interest payable	-	-	-
Total liabilities	255,669	69,488	26,159
Fund equity:			
Contributed capital	-	-	-
Retained earnings:			
Unreserved	-	-	-
Fund balance:			
Reserved for debt service	-	-	266,317
Unreserved:			
Designated for subsequent year's expenditures	921,877	561,798	215,809
Total retained earnings/fund balance	921,877	561,798	482,126
Total fund equity	921,877	561,798	482,126
Total liabilities and fund equity	\$ 1,177,546	\$ 631,286	\$ 508,285

See accompanying notes to financial statements

Proprietary Fund Type Enterprise	Account Groups		Totals (Memorandum Only)	
	General Long-Term Debt	General Fixed Assets	1999	1998
	\$ 58,682	\$ -	\$ -	\$ 573,671
172,903	-	-	1,466,202	1,481,856
37,134	-	-	70,837	71,961
160,224	-	-	635,350	483,477
322,423	-	-	322,423	297,034
3,862,110	-	2,783,134	6,645,244	6,676,065
-	266,317	-	266,317	269,325
-	22,683	-	22,683	26,675
<u>\$ 4,613,476</u>	<u>\$ 289,000</u>	<u>\$ 2,783,134</u>	<u>\$ 10,002,727</u>	<u>\$ 9,866,633</u>
\$ 10,628	\$ -	\$ -	\$ 81,902	\$ 38,813
-	-	-	1,135	2,479
356,443	-	-	635,350	483,477
32,321	-	-	32,321	30,152
125,000	-	-	125,000	120,000
2,250,000	289,000	-	2,539,000	2,671,000
22,654	-	-	22,654	23,801
<u>2,797,046</u>	<u>289,000</u>	<u>-</u>	<u>3,437,362</u>	<u>3,369,722</u>
897,513	-	-	897,513	964,381
-	-	2,783,134	2,783,134	2,635,913
918,917	-	-	918,917	910,684
-	-	-	266,317	369,136
-	-	-	1,699,484	1,616,797
<u>918,917</u>	<u>-</u>	<u>-</u>	<u>2,884,718</u>	<u>2,896,617</u>
<u>1,816,430</u>	<u>-</u>	<u>2,783,134</u>	<u>6,565,365</u>	<u>6,496,911</u>
<u>\$ 4,613,476</u>	<u>\$ 289,000</u>	<u>\$ 2,783,134</u>	<u>\$ 10,002,727</u>	<u>\$ 9,866,633</u>

TOWN OF LAKE ARTHUR, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

Year Ended July 31, 1999

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Revenues:			
Taxes	\$ 326,399	\$ 235,686	\$ 41,906
Licenses and permits	72,044	-	-
Intergovernmental	81,480	-	-
Charges for services	161,859	-	-
Fines and forfeits	48,379	-	-
Interest earned	35,121	-	12,523
Oil and gas lease and royalties	18,472	-	-
Landfill revenues	40,671	-	-
Recreation	25,342	-	-
Miscellaneous	38,485	28,697	-
Total revenues	<u>848,252</u>	<u>264,383</u>	<u>54,429</u>
Expenditures:			
Current:			
General government	359,560	-	-
Public safety	389,792	-	-
Highways and streets	-	201,679	-
Health and recreation	203,486	-	-
Economic development	8,062	-	-
Debt service:			
Principal retirement	-	-	7,000
Interest and fiscal charges	-	-	14,800
Total expenditures	<u>960,900</u>	<u>201,679</u>	<u>21,800</u>
Excess (deficiency) of revenues over expenditures	<u>(112,648)</u>	<u>62,704</u>	<u>32,629</u>
Other financing sources (uses):			
Operating transfers in	32,288	148,067	-
Operating transfers out	-	(180,682)	(2,490)
Total other financing sources (uses)	<u>32,288</u>	<u>(32,615)</u>	<u>(2,490)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(80,360)	30,089	30,139
Fund balance at beginning of year	<u>1,002,237</u>	<u>531,709</u>	<u>451,987</u>
Fund balance at end of year	<u>\$ 921,877</u>	<u>\$ 561,798</u>	<u>\$ 482,126</u>

See accompanying notes to financial statements

Totals	
(Memorandum Only)	
<u>1999</u>	<u>1998</u>
\$ 603,991	\$ 618,665
72,044	87,422
81,480	88,042
161,859	161,786
48,379	60,086
47,644	53,019
18,472	5,124
40,671	46,805
25,342	28,593
<u>67,182</u>	<u>51,680</u>
<u>1,167,064</u>	<u>1,201,222</u>
359,560	292,462
389,792	389,350
201,679	166,249
203,486	175,714
8,062	6,260
7,000	7,000
<u>14,800</u>	<u>15,150</u>
<u>1,184,379</u>	<u>1,052,185</u>
<u>(17,315)</u>	<u>149,037</u>
180,355	206,676
<u>(183,172)</u>	<u>(197,931)</u>
<u>(2,817)</u>	<u>8,745</u>
(20,132)	157,782
<u>1,985,933</u>	<u>1,828,151</u>
<u>\$ 1,965,801</u>	<u>\$ 1,985,933</u>

TOWN OF LAKE ARTHUR, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES-BUDGET (GAAP BASIS) AND ACTUAL-GENERAL AND SPECIAL REVENUE FUND TYPES
Year Ended July 31, 1999

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Taxes	\$ 309,000	\$ 326,399	\$ 17,399
Licenses and permits	79,300	72,044	(7,256)
Intergovernmental	59,000	81,480	22,480
Charges for services	182,500	161,859	(20,641)
Fines and forfeits	48,000	48,379	379
Interest earned	38,000	35,121	(2,879)
Oil and gas lease and royalties	6,000	18,472	12,472
Landfill revenues	47,000	40,671	(6,329)
Recreation	69,200	25,342	(43,858)
Miscellaneous	1,100	38,485	37,385
Total revenues	<u>839,100</u>	<u>848,252</u>	<u>9,152</u>
Expenditures:			
Current:			
General government	572,330	359,560	212,770
Public safety	394,960	389,792	5,168
Highways and streets	-	-	-
Health and recreation	197,660	203,486	(5,826)
Economic development	8,500	8,062	438
Total expenditures	<u>1,173,450</u>	<u>960,900</u>	<u>212,550</u>
Excess (deficiency) of revenues over expenditures	<u>(334,350)</u>	<u>(112,648)</u>	<u>221,702</u>
Other financing sources (uses):			
Operating transfers in	233,450	32,288	(201,162)
Operating transfers out	-	-	-
Prior year's cash	100,900	-	(100,900)
Total other financing sources (uses)	<u>334,350</u>	<u>32,288</u>	<u>(302,062)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(80,360)	(80,360)
Fund balance at beginning of year	<u>1,002,237</u>	<u>1,002,237</u>	-
Fund balance at end of year	<u>\$ 1,002,237</u>	<u>\$ 921,877</u>	<u>\$ (80,360)</u>

See accompanying notes to financial statements

<u>Special Revenue Funds</u>		
<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
\$ 226,000	\$ 235,686	\$ 9,686
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>26,000</u>	<u>28,697</u>	<u>2,697</u>
<u>252,000</u>	<u>264,383</u>	<u>12,383</u>
-	-	-
-	-	-
262,300	201,679	60,621
-	-	-
-	-	-
<u>262,300</u>	<u>201,679</u>	<u>60,621</u>
<u>(10,300)</u>	<u>62,704</u>	<u>73,004</u>
145,400	148,067	2,667
(170,000)	(180,682)	(10,682)
<u>41,800</u>	<u>-</u>	<u>(41,800)</u>
<u>17,200</u>	<u>(32,615)</u>	<u>(49,815)</u>
6,900	30,089	23,189
<u>531,709</u>	<u>531,709</u>	<u>-</u>
<u>\$ 538,609</u>	<u>\$ 561,798</u>	<u>\$ 23,189</u>

TOWN OF LAKE ARTHUR, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
 RETAINED EARNINGS - PROPRIETARY FUND TYPE
 Years Ended July 31, 1999 and 1998

	<u>Enterprise Fund</u>	
	<u>1999</u>	<u>1998</u>
Operating revenues:		
Charges for services-water	\$ 114,175	\$ 113,584
Charges for services-sewerage	<u>263,651</u>	<u>263,981</u>
Total operating revenues	<u>377,826</u>	<u>377,565</u>
Operating expenses:		
Personal services	85,966	70,713
Other services and charges	30,409	31,698
Supplies	32,215	20,519
Heat, light and power	50,869	53,241
Depreciation	<u>113,142</u>	<u>97,695</u>
Total operating expenses	<u>312,601</u>	<u>273,866</u>
Operating income	<u>65,225</u>	<u>103,699</u>
Nonoperating revenues (expenses):		
Water and sewer connection fees	1,961	4,654
Miscellaneous	3,000	3,128
Interest earned	7,737	6,418
Interest and fiscal charges	<u>(72,507)</u>	<u>(76,019)</u>
Total nonoperating revenues (expenses)	<u>(59,809)</u>	<u>(61,819)</u>
Income before operating transfers	<u>5,416</u>	<u>41,880</u>
Other financing sources (uses):		
Transfers from other funds	36,187	31,255
Transfers to other funds	<u>(34,000)</u>	<u>(40,000)</u>
Total other financing sources (uses)	<u>2,817</u>	<u>(8,745)</u>
Net income	8,233	33,135
Retained earnings at beginning of year	<u>910,684</u>	<u>877,549</u>
Retained earnings at end of year	<u>\$ 918,917</u>	<u>\$ 910,684</u>

See accompanying notes to financial statements

TOWN OF LAKE ARTHUR, LOUISIANA

STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
 Years Ended July 31, 1999 and 1998

	<u>Enterprise</u>	
	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 378,586	\$ 376,811
Cash payments to suppliers for goods and services	(110,233)	(101,323)
Cash payments to employees for services	<u>(85,966)</u>	<u>(70,713)</u>
Net cash provided by operating activities	<u>182,387</u>	<u>204,775</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers in	37,112	31,255
Connection and reconnection fees	1,961	4,654
Miscellaneous	3,000	3,128
Operating transfers out	(34,000)	(40,000)
Increase in customer deposits	2,169	1,984
Advances from (to) other funds	<u>6,366</u>	<u>58,515</u>
Net cash provided by noncapital financing activities	<u>16,608</u>	<u>59,536</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on bonds	(120,000)	(120,000)
Interest paid on bonds	<u>(73,654)</u>	<u>(77,166)</u>
Net cash (used in) capital and related activities	<u>(193,654)</u>	<u>(197,166)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	7,737	6,418
Purchase of property and equipment	(1,968)	(8,330)
Purchase of investment	<u>(9,074)</u>	<u>(27,906)</u>
Net cash (used in) investing activities	<u>(3,305)</u>	<u>(29,818)</u>
Net increase in cash and cash equivalents	2,036	37,327
Cash and cash equivalents:		
Beginning of year	<u>379,069</u>	<u>341,742</u>
End of year	<u>\$ 381,105</u>	<u>\$ 379,069</u>

(continued on next page)

TOWN OF LAKE ARTHUR, LOUISIANA

STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
 Years Ended July 31, 1999 and 1998
 (Continued)

	<u>Enterprise</u>	
	<u>1999</u>	<u>1998</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 65,225	\$ 103,699
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	113,142	97,695
Changes in assets and liabilities:		
(Increase) decrease in receivables	760	(754)
Increase in payables	<u>3,260</u>	<u>4,135</u>
Net cash provided by operating activities	<u>\$ 182,387</u>	<u>\$ 204,775</u>

See accompanying notes to financial statements

TOWN OF LAKE ARTHUR, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

July 31, 1999

1) Summary of Significant Accounting Policies

The Town of Lake Arthur, Louisiana was incorporated in 1904, under the provisions of the Lawrason Act. The Town operates under a Mayor-Town Council form of government.

The accounting and reporting policies of the Town of Lake Arthur, Louisiana conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guidance set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies.

A. Financial Reporting Entity

The accompanying financial statements include the various departments, activities, and organizational units that are within the control and authority of the Mayor and Town Council of the Town of Lake Arthur, Louisiana. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Statement No. 14 of the Governmental Accounting Standards Board. This statement defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Based on the foregoing criteria, the Town of Lake Arthur has no other fiscal or significant managerial responsibility over any other governmental unit that is not included in the financial statements of the Town of Lake Arthur.

B. Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into four generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Project Funds - Capital Project Funds are used to account for funds received and expenditures made in connection with large capital projects.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds are 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 costs (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 periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water and sewer lines	30 years
Autos and trucks	3-5 years
Machinery and equipment	5-10 years

All fixed assets of the proprietary funds are stated at historical cost or estimated historical cost if actual historical cost is not available. One million four hundred two thousand dollars (\$1,402,000) of fixed assets in the proprietary fund are stated at estimated historical cost. These costs were estimated based on price levels at the estimated date of acquisition and bonds issued and capital contributed to finance the purchases.

ACCOUNT GROUPS

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

General Fixed Asset Account Group - Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost in the General Fixed Asset Account Group.

General Long-Term Debt Account Group - Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The General Long-Term Debt and General Fixed Asset Account Groups are not considered to be a "fund". They are concerned only with the measurement of financial position, and are not involved with measurement of results of operations.

For purposes of the statement of cash flows, the Utilities System Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures (or expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using a financial resources measurement focus whereby only current assets and current liabilities generally are included on the balance sheet and increases or decreases in net current assets are presented in the operating statements. These funds utilize the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Certain revenues such as sales tax, property tax, and charges for services are assessed and collected in such a manner that they can be accrued appropriately. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for principal and interest on general long-term debt which are recognized when due. Also, expenditures for accrued compensated absences are not recognized until they are payable from current available financial resources.

The proprietary fund is accounted for and reported using a flow of economic resources measurement focus. This means that all assets and liabilities associated with the operation of these funds are included on the balance sheet and fund equity consists of contributed capital and retained earnings. The operating statements for the proprietary fund presents increases or decreases in net total assets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost in the General Fixed Asset

Account Group. The Town has elected not to capitalize public domain ("infrastructure) fixed assets consisting of certain improvements including roads, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

The Governmental Accounting Standards Board (GASB) Statement Number 20 (effective for financial statements for periods beginning after December 15, 1993) provides guidance on accounting and financial reporting for proprietary fund types and allows proprietary fund types to choose one of two options in applying pronouncements issued by the Financial Accounting Standards Board (FASB) after November 30, 1989. The Town of Lake Arthur has elected to use the first option for reporting its activities. This approach applies all GASB pronouncements and FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Changes to FASB statements and interpretations, APB Opinions and ARBs issued after November 30, 1989, would not apply unless adopted by GASB.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Budgets and Budgetary Accounting

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

1. Prior to July 31, the Town Clerk submits to the Mayor and Council a proposed operating budget for the fiscal year commencing the following August 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comment.

3. Prior to July 31, the budget is legally enacted through passage of an ordinance.
4. Any revisions that alter total expenditures of any fund must be approved by the Council. Expenditures cannot legally exceed appropriations on a fund level.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
6. The budget and actual comparison presented on pages 13 and 14 in the accompanying financial report includes the General Fund and Special Revenue Funds. The capital budget ordinances which encompass the Capital Projects Funds present cumulative as opposed to annual budget amounts and thus budget and actual comparisons are not reported in the accompanying financial report for these funds. There were no capital project funds at July 31, 1999.
7. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Town Council.
8. All budgetary appropriations except for Capital Projects lapse at the end of each fiscal year.

Encumbrance accounting is not used.

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits and U.S. Government Agencies securities.

Louisiana state statutes, as stipulated in R.S. 39:1271, authorize the District to invest in United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. The state statutes also authorize the District to invest in any other federally insured investment, or in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies. Investing is performed in accordance with investment policies complying with State Statutes and those adopted by the town Council.

Investments are stated at cost.

F. Inventory

Purchase of various operating supplies are regarded as expenditures at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year.

G. Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

H. Total Columns on Combined Statements - Overview

Total columns on the Combined Statements - Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows 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.

I. Bad Debts

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the receivable.

2) Cash and Investments

Deposits:

As of July 31, 1999, the carrying amount and bank balance of the Town's deposits were as listed below. Of this amount, \$2,367,000 was insured by federal depository insurance and collateral held by the pledging bank's trust department (Category 1 and 2, as scheduled below:)

Deposits	<u>Carrying Amount</u>	<u>Bank Balance</u>
Category 1	\$ 200,000	\$ 200,000
Category 2	<u>2,162,296</u>	<u>2,167,000</u>
	<u>\$ 2,362,296</u>	<u>\$ 2,367,000</u>

Investments:

Investments are stated at cost. All deposits in excess of \$100,000 per financial institution are supported by pledged collateral and all deposits under \$100,000 per institution are insured by FDIC.

Investments of the Town consist of certificates of deposit totaling \$1,456,136, insured money market accounts totaling \$253,167 and a passbook account totaling \$7,460. Cost and market value of these accounts are approximately equal. (Category 2)

Credit Risk Categories:

The Town's deposits and investments are categorized above in accordance with risk involved. Category 1, which represents the lowest level of risk, includes investments and deposits that are insured or registered or for which the securities are held by the Town or its agent in the Town's name. Category 2 includes uninsured and unregistered investments with the securities held by the financial institution's trust department or agent in the Town's name. Category 3, which represents the greatest level of risk, includes uninsured and unregistered investments or deposits which are not protected by collateral, or for which securities are not held in the Town's name.

3) Ad Valorem Taxes

The Town levies taxes on real and business personal property located within its boundaries. Property taxes are levied by the Town on property values assessed by the Jeff Davis Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

For the year ended July 31, 1999, taxes of 27.21 mills were levied on property with assessed valuations totaling \$5,066,980 and were dedicated as follows:

General corporate purposes	7.61 mills
Drainage maintenance	5.66 mills
Street and alley maintenance	5.66 mills
Debt service	8.28 mills

The Town property taxes are levied on November 1 and are due December 31, and are delinquent by January 1st. Delinquent property taxes attach as enforceable liens on property as of April 30.

4) Fixed Assets

A summary of proprietary fund type property, plant and equipment at July 31, 1999 and 1998 follows:

	<u>1999</u>	<u>1998</u>
Sewer system	\$ 4,878,648	\$ 4,878,648
Water system	420,411	420,411
Vehicles	7,927	7,927
Furniture and equipment	<u>38,067</u>	<u>36,099</u>
	5,345,053	5,343,085
Less accumulated depreciation	<u>1,482,943</u>	<u>1,302,933</u>
	<u>\$ 3,862,110</u>	<u>\$ 4,040,152</u>

5) Changes in Long-Term Debt

The following is a summary of changes to bonds and notes payable of the Town for the year ended July 31, 1999:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
Bonds and notes payable at August 1, 1998	\$ 736,000	\$ 2,055,000	\$ 2,791,000
Bonds and notes retired	<u>(27,000)</u>	<u>(100,000)</u>	<u>(127,000)</u>
Bonds payable at July 31, 1999	<u>\$ 709,000</u>	<u>\$ 1,955,000</u>	<u>\$ 2,664,000</u>

Bonds and notes payable at July 31, 1999 are comprised of the following individual issues:

General obligation bonds:

General long-term debt:

\$200,000 General Obligation Bonds, Town of Lake Arthur, 5-8-81; interest at 5 percent; principal and interest payable through the year 2021	\$ 155,000
\$175,000 General Obligation Bonds, Sewerage District No. 1, 5-8-81; interest at 5 percent; principal and interest payable through the year 2021	<u>134,000</u>
	289,000

Enterprise fund:

\$550,000 General Obligation Bonds, Series 1996, interest at 2.45%, administrative fee .5%, principal and interest payable through the year 2015	<u>420,000</u>
	<u>\$ 709,000</u>

Revenue bonds payable:

\$2,500,000 Sewer Revenue bonds payable, interest at 2.450%,
 administrative fee .5%, principal and interest payable
 through the year 2014 \$ 1,955,000

The annual requirements to amortize all debt outstanding as of July 31, 1999,
 including interest payments of \$625,567, are as follows:

Annual Requirements to Amortize Long-Term Debt
 July 31, 1999

<u>Year Ending</u> <u>July 31,</u>	<u>General</u> <u>Obligation</u>	<u>Revenue</u>	<u>Total</u>
2000	\$ 53,840	\$ 162,673	\$ 216,513
2001-2004	221,463	653,683	875,146
2005-2009	272,400	813,888	1,086,288
2010-2014	257,737	817,850	1,075,587
2015-2021	<u>36,033</u>	<u>-</u>	<u>36,033</u>
 Total	 <u>\$ 841,473</u>	 <u>\$ 2,448,094</u>	 <u>\$ 3,289,567</u>

The amount of \$266,317 is available in the Debt Service Funds to service the
 general obligation bonds.

There are a number of limitations and restrictions contained in the various bond
 indentures. The Town is in compliance with all significant limitations and
 restrictions.

6) Other Required Individual Fund Disclosures

Individual fund interfund receivables and payables

Such balances at July 31, 1999 were:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 347,900	\$ 228,477
Special Revenue Funds:		
Street and Alley Maintenance	-	24,271
Drainage Maintenance	65,254	-
Debt Service Fund:		
Public Improvement Bond	10,509	-
Sewerage District No. 1	33,570	756
Combined Bond Fund	17,893	25,403
Utilities System Fund	<u>160,224</u>	<u>356,443</u>
	 <u>\$ 635,350</u>	 <u>\$ 635,350</u>

7) Restricted Assets - Proprietary Fund Type

Restricted assets were applicable to the following at July 31:

	<u>1999</u>	<u>1998</u>
Customers deposits	\$ 37,070	\$ 34,901
Sewer	<u>285,353</u>	<u>262,133</u>
	<u>\$ 322,423</u>	<u>\$ 297,034</u>

8) Dedication of Proceeds and Flow of Funds - 1% Sales and Use Tax

Proceeds of a 1% sales and use tax levied by the Town of Lake Arthur, Louisiana (1999 collections \$356,788, 1998 collections \$367,688) are dedicated to the following purposes:

General Fund	50%
Streets	40%
Water	8.5%
Sidewalks	1%
Drainage	.5%

9) Pension Plan

Plan Description

Substantially all employees are covered by the Louisiana Municipal Employees Retirement System, which is administered by the State of Louisiana. Generally all classified employees are required to participate.

Municipal Employee's Retirement System

The Municipal Employee's Retirement System, State of Louisiana is the administrator of a cost-sharing multiple-employer defined benefit pension plan.

The System provides retirement benefits to employees of all incorporated villages, towns and cities within the state which do not have their own retirement system and which elect to become members of the System.

The Municipal Employee's Retirement System of Louisiana was established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana, to provide retirement benefits to employees of all incorporated villages, towns and cities within the State, which did not have their own retirement systems and which elected to become members of the System.

The System is administered by a Board of Trustees composed of nine members, six of whom shall be active and contributing members of the System with at least ten years creditable service, elected by the members of the System; one of whom shall be the president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Retirement Committee; and one of whom shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana.

Act #569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the Municipal Employees' Retirement System, effective on and after June 30, 1970.

Effective October 1, 1978, under Act #788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan "A" combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan "B" participates in only the original plan. The Town of Lake Arthur is a member of Plan "B" of the retirement system.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week, not participating in another public funded retirement system and under age sixty (60) at date of employment. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System.

The amount of current year covered payroll for the Town of Lake Arthur for members of the State Plan was \$208,488. The Town's total payroll for the current year was \$456,947.

As noted above, the Town of Lake Arthur is a member of Plan "B" retirement system. Any member of Plan "B" can retire providing he meets one of the following criteria:

1. Age 55 with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Under age 60 with ten (10) years of creditable service eligible for disability benefits.

4. Survivor's benefits require twenty (20) years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member of Plan "B" shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the Statutes, the benefits are limited to specified amounts.

Historical trend information for this plan is included in the separately issued report for the Municipal Employee's Retirement System for the period ended June 30, 1998.

Funding Policy

Plan members are required to contribute 5% of their annual covered salary and the Town of Lake Arthur is required to contribute at a statutorily determined rate. The current rate of combined employee and employer contributions is 8.75% of annual covered payroll. The contribution requirements of plan members and the Town of Lake Arthur are established and may be amended by state statute. The Town of Lake Arthur's contributions to the Municipal Employee's Retirement System for the years ending July 31, 1999, 1998 and 1997 were \$18,243, \$15,883 and \$16,019, respectively.

10) Litigation

The Town is involved in several lawsuits. The Town Attorney estimates that the potential claims against the Town that are not covered by insurance resulting from such litigation would not materially affect the financial statements of the Town.

11) Accumulated Unpaid Compensated Absences

The Town's policy on annual leave is that if the time is not taken during the year earned it will be forfeited; that is no carry over of time or compensation in lieu of time off will be allowed.

The Town's policy on sick leave is 10 days per year. Unused sick leave can be accumulated up to 30 days to be used for prolonged illness, but the Town will not pay for unused sick leave.

12) Contributed Capital - Enterprise Fund

The following is a summary of changes to contributed capital for the years ended July 31, 1999 and 1998:

	<u>1999</u>	<u>1998</u>
Total contributed capital at beginning of year	\$ 964,381	\$ 1,609,256
Accumulated depreciation related to contributed capital	<u>(66,868)</u>	<u>(644,875)</u>
Net contributed capital at end of year	<u>\$ 897,513</u>	<u>\$ 964,381</u>

13) Landfill Joint Venture

The Town is a participant in a joint venture referred to as the Jefferson Davis Parish Sanitary Landfill Commission. This entity was chartered on February 17, 1984. The Commission's purpose is the establishment of a long-term plan for the disposal of solid wastes in Jefferson Davis Parish. According to the charter, each participant in the Commission is responsible for a pro rata share of any operating deficits. Likewise, any distributions of surpluses are also shared on a pro rata basis. Each participant's pro rata share is based on the number of households within each participant's unit to the total number of households within all participating units. These proportions were determined using the 1980 U.S. Census as follows:

<u>Locality</u>	<u>Number of Households</u>	<u>Percentages</u>
Jennings	4,161	.421196
Welsh	1,167	.118129
Lake Arthur	1,212	.122684
Parish (excluding Jennings, Welsh, Lake Arthur and Elton)	<u>3,339</u>	<u>.337991</u>
Totals	<u>9,879</u>	<u>1.000000</u>

The Commission consists of six commissioners as follows: two residents of Jennings, one resident of Welsh, one resident of Lake Arthur, and two residents of Jefferson Davis Parish living outside the city limits of Jennings, Welsh, Lake Arthur and Elton. The Commission members are to be appointed by the governing body of their place of residence.

The Commission has the power and authority to employ personnel, adopt its own budget and enter into agreements necessary for the operation of the Landfill. In certain instances, some agreements must be consented to by all six members of the Commission.

Condensed financial information for the Jefferson Davis Parish Sanitary Landfill as of December 31, 1998 (the latest available audited financial statements which is available in a separately issued financial report) were as follows:

	<u>Total</u>	<u>Lake Arthur (12.2684%)</u>
Total assets	\$ 7,192,735	\$ 882,433
Total liabilities	27,570	3,382
Total equity	7,165,165	879,051
Total revenues	952,147	116,813
Total expenditures	855,528	104,959
Net increase in fund balance	96,619	11,854

As of December 31, 1998, the Commission had no long-term debt outstanding.

The Landfill Commission as owner of a sanitary landfill is subject to recent Environmental Protection Agency (EPA) regulations that require monitoring the landfill site for 30 years following closure of the site in addition to other closure requirements. These regulations also mandate that landfill owners provide financial assurances that they will have the resources available to satisfy the post closure standards. These guarantees can be third-party trusts, surety bonds, letters of credit, insurance, or state sponsored plans. According to the Commission's contract with the site operator, "...the contractor shall be responsible for closure in accordance with the permit..". Additionally, "...the contractor's post closure care, maintenance and monitoring responsibility shall be three (3) years, or as required by law...". In the event the operator is for whatever reason unwilling or unable to fulfill this requirement, the responsibility for closure and post closure monitoring will revert back to the Commission.

Additionally, because of the industry the Commission participates in, certain potential liabilities are always present. These include, but are not limited to, environmental cleanup costs and EPA penalties for violation of its regulations. The EPA is empowered by law (through the Superfund legislation) to seek recovery from anyone who ever owned or operated a particular contaminated site, or anyone who ever generated or transported hazardous materials to a site (these parties are commonly referred to as potentially responsible parties, or PRPs). Potentially, the liability can extend to subsequent owners or to the parent company of a PRP. While there are no asserted or unasserted potential costs or penalties at the date of this report that the Commission is aware of, the potential is present.

During the year ended December 31, 1998, the Commission voted to make a distribution to the four local government bodies that participate in the Landfill Commission and funded its construction and early operations. The distributions were made in the same proportions as the original investments by

the governments. For the Town of Lake Arthur, the distribution amounted to \$40,671 which is recorded as "landfill revenues" in the General Fund in the fiscal year ended July 31, 1999.

14) Amounts Paid Members of Governing Board

Mr. E. R. Giles	\$ 6,300
Mr. David Hanks	1,900
Mr. Robert Bertrand	1,900
Mr. Mark LaPoint	1,900
Ms. Betty Moore	1,900
Mr. Ellsworth Duhon	<u>1,900</u>
	<u>\$ 15,800</u>

**FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS
AND ACCOUNT GROUPS**

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

TOWN OF LAKE ARTHUR, LOUISIANA
GENERAL FUND

COMPARATIVE BALANCE SHEET
July 31, 1999 and 1998

ASSETS	<u>1999</u>	<u>1998</u>
Cash	\$ 25,964	\$ 51,620
Investments, at cost	769,979	807,165
Receivables-other	33,703	34,067
Due from other funds	<u>347,900</u>	<u>282,873</u>
 Total assets	 <u>\$ 1,177,546</u>	 <u>\$ 1,175,725</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 26,057	\$ 29,378
Other payables	1,135	2,479
Due to other funds	<u>228,477</u>	<u>141,631</u>
Total liabilities	255,669	173,488
Fund balance:		
Unreserved-designated for subsequent year's expenditures	<u>921,877</u>	<u>1,002,237</u>
 Total liabilities and fund balance	 <u>\$ 1,177,546</u>	 <u>\$ 1,175,725</u>

TOWN OF LAKE ARTHUR, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended July 31, 1999
With Comparative Actual Amounts for Year Ended July 31, 1998

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 309,000	\$ 326,399	\$ 17,399	\$ 337,535
Licenses and permits	79,300	72,044	(7,256)	87,422
Intergovernmental	59,000	81,480	22,480	88,042
Charges for services	182,500	161,859	(20,641)	161,786
Fines and forfeits	48,000	48,379	379	60,086
Interest earned	38,000	35,121	(2,879)	38,175
Oil and gas lease and royalties	6,000	18,472	12,472	5,124
Landfill revenues	47,000	40,671	(6,329)	46,805
Recreation	69,200	25,342	(43,858)	28,593
Miscellaneous	1,100	38,485	37,385	25,373
Total revenues	<u>839,100</u>	<u>848,252</u>	<u>9,152</u>	<u>878,941</u>
Expenditures:				
Current:				
General government	572,330	359,560	212,770	292,462
Public safety	394,960	389,792	5,168	389,350
Health and recreation	197,660	203,486	(5,826)	174,714
Economic development	8,500	8,062	438	6,260
Total expenditures	<u>1,173,450</u>	<u>960,900</u>	<u>212,550</u>	<u>863,786</u>
Excess (deficiency) of revenues over expenditures	<u>(334,350)</u>	<u>(112,648)</u>	<u>221,702</u>	<u>15,155</u>
Other financing sources (uses):				
Operating transfers in	233,450	32,288	(201,162)	50,000
Operating transfers out	-	-	-	(273)
Prior year's cash	100,900	-	(100,900)	-
Total other financing sources (uses)	<u>334,350</u>	<u>32,288</u>	<u>(302,062)</u>	<u>49,727</u>
Excess (deficiency) of revenues and other sources over expenditures	<u>-</u>	<u>(80,360)</u>	<u>(80,360)</u>	<u>64,882</u>
Fund balance at beginning of year	<u>1,002,237</u>	<u>1,002,237</u>	<u>-</u>	<u>937,355</u>
Fund balance at end of year	<u>\$ 1,002,237</u>	<u>\$ 921,877</u>	<u>\$ (80,360)</u>	<u>\$ 1,002,237</u>

TOWN OF LAKE ARTHUR, LOUISIANA
GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
Year Ended July 31, 1999
With Comparative Actual Amounts for Year Ended July 31, 1998

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		Actual
General government:				
Personal services	\$ 138,750	\$ 141,664	\$ (2,914)	\$ 128,554
Supplies	11,000	7,183	3,817	7,199
Other services and charges	347,560	136,388	211,192	156,709
Capital outlay	75,000	74,325	675	-
Total general government	<u>572,330</u>	<u>359,560</u>	<u>212,770</u>	<u>292,462</u>
Public safety:				
Police department:				
Personal services	275,630	288,945	(13,315)	290,870
Supplies	20,900	11,588	9,312	15,792
Other services and charges	38,250	23,103	15,147	35,577
Capital outlay	25,500	29,883	(4,383)	12,471
Total police department	<u>360,280</u>	<u>353,519</u>	<u>6,761</u>	<u>354,710</u>
Fire department:				
Personal services	4,380	4,414	(34)	4,355
Supplies	9,200	12,745	(3,545)	8,899
Other services and charges	14,600	13,332	1,268	9,696
Capital outlay	6,500	5,782	718	11,690
Total fire department	<u>34,680</u>	<u>36,273</u>	<u>(1,593)</u>	<u>34,640</u>
Total public safety	<u>394,960</u>	<u>389,792</u>	<u>5,168</u>	<u>389,350</u>
Health and recreation:				
Sanitation:				
Personal services	16,360	6,885	9,475	5,334
Supplies	13,500	15,856	(2,356)	10,278
Other services and charges	13,100	10,980	2,120	15,504
Dump site expense	65,000	68,958	(3,958)	68,230
Total sanitation	<u>107,960</u>	<u>102,679</u>	<u>5,281</u>	<u>99,346</u>
Recreation:				
Personal services	34,600	26,337	8,263	31,273
Supplies	9,400	12,649	(3,249)	12,824
Other services and charges	42,400	30,569	11,831	32,271
Capital outlay	3,300	31,252	(27,952)	-
Total recreation	<u>89,700</u>	<u>100,807</u>	<u>(11,107)</u>	<u>76,368</u>
Total health and recreation	<u>197,660</u>	<u>203,486</u>	<u>(5,826)</u>	<u>175,714</u>

(continued on next page)

TOWN OF LAKE ARTHUR, LOUISIANA
GENERAL FUND

STATEMENT OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS)
Year Ended July 31, 1999
With Comparative Actual Amounts for Year Ended July 31, 1998
(Continued)

	<u>1999</u>			<u>1998</u>
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Actual</u>
Economic development:				
Supplies	1,500	3,725	(2,225)	1,192
Other services and charges	<u>7,000</u>	<u>4,337</u>	<u>2,663</u>	<u>5,068</u>
Total economic development	<u>8,500</u>	<u>8,062</u>	<u>438</u>	<u>6,260</u>
 Total expenditures	 <u>\$ 1,173,450</u>	 <u>\$ 960,900</u>	 <u>\$ 212,550</u>	 <u>\$ 863,786</u>

SPECIAL REVENUE FUNDS

STREET AND ALLEY MAINTENANCE FUND - to account for a 5 mill ad valorem tax and a portion of the one percent sales tax dedicated for the maintenance of the Town's streets and alleys.

DRAINAGE MAINTENANCE FUND - to account for a 5 mill ad valorem tax and a portion of the one percent sales tax dedicated for the maintenance of the Town's drainage system.

SALES TAX FUND - to account for the receipt and transfer of the one percent sales tax dedicated for the year ended July 31, 1992 as follows:

Streets	80%
Water	17%
Sidewalks	2%
Drainage	1%

WATER ACCOUNT FUND - to account for the portion of the one percent sales tax dedicated for maintenance and improvements to the Town's water system.

SIDEWALK ACCOUNT FUND - to account for the portion of the one percent sales tax dedicated for the Town's sidewalks.

TOWN OF LAKE ARTHUR, LOUISIANA
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET
July 31, 1999
With Comparative Totals for July 31, 1998

ASSETS	<u>Street and Alley Maintenance</u>	<u>Drainage Maintenance</u>
Cash	\$ 259,607	\$ 1,223
Investments, at cost	273,766	-
Due from other funds	<u>-</u>	<u>65,254</u>
Total assets	<u>\$ 533,373</u>	<u>\$ 66,477</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 45,217	\$ -
Due to other funds	<u>24,271</u>	<u>-</u>
Total liabilities	69,488	-
Fund balances:		
Unreserved-designated for subsequent year's expenditures	<u>463,885</u>	<u>66,477</u>
Total liabilities and fund balances	<u>\$ 533,373</u>	<u>\$ 66,477</u>

Sales Tax	Water Account	Sidewalk Account	Totals	
			1999	1998
\$ -	\$ -	\$ 31,436	\$ 292,266	\$ 256,607
-	-	-	273,766	261,309
-	-	-	65,254	51,853
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,436</u>	<u>\$ 631,286</u>	<u>\$ 569,769</u>
\$ -	\$ -	\$ -	\$ 45,217	\$ 2,067
-	-	-	24,271	35,993
-	-	-	69,488	38,060
<u>-</u>	<u>-</u>	<u>31,436</u>	<u>561,798</u>	<u>531,709</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,436</u>	<u>\$ 631,286</u>	<u>\$ 569,769</u>

TOWN OF LAKE ARTHUR, LOUISIANA
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Year Ended July 31, 1999
With Comparative Totals for Year Ended July 31, 1998

	<u>Street and Alley Maintenance</u>	<u>Drainage Maintenance</u>
Revenues:		
Taxes	\$ 28,646	\$ 28,646
Miscellaneous	<u>28,697</u>	<u>-</u>
Total revenues	57,343	28,646
Expenditures:		
Current:		
Highway and streets	<u>183,080</u>	<u>18,599</u>
Excess (deficiency) of revenues over expenditures	<u>(125,737)</u>	<u>10,047</u>
Other financing sources (uses):		
Operating transfers in	142,715	1,784
Operating transfers out	<u>(2,288)</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	14,690	11,831
Fund balance at beginning of year	<u>449,195</u>	<u>54,646</u>
Fund balance at end of year	<u>\$ 463,885</u>	<u>\$ 66,477</u>

<u>Sales Tax</u>	<u>Water Account</u>	<u>Sidewalk Account</u>	<u>Totals</u>	
			<u>1999</u>	<u>1998</u>
\$ 178,394	\$ -	\$ -	\$ 235,686	\$ 240,032
-	-	-	28,697	26,307
<u>178,394</u>	<u>-</u>	<u>-</u>	<u>264,383</u>	<u>266,339</u>
-	-	-	<u>201,679</u>	<u>166,249</u>
<u>178,394</u>	<u>-</u>	<u>-</u>	<u>62,704</u>	<u>100,090</u>
-	-	3,568	148,067	156,676
<u>(178,394)</u>	<u>-</u>	<u>-</u>	<u>(180,682)</u>	<u>-</u>
<u>(178,394)</u>	<u>-</u>	<u>3,568</u>	<u>(32,615)</u>	<u>(38,893)</u>
-	-	3,568	30,089	61,197
-	-	<u>27,868</u>	<u>531,709</u>	<u>470,512</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,436</u>	<u>\$ 561,798</u>	<u>\$ 531,709</u>

TOWN OF LAKE ARTHUR, LOUISIANA
STREET AND ALLEY MAINTENANCE-SPECIAL REVENUE FUND

COMPARATIVE BALANCE SHEET
July 31, 1999 and 1998

ASSETS	<u>1999</u>	<u>1998</u>
Cash	\$ 259,607	\$ 225,946
Certificates of deposit	<u>273,766</u>	<u>261,309</u>
Total assets	<u>\$ 533,373</u>	<u>\$ 487,255</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 45,217	\$ 2,067
Due to other funds	<u>24,271</u>	<u>35,993</u>
Total liabilities	69,488	38,060
Fund balances:		
Unreserved-designated for subsequent year's expenditures	<u>463,885</u>	<u>449,195</u>
Total liabilities and fund balances	<u>\$ 533,373</u>	<u>\$ 487,255</u>

TOWN OF LAKE ARTHUR, LOUISIANA
STREET AND ALLEY MAINTENANCE-SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended July 31, 1999
With Comparative Actual Amounts for Year Ended July 31, 1998

	1999		Variance	1998
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Taxes - ad valorem	\$ 28,000	\$ 28,646	\$ 646	\$ 28,094
Miscellaneous	<u>26,000</u>	<u>28,697</u>	<u>2,697</u>	<u>26,307</u>
Total revenues	<u>54,000</u>	<u>57,343</u>	<u>3,343</u>	<u>54,401</u>
Expenditures				
Highways and streets:				
Personal services	67,200	55,583	11,617	60,838
Materials and supplies	67,500	68,209	(709)	13,327
Other services and charges	94,100	53,309	40,791	65,023
Capital outlay	<u>7,000</u>	<u>5,979</u>	<u>1,021</u>	<u>6,680</u>
Total expenditures	<u>235,800</u>	<u>183,080</u>	<u>52,720</u>	<u>145,868</u>
Excess (deficiency) of revenues over expenditures	<u>(181,800)</u>	<u>(125,737)</u>	<u>56,063</u>	<u>(91,467)</u>
Other financing sources (uses):				
Operating transfers in	140,000	142,715	2,715	149,164
Operating transfers out	-	(2,288)	(2,288)	(11,725)
Prior year's cash	<u>41,800</u>	<u>-</u>	<u>(41,800)</u>	<u>-</u>
Total other financing sources (uses)	<u>181,800</u>	<u>140,427</u>	<u>(41,373)</u>	<u>137,439</u>
Excess of revenues and other sources over expenditures and other uses	-	14,690	14,690	45,972
Fund balance at beginning of year	<u>449,195</u>	<u>449,195</u>	<u>-</u>	<u>403,223</u>
Fund balance at end of year	<u>\$ 449,195</u>	<u>\$ 463,885</u>	<u>\$ 14,690</u>	<u>\$ 449,195</u>

TOWN OF LAKE ARTHUR, LOUISIANA
DRAINAGE MAINTENANCE-SPECIAL REVENUE FUND

COMPARATIVE BALANCE SHEET
July 31, 1999 and 1998

ASSETS	<u>1999</u>	<u>1998</u>
Cash	\$ 1,223	\$ 2,793
Due from other funds	<u>65,254</u>	<u>51,853</u>
Total assets	<u>\$ 66,477</u>	<u>\$ 54,646</u>
LIABILITIES AND FUND BALANCE		
Liabilities	\$ -	\$ -
Fund balances:		
Unreserved-designated for subsequent year's expenditures	<u>66,477</u>	<u>54,646</u>
Total liabilities and fund balance	<u>\$ 66,477</u>	<u>\$ 54,646</u>

TOWN OF LAKE ARTHUR, LOUISIANA
DRAINAGE MAINTENANCE-SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended July 31, 1999
With Comparative Actual Amounts for Year Ended July 31, 1998

	1999			1998
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Taxes - ad valorem	\$ 28,000	\$ 28,646	\$ 646	\$ 28,094
Expenditures:				
Current:				
Highways and streets	26,500	18,599	7,901	20,381
Excess of revenues over expenditures	1,500	10,047	8,547	7,713
Other financing sources (uses):				
Operating transfers in	2,000	1,784	(216)	3,563
Excess of revenues and other sources over expenditures and other uses	3,500	11,831	8,331	11,276
Fund balance at beginning of year	54,646	54,646	-	43,370
Fund balance at end of year	\$ 58,146	\$ 66,477	\$ 8,331	\$ 54,646

TOWN OF LAKE ARTHUR, LOUISIANA
SALES TAX-SPECIAL REVENUE FUND

COMPARATIVE BALANCE SHEET
July 31, 1999 and 1998

ASSETS	<u>1999</u>	<u>1998</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE		
Unreserved-designated for subsequent year's expenditures	<u>\$ -</u>	<u>\$ -</u>

TOWN OF LAKE ARTHUR, LOUISIANA
SALES TAX-SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

Year Ended July 31, 1999

With Comparative Actual Amounts for Year Ended July 31, 1998

	1999		Variance	1998
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Taxes	\$ 170,000	\$ 178,394	\$ 8,394	\$ 183,844
Other financing sources (uses):				
Operating transfers out	<u>(170,000)</u>	<u>(178,394)</u>	<u>(8,394)</u>	<u>(183,844)</u>
Excess of revenues over other uses	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

TOWN OF LAKE ARTHUR, LOUISIANA
SIDEWALK ACCOUNT-SPECIAL REVENUE FUND

COMPARATIVE BALANCE SHEET
July 31, 1999 and 1998

ASSETS	<u>1999</u>	<u>1998</u>
Cash	\$ <u>31,436</u>	\$ <u>27,868</u>
LIABILITIES AND FUND BALANCE		
Liabilities	\$ -	\$ -
Fund balance:		
Unreserved-designated for subsequent year's expenditures	<u>31,436</u>	<u>27,868</u>
Total liabilities and fund balance	<u>\$ 31,436</u>	<u>\$ 27,868</u>

TOWN OF LAKE ARTHUR, LOUISIANA
SIDEWALK ACCOUNT-SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended July 31, 1999
With Comparative Actual Amounts for Year Ended July 31, 1998

	1999		Variance	1998
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenue	\$ -	\$ -	\$ -	\$ -
Other financing sources:				
Operating transfers in	3,400	3,568	168	3,949
Excess of revenues and other sources over expenditures	3,400	3,568	168	3,949
Fund balance at beginning of year	27,868	27,868	-	23,919
Fund balance at end of year	\$ 31,268	\$ 31,436	\$ 168	\$ 27,868

DEBT SERVICE FUNDS

SEWERAGE DISTRICT NO. 1 - to accumulate monies for payment of \$298,000 general obligation bonds, ranging from 4.1 to 5 percent interest, payable through the year 2021. Property tax is levied to finance payment of principal and interest.

COMBINED BOND FUND - to accumulate monies for payment of \$623,000 general obligation bonds ranging from 3.7 to 5.26 percent interest, payable through the year 2021. Financing is provided by a specific annual property tax levy.

PUBLIC IMPROVEMENT BONDS SERIES ST-1981 - to accumulate monies for payment of \$550,000 7.95 percent general obligation bonds payable through January 1, 1993. Financing is provided through a portion of the one percent sales tax.

TOWN OF LAKE ARTHUR, LOUISIANA
DEBT SERVICE FUNDS

COMBINING BALANCE SHEET
July 31, 1999
With Comparative Totals for July 31, 1998

ASSETS	Sewerage District No. 1	Combined Bond Fund	Public Improvement Bonds Series ST-1981	<u>Totals</u>	
				<u>1999</u>	<u>1998</u>
Cash	\$ 4,039	\$ 192,720	\$ -	\$ 196,759	\$ 169,978
Investments-at cost	74,464	99,390	75,700	249,554	249,553
Due from other funds	<u>33,570</u>	<u>17,893</u>	<u>10,509</u>	<u>61,972</u>	<u>58,615</u>
 Total assets	 <u>\$ 112,073</u>	 <u>\$ 310,003</u>	 <u>\$ 86,209</u>	 <u>\$ 508,285</u>	 <u>\$ 478,146</u>
 LIABILITIES AND FUND BALANCE					
Liabilities:					
Due to other funds	\$ 756	\$ 25,403	\$ -	\$ 26,159	\$ 26,159
Fund balance:					
Reserved for debt service	111,317	155,000	-	266,317	269,325
Unreserved	<u>-</u>	<u>129,600</u>	<u>86,209</u>	<u>215,809</u>	<u>182,662</u>
Total fund balance	<u>111,317</u>	<u>284,600</u>	<u>86,209</u>	<u>482,126</u>	<u>451,987</u>
 Total liabilities and fund balance	 <u>\$ 112,073</u>	 <u>\$ 310,003</u>	 <u>\$ 86,209</u>	 <u>\$ 508,285</u>	 <u>\$ 478,146</u>

TOWN OF LAKE ARTHUR, LOUISIANA
DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended July 31, 1999
With Comparative Totals for Year Ended July 31, 1998

	Sewerage District No. 1	Combined Bond Fund	Public Improvement Bonds Series ST-1981	Totals	
				1999	1998
Revenues:					
Taxes	\$ 10,831	\$ 31,075	\$ -	\$ 41,906	\$ 41,098
Interest earned	<u>2,501</u>	<u>6,664</u>	<u>3,358</u>	<u>12,523</u>	<u>14,844</u>
Total revenues	<u>13,332</u>	<u>37,739</u>	<u>3,358</u>	<u>54,429</u>	<u>55,942</u>
Expenditures:					
Principal retirement	3,000	4,000	-	7,000	7,000
Interest and fiscal charges	<u>6,850</u>	<u>7,950</u>	<u>-</u>	<u>14,800</u>	<u>15,150</u>
Total expenditures	<u>9,850</u>	<u>11,950</u>	<u>-</u>	<u>21,800</u>	<u>22,150</u>
Excess of revenues over expenditures	3,482	25,789	3,358	32,629	33,792
Other financing sources (uses):					
Operating transfers out	<u>(2,490)</u>	<u>-</u>	<u>-</u>	<u>(2,490)</u>	<u>(2,089)</u>
Excess of revenues and other sources over expenditures and other uses	992	25,789	3,358	30,139	31,703
Fund balance at beginning of year	<u>110,325</u>	<u>258,811</u>	<u>82,851</u>	<u>451,987</u>	<u>420,284</u>
Fund balance at end of year	<u>\$ 111,317</u>	<u>\$ 284,600</u>	<u>\$ 86,209</u>	<u>\$ 482,126</u>	<u>\$ 451,987</u>

ENTERPRISE FUND

UTILITIES SYSTEM FUND - to account for the provision of water and sewer services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

TOWN OF LAKE ARTHUR, LOUISIANA
UTILITIES SYSTEM ENTERPRISE FUND

COMPARATIVE BALANCE SHEET
July 31, 1999 and 1998

ASSETS	<u>1999</u>	<u>1998</u>
Current assets:		
Cash	\$ 58,682	\$ 82,035
Investments, at cost	172,903	163,829
Accounts receivable	37,134	37,894
Due from other funds	<u>160,224</u>	<u>90,136</u>
Total current assets	<u>428,943</u>	<u>373,894</u>
Restricted assets:		
Customer deposits	37,070	34,901
Sewer revenue bond sinking fund	70,610	69,927
Sewer revenue bond reserve fund	173,010	159,176
Sewer revenue bond contingencies fund	<u>41,733</u>	<u>33,030</u>
Total restricted assets	<u>322,423</u>	<u>297,034</u>
Property and equipment:		
Sewer system	4,878,648	4,878,648
Water system	420,411	420,411
Vehicles	7,927	7,927
Furniture and equipment	<u>38,067</u>	<u>36,099</u>
	5,345,053	5,343,085
Less accumulated depreciation	<u>1,482,943</u>	<u>1,302,933</u>
Net property and equipment	<u>3,862,110</u>	<u>4,040,152</u>
Total assets	<u>\$ 4,613,476</u>	<u>\$ 4,711,080</u>

LIABILITIES AND FUND EQUITY	<u>1999</u>	<u>1998</u>
Liabilities:		
Current liabilities (payable from current assets):		
Accounts payable	\$ 10,628	\$ 7,368
Due to other funds	<u>356,443</u>	<u>279,694</u>
Total current liabilities (payable from current assets)	<u>367,071</u>	<u>287,062</u>
Current liabilities (payable from restricted assets):		
Customers' deposits	32,321	30,152
Bond and note payable	125,000	120,000
Accrued interest payable	<u>22,654</u>	<u>23,801</u>
Total current liabilities (payable from restricted assets)	<u>179,975</u>	<u>173,953</u>
Long-term liabilities:		
Bonds and note payable	<u>2,250,000</u>	<u>2,375,000</u>
Total liabilities	<u>2,797,046</u>	<u>2,836,015</u>
Fund equity:		
Contributed capital	897,513	964,381
Retained earnings:		
Unreserved	<u>918,917</u>	<u>910,684</u>
Total retained earnings	<u>918,917</u>	<u>910,684</u>
Total fund equity	<u>1,816,430</u>	<u>1,875,065</u>
Total liabilities and fund equity	<u>\$ 4,613,476</u>	<u>\$ 4,711,080</u>

TOWN OF LAKE ARTHUR, LOUISIANA
UTILITIES SYSTEM ENTERPRISE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS
Years Ended July 31, 1999 and 1998

	1999	1998
Operating revenues:		
Charges for services-water	\$ 114,175	\$ 113,584
Charges for services-sewerage	<u>263,651</u>	<u>263,981</u>
Total operating revenues	<u>377,826</u>	<u>377,565</u>
Operating expenses:		
Personal services	85,966	70,713
Other services and charges	30,409	31,698
Materials and supplies	32,215	20,519
Heat, light and power	50,869	53,241
Depreciation	<u>113,142</u>	<u>97,695</u>
Total operating expenses	<u>312,601</u>	<u>273,866</u>
Operating income	<u>65,225</u>	<u>103,699</u>
Nonoperating revenues (expenses):		
Water and sewer connection fees	1,961	4,654
Miscellaneous	3,000	3,000
Interest earned	7,737	6,418
Interest and fiscal charges	<u>(72,507)</u>	<u>(76,019)</u>
Total	<u>(59,809)</u>	<u>(61,947)</u>
Income before operating transfers	<u>5,416</u>	<u>41,752</u>
Other financing sources (uses):		
Transfers from other funds	36,817	31,383
Transfers to other funds	<u>(34,000)</u>	<u>(40,000)</u>
Total other financing sources (uses)	<u>2,817</u>	<u>(8,617)</u>
Net income	8,233	33,135
Retained earnings at beginning of year	<u>910,684</u>	<u>877,549</u>
Retained earnings at end of year	<u>\$ 918,917</u>	<u>\$ 910,684</u>

TOWN OF LAKE ARTHUR, LOUISIANA
UTILITIES SYSTEM ENTERPRISE FUND

COMPARATIVE STATEMENT OF CASH FLOWS
Years Ended July 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 378,586	\$ 376,811
Cash payments to suppliers for goods and services	(110,233)	(101,323)
Cash payments to employees for services	<u>(85,966)</u>	<u>(70,713)</u>
Net cash provided by operating activities	<u>182,387</u>	<u>204,775</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers in	37,112	31,383
Connection and reconnection fees	1,961	4,654
Miscellaneous	3,000	3,000
Operating transfers out	(34,000)	(40,000)
Increase in customer deposits	2,169	1,984
Advances from (to) other funds	<u>6,366</u>	<u>58,515</u>
Net cash provided by noncapital financing activities	<u>16,608</u>	<u>59,536</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on bonds	(120,000)	(120,000)
Interest paid on bonds	<u>(73,654)</u>	<u>(77,166)</u>
Net cash (used in) capital and related financing activities	<u>(193,654)</u>	<u>(197,166)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	7,737	6,418
Purchase of property and equipment	(1,968)	(8,330)
Purchase of investments	<u>(9,074)</u>	<u>(27,906)</u>
Net cash (used in) investing activities	<u>(3,305)</u>	<u>(29,818)</u>
Net increase in cash and cash equivalents	2,036	37,327
Cash and cash equivalents:		
Beginning of year	<u>379,069</u>	<u>341,742</u>
End of year	<u>\$ 381,105</u>	<u>\$ 379,069</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 65,225	\$ 103,699
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	113,142	97,695
Changes in assets and liabilities:		
(Increase) decrease in receivables	760	(754)
Increase in payables	<u>3,260</u>	<u>4,135</u>
Net cash provided by operating activities	<u>\$ 182,387</u>	<u>\$ 204,775</u>

GENERAL LONG-TERM DEBT
ACCOUNT GROUP

To account for unmatured principal amounts on general long-term debt expected to be financed from governmental type funds (except special assessment funds). Payment of maturing obligations, including interest, are accounted for in the debt service funds.

TOWN OF LAKE ARTHUR, LOUISIANA
 STATEMENT OF GENERAL LONG-TERM DEBT
 July 31, 1999

	Sewerage District <u>No. 1</u>	Combined Bond <u>Fund</u>	<u>Total</u>
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT			
Amount available in debt service fund for debt retirement	\$ 111,317	\$ 155,000	\$ 266,317
Amount to be provided for retirement of long-term debt	<u>22,683</u>	<u>-</u>	<u>22,683</u>
Total	<u>\$ 134,000</u>	<u>\$ 155,000</u>	<u>\$ 289,000</u>
GENERAL LONG-TERM DEBT PAYABLE			
Bonds payable	<u>\$ 134,000</u>	<u>\$ 155,000</u>	<u>\$ 289,000</u>

GENERAL FIXED ASSETS
ACCOUNT GROUP

To account for property, plant and equipment (general fixed assets) used in governmental fund type operations. Assets purchased are recorded as capital outlay expenditures in the governmental funds and capitalized at cost in the general fixed asset account group.

TOWN OF LAKE ARTHUR

STATEMENT OF GENERAL FIXED ASSETS
July 31, 1999

Property, plant and equipment acquired prior to July 1, 1998		\$ 2,635,913
Current year acquisitions by fund:		
Special revenue fund-street and alley maintenance	\$ 5,979	
General fund	<u>141,242</u>	
Total current year acquisitions		<u>147,221</u>
Property, plant and equipment, net at July 31, 1999		<u>\$ 2,783,134</u>
Investment in general fixed assets at July 31, 1999		<u>\$ 2,783,134</u>

SUPPLEMENTARY INFORMATION

TOWN OF LAKE ARTHUR, LOUISIANA

REQUIRED SUPPLEMENTAL INFORMATION
YEAR 2000 SUPPLEMENTARY INFORMATION

July 31, 1999

See Independent Auditor's Report

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year ended December 31, 1999.

The Town has recognized the potential for problems that may be presented for certain technological systems on and after January 1, 2000. A strategic plan was developed and implemented to address Year 2000 compliance modifications to technical systems owned and used by the Town. New Year 2000 compliant computer hardware and software systems have been purchased to handle all accounting and office functions. Other areas containing date sensitive chips, such as the police and sewer systems have also been tested for compliance. As of September, 1999, the Town had completed installation and testing of its systems.

Because of the unprecedented nature of the Year 2000 issue, the effects of the Year 2000 issue and the success of related remediation efforts cannot be absolutely determined until January 1, 2000, and therefore, management has taken every possible action within its control to implement and verify Year 2000 compatibility. No one can anticipate all the possible problems associated with Year 2000 compatibility. No one can anticipate all the possible problems associated with Year 2000 incompatibilities of the various agencies and vendors with which the Town must, by virtue of their business, have contact, and although the Town has made all remediation efforts within its control, the success of the remediation efforts cannot be verified until such time as full interaction and verification is made as a result of cooperation with the various agencies and vendors in the Year 2000.

TOWN OF LAKE ARTHUR, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended July 31, 1999

Federal Grantor Program Title

U.S. Department of Justice:

Cops Grant:

Federal CFDA number		16.579
Program amount	\$	48,764
Current year expenditures		4,940
Expenditures to date		48,764

TOWN OF LAKE ARTHUR

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
July 31, 1999

Note 1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Town. The Town reporting entity is defined in Note 1 to the Town's financial statements for the year ended July 31, 1999. All federal financial assistance received is included on the schedule.

Note 2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Town's financial statements for the year ended July 31, 1999.

Note 3. Relationship to General Purpose Financial Statements

Federal financial assistance revenues are reported in the Town's financial statements as follows:

General Fund	\$ 4,940
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Note 4. Relationship to Federal Financial Reports

	<u>Revenue</u>	<u>Expenditures</u>
Reported in the accompanying schedule:		
General Fund	\$ 4,940	\$ 4,940
Amounts reported in federal requests for reimbursement:		
Requests funded:		
General Fund	\$ 4,940	\$ 4,940

**INDEPENDENT AUDITOR'S REPORTS ON
INTERNAL CONTROL STRUCTURE
AND COMPLIANCE**

McELROY, QUIRK & BURCH

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William A. Mancuso, CPA

Charles E. McElroy, CPA (1917-1997)
Patrick J. Reddin, CPA (1926-1995)
Frank D. Burch, CPA (1921-1991)

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

Honorable Mayor and Board of Aldermen
Town of Lake Arthur
Lake Arthur, Louisiana

We have audited the financial statements of the Town of Lake Arthur, Louisiana as of and for the year ended July 31, 1999, and have issued our report thereon dated August 30, 1999. We conducted our 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 Town of Lake Arthur, Louisiana's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our 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 our audit, we considered the Town of Lake Arthur, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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 financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

In our report dated September 2, 1998, we disclosed reportable condition 98-1 which described a situation in which the Town's police department possessed a checking account which was not being recorded in the Town's accounting system. During fiscal year ended July 31, 1999, custody of this account was transferred to the Town's office staff, correcting the above described reportable condition.

This report is intended for the information of the Town, management, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

McElroy, Quirk & Burch
Lake Charles, Louisiana
August 30, 1999