

7
**OFFICIAL
FILE COPY**

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

99900530
2278

TOWN OF LAKE ARTHUR, LOUISIANA
ANNUAL FINANCIAL REPORT
JULY 31, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 27 1999

TOWN OF LAKE ARTHUR, LOUISIANA

ANNUAL FINANCIAL REPORT
Year Ended July 31, 1998

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Title Page	
Table of Contents	2-4
List of Principal Officials	5
FINANCIAL SECTION	
Independent Auditor's Report on the Financial Statements	6-7
Combined Statements-Overview ("Liftable General Purpose Financial Statements):	
Combined Balance Sheet-All Fund Types and Account Groups	9-10
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-All Governmental Fund Types	11-12
Combined Statement of Revenues, Expenditures and Changes in Fund Balances-Budget (GAAP Basis) and Actual- General and Special Revenue Fund Types	13-14
Statement of Revenues, Expenses, and Changes in Retained Earnings-Proprietary Fund Type	15
Statement of Cash Flows-Proprietary Fund Type	16-17
Notes to Financial Statements	18-34
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	42-43
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	44-45

	Page
Street and Alley Maintenance Fund:	
Comparative Balance Sheet	46
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual	47
Drainage Maintenance Fund:	
Comparative Balance Sheet	48
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual	49
Sales Tax Fund:	
Comparative Balance Sheet	50
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual	51
Water Account Fund:	
Comparative Balance Sheet	52
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual	53
Sidewalk Account Fund:	
Comparative Balance Sheet	54
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual	55
Debt Service Funds:	
Combining Balance Sheet	57
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	58
Capital Projects Fund:	
Balance Sheet	60
Statement of Revenues, Expenditures, and Changes in Fund Balance	61
Enterprise Fund-Utilities System Fund:	
Comparative Balance Sheet	63-64
Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings	65
Comparative Statement of Cash Flows	66
General Long-Term Debt Account Group:	
Statement of General Long-Term Debt	68
General Fixed Asset Account Group:	
Statement of General Fixed Assets	70

	Page
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	72
Notes to Schedule of Federal Financial Assistance	73
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	75-76

TOWN OF LAKE ARTHUR, LOUISIANA

July 31, 1998

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

A Professional Corporation • Certified Public Accountants • Since 1925
800 Kirby Street • P.O. Box 3070 • Lake Charles, LA 70602-3070
318 433-1063 • Fax 318 436-6618 • E-mail: mqb@iamerica.net

Carl W. Comeaux, CPA
Barbara Hutson Gonzales, CPA
Judson J. McCann Jr., CPA
Martin L. Chelovsky, CPA, CFE
Robert M. Gani, CPA
Tina L. Demarest, CPA

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. Reddin, CPA (1926-1995)
Frank D. Burch, CPA (1921-1991)

INDEPENDENT AUDITOR'S REPORT

F:\USER\SECT\AUDIT\LAKE ARTHUR -wp4

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, 1998, 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 at July 31, 1998, 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, 1998, and the results of operations of such funds and the cash flows of the individual proprietary fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 2, 1998, 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, except for the general fixed asset account group of which we expressed no opinion, of the Town of Lake Arthur, Louisiana.

McElroy, Quirk & Burch
Lake Charles, Louisiana
September 2, 1998

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

TOWN OF LAKE ARTHUR, LOUISIANA

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS
July 31, 1998

ASSETS	Governmental Fund Types		
	General	Special Revenue	Debt Service
Cash	\$ 51,620	\$ 256,607	\$ 169,978
Investments, at cost	807,165	261,309	249,553
Receivables	34,067	-	-
Due from other funds	282,873	51,853	58,615
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	\$ 1,175,725	\$ 569,769	\$ 478,146
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 29,378	\$ 2,067	\$ -
Payroll taxes payable	-	-	-
Other payables	2,479	-	-
Due to other funds	141,631	35,993	26,159
Payable from restricted assets:			
Customer deposits	-	-	-
Bonds and note payable	-	-	-
General obligation bonds payable	-	-	-
Accrued interest payable	-	-	-
Total liabilities	173,488	38,060	26,159
Fund equity:			
Contributed capital	-	-	-
Investment in general fixed assets	-	-	-
Retained earnings:			
Unreserved	-	-	-
Fund balance:			
Reserved for debt service	-	-	369,136
Unreserved:			
Designated for subsequent year's expenditures	1,002,237	531,709	82,851
Total retained earnings/fund balance	1,002,237	531,709	451,987
Total fund equity	1,002,237	531,709	451,987
Total liabilities and fund equity	\$ 1,175,725	\$ 569,769	\$ 478,146

See accompanying notes to financial statements

Capital Projects	Proprietary Fund Type Enterprise	Account Groups		Totals (Memorandum Only)	
		General Long-Term Debt	General Fixed Assets	1998	1997
\$ -	\$ 82,035	\$ -	\$ -	\$ 560,240	\$ 506,087
-	163,829	-	-	1,481,856	1,450,389
-	37,894	-	-	71,961	50,974
-	90,136	-	-	483,477	308,550
-	297,034	-	-	297,034	246,750
-	4,040,152	-	2,635,913	6,676,065	6,827,635
-	-	269,325	-	269,325	270,545
-	-	26,675	-	26,675	32,455
<u>\$ -</u>	<u>\$ 4,711,080</u>	<u>\$ 296,000</u>	<u>\$ 2,635,913</u>	<u>\$ 9,866,633</u>	<u>\$ 9,693,385</u>
\$ -	\$ 7,368	\$ -	\$ -	\$ 38,813	\$ 47,487
-	-	-	-	-	408
-	-	-	-	2,479	9,149
-	279,694	-	-	483,477	308,550
-	30,152	-	-	30,152	28,168
-	120,000	-	-	120,000	2,155,000
-	2,375,000	296,000	-	2,671,000	763,000
-	23,801	-	-	23,801	24,948
-	<u>2,836,015</u>	<u>296,000</u>	-	<u>3,369,722</u>	<u>3,336,708</u>
-	964,381	-	-	964,381	1,045,905
-	-	-	2,635,913	2,635,913	2,605,072
-	910,684	-	-	910,684	877,549
-	-	-	-	369,136	340,098
-	-	-	-	<u>1,616,797</u>	<u>1,488,053</u>
-	<u>910,684</u>	-	-	<u>2,896,617</u>	<u>2,705,700</u>
-	<u>1,875,065</u>	-	<u>2,635,913</u>	<u>6,496,911</u>	<u>6,356,677</u>
<u>\$ -</u>	<u>\$ 4,711,080</u>	<u>\$ 296,000</u>	<u>\$ 2,635,913</u>	<u>\$ 9,866,633</u>	<u>\$ 9,693,385</u>

TOWN OF LAKE ARTHUR, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 Year Ended July 31, 1998

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
Revenues:			
Taxes	\$ 337,535	\$ 240,032	\$ 41,098
Licenses and permits	87,422	-	-
Intergovernmental	88,042	-	-
Charges for services	161,786	-	-
Fines and forfeits	60,086	-	-
Interest earned	38,175	-	14,844
Oil and gas lease and royalties	5,124	-	-
Landfill revenues	46,805	-	-
Recreation	28,593	-	-
Miscellaneous	25,373	26,307	-
Total revenues	<u>878,941</u>	<u>266,339</u>	<u>55,942</u>
Expenditures:			
Current:			
General government	292,462	-	-
Public safety	389,350	-	-
Highways and streets	-	166,249	-
Health and recreation	175,714	-	-
Economic development	6,260	-	-
Sewer rehabilitation	-	-	-
Debt service:			
Principal retirement	-	-	7,000
Interest and fiscal charges	-	-	15,150
Total expenditures	<u>863,786</u>	<u>166,249</u>	<u>22,150</u>
Excess of revenues over expenditures	<u>15,155</u>	<u>100,090</u>	<u>33,792</u>
Other financing sources (uses):			
Operating transfers in	50,000	156,676	-
Operating transfers out	(273)	(195,569)	(2,089)
Appropriations to utility system fund	-	-	-
Total other financing sources (uses)	<u>49,727</u>	<u>(38,893)</u>	<u>(2,089)</u>
Excess of revenues and other sources over expenditures and other uses	64,882	61,197	31,703
Fund balance at beginning of year	<u>937,355</u>	<u>470,512</u>	<u>420,284</u>
Fund balance at end of year	<u>\$ 1,002,237</u>	<u>\$ 531,709</u>	<u>\$ 451,987</u>

See accompanying notes to financial statements

<u>Capital Projects</u>	Totals	
	<u>(Memorandum Only)</u>	
	<u>1997</u>	<u>1996</u>
\$ -	\$ 618,665	\$ 613,939
-	87,422	86,887
-	88,042	107,103
-	161,786	161,093
-	60,086	69,589
-	53,019	40,801
-	5,124	4,997
-	46,805	41,898
-	28,593	-
-	<u>51,680</u>	<u>222,825</u>
-	<u>1,201,222</u>	<u>1,349,132</u>
-	292,462	269,643
-	389,350	352,898
-	166,249	227,754
-	175,714	194,313
-	6,260	7,325
-	-	149,459
-	7,000	6,000
-	<u>15,150</u>	<u>15,450</u>
-	<u>1,052,185</u>	<u>1,222,842</u>
-	<u>149,037</u>	<u>126,290</u>
-	206,676	144,561
-	(197,931)	(174,169)
-	-	(49,075)
-	<u>8,745</u>	<u>(78,683)</u>
-	157,782	47,607
-	<u>1,828,151</u>	<u>1,780,544</u>
<u>\$ -</u>	<u>\$ 1,985,933</u>	<u>\$ 1,828,151</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, 1998

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 307,000	\$ 337,535	\$ 30,535
Licenses and permits	74,600	87,422	12,822
Intergovernmental	69,400	88,042	18,642
Charges for services	177,700	161,786	(15,914)
Fines and forfeits	56,000	60,086	4,086
Interest earned	32,000	38,175	6,175
Oil and gas lease and royalties	5,000	5,124	124
Landfill revenues	35,000	46,805	11,805
Recreation	67,700	28,593	(39,107)
Miscellaneous	<u>1,500</u>	<u>25,373</u>	<u>23,873</u>
Total revenues	<u>825,900</u>	<u>878,941</u>	<u>53,041</u>
Expenditures:			
Current:			
General government	299,770	292,462	7,308
Public safety	393,040	389,350	3,690
Highways and streets	-	-	-
Health and recreation	194,650	175,714	18,936
Economic development	<u>8,100</u>	<u>6,260</u>	<u>1,840</u>
Total expenditures	<u>895,560</u>	<u>863,786</u>	<u>31,774</u>
Excess (deficiency) of revenues over expenditures	<u>(69,660)</u>	<u>15,155</u>	<u>84,815</u>
Other financing sources (uses):			
Operating transfers in	71,500	50,000	(21,500)
Operating transfers out	<u>-</u>	<u>(273)</u>	<u>(273)</u>
Total other financing sources (uses)	<u>71,500</u>	<u>49,727</u>	<u>(21,773)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,840	64,882	63,042
Fund balance at beginning of year	<u>937,355</u>	<u>937,355</u>	<u>-</u>
Fund balance at end of year	<u>\$ 939,195</u>	<u>\$ 1,002,237</u>	<u>\$ 63,042</u>

See accompanying notes to financial statements

<u>Special Revenue Funds</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 226,000	\$ 240,032	\$ 14,032
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>20,000</u>	<u>26,307</u>	<u>6,307</u>
<u>246,000</u>	<u>266,339</u>	<u>20,339</u>
-	-	-
-	-	-
227,100	166,249	60,851
-	-	-
<u>227,100</u>	<u>166,249</u>	<u>60,851</u>
<u>18,900</u>	<u>100,090</u>	<u>81,190</u>
145,400	156,676	11,276
<u>(170,000)</u>	<u>(195,569)</u>	<u>(25,569)</u>
<u>(24,600)</u>	<u>(38,893)</u>	<u>(14,293)</u>
(5,700)	61,197	66,897
<u>470,512</u>	<u>470,512</u>	<u>-</u>
<u>\$ 464,812</u>	<u>\$ 531,709</u>	<u>\$ 66,897</u>

TOWN OF LAKE ARTHUR, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
 RETAINED EARNINGS - PROPRIETARY FUND TYPE
 Years Ended July 31, 1998 and 1997

	<u>Enterprise Fund</u>	
	<u>1998</u>	<u>1997</u>
Operating revenues:		
Charges for services-water	\$ 113,584	\$ 113,042
Charges for services-sewerage	<u>263,981</u>	<u>261,111</u>
Total operating revenues	<u>377,565</u>	<u>374,153</u>
Operating expenses:		
Personal services	70,713	74,035
Other services and charges	31,698	23,263
Supplies	20,519	25,208
Heat, light and power	53,241	47,838
Depreciation	<u>97,695</u>	<u>118,757</u>
Total operating expenses	<u>273,866</u>	<u>289,101</u>
Operating income	<u>103,699</u>	<u>85,052</u>
Nonoperating revenues (expenses):		
Water and sewer connection fees	4,654	2,595
Miscellaneous	3,128	2,992
Interest earned	6,418	6,935
Interest and fiscal charges	<u>(76,019)</u>	<u>(79,291)</u>
Total nonoperating revenues (expenses)	<u>(61,819)</u>	<u>(66,769)</u>
Income before operating transfers	<u>41,880</u>	<u>18,283</u>
Other financing sources (uses):		
Transfers from other funds	31,255	78,683
Transfers to other funds	<u>(40,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(8,745)</u>	<u>78,683</u>
Net income	33,135	96,966
Retained earnings at beginning of year	<u>877,549</u>	<u>780,583</u>
Retained earnings at end of year	<u>\$ 910,684</u>	<u>\$ 877,549</u>

See accompanying notes to financial statements

TOWN OF LAKE ARTHUR, LOUISIANA

STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
Years Ended July 31, 1998 and 1997

	<u>Enterprise</u>	
	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 376,811	\$ 373,447
Cash payments to suppliers for goods and services	(101,323)	(98,802)
Cash payments to employees for services	(70,713)	(74,035)
Net cash provided by operating activities	<u>204,775</u>	<u>200,610</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers in	31,255	78,683
Connection and reconnection fees	4,654	2,595
Miscellaneous	3,128	2,992
Operating transfers out	(40,000)	-
Increase in customer deposits	1,984	4,539
Advances from (to) other funds	58,515	(3,668)
Net cash provided by noncapital financing activities	<u>59,536</u>	<u>85,141</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributed capital	-	149,459
Bonds and loan proceeds received	-	84,523
Principal payments on bonds	(120,000)	(117,452)
Interest paid on bonds	(77,166)	(78,914)
Net cash provided by (used in) capital and related activities	<u>(197,166)</u>	<u>37,616</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	6,418	6,935
Purchase of property and equipment	(8,330)	(279,057)
Purchase of investment	(27,906)	(3,010)
Net cash (used in) investing activities	<u>(29,818)</u>	<u>(275,132)</u>
Net increase in cash and cash equivalents	37,327	48,235
Cash and cash equivalents:		
Beginning of year	<u>341,742</u>	<u>293,507</u>
End of year	<u>\$ 379,069</u>	<u>\$ 341,742</u>

(continued on next page)

TOWN OF LAKE ARTHUR, LOUISIANA

STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
 Years Ended July 31, 1998 and 1997
 (Continued)

	<u>Enterprise</u>	
	<u>1998</u>	<u>1997</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 103,699	\$ 85,052
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	97,695	118,757
Changes in assets and liabilities:		
(Increase) in receivables	(754)	(706)
Increase (decrease) in payables	<u>4,135</u>	<u>(2,493)</u>
Net cash provided by operating activities	<u>\$ 204,775</u>	<u>\$ 200,610</u>

See accompanying notes to financial statements

TOWN OF LAKE ARTHUR, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

July 31, 1998

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-Board of Aldermen 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 Board of Aldermen 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 Aldermen 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 Aldermen. 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, 1998.
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 Board of Aldermen.
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, 1998, the carrying amount and bank balance of the Town's deposits were as listed below. Of this amount, \$2,342,144 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	\$ 100,000	\$ 100,000
Category 2	<u>2,239,130</u>	<u>2,242,144</u>
	<u>\$ 2,339,130</u>	<u>\$ 2,342,144</u>

Investments:

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

Investments of the Town consist of certificates of deposit totaling \$1,406,925, insured money market accounts totaling \$268,934 and a passbook account totaling \$7,216. 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, 1998, taxes of 27.24 mills were levied on property with assessed valuations totaling \$4,990,650 and were dedicated as follows:

General corporate purposes	7.64 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, 1998 and 1997 follows:

	<u>1998</u>	<u>1997</u>
Sewer system	\$ 4,878,648	\$ 4,890,170
Water system	420,411	420,411
Vehicles	7,927	7,927
Furniture and equipment	<u>36,099</u>	<u>27,769</u>
	5,343,085	5,346,277
Less accumulated depreciation	<u>1,302,933</u>	<u>1,123,714</u>
	<u>\$ 4,040,152</u>	<u>\$ 4,222,563</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, 1998:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
Bonds and notes payable at August 1, 1997	\$ 763,000	\$ 2,155,000	\$ 2,918,000
Bonds and loans made	-	-	-
Bonds and notes retired	<u>(27,000)</u>	<u>(100,000)</u>	<u>(127,000)</u>
Bonds payable at July 31, 1998	<u>\$ 736,000</u>	<u>\$ 2,055,000</u>	<u>\$ 2,791,000</u>

Bonds and notes payable at July 31, 1998 are comprised of the following individual issues:

General obligation bonds:

\$200,000 General Obligation Bonds, Town of Lake Arthur, 5-8-81; interest at 5 percent; principal and interest payable through the year 2021	\$ 159,000
\$175,000 General Obligation Bonds, Sewerage District No. 1, 5-8-81; interest at 5 percent; principal and interest payable through the year 2021	137,000
\$550,000 General Obligation Bonds, Series 1996, interest at 2.45%, administrative fee .5%, principal and interest payable through the year 2015	<u>440,000</u>
	<u>\$ 736,000</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 \$ 2,055,000

The annual requirements to amortize all debt outstanding as of July 31, 1998,
 including interest payments of \$862,753, are as follows:

Annual Requirements to Amortize Long-Term Debt
 July 31, 1998

<u>Year Ending</u> <u>July 31,</u>	<u>General</u> <u>Obligation</u>	<u>Revenue</u>	<u>Total</u>
1999	\$ 52,580	\$ 160,223	\$ 212,803
2000-2004	260,683	816,355	1,077,038
2005-2009	265,900	813,888	1,079,788
2010-2014	276,717	817,850	1,094,567
2015-2021	<u>189,557</u>	<u>-</u>	<u>189,557</u>
Total	<u>\$ 1,045,437</u>	<u>\$ 2,608,316</u>	<u>\$ 3,653,753</u>

The amount of \$369,136 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, 1998 were:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 282,873	\$ 141,631
Special Revenue Funds:		
Street and Alley Maintenance	-	35,993
Drainage Maintenance	51,853	-
Debt Service Fund:		
Public Improvement Bond	7,152	-
Sewerage District No. 1	33,570	756
Combined Bond Fund	17,893	25,403
Utilities System Fund	<u>90,136</u>	<u>279,694</u>
	<u>\$ 483,477</u>	<u>\$ 483,477</u>

7) Restricted Assets - Proprietary Fund Type

Restricted assets were applicable to the following at July 31:

	<u>1998</u>	<u>1997</u>
Customers deposits	\$ 34,901	\$ 32,917
Sewer	<u>262,133</u>	<u>213,833</u>
	<u>\$ 297,034</u>	<u>\$ 246,750</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 (1998 collections \$367,688, 1997 collections \$348,338) are dedicated to the following purposes:

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

9) Retirement Commitments

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 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 \$181,930. The Town's total payroll for the current year was \$463,765.

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.

Because the purpose of the Municipal Employees Retirement System is to provide specific benefits to a group of employees at various times in the future, actuarial valuations and assumptions are made regularly. The latest actuarial valuation available is as of June 30, 1997. For financial reporting purposes, the primary focus of this information is the pension benefit obligation which is the actuarial present value of credited projected benefits. This can be defined as a standardized disclosure measure of the present value of pension benefits, adjusted for effects of projected salary increases and any step-rate benefits estimated to be payable in the future as a result of employee service to date. The intent of this measure is threefold:

- To help users assess the system's funding status on a going concern basis,
- To assess progress made in accumulating sufficient assets to pay benefits, and
- To make comparisons among other systems.

The actuarial method used to compute the pension benefit obligation for reporting purposes is not necessarily the same used to determine adequate funding for the System. Although the Projected Unit Credit Method was used for reporting purposes, the Frozen Attained Age Normal Cost Method was used to arrive at a total contribution rate of 8.75% for Plan "B" necessary to bring the plan to a fully funded status.

The total pension obligation of Plan "B" of the Municipal Employee's Retirement System of June 30, 1997 was \$76,546,238. The total net assets of Plan "B" available for benefits at June 30, 1997 was \$76,245,708.

The System's contribution requirements are not actuarially determined. Instead, the contribution requirements are currently established by statute. The System is fully aware of the actuarial implications of such a policy.

Although the actuarial contribution requirement for the Town of Lake Arthur members was \$15,883 for Plan B, the total actual contributions amounted to \$14,100, which represents approximately 7.75% of current year covered payroll. The contributions consist of 5% member contributions and 2.95% employer contributions of the total covered payroll of \$181,930 for Plan "B".

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, 1997.

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, 1998 and 1997:

	<u>1998</u>	<u>1997</u>
Total contributed capital at beginning of year	\$ 1,609,256	\$ 1,459,797
Capital contributed during year	-	149,459
Accumulated depreciation related to contributed capital	<u>(644,875)</u>	<u>(563,351)</u>
Net contributed capital at end of year	<u>\$ 964,381</u>	<u>\$ 1,045,905</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, 1997 (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	\$ 7,085,159	\$ 869,236
Total liabilities	16,613	2,038
Total equity	7,068,546	867,198
Total revenues	767,796	94,196
Total expenditures	656,039	80,485
Net increase in fund balance	111,757	13,711

As of December 31, 1997, 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, 1997, 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 \$46,805 which is recorded as "landfill revenues" in the General Fund in the fiscal year ended July 31, 1997.

14) Amounts Paid Members of Governing Board

Mr. E. R. Giles	\$ 4,800
Mr. David Hanks	1,200
Mr. Robert Bertrand	1,200
Mr. Mark LaPoint	1,200
Ms. Betty Moore	1,200
Mr. Ellsworth Duhon	<u>1,200</u>
	<u>\$ 10,800</u>

15) Sewer Construction Project

The Town passed a resolution on March 3, 1993 authorizing the Town to borrow \$2,500,000 to pay a portion of the cost of constructing and acquiring improvements, extensions and replacements to the sanitary sewage collection and disposal system of the Town. The resolution also authorizes the issuance of the Town's sewer revenue bonds-series 1993, in an amount of \$2,500,000 to evidence said debt.

Through a program sponsored by the federal Environmental Protection Agency (EPA), construction grants for wastewater treatment works, the Town is obtaining the necessary funds to upgrade its sewage collection and disposal system to current EPA standards. This program is administered for the EPA on the state level. For Louisiana the program is administered by the Louisiana Department of Environmental Quality (DEQ) through the DEQ's Municipal Facilities Revolving Loan Fund Program.

The Town had a total loan commitment with DEQ for \$2,500,000 (loan number CS-221095-01) to construct the sewer system improvements. At the end of the construction period the Town issued \$2,500,000 of sewer revenue bonds-series 1993 which will be purchased by the DEQ (the purchase price being the \$2,500,000 loan proceeds). Thus, the Town in essence exchanged \$2,500,000 in bond debt for \$2,500,000 in loan debt.

The system was put into operation during the fiscal year ended July 31, 1996.

16) Commitments and Contingencies

The Town of Lake Arthur has entered into an agreement with the Louisiana Housing Finance Agency regarding use of HOME funds (Home Investment Partnership Act Program under Title II of the Housing Act).

During the years ended July 31, 1994 and 1995, several substandard homes were approved for rehabilitation. Cost incurred totaled \$72,789 and grants received totaled \$72,789. Significant deficiencies in certain areas of the grant program management were identified. During the month of August, 1998, the Town reimbursed the Louisiana Housing Finance Agency \$100% of the grant.

**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, 1998 and 1997

ASSETS	<u>1998</u>	<u>1997</u>
Cash	\$ 51,620	\$ 54,227
Investments, at cost	807,165	816,040
Receivables-other	34,067	13,835
Due from other funds	<u>282,873</u>	<u>216,898</u>
 Total assets	 <u>\$ 1,175,725</u>	 <u>\$ 1,101,000</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 29,378	\$ 30,740
Payroll taxes payable	-	408
Other payables	2,479	9,149
Due to other funds	<u>141,631</u>	<u>123,348</u>
Total liabilities	173,488	163,645
Fund balance:		
Unreserved-designated for subsequent year's expenditures	<u>1,002,237</u>	<u>937,355</u>
 Total liabilities and fund balance	 <u>\$ 1,175,725</u>	 <u>\$ 1,101,000</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, 1998
With Comparative Actual Amounts for Year Ended July 31, 1997

	1998		Variance	1997
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Taxes	\$ 307,000	\$ 337,535	\$ 30,535	\$ 343,793
Licenses and permits	74,600	87,422	12,822	86,887
Intergovernmental	69,400	88,042	18,642	107,103
Charges for services	177,700	161,786	(15,914)	161,093
Fines and forfeits	56,000	60,086	4,086	69,589
Interest earned	32,000	38,175	6,175	30,581
Oil and gas lease and royalties	5,000	5,124	124	4,997
Landfill revenues	35,000	46,805	11,805	41,898
Recreation	67,700	28,593	(39,107)	-
Miscellaneous	1,500	25,373	23,873	54,106
Total revenues	825,900	878,941	53,041	900,047
Expenditures:				
Current:				
General government	299,770	292,462	7,308	269,643
Public safety	393,040	389,350	3,690	352,898
Highways and streets	-	-	-	66,846
Health and recreation	194,650	174,714	18,936	194,313
Economic development	8,100	6,260	1,840	7,325
Total expenditures	895,560	863,786	31,774	891,025
Excess (deficiency) of revenues over expenditures	(69,660)	15,155	84,815	9,022
Other financing sources (uses):				
Operating transfers in	71,500	50,000	(21,500)	-
Operating transfers out	-	(273)	(273)	-
Total other financing sources (uses)	71,500	49,727	(21,773)	-
Excess (deficiency) of revenues and other sources over expenditures	1,840	64,882	63,042	9,022
Fund balance at beginning of year	937,355	937,355	-	928,333
Fund balance at end of year	\$ 939,195	\$ 1,002,237	\$ 63,042	\$ 937,355

TOWN OF LAKE ARTHUR, LOUISIANA
GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
Year Ended July 31, 1998
With Comparative Actual Amounts for Year Ended July 31, 1997

	<u>1998</u>		Variance Favorable (Unfavorable)	<u>1997</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
General government:				
Personal services	\$ 125,270	\$ 128,554	\$ (3,284)	\$ 122,660
Supplies	8,200	7,199	1,001	5,369
Other services and charges	<u>166,300</u>	<u>156,709</u>	<u>9,591</u>	<u>141,614</u>
Total general government	<u>299,770</u>	<u>292,462</u>	<u>7,308</u>	<u>269,643</u>
Public safety:				
Police department:				
Personal services	279,720	290,870	(11,150)	275,217
Supplies	21,100	15,792	5,308	17,993
Other services and charges	32,850	35,577	(2,727)	31,297
Capital outlay	<u>16,500</u>	<u>12,471</u>	<u>4,029</u>	<u>3,362</u>
Total police department	<u>350,170</u>	<u>354,710</u>	<u>(4,540)</u>	<u>327,869</u>
Fire department:				
Personal services	3,970	4,355	(385)	3,520
Supplies	4,200	8,899	(4,699)	4,950
Other services and charges	28,200	9,696	18,504	14,505
Capital outlay	<u>6,500</u>	<u>11,690</u>	<u>(5,190)</u>	<u>2,054</u>
Total fire department	<u>42,870</u>	<u>34,640</u>	<u>8,230</u>	<u>25,029</u>
Total public safety	<u>393,040</u>	<u>389,350</u>	<u>3,690</u>	<u>352,898</u>
Highways and streets:				
Personal services	-	-	-	30,372
Other services and charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,474</u>
Total highways and streets	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,846</u>
Health and recreation:				
Sanitation:				
Personal services	4,850	5,334	(484)	5,038
Supplies	8,200	10,278	(2,078)	6,635
Other services and charges	18,400	15,504	2,896	15,906
Dump site expense	<u>65,000</u>	<u>68,230</u>	<u>(3,230)</u>	<u>68,081</u>
Total sanitation	<u>96,450</u>	<u>99,346</u>	<u>(2,896)</u>	<u>95,660</u>

(continued on next page)

TOWN OF LAKE ARTHUR, LOUISIANA
GENERAL FUND

STATEMENT OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS)
Year Ended July 31, 1998
With Comparative Actual Amounts for Year Ended July 31, 1997
(Continued)

	1998		Variance	1997
	Budget	Actual	Favorable (Unfavorable)	Actual
Health and recreation (cont.):				
Recreation:				
Personal services	33,000	31,273	1,727	33,895
Supplies	12,600	12,824	(224)	12,489
Other services and charges	37,100	32,271	4,829	28,476
Capital outlay	15,500	-	15,500	23,793
Total recreation	98,200	76,368	21,832	98,653
 Total health and recreation	 194,650	 175,714	 18,936	 194,313
 Economic development:				
Supplies	1,000	1,192	(192)	1,115
Other services and charges	7,100	5,068	2,032	6,210
Total economic development	8,100	6,260	1,840	7,325
 Total expenditures	 \$ 895,560	 \$ 863,786	 \$ 31,774	 \$ 891,025

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, 1998
With Comparative Totals for July 31, 1997

ASSETS	<u>Street and Alley Maintenance</u>	<u>Drainage Maintenance</u>
Cash	\$ 225,946	\$ 2,793
Investments, at cost	261,309	-
Due from other funds	<u>-</u>	<u>51,853</u>
Total assets	<u>\$ 487,255</u>	<u>\$ 54,646</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 2,067	\$ -
Due to other funds	<u>35,993</u>	<u>-</u>
Total liabilities	38,060	-
Fund balances:		
Unreserved-designated for subsequent year's expenditures	<u>449,195</u>	<u>54,646</u>
Total liabilities and fund balances	<u>\$ 487,255</u>	<u>\$ 54,646</u>

Sales Tax	Water Account	Sidewalk Account	Totals	
			1998	1997
\$ -	\$ -	\$ 27,868	\$ 256,607	\$ 180,268
-	-	-	261,309	248,872
-	-	-	51,853	45,958
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,868</u>	<u>\$ 569,769</u>	<u>\$ 475,098</u>
\$ -	\$ -	\$ -	\$ 2,067	\$ 1,992
-	-	-	35,993	2,598
-	-	-	38,060	4,590
-	-	27,868	531,709	470,512
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,868</u>	<u>\$ 569,769</u>	<u>\$ 475,100</u>

TOWN OF LAKE ARTHUR, LOUISIANA
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Year Ended July 31, 1998
With Comparative Totals for Year Ended July 31, 1997

	<u>Street and Alley Maintenance</u>	<u>Drainage Maintenance</u>
Revenues:		
Taxes	\$ 28,094	\$ 28,094
Miscellaneous	<u>26,307</u>	<u>-</u>
Total revenues	54,401	28,094
Expenditures:		
Current:		
Highway and streets	<u>145,868</u>	<u>20,381</u>
Excess of revenues over expenditures	<u>(91,467)</u>	<u>7,713</u>
Other financing sources (uses):		
Operating transfers in	149,164	3,563
Operating transfers out	(11,725)	-
Appropriations to utilities system fund	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>137,439</u>	<u>3,563</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	45,972	11,276
Fund balance at beginning of year	<u>403,223</u>	<u>43,370</u>
Fund balance at end of year	<u>\$ 449,195</u>	<u>\$ 54,646</u>

<u>Sales Tax</u>	<u>Water Account</u>	<u>Sidewalk Account</u>	<u>Totals</u>	
			<u>1998</u>	<u>1997</u>
\$ 183,844	\$ -	\$ -	\$ 240,032	\$ 229,693
-	-	-	26,307	19,260
<u>183,844</u>	<u>-</u>	<u>-</u>	<u>266,339</u>	<u>248,953</u>
-	-	-	166,249	160,908
<u>183,844</u>	<u>-</u>	<u>-</u>	<u>100,090</u>	<u>88,045</u>
-	-	3,949	156,676	144,561
(183,844)	-	-	(195,569)	(174,169)
-	-	-	-	(49,075)
<u>(183,844)</u>	<u>-</u>	<u>3,949</u>	<u>(38,893)</u>	<u>(78,683)</u>
-	-	3,949	61,197	9,362
-	-	23,919	470,512	461,150
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,868</u>	<u>\$ 531,709</u>	<u>\$ 470,512</u>

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

COMPARATIVE BALANCE SHEET
July 31, 1998 and 1997

ASSETS	<u>1998</u>	<u>1997</u>
Cash	\$ 225,946	\$ 155,216
Certificates of deposit	261,309	248,872
Due from other funds	<u>-</u>	<u>1,725</u>
Total assets	<u>\$ 487,255</u>	<u>\$ 405,813</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 2,067	\$ 1,992
Due to other funds	<u>35,993</u>	<u>598</u>
Total liabilities	38,060	2,590
Fund balances:		
Unreserved-designated for subsequent year's expenditures	<u>449,195</u>	<u>403,223</u>
Total liabilities and fund balances	<u>\$ 487,255</u>	<u>\$ 405,813</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, 1998

With Comparative Actual Amounts for Year Ended July 31, 1997

	1998		Variance	1997
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Taxes - ad valorem	\$ 28,000	\$ 28,094	\$ 94	\$ 27,765
Miscellaneous	<u>20,000</u>	<u>26,307</u>	<u>6,307</u>	<u>19,260</u>
Total revenues	<u>48,000</u>	<u>54,401</u>	<u>6,401</u>	<u>47,025</u>
Expenditures				
Highways and streets:				
Personal services	63,700	60,838	2,862	70,606
Materials and supplies	11,900	13,327	(1,427)	10,985
Other services and charges	101,500	65,023	36,477	64,177
Capital outlay	<u>20,000</u>	<u>6,680</u>	<u>13,320</u>	<u>5,000</u>
Total expenditures	<u>197,100</u>	<u>145,868</u>	<u>51,232</u>	<u>150,768</u>
Excess (deficiency) of revenues over expenditures	<u>(149,100)</u>	<u>(91,467)</u>	<u>57,633</u>	<u>(103,743)</u>
Other financing sources (uses):				
Operating transfers in	140,000	149,164	9,164	139,336
Operating transfers out	<u>-</u>	<u>(11,725)</u>	<u>(11,725)</u>	<u>-</u>
Total other financing sources (uses)	<u>140,000</u>	<u>137,439</u>	<u>(2,561)</u>	<u>139,336</u>
Excess of revenues and other sources over expenditures and other uses	(9,100)	45,972	55,072	35,593
Fund balance at beginning of year	<u>403,223</u>	<u>403,223</u>	<u>-</u>	<u>367,630</u>
Fund balance at end of year	<u>\$ 394,123</u>	<u>\$ 449,195</u>	<u>\$ 55,072</u>	<u>\$ 403,223</u>

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

COMPARATIVE BALANCE SHEET
July 31, 1998 and 1997

ASSETS	<u>1998</u>	<u>1997</u>
Cash	\$ 2,793	\$ 862
Due from other funds	<u>51,853</u>	<u>44,233</u>
Total assets	<u>\$ 54,646</u>	<u>\$ 45,095</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to other funds	\$ -	\$ 1,725
Fund balances:		
Unreserved-designated for subsequent year's expenditures	<u>54,646</u>	<u>43,370</u>
Total liabilities and fund balance	<u>\$ 54,646</u>	<u>\$ 45,095</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, 1998

With Comparative Actual Amounts for Year Ended July 31, 1997

	1998		Variance	1997
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Taxes - ad valorem	\$ 28,000	\$ 28,094	\$ 94	\$ 27,759
Expenditures:				
Current:				
Highways and streets	<u>30,000</u>	<u>20,381</u>	<u>9,619</u>	<u>10,140</u>
Excess (deficiency) of revenues over expenditures	(2,000)	7,713	9,713	17,619
Other financing sources (uses):				
Operating transfers in	<u>2,000</u>	<u>3,563</u>	<u>1,563</u>	<u>1,742</u>
Excess of revenues and other sources over expenditures and other uses	-	11,276	11,276	19,361
Fund balance at beginning of year	<u>43,370</u>	<u>43,370</u>	<u>-</u>	<u>24,009</u>
Fund balance at end of year	<u>\$ 43,370</u>	<u>\$ 54,646</u>	<u>\$ 11,276</u>	<u>\$ 43,370</u>

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

COMPARATIVE BALANCE SHEET
July 31, 1998 and 1997

ASSETS	<u>1998</u>	<u>1997</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, 1998
With Comparative Actual Amounts for Year Ended July 31, 1997

	1998			1997
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Taxes	\$ 170,000	\$ 183,844	\$ 13,844	\$ 174,169
Other financing sources (uses):				
Operating transfers out	<u>170,000</u>	<u>183,844</u>	<u>(13,844)</u>	<u>174,169</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>

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

COMPARATIVE BALANCE SHEET
July 31, 1998 and 1997

ASSETS	<u>1998</u>	<u>1997</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
WATER ACCOUNT-SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended July 31, 1998
With Comparative Actual Amounts for Year Ended July 31, 1997

	<u>1998</u>		Variance Favorable (Unfavorable)	<u>1997</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,075</u>
(Deficiency) of revenues and other sources over uses	-	-	-	(49,075)
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,075</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, 1998 and 1997

ASSETS	<u>1998</u>	<u>1997</u>
Cash	<u>\$ 27,868</u>	<u>\$ 24,192</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to other funds	\$ -	\$ 273
Fund balance:		
Unreserved-designated for subsequent year's expenditures	<u>27,868</u>	<u>23,919</u>
Total liabilities and fund balance	<u>\$ 27,868</u>	<u>\$ 24,192</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, 1998

With Comparative Actual Amounts for Year Ended July 31, 1997

	1998			1997
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenue	\$ -	\$ -	\$ -	\$ -
Other financing sources:				
Operating transfers in	3,400	3,949	549	3,483
Excess of revenues and other sources over expenditures	3,400	3,949	549	3,483
Fund balance at beginning of year	23,919	23,919	-	20,436
Fund balance at end of year	\$ 27,319	\$ 27,868	\$ 549	\$ 23,919

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, 1998
With Comparative Totals for July 31, 1997

ASSETS	Sewerage District No. 1	Combined Bond Fund	Public Improvement Bonds Series ST-1981	<u>Totals</u>	
				<u>1998</u>	<u>1997</u>
Cash	\$ 3,047	\$ 166,931	\$ -	\$ 169,978	\$ 176,598
Investments-at cost	74,464	99,390	75,699	249,553	249,554
Due from other funds	<u>33,570</u>	<u>17,893</u>	<u>7,152</u>	<u>58,615</u>	<u>20,291</u>
 Total assets	 <u>\$ 111,081</u>	 <u>\$ 284,214</u>	 <u>\$ 82,851</u>	 <u>\$ 478,146</u>	 <u>\$ 446,443</u>
 LIABILITIES AND FUND BALANCE					
Liabilities:					
Due to other funds	\$ 756	\$ 25,403	\$ -	\$ 26,159	\$ 26,159
 Fund balance:					
Reserved for debt service	110,325	159,000	-	269,325	340,098
Unreserved	<u>-</u>	<u>99,811</u>	<u>82,851</u>	<u>182,662</u>	<u>80,186</u>
Total fund balance	<u>110,325</u>	<u>258,811</u>	<u>82,851</u>	<u>451,987</u>	<u>420,284</u>
 Total liabilities and fund balance	 <u>\$ 111,081</u>	 <u>\$ 284,214</u>	 <u>\$ 82,851</u>	 <u>\$ 478,146</u>	 <u>\$ 446,443</u>

TOWN OF LAKE ARTHUR, LOUISIANA
DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended July 31, 1998
With Comparative Totals for Year Ended July 31, 1997

	Sewerage District No. 1	Combined Bond Fund	Public Improvement Bonds Series ST-1981	Totals	
				1998	1997
Revenues:					
Taxes	\$ 10,348	\$ 30,750	\$ -	\$ 41,098	\$ 40,453
Interest earned	<u>2,432</u>	<u>7,658</u>	<u>4,754</u>	<u>14,844</u>	<u>10,220</u>
Total revenues	<u>12,780</u>	<u>38,408</u>	<u>4,754</u>	<u>55,942</u>	<u>50,673</u>
Expenditures:					
Principal retirement	3,000	4,000	-	7,000	6,000
Interest and fiscal charges	<u>7,000</u>	<u>8,150</u>	<u>-</u>	<u>15,150</u>	<u>15,450</u>
Total expenditures	<u>10,000</u>	<u>12,150</u>	<u>-</u>	<u>22,150</u>	<u>21,450</u>
Excess of revenues over expenditures	2,780	26,258	4,754	33,792	29,223
Other financing sources (uses):					
Operating transfers out	<u>-</u>	<u>-</u>	<u>(2,089)</u>	<u>(2,089)</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	2,780	26,258	2,665	31,703	29,223
Fund balance at beginning of year					
	<u>107,545</u>	<u>232,553</u>	<u>80,186</u>	<u>420,284</u>	<u>391,061</u>
Fund balance at end of year					
	<u>\$ 110,325</u>	<u>\$ 258,811</u>	<u>\$ 82,851</u>	<u>\$ 451,987</u>	<u>\$ 420,284</u>

CAPITAL PROJECTS FUND

To account for funds received and expenditures made in connection with the sewer line rehabilitation project.

TOWN OF LAKE ARTHUR, LOUISIANA
CAPITAL PROJECTS FUND

BALANCE SHEETS
July 31, 1998 and 1997

ASSETS	<u>1998</u>	<u>1997</u>
Grant revenues receivable	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE		
Liabilities	\$ -	\$ -
Fund balance	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>

TOWN OF LAKE ARTHUR, LOUISIANA
CAPITAL PROJECTS FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended July 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Revenues:		
Grant income	\$ -	\$ 149,459
Expenditures:		
Construction in progress	<u>-</u>	<u>149,459</u>
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></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, 1998 and 1997

ASSETS	<u>1998</u>	<u>1997</u>
Current assets:		
Cash	\$ 82,035	\$ 94,992
Investments, at cost	163,829	135,923
Accounts receivable	37,894	37,139
Due from other funds	<u>90,136</u>	<u>25,403</u>
Total current assets	<u>373,894</u>	<u>293,457</u>
Restricted assets:		
Customer deposits	34,901	32,917
Sewer construction	-	374
Sewer revenue bond sinking fund	69,927	70,665
Sewer revenue bond reserve fund	159,176	118,527
Sewer revenue bond contingencies fund	<u>33,030</u>	<u>24,267</u>
Total restricted assets	<u>297,034</u>	<u>246,750</u>
Property and equipment:		
Sewer system	4,878,648	4,890,170
Water system	420,411	420,411
Vehicles	7,927	7,927
Furniture and equipment	<u>36,099</u>	<u>27,769</u>
	5,343,085	5,346,277
Less accumulated depreciation	<u>1,302,933</u>	<u>1,123,714</u>
Net property and equipment	<u>4,040,152</u>	<u>4,222,563</u>
Total assets	<u>\$ 4,711,080</u>	<u>\$ 4,762,770</u>

LIABILITIES AND FUND EQUITY	<u>1998</u>	<u>1997</u>
Liabilities:		
Current liabilities (payable from current assets):		
Accounts payable	\$ 7,368	\$ 14,755
Due to other funds	<u>279,694</u>	<u>156,445</u>
Total current liabilities (payable from current assets)	<u>287,062</u>	<u>171,200</u>
Current liabilities (payable from restricted assets):		
Customers' deposits	30,152	28,168
Bond and note payable	120,000	120,000
Accrued interest payable	<u>23,801</u>	<u>24,948</u>
Total current liabilities (payable from restricted assets)	<u>173,953</u>	<u>173,116</u>
Long-term liabilities:		
Bonds and note payable	<u>2,375,000</u>	<u>2,495,000</u>
Total liabilities	<u>2,836,015</u>	<u>2,839,316</u>
Fund equity:		
Contributed capital	964,381	1,045,905
Retained earnings:		
Unreserved	<u>910,684</u>	<u>877,549</u>
Total retained earnings	<u>910,684</u>	<u>877,549</u>
Total fund equity	<u>1,875,065</u>	<u>1,923,454</u>
Total liabilities and fund equity	<u>\$ 4,711,080</u>	<u>\$ 4,762,770</u>

TOWN OF IOWA, LOUISIANA
UTILITIES SYSTEM ENTERPRISE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS
Years Ended July 31, 1998 and 1997

	1998	1997
Operating revenues:		
Charges for services-water	\$ 113,584	\$ 113,042
Charges for services-sewerage	263,981	261,111
Total operating revenues	377,565	374,153
Operating expenses:		
Personal services	70,713	74,035
Other services and charges	31,698	23,263
Materials and supplies	20,519	25,208
Heat, light and power	53,241	47,838
Depreciation	97,695	118,757
Total operating expenses	273,866	289,101
Operating income	103,699	85,052
Nonoperating revenues (expenses):		
Water and sewer connection fees	4,654	2,595
Miscellaneous	3,000	2,992
Interest earned	6,418	6,935
Interest and fiscal charges	(76,019)	(79,291)
Total	(61,947)	(66,769)
Income before operating transfers	41,752	18,283
Other financing sources (uses):		
Transfers from other funds	31,383	78,683
Transfers to other funds	(40,000)	-
Total other financing sources (uses)	(8,617)	78,683
Net income	33,135	96,966
Retained earnings at beginning of year	877,549	780,583
Retained earnings at end of year	\$ 910,684	\$ 877,549

TOWN OF LAKE ARTHUR, LOUISIANA
UTILITIES SYSTEM ENTERPRISE FUND

COMPARATIVE STATEMENT OF CASH FLOWS
Years Ended July 31, 1998 and 1997

	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 376,811	\$ 373,447
Cash payments to suppliers for goods and services	(101,323)	(98,802)
Cash payments to employees for services	<u>(70,713)</u>	<u>(74,035)</u>
Net cash provided by operating activities	<u>204,775</u>	<u>200,610</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers in	31,383	78,683
Connection and reconnection fees	4,654	2,595
Miscellaneous	3,000	2,992
Operating transfers out	(40,000)	-
Increase in customer deposits	1,984	4,539
Advances from (to) other funds	<u>58,515</u>	<u>(3,668)</u>
Net cash provided by noncapital financing activities	<u>59,536</u>	<u>85,141</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributed capital	-	149,459
Bond and loan proceeds received	-	84,523
Principal payments on bonds	(120,000)	(117,452)
Interest paid on bonds	<u>(77,166)</u>	<u>(78,914)</u>
Net cash provided by (used in) capital and related financing activities	<u>(197,166)</u>	<u>37,616</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	6,418	6,935
Purchase of property and equipment	(8,330)	(279,057)
Purchase of investments	<u>(27,906)</u>	<u>(3,010)</u>
Net cash (used in) investing activities	<u>(29,818)</u>	<u>(275,132)</u>
Net increase in cash and cash equivalents	37,327	48,235
Cash and cash equivalents:		
Beginning of year	<u>341,742</u>	<u>293,507</u>
End of year	<u>\$ 379,069</u>	<u>\$ 341,742</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 103,699	\$ 85,052
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	97,695	118,757
Changes in assets and liabilities:		
(Increase) in receivables	(754)	(706)
Increase (decrease) in payables	<u>4,135</u>	<u>(2,493)</u>
Net cash provided by operating activities	<u>\$ 204,775</u>	<u>\$ 200,610</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, 1998

	<u>Sewerage District No. 1</u>	<u>Combined Bond 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	\$ 110,325	\$ 159,000	\$ 269,325
Amount to be provided for retirement of long-term debt	<u>26,675</u>	<u>-</u>	<u>26,675</u>
Total	<u>\$ 137,000</u>	<u>\$ 159,000</u>	<u>\$ 296,000</u>
GENERAL LONG-TERM DEBT PAYABLE			
Bonds payable	<u>\$ 137,000</u>	<u>\$ 159,000</u>	<u>\$ 296,000</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, 1998

Property, plant and equipment acquired prior to July 1, 1997		\$ 2,605,072
Current year acquisitions by fund:		
Special revenue fund-street and alley maintenance	\$ 6,680	
General fund	<u>24,161</u>	
Total current year acquisitions		<u>30,841</u>
Property, plant and equipment, net at July 31, 1998		<u>\$ 2,635,913</u>
Investment in general fixed assets at July 31, 1998		<u>\$ 2,635,913</u>

SUPPLEMENTARY INFORMATION

TOWN OF LAKE ARTHUR, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended July 31, 1998

Federal Grantor Program Title

U.S. Department of Justice:

Cops Grant:

Federal CFDA number		16,579
Program amount	\$	48,764
Current year expenditures		8,389
Expenditures to date		44,223

TOWN OF LAKE ARTHUR

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
July 31, 1998

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, 1998. 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, 1998.

Note 3. Relationship to General Purpose Financial Statements

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

General Fund	\$ 8,389
--------------	----------

Note 4. Relationship to Federal Financial Reports

	<u>Revenue</u>	<u>Expenditures</u>
Reported in the accompanying schedule:		
General Fund	\$ 8,389	\$ 8,389
Amounts reported in federal requests for reimbursement:		
Requests funded:		
General Fund	\$ 8,389	\$ 8,389

Note 5. Commitments and Contingencies

Note 15 to the financial statements of the Town for the years ended July 31, 1997 discussed certain matters related to the Housing Rehabilitation program, the possible outcome of which was uncertain at that time. As explained in Note 14 to the financial statements at July 31, 1998, the Town of Lake Arthur, in August, 1998, has reimbursed the Louisiana Housing Finance Agency the entire amount of the grant.

INDEPENDENT AUDITOR'S REPORTS ON
INTERNAL CONTROL STRUCTURE
AND COMPLIANCE

McELROY, QUIRK & BURCH

A Professional Corporation • Certified Public Accountants • Since 1925
800 Kirby Street • P.O. Box 3070 • Lake Charles, LA 70602-3070
318 433-1063 • Fax 318 436-6618 • E-mail: mqb@iamerica.net

Carl W. Comeaux, CPA
Barbara Hutson Gonzales, CPA
Judson J. McCann Jr., CPA
Martin L. Chelorsky, CPA, CFE
Robert M. Gani, CPA
Tina L. Demarest, CPA



Mollie C. Broussard, CPA

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

Charles L. 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, 1998, and have issued our report thereon dated September 2, 1998. 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. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over

financial reporting that, in our judgment, could adversely affect the Town of Lake Arthur's ability to record, process, summarize and report financial data consistent with the assertion of management in the financial statements. Reportable conditions are described below:

Reportable Condition:

98-1 - The police department for the Town of Lake Arthur maintains a checking account in which are deposited receipts of police reports sold, as well as miscellaneous contributions received by the police department. Purchases are made out of the account for miscellaneous items needed by the police department. This checking account is not being maintained on the general ledger of the Town of Lake Arthur.

Remedies:

98-1 - In September, 1998, the police department turned the checking account over to the administrative department of the Town of Lake Arthur to be subject to all of the controls of the Town.

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. Our 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, we believe none of the reportable conditions described above is a material weakness.

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
September 2, 1998