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**TOWN OF LAKE ARTHUR, LOUISIANA  
ANNUAL FINANCIAL REPORT  
JULY 31, 2002**

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

Release Date 1/22/03

TOWN OF LAKE ARTHUR, LOUISIANA

ANNUAL FINANCIAL REPORT  
Year Ended July 31, 2002

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TOWN OF LAKE ARTHUR, LOUISIANA

July 31, 2002

**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. Cynthia Mallett

# McELROY, QUIRK & BURCH

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Carl W. Comeaux, CPA  
Barbara Hutson Gonzales, CPA  
Martin L. Chehotsky, CPA, CFE  
Robert M. Gani, CPA, MT  
Tina Demarest Barrett, CPA, CVA  
Mollie C. Broussard, CPA



Billy D. Fisher, CPA  
Jason L. Guillory, CPA  
Greg P. Naquin, CPA, CFP™

Charles P. Quirk, CPA, Retired  
Otray J. Woods Jr., CPA, Inactive  
Robert F. Cargile, CPA, Inactive  
William A. Mancuso, CPA, Retired  
Judson J. McCann Jr., CPA, Retired

CFE - Certified Fraud Examiner  
MT - Masters of Taxation  
CVA - Certified Valuation Analyst  
CFP - Certified Financial Planner

## REPORT OF INDEPENDENT AUDITORS

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

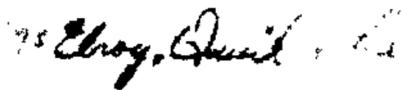
We have audited the accompanying general purpose financial statements of the Town of Lake Arthur, Louisiana, and the combining, individual fund and account group financial statements of the Town as of July 31, 2002, and for the year then ended, as listed in the table of contents. These financial statements 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 auditing standards generally accepted in the United States of America 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, 2002, and the results of its operations and changes in cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America. 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, 2002, 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 accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 18, 2002, on the Town of Lake Arthur's compliance with laws and regulations and on its internal control over financial reporting.

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.



Lake Charles, Louisiana  
October 18, 2002

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

TOWN OF LAKE ARTHUR, LOUISIANA

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS

July 31, 2002

ASSETS AND OTHER DEBITS	Governmental Fund Types		
	General	Special Revenue	Debt Service
Cash	\$ 201,347	\$ 278,339	\$ 292,435
Investments, at cost	834,983	315,867	199,579
Receivables	13,848	-	-
Due from other funds	563,405	94,215	76,713
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	-	-	-
<b>Total assets</b>	<b><u>\$ 1,613,583</u></b>	<b><u>\$ 688,421</u></b>	<b><u>\$ 568,727</u></b>
LIABILITIES, CREDITS AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 44,406	\$ 7,616	\$ -
Other payables	4,143	-	-
Due to other funds	301,224	33,376	28,656
Payable from restricted assets:			
Customer deposits	-	-	-
Bonds and note payable	-	-	-
General obligation bonds payable	-	-	-
Accrued interest payable	-	-	-
<b>Total liabilities</b>	<b><u>349,773</u></b>	<b><u>40,992</u></b>	<b><u>28,656</u></b>
Fund equity:			
Contributed capital	-	-	-
Investment in fixed assets	-	-	-
Retained earnings:			
Unreserved	-	-	-
Fund balance:			
Reserved for debt service	-	-	312,518
Unreserved:			
Designated for subsequent year's expenditures	<u>1,263,810</u>	<u>647,429</u>	<u>227,553</u>
<b>Total retained earnings/fund balance</b>	<b><u>1,263,810</u></b>	<b><u>647,429</u></b>	<b><u>540,071</u></b>
<b>Total fund equity</b>	<b><u>1,263,810</u></b>	<b><u>647,429</u></b>	<b><u>540,071</u></b>
<b>Total liabilities and fund equity</b>	<b><u>\$ 1,613,583</u></b>	<b><u>\$ 688,421</u></b>	<b><u>\$ 568,727</u></b>

See accompanying notes to financial statements

Capital Projects Fund	Proprietary Fund Type Enterprise	Account Groups		Totals	
		General Long-Term Debt	General Fixed Assets	(Memorandum Only)	
				2002	2001
\$ -	\$ 211,875	\$ -	\$ -	\$ 983,996	\$ 763,990
-	200,834	-	-	1,551,263	1,931,846
-	37,036	-	-	50,884	55,566
-	26,000	-	-	760,333	801,453
-	447,751	-	-	447,751	408,072
-	3,659,548	-	3,108,960	6,768,508	6,424,746
-	-	474,960	-	474,960	262,873
-	-	201,447	-	201,447	11,127
<u>\$ -</u>	<u>\$ 4,583,044</u>	<u>\$ 676,407</u>	<u>\$ 3,108,960</u>	<u>\$ 11,239,142</u>	<u>\$ 10,659,673</u>
\$ -	\$ 9,962	\$ -	\$ -	\$ 61,984	\$ 53,013
-	-	-	-	4,143	4,173
-	397,077	-	-	760,333	801,453
-	37,531	-	-	37,531	36,592
-	175,000	-	-	175,000	160,000
-	1,825,000	676,407	-	2,501,407	2,634,000
-	-	-	-	-	20,213
-	<u>2,444,570</u>	<u>676,407</u>	-	<u>3,540,398</u>	<u>3,709,444</u>
-	696,908	-	-	696,908	763,777
-	-	-	3,108,960	3,108,960	2,909,792
-	1,441,566	-	-	1,441,566	930,868
-	-	-	-	312,518	262,873
-	-	-	-	2,138,792	2,082,919
-	<u>1,441,566</u>	-	-	<u>3,892,876</u>	<u>3,276,660</u>
-	2,138,474	-	3,108,960	7,698,744	6,950,229
<u>\$ -</u>	<u>\$ 4,583,044</u>	<u>\$ 676,407</u>	<u>\$ 3,108,960</u>	<u>\$ 11,239,142</u>	<u>\$ 10,659,673</u>

TOWN OF LAKE ARTHUR, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
 Year Ended July 31, 2002

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Revenues:			
Taxes	\$ 387,418	\$ 288,633	\$ 46,389
Licenses and permits	86,307	-	-
Intergovernmental	54,956	-	-
Charges for services	152,524	-	-
Fines and forfeits	40,422	-	-
Interest earned	37,099	-	7,441
Oil and gas lease and royalties	14,621	-	-
Landfill revenues	40,671	-	-
Recreation	28,538	-	-
Miscellaneous	77,760	27,056	-
Total revenues	<u>920,316</u>	<u>315,689</u>	<u>53,830</u>
Expenditures:			
Current:			
General government	309,448	-	-
Public safety	491,381	-	-
Highways and streets	-	159,087	-
Health and recreation	191,904	-	-
Economic development	5,105	-	-
Debt service:			
Principal retirement	-	-	8,000
Interest and fiscal charges	-	-	13,736
Construction cost	-	-	-
Total expenditures	<u>997,838</u>	<u>159,087</u>	<u>21,736</u>
Excess (deficiency) of revenues over expenditures	<u>(77,522)</u>	<u>156,602</u>	<u>32,094</u>
Other financing sources (uses):			
Operating transfers in	5,000	147,543	-
Operating transfers out	-	(231,999)	(31,200)
Bond proceeds	105,000	-	-
Total other financing sources (uses)	<u>110,000</u>	<u>(84,456)</u>	<u>(31,200)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	32,478	72,146	894
Fund balance at beginning of year	<u>1,231,332</u>	<u>575,283</u>	<u>539,177</u>
Fund balance at end of year	<u>\$ 1,263,810</u>	<u>\$ 647,429</u>	<u>\$ 540,071</u>

See accompanying notes to financial statements

Capital Projects Fund	Totals (Memorandum Only)	
	2002	2001
\$ -	\$ 722,440	\$ 704,480
-	86,307	83,283
-	54,956	63,128
-	152,524	152,846
-	40,422	41,262
-	44,540	55,897
-	14,621	12,523
-	40,671	46,805
-	28,538	26,925
<u>275,809</u>	<u>380,625</u>	<u>132,848</u>
<u>275,809</u>	<u>1,565,644</u>	<u>1,319,997</u>
-	309,448	292,199
-	491,381	359,708
-	159,087	219,535
-	191,904	227,372
-	5,105	10,002
-	8,000	8,000
-	13,736	14,100
<u>275,809</u>	<u>275,809</u>	<u>-</u>
<u>275,809</u>	<u>1,454,470</u>	<u>1,130,916</u>
<u>-</u>	<u>111,174</u>	<u>189,081</u>
-	152,543	239,183
-	(263,199)	(226,174)
-	105,000	-
<u>-</u>	<u>(5,656)</u>	<u>13,009</u>
-	105,518	202,090
<u>-</u>	<u>2,345,792</u>	<u>2,143,702</u>
<u>\$ -</u>	<u>\$ 2,451,310</u>	<u>\$ 2,345,792</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, 2002

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 343,000	\$ 387,418	\$ 44,418
Licenses and permits	82,700	86,307	3,607
Intergovernmental	52,000	54,956	2,956
Charges for services	169,900	152,524	(17,376)
Fines and forfeits	37,000	40,422	3,422
Interest earned	48,200	37,099	(11,101)
Oil and gas lease and royalties	23,000	14,621	(8,379)
Landfill revenues	40,000	40,671	671
Recreation	26,600	28,538	1,938
Miscellaneous	45,700	77,760	32,060
Total revenues	<u>868,100</u>	<u>920,316</u>	<u>52,216</u>
Expenditures:			
Current:			
General government	326,700	309,448	17,252
Public safety	372,600	491,381	(118,781)
Highways and streets	-	-	-
Health and recreation	253,750	191,904	61,846
Economic development	10,000	5,105	4,895
Total expenditures	<u>963,050</u>	<u>997,838</u>	<u>(34,788)</u>
Excess (deficiency) of revenues over expenditures	<u>(94,950)</u>	<u>(77,522)</u>	<u>17,428</u>
Other financing sources (uses):			
Operating transfers in	104,000	5,000	(99,000)
Operating transfers out	-	-	-
Bond proceeds	-	105,000	105,000
Total other financing sources (uses)	<u>104,000</u>	<u>110,000</u>	<u>6,000</u>
Excess of revenues and other sources over expenditures and other uses	9,050	32,478	23,428
Fund balance at beginning of year	<u>1,231,332</u>	<u>1,231,332</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,240,382</u>	<u>\$ 1,263,810</u>	<u>\$ 23,428</u>

See accompanying notes to financial statements

<u>Special Revenue Funds</u>		
<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
\$ 252,000	\$ 288,624	\$ 36,624
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>30,000</u>	<u>27,056</u>	<u>(2,944)</u>
<u>282,000</u>	<u>315,680</u>	<u>33,680</u>
-	-	-
-	-	-
349,900	386,077	(36,177)
-	-	-
-	-	-
<u>349,900</u>	<u>386,077</u>	<u>(36,177)</u>
<u>(67,900)</u>	<u>(70,397)</u>	<u>(2,497)</u>
146,500	147,543	1,043
-	(5,000)	(5,000)
-	-	-
<u>146,500</u>	<u>142,543</u>	<u>(3,957)</u>
78,600	72,146	(6,454)
<u>575,283</u>	<u>575,283</u>	<u>-</u>
<u>\$ 653,883</u>	<u>\$ 647,429</u>	<u>\$ (6,454)</u>

TOWN OF LAKE ARTHUR, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
 RETAINED EARNINGS - PROPRIETARY FUND TYPE  
 Years Ended July 31, 2002 and 2001

	<u>Enterprise Fund</u>	
	<u>2002</u>	<u>2001</u>
Operating revenues:		
Charges for services-water	\$ 113,212	\$ 111,644
Charges for services-sewerage	<u>259,460</u>	<u>260,462</u>
Total operating revenues	<u>372,672</u>	<u>372,106</u>
Operating expenses:		
Personal services	65,459	85,510
Other services and charges	52,671	29,535
Supplies	23,273	37,897
Heat, light and power	49,540	61,098
Depreciation	<u>177,371</u>	<u>177,746</u>
Total operating expenses	<u>368,314</u>	<u>391,786</u>
Operating income (loss)	<u>4,358</u>	<u>(19,680)</u>
Nonoperating revenues (expenses):		
Water and sewer connection fees	4,315	2,448
Miscellaneous	13,048	12,698
Interest earned	13,411	13,874
Interest and fiscal charges	<u>(81,196)</u>	<u>(65,187)</u>
Total nonoperating revenues (expenses)	<u>(50,422)</u>	<u>(36,167)</u>
(Loss) before operating transfers	<u>(46,064)</u>	<u>(55,847)</u>
Other financing sources (uses):		
Transfers from other funds	110,656	56,991
Transfers to other funds	<u>-</u>	<u>(70,000)</u>
Total other financing sources (uses)	<u>110,656</u>	<u>(13,009)</u>
Net income (loss)	64,592	(68,856)
Depreciation on assets acquired through contributed capital	66,868	66,868
Bond reclassification to General Bonded Debt	<u>378,968</u>	<u>-</u>
Increase (decrease) in retained earnings	510,428	(1,988)
Retained earnings at beginning of year	<u>930,868</u>	<u>932,856</u>
Retained earnings at end of year	<u>\$ 1,441,296</u>	<u>\$ 930,868</u>

See accompanying notes to financial statements

TOWN OF LAKE ARTHUR, LOUISIANA

STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE  
 Years Ended July 31, 2002 and 2001

	<u>Enterprise</u>	
	<u>2002</u>	<u>2001</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 377,163	\$ 368,697
Cash payments to suppliers for goods and services	(125,207)	(128,157)
Cash payments to employees for services	<u>(65,459)</u>	<u>(85,510)</u>
Net cash provided by operating activities	<u>186,497</u>	<u>155,030</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating transfers in	110,656	56,992
Connection and reconnection fees	4,315	2,448
Miscellaneous	13,048	12,698
Operating transfers out	-	(70,000)
Increase in customer deposits	938	2,931
Advances from (to) other funds	<u>(22,893)</u>	<u>108,818</u>
Net cash provided by noncapital financing activities	<u>106,064</u>	<u>113,887</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Bonds issued	-	400,000
Principal payments on bonds	(141,032)	(130,000)
Interest paid on bonds	<u>(101,409)</u>	<u>(66,432)</u>
Net cash provided by (used in) capital and related activities	<u>(242,441)</u>	<u>203,568</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	13,411	13,874
Purchase of property and equipment	(321,965)	-
(Increase) decrease in investments	<u>393,348</u>	<u>(410,892)</u>
Net cash provided by (used in) investing activities	<u>84,794</u>	<u>(397,018)</u>
Net increase in cash and cash equivalents	134,914	75,467
Cash and cash equivalents:		
Beginning of year	<u>524,712</u>	<u>449,245</u>
End of year	<u>\$ 659,626</u>	<u>\$ 524,712</u>

(continued on next page)

TOWN OF LAKE ARTHUR, LOUISIANA

STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE  
 Years Ended July 31, 2002 and 2001  
 (Continued)

	<u>Enterprise</u>	
	<u>2002</u>	<u>2001</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 4,358	\$ (19,681)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	177,371	177,746
Changes in assets and liabilities:		
(Increase) decrease in receivables	4,491	(3,408)
Increase in payables	<u>277</u>	<u>373</u>
Net cash provided by operating activities	<u>\$ 186,497</u>	<u>\$ 155,030</u>

See accompanying notes to financial statements

TOWN OF LAKE ARTHUR, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

July 31, 2002

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 accounting principles generally accepted in the United States of America 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. Infrastructure assets are recorded as expenditures at the time of payment in various funds. Infrastructure assets are not accounted for 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 accounting principles generally accepted in the United States of America 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, 2002.
7. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (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.
9. Budgets are amended by resolution approved by the Town Council.

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 accounting principles generally accepted in the United States of America. 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, 2002, the carrying amount and bank balance of the Town's deposits were as listed below. Of this amount, \$2,983,010 was insured by federal depository insurance and collateral held by the pledging bank's trust department (Category 1 and 2, as scheduled below):

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Category 1	\$ 200,000	\$ 200,000
Category 2	<u>2,783,010</u>	<u>2,783,137</u>
	<u>\$ 2,983,010</u>	<u>\$ 2,983,137</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 \$1,322,040, insured money market accounts totaling \$221,499 and a passbook account totaling \$7,724. 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, 2002 taxes of 26.68 mills were levied on property with assessed valuations totaling \$5,732,990 and were dedicated as follows:

General corporate purposes	7.40 mills
Drainage maintenance	5.50 mills
Street and alley maintenance	5.50 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, 2002 and 2001 follows:

	<u>2002</u>	<u>2001</u>
Sewer system	\$ 4,888,314	\$ 4,888,314
Water system	420,411	420,411
Vehicles	7,927	7,927
Furniture and equipment	38,068	38,068
Construction in progress	<u>321,965</u>	<u>-</u>
	5,676,685	5,354,720
Less accumulated depreciation	<u>2,017,137</u>	<u>1,839,766</u>
	<u>\$ 3,659,548</u>	<u>\$ 3,514,954</u>

Depreciation for years ended July 31, 2002 and 2001 was \$177,371 and \$177,746, respectively.

Changes in general fixed assets are as follows:

General fixed assets at beginning of year	\$ 2,909,792
Additions	<u>199,168</u>
General fixed assets at end of year	<u>\$ 3,108,960</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, 2002:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
Bonds and notes payable at August 1, 2001	\$ 654,000	\$ 2,140,000	\$ 2,794,000
Certificate of indebtedness issued	105,000	-	105,000
Bonds and notes retired	<u>(28,000)</u>	<u>(140,000)</u>	<u>(168,000)</u>
Bonds payable at July 31, 2002	<u>\$ 731,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,731,000</u>

Bonds and notes payable at July 31, 2002 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	\$ 143,000
\$175,000 General Obligation Bonds, Sewerage District No. 1, 5-8-81; interest at 5 percent; principal and interest payable through the year 2021	123,000
\$550,000 General Obligation Bonds, Series 1995, interest at 2.45%, administrative fee .5%, principal and interest payable through the year 2015	360,000
Certificate of indebtedness, Series 2002, 4.50% interest payable through the year 2009	<u>105,000</u>
	<u>\$ 731,000</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	\$ 1,630,000
\$400,000 of Certificate of Indebtedness-Series 2001, interest payable ranging from 4.60% to 5.250%, principal and interest payable through the year 2011, issued May 1, 2001	<u>370,000</u>
	<u>\$ 2,000,000</u>

The annual requirements to amortize all debt outstanding as of July 31, 2002, including interest payments of \$3,380,491, are as follows:

Annual Requirements to Amortize Long-Term Debt  
July 31, 2002

Year Ending <u>July 31,</u>	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
2003	\$ 49,000	\$ 150,000	\$ 199,000
2004-2008	250,000	825,000	1,075,000
2009-2013	227,000	865,000	1,092,000
2014-2018	147,000	160,000	307,000
2019-2022	<u>60,000</u>	<u>-</u>	<u>60,000</u>
Total	<u>\$ 733,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,733,000</u>

The amount of \$540,071 is available in the Debt Service Funds to service the general obligation bonds.

Interest expense recorded in the Enterprise Fund for the years ended July 31, 2002 and 2001 amounted to \$81,196 and 65,187, respectively.

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 receivable and payable balances at July 31, 2002 were:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 563,405	\$ 301,224
Special Revenue Funds:		
Street and Alley Maintenance	2,292	33,233
Drainage Maintenance	91,923	-
Sidewalk Account	-	143
Debt Service Fund:		
Public Improvement Bond	18,067	-
Sewerage District No. 1	40,771	-
Combined Bond Fund	17,875	28,656
Utilities System Fund	<u>26,000</u>	<u>397,077</u>
	<u>\$ 760,333</u>	<u>\$ 760,333</u>

7) Restricted Assets - Proprietary Fund Type

Restricted assets were applicable to the following at July 31:

	<u>2002</u>	<u>2001</u>
Customers deposits	\$ 37,531	\$ 41,342
Sewer	<u>410,220</u>	<u>366,730</u>
	<u>\$ 447,751</u>	<u>\$ 408,072</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 (2002 collections \$453,998, 2001 collections \$425,346) 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 \$190,256. The Town's total payroll for the current year was \$419,583.

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, 2002.

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 and its employees contribute into the Municipal Employee's Retirement System for the years ending July 31, 2002 and 2001 were \$15,524 and \$17,526, 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, 2002 and 2001:

	<u>2002</u>	<u>2001</u>
Total contributed capital at beginning of year	\$ 763,777	\$ 830,645
Accumulated depreciation related to contributed capital	<u>(66,869)</u>	<u>(66,868)</u>
Net contributed capital at end of year	<u>\$ 696,908</u>	<u>\$ 763,777</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, 2001 (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	\$ 7,481,051	\$ 917,805
Total liabilities	20,436	2,507
Total equity	7,461,615	915,421
Total revenues	913,234	112,039
Total expenditures	1,017,562	124,839
Net (decrease) in fund balance	(104,328)	12,799

As of December 31, 2001, 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, 2001, 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, 2002.

14) Amounts Paid Members of Governing Board

Mr. E. R. Giles	\$ 8,550
Mr. David Hanks	3,150
Mr. Robert Bertrand	3,050
Mr. Mark LaPoint	2,950
Ms. Betty Moore	3,150
Mr. Ellsworth Duhon	<u>2,600</u>
	<u>\$ 23,450</u>

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**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, 2002 and 2001

ASSETS	<u>2002</u>	<u>2001</u>
Cash	\$ 201,347	\$ 143,264
Investments, at cost	834,983	806,245
Receivables-other	13,848	14,039
Due from other funds	<u>563,405</u>	<u>513,362</u>
Total assets	<u>\$ 1,613,583</u>	<u>\$ 1,476,910</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 44,406	\$ 36,156
Other payables	4,143	4,173
Due to other funds	<u>301,224</u>	<u>205,249</u>
Total liabilities	349,773	245,578
Fund balance:		
Unreserved-designated for subsequent year's expenditures	<u>1,263,810</u>	<u>1,231,332</u>
Total liabilities and fund balance	<u>\$ 1,613,583</u>	<u>\$ 1,476,910</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, 2002  
With Comparative Actual Amounts for Year Ended July 31, 2001

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
<b>Revenues:</b>				
Taxes	\$ 343,000	\$ 387,418	\$ 44,418	\$ 384,172
Licenses and permits	82,700	86,307	3,607	83,283
Intergovernmental	52,000	54,956	2,956	63,128
Charges for services	169,900	152,524	(17,376)	152,846
Fines and forfeits	37,000	40,422	3,422	41,262
Interest earned	48,200	37,099	(11,101)	43,927
Oil and gas lease and royalties	23,000	14,621	(8,379)	12,523
Landfill revenues	40,000	40,671	671	46,805
Recreation	26,600	28,538	1,938	26,925
Miscellaneous	45,700	77,760	32,060	99,971
Total revenues	<u>868,100</u>	<u>920,316</u>	<u>52,216</u>	<u>954,842</u>
<b>Expenditures:</b>				
Current:				
General government	326,700	309,448	17,252	292,199
Public safety	372,600	491,381	(118,781)	359,708
Health and recreation	253,750	191,904	61,846	227,372
Economic development	10,000	5,105	4,895	10,002
Total expenditures	<u>963,050</u>	<u>997,838</u>	<u>(34,788)</u>	<u>889,281</u>
Excess (deficiency) of revenues over expenditures	<u>(94,950)</u>	<u>(77,522)</u>	<u>17,428</u>	<u>65,561</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	104,000	5,000	(99,000)	74,000
Bond proceeds	-	105,000	105,000	-
Total other financing sources (uses)	<u>104,000</u>	<u>110,000</u>	<u>6,000</u>	<u>74,000</u>
Excess (deficiency) of revenues and other sources over expenditures	9,050	32,478	23,428	139,561
Fund balance at beginning of year	<u>1,231,332</u>	<u>1,231,332</u>	<u>-</u>	<u>1,091,771</u>
Fund balance at end of year	<u>\$ 1,240,382</u>	<u>\$ 1,263,810</u>	<u>\$ 23,428</u>	<u>\$ 1,231,332</u>

TOWN OF LAKE ARTHUR, LOUISIANA  
GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)  
Year Ended July 31, 2002  
With Comparative Actual Amounts for Year Ended July 31, 2001

	2002		Variance	2001
	Budget	Actual	Favorable (Unfavorable)	Actual
General government:				
Personal services	\$ 166,100	\$ 149,431	\$ 16,669	\$ 149,968
Supplies	8,800	8,028	772	5,848
Other services and charges	<u>151,800</u>	<u>151,989</u>	<u>(189)</u>	<u>136,383</u>
Total general government	<u>326,700</u>	<u>309,448</u>	<u>17,252</u>	<u>292,199</u>
Public safety:				
Police department:				
Personal services	303,850	264,255	39,595	275,491
Supplies	7,900	16,814	(8,914)	12,770
Other services and charges	25,150	25,617	(467)	21,372
Capital outlay	-	<u>13,511</u>	<u>(13,511)</u>	<u>20,264</u>
Total police department	<u>336,900</u>	<u>320,197</u>	<u>16,703</u>	<u>329,897</u>
Fire department:				
Personal services	4,200	4,134	66	4,887
Supplies	13,300	14,674	3,854	13,205
Other services and charges	18,200	20,625	(2,425)	11,719
Capital outlay	-	<u>131,751</u>	<u>(136,979)</u>	<u>-</u>
Total fire department	<u>35,700</u>	<u>171,184</u>	<u>(135,484)</u>	<u>29,811</u>
Total public safety	<u>372,600</u>	<u>491,381</u>	<u>(118,781)</u>	<u>359,708</u>
Health and recreation:				
Sanitation:				
Personal services	25,000	19,779	5,221	20,785
Supplies	2,900	19,780	(16,880)	15,327
Other services and charges	15,600	9,020	6,580	21,485
Dump site expense	<u>74,500</u>	<u>73,591</u>	<u>909</u>	<u>69,453</u>
Total sanitation	<u>118,000</u>	<u>122,170</u>	<u>(4,170)</u>	<u>127,050</u>
Recreation:				
Personal services	35,000	31,205	3,795	32,638
Supplies	20,000	14,505	5,495	19,209
Other services and charges	30,000	21,718	8,282	20,821
Capital outlay	<u>50,750</u>	<u>2,306</u>	<u>48,444</u>	<u>27,654</u>
Total recreation	<u>135,750</u>	<u>69,734</u>	<u>66,016</u>	<u>100,322</u>
Total health and recreation	<u>253,750</u>	<u>191,904</u>	<u>61,846</u>	<u>227,372</u>

(continued on next page)

TOWN OF LAKE ARTHUR, LOUISIANA  
GENERAL FUND

STATEMENT OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS)  
Year Ended July 31, 2002  
With Comparative Actual Amounts for Year Ended July 31, 2001  
(Continued)

	<u>2002</u>		Variance	<u>2001</u>
	<u>Budget</u>	<u>Actual</u>	Favorable	<u>Actual</u>
			(Unfavorable)	
Economic development:				
Supplies	3,000	2,972	28	2,877
Other services and charges	<u>7,000</u>	<u>2,133</u>	<u>4,867</u>	<u>7,125</u>
Total economic development	<u>10,000</u>	<u>5,105</u>	<u>4,895</u>	<u>10,002</u>
 Total expenditures	 <u>\$ 963,050</u>	 <u>\$ 997,838</u>	 <u>\$ (34,788)</u>	 <u>\$ 889,281</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, 2002  
With Comparative Totals for July 31, 2001

ASSETS	<u>Street and Alley Maintenance</u>	<u>Drainage Maintenance</u>
Cash	\$ 235,538	\$ 1,493
Investments, at cost	315,867	-
Due from other funds	<u>2,292</u>	<u>91,923</u>
Total assets	<u>\$ 553,697</u>	<u>\$ 93,416</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 7,616	\$ -
Due to other funds	<u>33,233</u>	<u>-</u>
Total liabilities	40,849	-
Fund balances:		
Unreserved-designated for subsequent year's expenditures	<u>512,848</u>	<u>93,416</u>
Total liabilities and fund balances	<u>\$ 553,697</u>	<u>\$ 93,416</u>

Sales Tax	Sidewalk Account	Totals	
		2002	2001
\$ -	\$ 41,308	\$ 278,339	\$ 246,951
-	-	315,867	301,865
-	-	94,215	84,725
<u>\$ -</u>	<u>\$ 41,308</u>	<u>\$ 688,421</u>	<u>\$ 633,541</u>
\$ -	\$ -	\$ 7,616	\$ 7,173
-	143	33,376	51,085
-	143	40,992	58,258
-	41,165	647,429	575,283
<u>\$ -</u>	<u>\$ 41,308</u>	<u>\$ 688,421</u>	<u>\$ 633,541</u>

TOWN OF LAKE ARTHUR, LOUISIANA  
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
Year Ended July 31, 2002  
With Comparative Totals for Year Ended July 31, 2001

	<u>Street and Alley Maintenance</u>	<u>Drainage Maintenance</u>
Revenues:		
Taxes	\$ 30,817	\$ 30,817
Miscellaneous	<u>27,056</u>	<u>-</u>
Total revenues	57,873	30,817
Expenditures:		
Current:		
Highway and streets	<u>140,910</u>	<u>15,425</u>
Excess (deficiency) of revenues over expenditures	<u>(83,037)</u>	<u>15,392</u>
Other financing sources (uses):		
Operating transfers in	140,733	2,270
Operating transfers out	<u>-</u>	<u>(5,000)</u>
Total other financing sources (uses)	<u>140,733</u>	<u>(2,730)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	57,696	12,662
Fund balance at beginning of year	<u>455,152</u>	<u>80,754</u>
Fund balance at end of year	<u>\$ 512,848</u>	<u>\$ 93,416</u>

<u>Sales Tax</u>	<u>Sidewalk Account</u>	<u>Totals</u>	
		<u>2002</u>	<u>2001</u>
\$ 226,999	\$ -	\$ 288,633	\$ 274,085
-	-	<u>27,056</u>	<u>32,877</u>
<u>226,999</u>	-	315,689	306,962
-	<u>2,752</u>	<u>159,087</u>	<u>219,535</u>
<u>226,999</u>	<u>(2,752)</u>	<u>156,602</u>	<u>87,427</u>
-	4,540	147,543	165,183
<u>(226,999)</u>	-	<u>(231,999)</u>	<u>(216,673)</u>
<u>(226,999)</u>	<u>4,540</u>	<u>(84,456)</u>	<u>(51,490)</u>
-	1,788	72,146	35,937
-	<u>39,377</u>	<u>575,283</u>	<u>539,346</u>
<u>\$ -</u>	<u>\$ 41,165</u>	<u>\$ 647,429</u>	<u>\$ 575,283</u>

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

COMPARATIVE BALANCE SHEET  
July 31, 2002 and 2001

ASSETS	<u>2002</u>	<u>2001</u>
Cash	\$ 235,538	\$ 206,302
Certificates of deposit	315,867	301,865
Due from other funds	<u>2,292</u>	<u>2,292</u>
Total assets	<u>\$ 553,697</u>	<u>\$ 510,459</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 7,616	\$ 4,222
Due to other funds	<u>33,233</u>	<u>51,085</u>
Total liabilities	40,849	55,307
Fund balances:		
Unreserved-designated for subsequent year's expenditures	<u>512,848</u>	<u>455,152</u>
Total liabilities and fund balances	<u>\$ 553,697</u>	<u>\$ 510,459</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, 2002  
With Comparative Actual Amounts for Year Ended July 31, 2001

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
<b>Revenues:</b>				
Taxes - ad valorem	\$ 30,000	\$ 30,817	\$ 817	\$ 30,706
Miscellaneous	30,000	27,056	(2,944)	32,877
Total revenues	<u>60,000</u>	<u>57,873</u>	<u>(2,127)</u>	<u>63,583</u>
<b>Expenditures</b>				
Highways and streets:				
Personal services	70,000	68,893	1,107	63,423
Materials and supplies	6,000	6,103	(103)	72,531
Other services and charges	65,000	64,678	322	62,282
Capital outlay	2,900	1,236	1,664	-
Total expenditures	<u>143,900</u>	<u>140,910</u>	<u>2,990</u>	<u>198,236</u>
Deficiency of revenues over expenditures	(83,900)	(83,037)	863	(134,653)
<b>Other financing sources (uses):</b>				
Operating transfers in	<u>140,000</u>	<u>140,733</u>	<u>733</u>	<u>158,802</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	56,100	57,696	1,596	24,149
Fund balance at beginning of year	<u>455,152</u>	<u>455,152</u>	<u>-</u>	<u>431,003</u>
Fund balance at end of year	<u>\$ 511,252</u>	<u>\$ 512,848</u>	<u>\$ 1,596</u>	<u>\$ 455,152</u>

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

COMPARATIVE BALANCE SHEET  
July 31, 2002 and 2001

ASSETS	<u>2002</u>	<u>2001</u>
Cash	\$ 1,493	\$ 1,272
Due from other funds	<u>91,923</u>	<u>82,433</u>
Total assets	<u>\$ 93,416</u>	<u>\$ 83,705</u>
LIABILITIES AND FUND BALANCE		
Liabilities	\$ -	\$ 2,951
Fund balances:		
Unreserved-designated for subsequent year's expenditures	<u>93,416</u>	<u>80,754</u>
Total liabilities and fund balance	<u>\$ 93,416</u>	<u>\$ 83,705</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, 2002  
With Comparative Actual Amounts for Year Ended July 31, 2001

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Revenues:				
Taxes - ad valorem	\$ 32,000	\$ 30,817	\$ (1,183)	\$ 30,706
Expenditures:				
Current:				
Highways and streets	<u>16,000</u>	<u>15,425</u>	<u>575</u>	<u>21,299</u>
Excess of revenues over expenditures	<u>16,000</u>	<u>15,392</u>	<u>(608)</u>	<u>9,407</u>
Other financing sources (uses):				
Operating transfers in	2,000	2,270	270	2,127
Operating transfers out	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>	<u>(4,000)</u>
Total other financing sources (uses)	<u>(3,000)</u>	<u>(2,730)</u>	<u>270</u>	<u>(1,873)</u>
Excess of revenues and other sources over expenditures and other uses	13,000	12,662	(338)	7,534
Fund balance at beginning of year	<u>80,754</u>	<u>80,754</u>	<u>-</u>	<u>73,220</u>
Fund balance at end of year	<u>\$ 93,754</u>	<u>\$ 93,416</u>	<u>\$ (338)</u>	<u>\$ 80,754</u>

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

COMPARATIVE BALANCE SHEET  
July 31, 2002 and 2001

ASSETS	<u>2002</u>	<u>2001</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, 2002  
With Comparative Actual Amounts for Year Ended July 31, 2001

	2002		Variance	2001
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Taxes	\$ 190,000	\$ 226,999	\$ 36,999	\$ 212,673
Other financing sources (uses):				
Operating transfers out	190,000	226,999	(36,999)	212,673
Excess of revenues over other uses	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

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

COMPARATIVE BALANCE SHEET  
July 31, 2002 and 2001

ASSETS	<u>2002</u>	<u>2001</u>
Cash	<u>\$ 41,308</u>	<u>\$ 39,377</u>
LIABILITIES AND FUND BALANCE		
Liabilities	\$ 143	\$ -
Fund balance:		
Unreserved-designated for subsequent year's expenditures	<u>41,165</u>	<u>39,377</u>
Total liabilities and fund balance	<u>\$ 41,308</u>	<u>\$ 39,377</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, 2002  
With Comparative Actual Amounts for Year Ended July 31, 2001

	<u>2002</u>			<u>2001</u>
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Actual</u>
Revenue	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Sidewalk maintenance	<u>2,700</u>	<u>2,752</u>	<u>52</u>	<u>-</u>
Excess of revenues over expenditures	(2,700)	(2,752)	(52)	-
Other financing sources:				
Operating transfers in	<u>4,500</u>	<u>4,540</u>	<u>40</u>	<u>4,254</u>
Excess of revenues and other sources over expenditures	1,800	1,788	(12)	4,254
Fund balance at beginning of year	<u>39,377</u>	<u>39,377</u>	<u>-</u>	<u>35,123</u>
Fund balance at end of year	<u>\$ 41,177</u>	<u>\$ 41,165</u>	<u>\$ (12)</u>	<u>\$ 39,377</u>

## 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.

CERTIFICATES OF INDEBTEDNESS, SERIES 2002 - to accumulate monies for payment of \$105,000 4.50 percent certificates of indebtedness payable through May 1, 2009. Financing is provided through the general fund revenues.

TOWN OF LAKE ARTHUR, LOUISIANA  
DEBT SERVICE FUNDS

COMBINING BALANCE SHEET  
July 31, 2002  
With Comparative Totals for July 31, 2001

ASSETS	Sewerage District <u>No. 1</u>	Combined Bond Fund	Public Improvement Bonds Series <u>ST-1981</u>
Cash	\$ 22,608	\$ 269,827	\$ -
Investments-at cost	24,489	99,390	75,700
Due from other funds	<u>40,771</u>	<u>17,875</u>	<u>18,067</u>
Total assets	<u>\$ 87,868</u>	<u>\$ 387,092</u>	<u>\$ 93,767</u>
 LIABILITIES AND FUND BALANCE			
Liabilities:			
Due to other funds	<u>\$ -</u>	<u>\$ 28,656</u>	<u>\$ -</u>
Fund balance:			
Reserved for debt service	87,868	224,650	-
Unreserved	<u>-</u>	<u>133,786</u>	<u>93,767</u>
Total fund balance	<u>87,868</u>	<u>358,436</u>	<u>93,767</u>
Total liabilities and fund balance	<u>\$ 87,868</u>	<u>\$ 387,092</u>	<u>\$ 93,767</u>

Certificates of Indebtedness Series 2002	Totals	
	2002	2001
\$ -	\$ 292,435	\$ 257,135
-	199,579	229,554
-	76,713	79,793
<u>\$ -</u>	<u>\$ 568,727</u>	<u>\$ 566,482</u>

<u>\$ -</u>	<u>\$ 28,656</u>	<u>\$ 27,305</u>
-	312,518	262,873
-	227,553	276,304
-	540,071	539,177
<u>\$ -</u>	<u>\$ 568,727</u>	<u>\$ 566,482</u>

TOWN OF LAKE ARTHUR, LOUISIANA  
DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
Year Ended July 31, 2002  
With Comparative Totals for Year Ended July 31, 2001

	<u>Sewerage District No. 1</u>	<u>Combined Bond Fund</u>	<u>Public Improvement Bonds Series ST-1981</u>
Revenues:			
Taxes	\$ 11,951	\$ 34,438	\$ -
Interest earned	<u>1,630</u>	<u>4,356</u>	<u>1,455</u>
Total revenues	<u>13,581</u>	<u>38,794</u>	<u>1,455</u>
Expenditures:			
Principal retirement	4,000	4,000	-
Interest and fiscal charges	<u>6,386</u>	<u>7,350</u>	<u>-</u>
Total expenditures	<u>10,386</u>	<u>11,350</u>	<u>-</u>
Excess of revenues over expenditures	3,195	27,444	1,455
Other financing sources (uses):			
Operating transfers out	<u>(31,200)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(28,005)	27,444	1,455
Fund balance at beginning of year	<u>115,873</u>	<u>330,992</u>	<u>92,312</u>
Fund balance at end of year	<u>\$ 87,868</u>	<u>\$ 358,436</u>	<u>\$ 93,767</u>

Certificates  
of  
Indebtedness  
Series 2002

	<u>Totals</u>	
	<u>2002</u>	<u>2001</u>
\$ -	\$ 46,389	\$ 46,223
-	<u>7,441</u>	<u>11,970</u>
-	<u>53,830</u>	<u>58,193</u>
-	8,000	8,000
-	<u>13,736</u>	<u>14,100</u>
-	<u>21,736</u>	<u>22,100</u>
-	32,094	36,093
-	<u>(31,200)</u>	<u>(9,501)</u>
-	894	26,592
-	<u>539,177</u>	<u>512,585</u>
<u>\$ -</u>	<u>\$ 540,071</u>	<u>\$ 539,177</u>

CAPITAL PROJECTS FUND

WATERLINE EXTENSION FUND - to account for LCDBG grant funds received and expenditures for sewer line extension project.

TOWN OF LAKE ARTHUR, LOUISIANA  
WATERLINE EXTENSION CAPITAL PROJECTS FUND

BALANCE SHEET  
July 31, 2002

ASSETS

Assets \$           -

LIABILITIES AND FUND BALANCE

Liabilities \$           -

Fund balance           -

Total liabilities and fund balance           -

TOWN OF LAKE ARTHUR, LOUISIANA  
WATERLINE EXTENSION CAPITAL PROJECTS FUND

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
Year Ended July 31, 2002

Revenue:		
Grant receipts		<u>\$ 275,809</u>
Expenditures:		
Construction cost	180,557	
Engineering cost	<u>95,252</u>	
Total expenditures	<u>275,809</u>	
Excess of revenue over expenditures		-
Fund balance at beginning of year		<u>-</u>
Fund balance at end of year		<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, 2002 and 2001

ASSETS	<u>2002</u>	<u>2001</u>
Current assets:		
Cash	\$ 211,875	\$ 116,640
Investments, at cost	200,834	594,182
Accounts receivable	37,036	41,527
Due from other funds	<u>26,000</u>	<u>123,573</u>
Total current assets	<u>475,745</u>	<u>875,922</u>
Restricted assets:		
Customer deposits	37,532	41,342
Sewer revenue bond sinking fund	70,577	69,992
Sewer revenue bond reserve fund	276,309	241,434
Sewer revenue bond contingencies fund	<u>63,333</u>	<u>55,304</u>
Total restricted assets	<u>447,751</u>	<u>408,072</u>
Property and equipment:		
Sewer system	4,888,314	4,888,314
Water system	420,411	420,411
Vehicles	7,927	7,927
Furniture and equipment	38,068	38,068
Construction in progress	<u>321,965</u>	<u>-</u>
	5,676,685	5,354,720
Less accumulated depreciation	<u>2,017,137</u>	<u>1,839,766</u>
Net property and equipment	<u>3,659,548</u>	<u>3,514,954</u>
Total assets	<u>\$ 4,583,044</u>	<u>\$ 4,798,948</u>

LIABILITIES AND FUND EQUITY	<u>2002</u>	<u>2001</u>
Liabilities:		
Current liabilities (payable from current assets):		
Accounts payable	\$ 9,962	\$ 9,685
Due to other funds	<u>397,077</u>	<u>517,813</u>
Total current liabilities (payable from current assets)	<u>407,039</u>	<u>527,498</u>
Current liabilities (payable from restricted assets):		
Customers' deposits	37,531	36,592
Bond and note payable	175,000	160,000
Accrued interest payable	<u>-</u>	<u>20,213</u>
Total current liabilities (payable from restricted assets)	<u>212,531</u>	<u>216,805</u>
Long-term liabilities:		
Bonds and note payable	<u>1,825,000</u>	<u>2,360,000</u>
Total liabilities	<u>2,444,570</u>	<u>3,104,303</u>
Fund equity:		
Contributed capital	696,908	763,777
Retained earnings:		
Unreserved	<u>1,441,566</u>	<u>930,868</u>
Total retained earnings	<u>1,441,566</u>	<u>930,868</u>
Total fund equity	<u>2,138,474</u>	<u>1,694,645</u>
Total liabilities and fund equity	<u>\$ 4,583,044</u>	<u>\$ 4,798,948</u>

TOWN OF LAKE ARTHUR, LOUISIANA  
UTILITIES SYSTEM ENTERPRISE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
RETAINED EARNINGS

Years Ended July 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Operating revenues:		
Charges for services-water	\$ 113,212	\$ 111,644
Charges for services-sewerage	<u>259,460</u>	<u>260,462</u>
Total operating revenues	<u>372,672</u>	<u>372,106</u>
Operating expenses:		
Personal services	65,459	85,510
Other services and charges	52,671	29,535
Materials and supplies	23,273	37,897
Heat, light and power	49,540	61,098
Depreciation	<u>177,371</u>	<u>177,746</u>
Total operating expenses	<u>368,314</u>	<u>391,786</u>
Operating income (loss)	<u>4,358</u>	<u>(19,688)</u>
Nonoperating revenues (expenses):		
Water and sewer connection fees	4,315	2,448
Miscellaneous	13,048	12,698
Interest earned	13,681	13,874
Interest and fiscal charges	<u>(81,196)</u>	<u>(65,187)</u>
Total nonoperating revenues (expenses)	<u>(50,152)</u>	<u>(36,167)</u>
(Loss) before operating transfers	<u>(45,794)</u>	<u>(55,847)</u>
Other financing sources (uses):		
Transfers from other funds	110,656	56,991
Transfers to other funds	<u>-</u>	<u>(70,000)</u>
Total other financing sources (uses)	<u>110,656</u>	<u>(13,009)</u>
Net income (loss)	64,862	(68,856)
Retained earnings at beginning of year	930,868	932,856
Depreciation on assets acquired through contributed capital	66,868	
Bond reclassification to General Bonded Debt	<u>378,968</u>	<u>-</u>
Retained earnings at end of year	<u>\$ 1,441,566</u>	<u>\$ 930,868</u>

TOWN OF LAKE ARTHUR, LOUISIANA  
UTILITIES SYSTEM ENTERPRISE FUND

COMPARATIVE STATEMENT OF CASH FLOWS  
Years Ended July 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 377,163	\$ 368,697
Cash payments to suppliers for goods and services	(125,207)	(128,157)
Cash payments to employees for services	<u>(65,459)</u>	<u>(85,510)</u>
Net cash provided by operating activities	<u>186,497</u>	<u>155,030</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating transfers in	110,656	56,992
Connection and reconnection fees	4,315	2,448
Miscellaneous	13,048	12,698
Operating transfers out	-	(70,000)
Increase in customer deposits	938	2,931
Advances from (to) other funds	<u>(22,893)</u>	<u>108,818</u>
Net cash provided by noncapital financing activities	<u>106,064</u>	<u>113,887</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Bonds issued	-	400,000
Principal payments on bonds	(141,032)	(130,000)
Interest paid on bonds	<u>(101,409)</u>	<u>(66,432)</u>
Net cash provided by (used in) capital and related financing activities	<u>(242,441)</u>	<u>203,568</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	13,411	13,874
Purchase of property and equipment	(321,965)	-
(Increase) decrease in investments	<u>393,348</u>	<u>(410,892)</u>
Net cash provided by (used in) investing activities	<u>84,794</u>	<u>(397,018)</u>
Net increase in cash and cash equivalents	134,914	75,467
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>524,712</u>	<u>449,245</u>
End of year	<u>\$ 659,626</u>	<u>\$ 524,712</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 4,358	\$ (19,681)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	177,371	177,746
Changes in assets and liabilities:		
(Increase) decrease in receivables	4,491	(3,408)
Increase in payables	<u>277</u>	<u>373</u>
Net cash provided by operating activities	<u>\$ 186,497</u>	<u>\$ 155,030</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, 2002

	<u>Sewerage District No. 1</u>	<u>Combined Bond Fund</u>	<u>Special Revenue 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	\$ 87,868	\$ 387,092	\$ -	\$ 474,960
Amount to be provided for retirement of long-term debt	<u>35,132</u>	<u>115,908</u>	<u>50,407</u>	<u>201,447</u>
Total	<u>\$ 123,000</u>	<u>\$ 503,000</u>	<u>\$ 50,407</u>	<u>\$ 676,407</u>
GENERAL LONG-TERM DEBT PAYABLE				
Bonds payable	<u>\$ 123,000</u>	<u>\$ 503,000</u>	<u>\$ 50,407</u>	<u>\$ 676,407</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, 2002

Property, plant and equipment acquired prior to July 1, 2002		\$ 2,909,792
Current year acquisitions by fund:		
Special revenue fund-street and alley maintenance	\$ 51,600	
General fund	<u>147,568</u>	
Total current year acquisitions		<u>199,168</u>
Property, plant and equipment, net at July 31, 2002		<u>\$ 3,108,960</u>
Investment in general fixed assets at July 31, 2002		<u>\$ 3,108,960</u>

REPORT OF INDEPENDENT AUDITORS ON  
INTERNAL CONTROL STRUCTURE  
AND COMPLIANCE

# McELROY, QUIRK & BURCH

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Robert F. Cargile, CPA, Inactive  
William A. Mancuso, CPA, Retired  
Judson J. McCann Jr., CPA, Retired

CFE - Certified Fraud Examiner  
MT - Masters of Taxation  
CVA - Certified Valuation Analyst  
CFP - Certified Financial Planner

## REPORT OF INDEPENDENT AUDITORS 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, 2002, and have issued our report thereon dated October 18, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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. Instances of noncompliance are described in the accompanying schedule of findings and questioned costs as item 02-2.

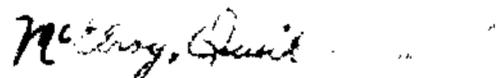
### Internal Control Over Financial Reporting

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. However, we noted certain matters involving internal controls over

financial reporting and its operation that we consider to be reportable conditions. 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 assertions of management in the financial statement. A reportable condition is described in the accompanying schedule of questioned costs as item 02-1.

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 considered to be material weaknesses. However, we do not consider item 02-1 to be 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.



Lake Charles, Louisiana  
October 18, 2002

TOWN OF LAKE ARTHUR, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended July 31, 2002

**02-1 Segregation of Duties**

Condition: Because of the entity's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.

Criteria: Effective internal control requires adequate segregation of duties among client personnel.

Effect: Without proper segregation of duties, errors within the financial records or fraud could go undetected.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Response: We concur with this recommendation. Management has implemented supervision and review procedures to the extent possible.

**02-2 Bid Law Violation**

Condition: This finding is a reportable condition relating to the violation of the state bid law.

Criteria: State law requires that items of equipment and supplies purchased which cost exceeds \$15,000 must be let to public bid.

Effect: Public bid insures the Town of receiving the lowest cost.

Recommendation: To put out for public bid all purchases of equipment which exceed state bid law requirements.

TOWN OF LAKE ARTHUR, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended July 31, 2002  
(Continued)

Response:

Management mistakenly thought the purchase of a back hoe to be used for construction purposes fell under the construction bid law. Bid law requirements have been reviewed by management and all future purchases of equipment and supplies that meet state bid law requirements will be put out for public bid.