

MCELROY, QUIRK & BURCH

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CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 3069
LAKE CHARLES, LOUISIANA
70602-3069

800 KIRBY STREET
TELEPHONE (318) 433-1063
FAX (318) 436-6618

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

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

We have audited the general purpose financial statements and the combining and individual fund and account group financial statements of the Town of Lake Arthur, Louisiana, for the year ended July 31, 1996, and have issued our report thereon dated September 6, 1996. These financial statements are the responsibility of the Town's 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, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 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.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Town of Lake Arthur, Louisiana, taken as a whole, and on the combining, individual fund and account group financial statements. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

M. Elroy Quirk & Burch
Lake Charles, Louisiana
September 6, 1996

TOWN OF LAKE ARTHUR, LOUISIANA

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
Year Ended July 31, 1996

Federal Grantor Program Title

Community Development Block Grant:

Sewer Rehabilitation Grant:

Federal CFDA number

14.219

Program amount

\$ 757,832

Current year expenditures

505,421

Expenditures to date

583,330

U.S. Department of Justice:

Cops Grant:

Federal CFDA number

16.579

Program amount

\$ 48,764

Current year expenditures

18,075

Expenditures to date

18,075

TOWN OF LAKE ARTHUR

NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
July 31, 1996

Note 1. General

The accompanying Schedule of Federal Financial Assistance 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, 1996. All federal financial assistance received is included on the schedule.

Note 2. Basis of Accounting

The accompanying Schedule of Federal Financial Assistance 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, 1996.

Note 3. Relationship to General Purpose Financial Statements

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

General Fund	\$	18,075
Capital Projects Fund		505,421

Note 4. Relationship to Federal Financial Reports

	<u>Revenue</u>	<u>Expenditures</u>
Reported in the accompanying schedule:		
General Fund	\$ 18,075	\$ 18,075
Capital Projects Fund	505,421	505,421
Amounts reported in federal requests for reimbursement:		
Requests funded:		
General Fund	\$ 18,075	\$ 18,075
Capital Projects Fund	505,421	505,421

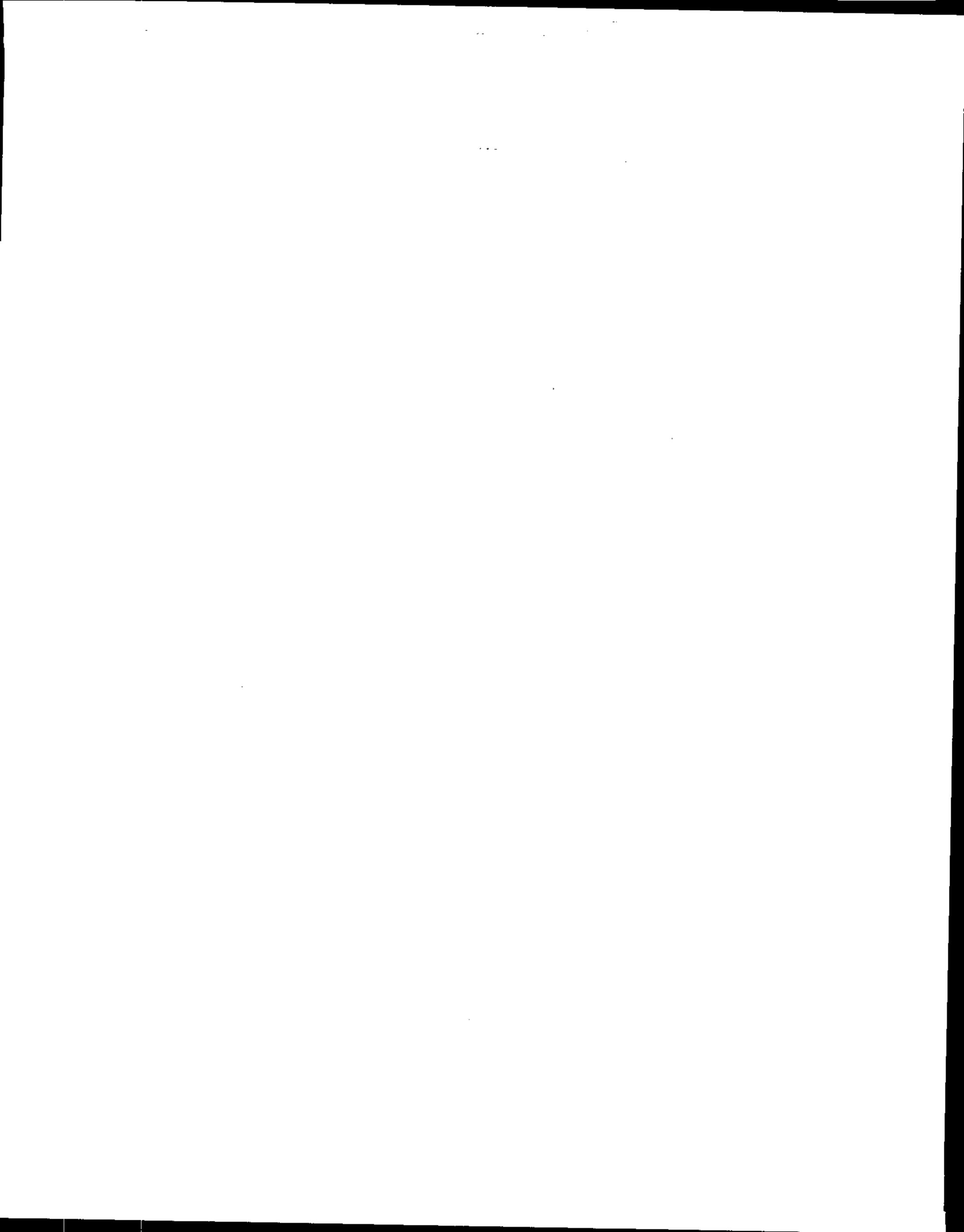
Note 5. Commitments and Contingencies

Note 15 to the financial statements of the Town for the years ended July 31, 1996 and 1995 discussed certain matters related to the Housing Rehabilitation program, the possible outcome of which remains uncertain at this time.

TOWN OF LAKE ARTHUR, LOUISIANA
CAPITAL PROJECTS FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended July 31, 1996 and 1995

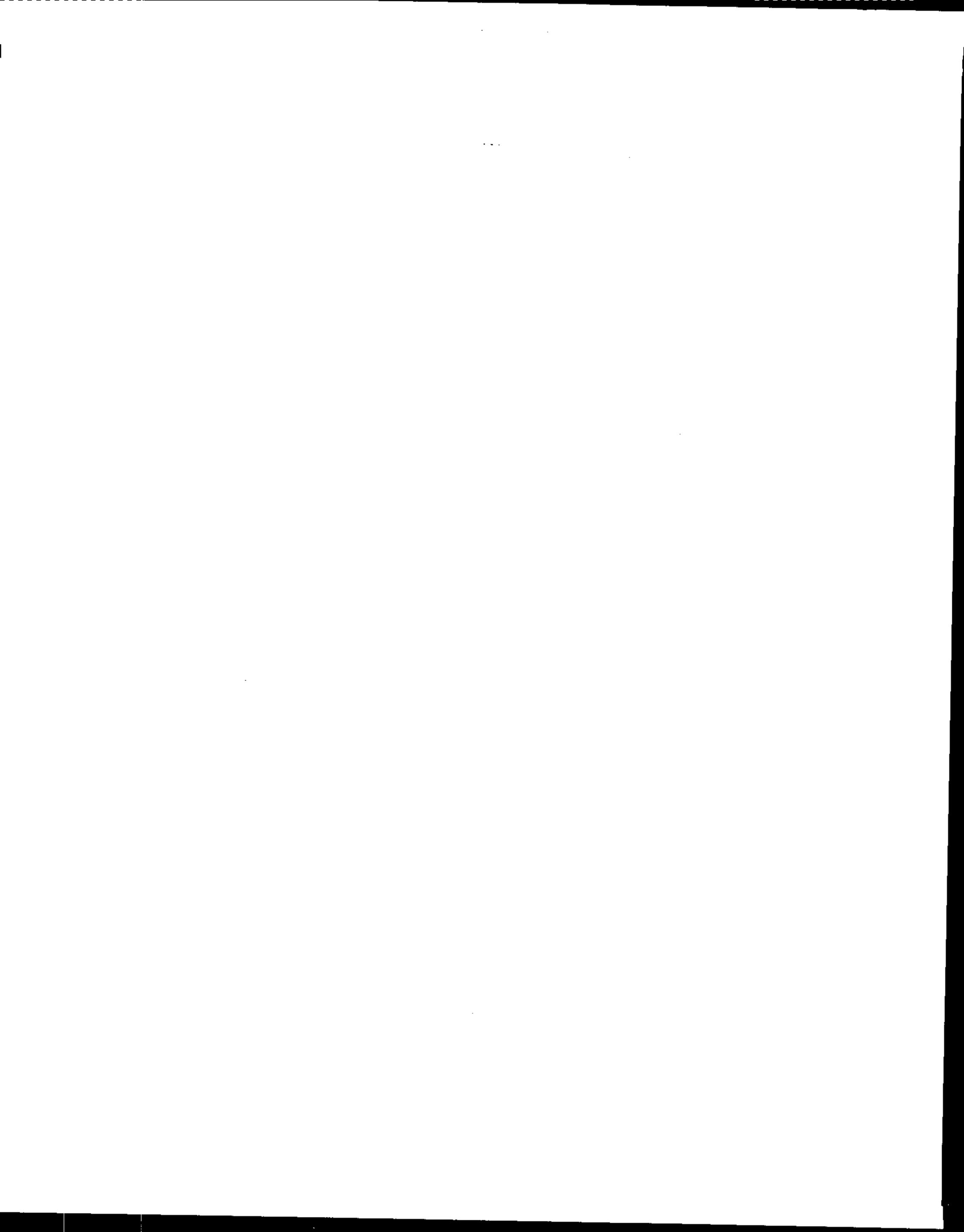
	1996	1995
Revenues:		
Grant income	\$ 505,421	\$ 77,909
Expenditures:		
Construction in progress	505,421	77,909
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	-	-
Fund balance at end of year	\$ -	\$ -



INDEPENDENT AUDITOR'S REPORTS ON
INTERNAL CONTROL STRUCTURE
AND COMPLIANCE

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.



The management of the Town of Lake Arthur, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Administrative controls used in administering the major federal financial assistance programs

General requirements:

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Federal financial reports
- Drug free workplace
- Allowable costs/cost principles
- Administrative requirements

Specific requirements:

- Types of service
- Eligibility
- Reporting
- Specific requirements:
 - specific grant provisions
 - records retention

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended July 31, 1996, the Town of Lake Arthur, Louisiana, expended one hundred (100) percent of its total federal financial assistance under major federal financial assistance programs.

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.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the Town's major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we considered to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Town's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

Because of the entity's size and the limited number of accounting personnel, it is not feasible to segregate duties to achieve effective internal accounting control. Management of the Town has considered this weakness and determined that it would not be cost effective to employ sufficient personnel to obtain adequate segregation of duties. Management has attempted to mitigate this weakness by its supervision and review procedures.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program 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 structure policies and procedures used in administering federal financial assistance programs would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matters involving the internal control structure and its operation that we considered to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the Town of Lake Arthur, Louisiana compliance with requirements applicable to its major federal financial assistance programs for the year ended July 31, 1996, and this report does not affect our report thereon dated September 6, 1996.

Reportable condition:

Because of the entity's size and the limited number of accounting personnel, it is not feasible to segregate duties to achieve effective internal accounting control. Management of the Town has considered this weakness and determined that it would not be cost effective to employ sufficient personnel to obtain adequate segregation of duties. Management has attempted to mitigate this weakness by its supervision and review procedures.

This report is intended for the information of management and other state and federal audit agencies. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Town of Lake Arthur, Louisiana, is a matter of public record.

McClary, Quirk & Ornel
Lake Charles, Louisiana
September 6, 1996

This report is intended for the information of management and other state and federal audit agencies. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Town of Lake Arthur, Louisiana, is a matter of public record.

McCoy, Quirk & Birch
Lake Charles, Louisiana
September 6, 1996

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INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

We have audited the general purpose financial statements and the combining and individual fund and account group financial statements of the Town of Lake Arthur, Louisiana, for the year ended July 31, 1996, and have issued our report thereon dated September 6, 1996. We have also audited the compliance of the Town of Lake Arthur, Louisiana, with requirements applicable to major federal financial assistance programs and have issued our report thereon dated September 6, 1996.

We conducted our audits in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements and the combining and individual fund and account group financial statements are free of material misstatement and about whether the Town of Lake Arthur, Louisiana, complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended July 31, 1996, we considered the internal control structure of the Town in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements of the Town and on the compliance of the town with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control policies and procedures relevant to our audit of the financial statements in a separate report dated September 6, 1996.

TOWN OF LAKE ARTHUR, LOUISIANA
UTILITIES SYSTEM ENTERPRISE FUND

COMPARATIVE STATEMENT OF CASH FLOWS
Years Ended July 31, 1996 and 1995

	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 376,465	\$ 359,696
Cash payments to suppliers for goods and services	(83,261)	(210,003)
Cash payments to employees for services	(71,204)	(70,376)
Net cash provided by operating activities	222,000	79,317
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers in	29,162	58,098
Connection and reconnection fees	2,195	2,645
Miscellaneous	-	83,152
Operating transfers out	(64,000)	-
Increase in customer deposits	2,199	6,183
Advances from other funds	16,567	13,862
Net cash provided by (used in) noncapital financing activities	(13,877)	163,940
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributed capital	583,330	-
Bond and loan proceeds received	395,512	148,422
Principal payments on bonds	(95,000)	(95,000)
Interest paid on bonds	(69,244)	-
Net cash provided by capital and related financing activities	814,598	53,422
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	5,330	4,676
Purchase of property and equipment	(983,842)	(144,084)
Purchase of investments	-	(33,906)
Net cash (used in) investing activities	(978,512)	(173,314)
Net increase in cash and cash equivalents	44,209	123,365
Cash and cash equivalents:		
Beginning of year	249,298	125,933
End of year	\$ 293,507	\$ 249,298
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 133,920	\$ 139,321
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	91,107	48,808
Changes in assets and liabilities:		
(Increase) decrease in receivables	9	(16,230)
(Decrease) in payables	(3,036)	(92,582)
Net cash provided by operating activities	\$ 222,000	\$ 79,317



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, 1996
With Comparative Totals for July 31, 1995

ASSETS	Sewerage District No. 1	Combined Bond Fund	Public Improvement Bonds Series ST-1981	<u>Totals</u>	
				<u>1996</u>	<u>1995</u>
Cash	\$ 31,616	\$ 116,070	\$ 2,088	\$ 149,774	\$ 124,633
Investments-at cost	74,464	99,390	75,700	249,554	249,554
Due from other funds	-	17,892	-	17,892	33,944
Total assets	<u>\$ 106,080</u>	<u>\$ 233,352</u>	<u>\$ 77,788</u>	<u>\$ 417,220</u>	<u>\$ 408,131</u>
 LIABILITIES AND FUND BALANCE					
Liabilities:					
Due to other funds	\$ 756	\$ 25,403	\$ -	\$ 26,159	\$ 9,627
Fund balance:					
Reserved for debt service	105,324	207,949	-	313,273	286,772
Unreserved	-	-	77,788	77,788	111,732
Total fund balance	<u>105,324</u>	<u>207,949</u>	<u>77,788</u>	<u>391,061</u>	<u>398,504</u>
Total liabilities and fund balance	<u>\$ 106,080</u>	<u>\$ 233,352</u>	<u>\$ 77,788</u>	<u>\$ 417,220</u>	<u>\$ 408,131</u>

TOWN OF LAKE ARTHUR, LOUISIANA
DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended July 31, 1996
With Comparative Totals for Year Ended July 31, 1995

	<u>Sewerage District No. 1</u>	<u>Combined Bond Fund</u>	<u>Public Improvement Bonds Series ST-1981</u>	<u>Totals</u>	
				<u>1996</u>	<u>1995</u>
Revenues:					
Taxes	\$ 9,937	\$ 30,011	\$ -	\$ 39,948	\$ 40,332
Interest earned	<u>2,555</u>	<u>5,748</u>	<u>2,636</u>	<u>10,939</u>	<u>7,875</u>
Total revenues	<u>12,492</u>	<u>35,759</u>	<u>2,636</u>	<u>50,887</u>	<u>48,207</u>
Expenditures:					
Principal retirement	3,000	3,000	-	6,000	6,000
Interest and fiscal charges	<u>7,300</u>	<u>8,450</u>	<u>-</u>	<u>15,750</u>	<u>16,050</u>
Total expenditures	<u>10,300</u>	<u>11,450</u>	<u>-</u>	<u>21,750</u>	<u>22,050</u>
Excess of revenues over expenditures	2,192	24,309	2,636	29,137	26,157
Other financing sources (uses):					
Operating transfers out	<u>-</u>	<u>-</u>	<u>(36,580)</u>	<u>(36,580)</u>	<u>(20,745)</u>
Excess of revenues and other sources over expenditures and other uses	2,192	24,309	(33,944)	(7,443)	5,412
Fund balance at beginning of year	<u>103,132</u>	<u>183,640</u>	<u>111,732</u>	<u>398,504</u>	<u>393,092</u>
Fund balance at end of year	<u>\$ 105,324</u>	<u>\$ 207,949</u>	<u>\$ 77,788</u>	<u>\$ 391,061</u>	<u>\$ 398,504</u>

CAPITAL PROJECTS FUND

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

SUPPLEMENTARY INFORMATION

TOWN OF IOWA, LOUISIANA
UTILITIES SYSTEM ENTERPRISE FUND

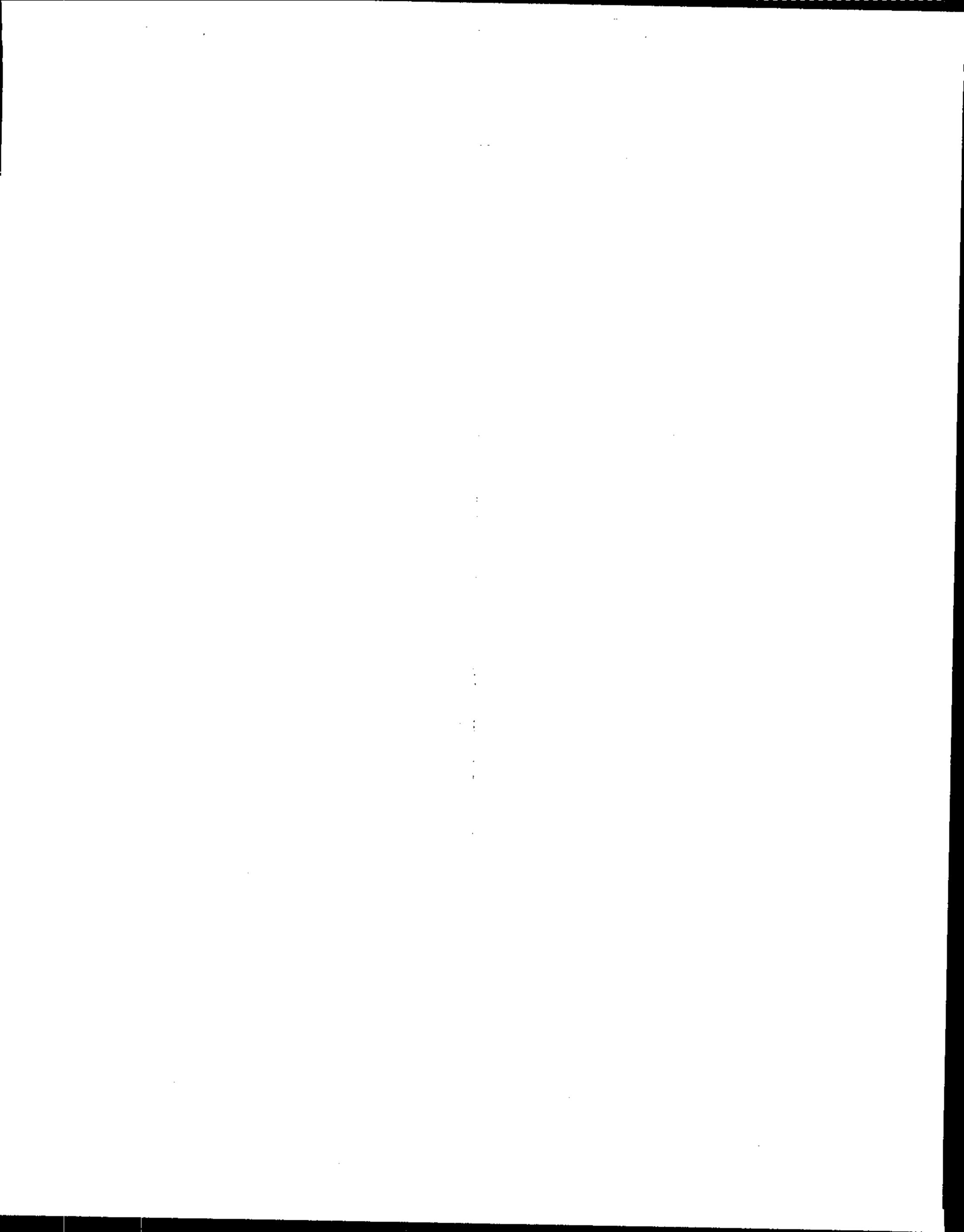
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS
Years Ended July 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Operating revenues:		
Charges for services-water	\$ 113,026	\$ 112,590
Charges for services-sewerage	<u>263,430</u>	<u>263,336</u>
Total operating revenues	<u>376,456</u>	<u>375,926</u>
Operating expenses:		
Personal services	71,204	70,376
Other services and charges	23,476	50,077
Materials and supplies	22,704	31,299
Heat, light and power	34,045	36,045
Depreciation	<u>91,107</u>	<u>48,808</u>
Total operating expenses	<u>242,536</u>	<u>236,605</u>
Operating income	<u>133,920</u>	<u>139,321</u>
Nonoperating revenues (expenses):		
Water and sewer connection fees	2,195	2,645
Miscellaneous	-	15,645
Interest earned	5,330	4,676
Interest and fiscal charges	<u>(64,254)</u>	<u>(29,561)</u>
Total	<u>(56,729)</u>	<u>(6,595)</u>
Income before operating transfers	<u>77,191</u>	<u>132,726</u>
Other financing sources (uses):		
Transfers from other funds	29,162	58,098
Transfers to other funds	<u>(64,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(34,838)</u>	<u>58,098</u>
Net income	42,353	190,824
Retained earnings at beginning of year	<u>738,230</u>	<u>547,406</u>
Retained earnings at end of year	<u>\$ 780,583</u>	<u>\$ 738,230</u>

TOWN OF LAKE ARTHUR, LOUISIANA
CAPITAL PROJECTS FUND

BALANCE SHEETS
July 31, 1996 and 1995

ASSETS	<u>1996</u>	<u>1995</u>
Grant revenues receivable	<u>\$ -</u>	<u>\$ 77,909</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ -	\$ 77,909
Fund balance	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 77,909</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, 1996

	<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	\$ 105,325	\$ 166,000	\$ 271,325
Amount to be provided for retirement of long-term debt	<u>37,675</u>	<u>-</u>	<u>37,675</u>
Total	<u>\$ 143,000</u>	<u>\$ 166,000</u>	<u>\$ 309,000</u>
 GENERAL LONG-TERM DEBT PAYABLE			
Bonds payable	<u>\$ 143,000</u>	<u>\$ 166,000</u>	<u>\$ 309,000</u>

TOWN OF LAKE ARTHUR, LOUISIANA
UTILITIES SYSTEM ENTERPRISE FUND

COMPARATIVE BALANCE SHEET
July 31, 1996 and 1995

ASSETS	<u>1996</u>	<u>1995</u>
Current assets:		
Cash	\$ 96,139	\$ 113,129
Investments, at cost	80,028	80,028
Accounts receivable	36,433	36,442
Due from other funds	<u>47,315</u>	<u>-</u>
Total current assets	<u>259,915</u>	<u>229,599</u>
Restricted assets:		
Customer deposits	28,378	26,180
Sewer construction	433	479
Sewer revenue bond sinking fund	81,177	71,618
Sewer revenue bond reserve fund	72,184	31,424
Sewer revenue bond contingencies fund	<u>15,196</u>	<u>6,468</u>
Total restricted assets	<u>197,368</u>	<u>136,169</u>
Property and equipment:		
Sewer system	3,677,346	3,677,346
Water system	377,061	377,061
Vehicles	7,927	7,927
Furniture and equipment	<u>27,769</u>	<u>22,769</u>
	4,090,103	4,085,103
Less accumulated depreciation	<u>967,400</u>	<u>838,736</u>
	3,122,703	3,246,367
Construction in progress	<u>978,842</u>	<u>-</u>
Net property and equipment	<u>4,101,545</u>	<u>3,246,367</u>
Total assets	<u>\$ 4,558,828</u>	<u>\$ 3,612,135</u>

TOWN OF LAKE ARTHUR

STATEMENT OF GENERAL FIXED ASSETS
July 31, 1996

Property, plant and equipment acquired prior to July 1, 1995		\$ 2,018,378
Current year acquisitions by fund:		
Special revenue fund-street and alley maintenance	\$ 12,374	
General fund	36,276	
Capital projects fund	<u>505,421</u>	
Total current year acquisitions		<u>554,071</u>
Property, plant and equipment, net at July 31, 1996		<u>\$ 2,572,449</u>
Investment in general fixed assets at July 31, 1996		<u>\$ 2,572,449</u>

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Lake Arthur, Louisiana, had not complied in all material respects, with these requirements.

This report is intended for the information of management and other state and federal audit agencies. This restriction is not intended to limit the distribution of this report which upon acceptance by the Town of Lake Arthur, Louisiana, is a matter of public record.

McElroy, Quirk & Burch
Lake Charles, Louisiana
September 6, 1996

LIABILITIES AND FUND EQUITY	<u>1996</u>	<u>1995</u>
Liabilities:		
Current liabilities (payable from current assets):		
Accounts payable	\$ 17,248	\$ 20,284
Due to other funds	<u>130,865</u>	<u>66,983</u>
Total current liabilities (payable from current assets)	<u>148,113</u>	<u>87,267</u>
Current liabilities (payable from restricted assets):		
Customers' deposits	23,629	21,430
Bond payable	97,417	95,000
Accrued interest payable	<u>24,571</u>	<u>29,561</u>
Total current liabilities (payable from restricted assets)	<u>145,617</u>	<u>145,991</u>
Long-term liabilities:		
Bonds and note payable	<u>2,550,512</u>	<u>2,252,417</u>
Total liabilities	<u>2,844,242</u>	<u>2,485,675</u>
Fund equity:		
Contributed capital	934,003	388,230
Retained earnings:		
Unreserved	<u>780,583</u>	<u>738,230</u>
Total retained earnings	<u>780,583</u>	<u>738,230</u>
Total fund equity	<u>1,714,586</u>	<u>1,126,460</u>
Total liabilities and fund equity	<u>\$ 4,558,828</u>	<u>\$ 3,612,135</u>

TOWN OF LAKE ARTHUR, LOUISIANA
HOUSING GRANT FUND-SPECIAL REVENUE FUND

BALANCE SHEETS
July 31, 1996 and 1995

ASSETS	<u>1996</u>	<u>1995</u>
Cash	\$ -	\$ -
LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to other funds	\$ -	\$ -
Unreserved-designated for subsequent year's expenditures	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>

<u>Capital Projects</u>	<u>Totals</u> <u>(Memorandum Only)</u>	
	<u>1995</u>	<u>1994</u>
\$ -	\$ 568,262	\$ 573,991
-	68,238	64,810
-	83,385	47,578
-	214,268	285,385
-	78,508	44,302
-	42,361	31,683
-	4,939	4,897
-	40,671	184,026
<u>505,421</u>	<u>572,628</u>	<u>128,772</u>
<u>505,421</u>	<u>1,673,260</u>	<u>1,365,394</u>
-	285,169	287,587
-	334,266	261,412
-	194,482	145,740
-	206,169	230,656
-	17,467	2,770
-	-	56,041
505,421	505,421	77,909
-	6,000	6,000
-	15,750	16,050
<u>505,421</u>	<u>1,564,724</u>	<u>1,084,165</u>
-	108,536	281,229
-	272,120	309,847
-	(208,120)	(341,295)
-	(29,162)	(26,650)
-	34,838	(58,098)
-	143,374	223,131
-	1,637,170	1,414,039
<u>\$ -</u>	<u>\$ 1,780,544</u>	<u>\$ 1,637,170</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, 1996

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 303,500	\$ 301,746	\$ (1,754)
Licenses and permits	64,300	68,238	3,938
Intergovernmental	59,385	83,385	24,000
Charges for services	232,100	214,268	(17,832)
Fines and forfeits	34,000	78,508	44,508
Interest earned	21,000	31,422	10,422
Oil and gas lease and royalties	4,500	4,939	439
Landfill revenues	50,000	40,671	(9,329)
Miscellaneous	<u>1,600</u>	<u>50,064</u>	<u>48,464</u>
Total revenues	<u>770,385</u>	<u>873,241</u>	<u>102,856</u>
Expenditures:			
Current:			
General government	299,350	285,169	14,181
Public safety	356,874	334,266	22,608
Highways and streets	140,200	72,635	67,565
Health and recreation	214,200	206,169	8,031
Economic development	<u>2,500</u>	<u>17,467</u>	<u>(14,967)</u>
Total expenditures	<u>1,013,124</u>	<u>915,706</u>	<u>97,418</u>
Excess (deficiency) of revenues over expenditures	<u>(242,739)</u>	<u>(42,465)</u>	<u>200,274</u>
Other financing sources (uses):			
Operating transfers in	66,000	100,580	34,580
Operating transfers out	-	-	-
Appropriations to utility system fund	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>66,000</u>	<u>100,580</u>	<u>34,580</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(176,739)	58,115	234,854
Fund balance at beginning of year	<u>870,218</u>	<u>870,218</u>	<u>-</u>
Fund balance at end of year	<u>\$ 693,479</u>	<u>\$ 928,333</u>	<u>\$ 234,854</u>

See accompanying notes to financial statements

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TOWN OF LAKE ARTHUR, LOUISIANA

ANNUAL FINANCIAL REPORT

JULY 31, 1996

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 **DEC 18 1996**

TOWN OF LAKE ARTHUR, LOUISIANA

ANNUAL FINANCIAL REPORT
Year Ended July 31, 1996

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Title Page	
Table of Contents	1-3
List of Principal Officials	4
FINANCIAL SECTION	
Independent Auditor's Report on the Financial Statements	5-6
Combined Statements-Overview ("Liftable General Purpose Financial Statements):	
Combined Balance Sheet-All Fund Types and Account Groups	7
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-All Governmental Fund Types	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances-Budget (GAAP Basis) and Actual- General and Special Revenue Fund Types	9
Statement of Revenues, Expenses, and Changes in Retained Earnings-Proprietary Fund Type	10
Statement of Cash Flows-Proprietary Fund Type	11-12
Notes to Financial Statements	13-28
Financial Statements of Individual Funds and Account Groups:	
General Fund:	
Comparative Balance Sheet	29
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual	30
Statement of Expenditures Compared to Budget (GAAP Basis)	31-32
Special Revenue Funds:	
Combining Balance Sheet	33
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	34
Street and Alley Maintenance Fund:	
Comparative Balance Sheet	35
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual	36

SUPPLEMENTARY INFORMATION

Independent Auditor's Report on Schedule of Federal Financial Assistance	56
Schedule of Federal Financial Assistance	57
Notes to Schedule of Federal Financial Assistance	58

INDEPENDENT AUDITOR'S REPORTS ON INTERNAL CONTROL STRUCTURE
AND COMPLIANCE

Independent Auditor's Report on Internal Control Structure Used in Administering Federal Financial Assistance Programs	59-62
Independent Auditor's Report on Compliance Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards	63-64
Independent Auditor's Single Audit Report on Compliance with the General Requirements Applicable to Federal Financial Assistance Programs	65-66
Independent Auditor's Report on Compliance with Specific Requirements Applicable to Major Federal Financial Assistance Programs	67-68
Independent Auditor's Report on Compliance with Specific Requirements Applicable to Nonmajor Federal Financial Assistance Program Transactions	69-70

TOWN OF LAKE ARTHUR, LOUISIANA

July 31, 1996

MAYOR

The Honorable E. R. Giles

BOARD OF ALDERMEN

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

Mr. Betty Moore
Mr. Mark LaPoint

LEGAL COUNSEL

Mr. Bennett LaPoint

TOWN CLERK

Mrs. Dorothy Charles

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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 3070
LAKE CHARLES, LOUISIANA
70602-3070

800 KIRBY STREET
TELEPHONE (318) 433-1063
FAX (318) 436-6618

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of the Town of Lake Arthur, Louisiana, and the combining, individual fund and account group financial statements of the Town as of July 31, 1996, 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 *Government Audit Standards* set forth 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, 1996, 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, 1996, 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.

As discussed in Note 15 to the financial statements, during the fiscal year ended July 31, 1995, the Town of Lake Arthur, Louisiana, expended certain federal grant funds in a manner that may have violated certain of the restrictive provisions of the related grants. No action has been taken on this matter and the possible outcome is uncertain at this time. Accordingly, no provision for any liability has been made in the financial statements for possible federal claims for refund of these grant monies.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 6, 1996, on our consideration of the Town of Lake Arthur's internal control structure, and report dated September 6, 1996, on its compliance with laws and regulations.

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 6, 1996

COMBINED STATEMENTS - OVERVIEW

("LIFTABLE" GENERAL PURPOSE

FINANCIAL STATEMENTS)

TOWN OF LAKE ARTHUR, LOUISIANA

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS
July 31, 1996

ASSETS	Governmental Fund Types		
	General	Special Revenue	Debt Service
Cash	\$ 73,629	\$ 136,444	\$ 149,774
Investments, at cost	822,608	291,429	249,554
Receivables	14,256	-	-
Due from other funds	138,452	38,491	17,892
Restricted assets:			
Cash and investments, at cost	-	-	-
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	\$ 1,048,945	\$ 466,364	\$ 417,220
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 32,757	\$ 1,216	\$ -
Payroll taxes payable	348	-	-
Other payables	6,379	-	-
Due to other funds	81,128	3,998	26,159
Payable from restricted assets:			
Customer deposits	-	-	-
Bonds and note payable	-	-	-
General obligation bonds payable	-	-	-
Accrued interest payable	-	-	-
Total liabilities	120,612	5,214	26,159
Fund equity:			
Contributed capital	-	-	-
Investment in general fixed assets	-	-	-
Retained earnings:			
Unreserved	-	-	-
Fund balance:			
Reserved for debt service	-	-	313,273
Unreserved:			
Designated for subsequent year's expenditures	928,333	461,150	77,788
Total retained earnings/fund balance	928,333	461,150	391,061
Total fund equity	928,333	461,150	391,061
Total liabilities and fund equity	\$ 1,048,945	\$ 466,364	\$ 417,220

See accompanying notes to financial statements

Capital Projects	Proprietary Fund Type Enterprise	Account Groups		Totals (Memorandum Only)	
		General Long-Term Debt	General Fixed Assets	1996	1995
\$ -	\$ 96,139	\$ -	\$ -	\$ 455,986	\$ 341,474
-	80,028	-	-	1,443,619	1,477,644
-	36,433	-	-	50,689	130,349
-	47,315	-	-	242,150	169,097
-	197,368	-	-	197,368	136,169
-	4,101,545	-	2,572,449	6,673,994	5,264,745
-	-	271,325	-	271,325	272,133
-	-	37,675	-	37,675	42,867
<u>\$ -</u>	<u>\$ 4,558,828</u>	<u>\$ 309,000</u>	<u>\$ 2,572,449</u>	<u>\$ 9,372,806</u>	<u>\$ 7,834,478</u>
\$ -	\$ 17,248	\$ -	\$ -	\$ 51,221	\$ 163,521
-	-	-	-	348	648
-	-	-	-	6,379	5,796
-	130,865	-	-	242,150	169,097
-	23,629	-	-	23,629	21,430
-	2,647,929	-	-	2,647,929	2,347,417
-	-	309,000	-	309,000	315,000
-	24,571	-	-	24,571	29,561
-	<u>2,844,242</u>	<u>309,000</u>	-	<u>3,305,227</u>	<u>3,052,470</u>
-	934,003	-	-	934,003	388,230
-	-	-	2,572,449	2,572,449	2,018,378
-	780,583	-	-	780,583	738,230
-	-	-	-	313,273	286,772
-	-	-	-	1,467,271	1,350,398
-	<u>780,583</u>	-	-	<u>2,561,127</u>	<u>2,375,400</u>
-	<u>1,714,586</u>	-	<u>2,572,449</u>	<u>6,067,579</u>	<u>4,782,008</u>
<u>\$ -</u>	<u>\$ 4,558,828</u>	<u>\$ 309,000</u>	<u>\$ 2,572,449</u>	<u>\$ 9,372,806</u>	<u>\$ 7,834,478</u>

TOWN OF LAKE ARTHUR, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
Year Ended July 31, 1996

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
Revenues:			
Taxes	\$ 301,746	\$ 226,568	\$ 39,948
Licenses and permits	68,238	-	-
Intergovernmental	83,385	-	-
Charges for services	214,268	-	-
Fines and forfeits	78,508	-	-
Interest earned	31,422	-	10,939
Oil and gas lease and royalties	4,939	-	-
Landfill revenues	40,671	-	-
Miscellaneous	<u>50,964</u>	<u>17,143</u>	<u>-</u>
Total revenues	<u>873,241</u>	<u>243,711</u>	<u>50,887</u>
Expenditures:			
Current:			
General government	285,169	-	-
Public safety	334,266	-	-
Highways and streets	72,635	121,847	-
Health and recreation	206,169	-	-
Economic development	17,467	-	-
Housing	-	-	-
Sewer rehabilitation	-	-	-
Debt service:			
Principal retirement	-	-	6,000
Interest and fiscal charges	-	-	<u>15,750</u>
Total expenditures	<u>915,706</u>	<u>121,847</u>	<u>21,750</u>
Excess (deficiency) of revenues over expenditures	<u>(42,465)</u>	<u>121,864</u>	<u>29,137</u>
Other financing sources (uses):			
Operating transfers in	100,580	171,540	-
Operating transfers out	-	(171,540)	(36,580)
Appropriations to utility system fund	-	(29,162)	-
Total other financing sources (uses)	<u>100,580</u>	<u>(29,162)</u>	<u>(36,580)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	58,115	92,702	(7,443)
Fund balance at beginning of year	<u>870,218</u>	<u>368,448</u>	<u>398,504</u>
Fund balance at end of year	<u>\$ 928,333</u>	<u>\$ 461,150</u>	<u>\$ 391,061</u>

See accompanying notes to financial statements

<u>Special Revenue Funds</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 213,000	\$ 226,568	\$ 13,568
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>7,000</u>	<u>17,143</u>	<u>10,143</u>
<u>220,000</u>	<u>243,711</u>	<u>23,711</u>
-	-	-
-	-	-
138,800	121,847	16,953
-	-	-
-	-	-
<u>138,800</u>	<u>121,847</u>	<u>16,953</u>
<u>81,200</u>	<u>121,864</u>	<u>40,664</u>
163,600	171,540	7,940
(164,000)	(171,540)	(7,540)
<u>(29,000)</u>	<u>(29,162)</u>	<u>(162)</u>
<u>(29,400)</u>	<u>(29,162)</u>	<u>238</u>
51,800	92,702	40,902
<u>368,448</u>	<u>368,448</u>	<u>-</u>
<u>\$ 420,248</u>	<u>\$ 461,150</u>	<u>\$ 40,902</u>

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P.O. BOX 3069
LAKE CHARLES, LOUISIANA
70602-3069

800 KIRBY STREET
TELEPHONE (318) 433-1063
FAX (318) 436-6618

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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, 1996, and have issued our report thereon dated September 6, 1996.

In connection with our audit of the 1996 financial statements of the Town of Lake Arthur, Louisiana, internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, Audits of State and Local Governments, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended July 31, 1996.

As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, reporting and claims for advances and reimbursement that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town of Lake Arthur, Louisiana, compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Lake Arthur, Louisiana, had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

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

COMPARATIVE BALANCE SHEET
July 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
ASSETS		
Total assets	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE		
Unreserved-designated for subsequent year's expenditures	<u>\$ -</u>	<u>\$ -</u>

In our opinion, the Town of Lake Arthur, Louisiana, complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; needs assessment; record retention; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance program for the year ended July 31, 1996.

This report is intended for the information of management and other state and federal audit agencies. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Town of Lake Arthur, Louisiana, is a matter of public record.

McElroy, Quirk & Burch
Lake Charles, Louisiana
September 6, 1996

<u>Sales Tax</u>	<u>Water Account</u>	<u>Sidewalk Account</u>	<u>Housing Grant</u>	<u>Totals</u>	
				<u>1996</u>	<u>1995</u>
\$ 171,540	\$ -	\$ -	\$ -	\$ 226,568	\$ 212,323
-	-	-	-	17,143	43,169
<u>171,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>243,711</u>	<u>255,492</u>
-	-	-	-	121,847	25,898
-	-	-	-	-	56,041
-	-	-	-	<u>121,847</u>	<u>81,939</u>
<u>171,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,864</u>	<u>173,553</u>
-	29,162	3,431	-	171,540	156,765
(171,540)	-	-	-	(171,540)	(311,460)
-	<u>(29,162)</u>	<u>-</u>	<u>-</u>	<u>(29,162)</u>	<u>(26,650)</u>
<u>(171,540)</u>	<u>-</u>	<u>3,431</u>	<u>-</u>	<u>(29,162)</u>	<u>(181,345)</u>
-	-	3,431	-	92,702	(7,792)
-	49,075	17,005	-	368,448	376,240
<u>\$ -</u>	<u>\$ 49,075</u>	<u>\$ 20,436</u>	<u>\$ -</u>	<u>\$ 461,150</u>	<u>\$ 368,448</u>

This report is intended for the information of management and other state and federal audit agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Town of Lake Arthur, Louisiana, is a matter of public record.

McElroy, Quirk & Burch

Lake Charles, Louisiana
September 6, 1996

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P.O. BOX 3069
LAKE CHARLES, LOUISIANA
70602-3069

800 KIRBY STREET
TELEPHONE (318) 433-1063
FAX (318) 436-6618

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED
ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
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 general purpose financial statements and the combining and individual fund and account group financial statements of the Town of Lake Arthur, Louisiana as of and for the year ended July 31, 1996, and have issued our report thereon dated September 6, 1996.

We conducted our audit in accordance with generally accepted auditing standards; *Government Auditing 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 general purpose financial statements and combining and individual fund and account group financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Town of Lake Arthur, Louisiana is the responsibility of the Town of Lake Arthur's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. 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*.

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, 1996
With Comparative Actual Amounts for Year Ended July 31, 1995

	1996		Variance Favorable (Unfavorable)	1995
	Budget	Actual		Actual
Revenues:				
Taxes - ad valorem	\$ 27,000	\$ 27,514	\$ 514	\$ 27,779
Miscellaneous	7,000	17,143	10,143	11,624
Total revenues	34,000	44,657	10,657	39,403
Expenditures				
Highways and streets:				
Personal services	52,800	63,715	(10,915)	-
Materials and supplies	13,000	10,777	2,223	9,314
Other services and charges	55,000	29,957	25,043	3,143
Capital outlay	-	12,374	(12,374)	6,500
Total expenditures	120,800	116,823	3,977	18,957
Excess (deficiency) of revenues over expenditures	(86,800)	(72,166)	14,634	20,446
Other financing sources (uses):				
Operating transfers in	130,000	137,232	7,232	125,412
Operating transfers out	-	-	-	(88,887)
Total other financing sources (uses)	130,000	137,232	7,232	36,525
Excess (deficiency) of revenues and other sources over expenditures and other uses	43,200	65,066	21,866	56,971
Fund balance at beginning of year	302,564	302,564	-	245,593
Fund balance at end of year	\$ 345,764	\$ 367,630	\$ 21,866	\$ 302,564

TOWN OF LAKE ARTHUR, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS - PROPRIETARY FUND TYPE
Years Ended July 31, 1996 and 1995

	<u>Enterprise Fund</u>	
	<u>1996</u>	<u>1995</u>
Operating revenues:		
Charges for services-water	\$ 113,026	\$ 112,590
Charges for services-sewerage	<u>263,430</u>	<u>263,336</u>
Total operating revenues	<u>376,456</u>	<u>375,926</u>
Operating expenses:		
Personal services	71,204	70,376
Other services and charges	23,476	50,077
Supplies	22,704	31,299
Heat, light and power	34,045	36,045
Depreciation	<u>91,107</u>	<u>48,808</u>
Total operating expenses	<u>242,536</u>	<u>236,605</u>
Operating income	<u>133,920</u>	<u>139,321</u>
Nonoperating revenues (expenses):		
Water and sewer connection fees	2,195	2,645
Miscellaneous	-	15,645
Interest earned	5,330	4,676
Interest and fiscal charges	<u>(64,254)</u>	<u>(29,561)</u>
Total nonoperating revenues (expenses)	<u>(56,729)</u>	<u>(6,595)</u>
Income before operating transfers	<u>77,191</u>	<u>132,726</u>
Other financing sources (uses):		
Transfers from other funds	29,162	58,098
Transfers to other funds	<u>(64,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(34,838)</u>	<u>58,098</u>
Net income	42,353	190,824
Retained earnings at beginning of year	<u>738,230</u>	<u>547,406</u>
Retained earnings at end of year	<u>\$ 780,583</u>	<u>\$ 738,230</u>

See accompanying notes to financial statements

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, 1996
With Comparative Actual Amounts for Year Ended July 31, 1995

	1996			1995
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Taxes - ad valorem	\$ 28,000	\$ 27,514	\$ (486)	\$ 27,779
Expenditures:				
Current:				
Highways and streets	<u>18,000</u>	<u>5,024</u>	<u>12,976</u>	<u>6,941</u>
Excess of revenues over expenditures	<u>10,000</u>	<u>22,490</u>	<u>12,490</u>	<u>20,838</u>
Other financing sources (uses):				
Operating transfers in	1,600	1,715	115	1,568
Operating transfers out	<u>(6,000)</u>	<u>-</u>	<u>6,000</u>	<u>(23,672)</u>
Total other financing sources (uses)	<u>(4,400)</u>	<u>1,715</u>	<u>6,115</u>	<u>(22,104)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	5,600	24,205	18,605	(1,266)
Fund balance at beginning of year	<u>(196)</u>	<u>(196)</u>	<u>-</u>	<u>1,070</u>
Fund balance at end of year	<u>\$ 5,404</u>	<u>\$ 24,009</u>	<u>\$ 18,605</u>	<u>\$ (196)</u>

TOWN OF LAKE ARTHUR, LOUISIANA
HOUSING GRANT FUND-SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended July 31, 1996
With Comparative Actual Amounts for Year Ended July 31, 1995

	1996		Variance Favorable (Unfavorable)	1995
	Budget	Actual		Actual
Revenues	\$ -	\$ -	\$ -	\$ 29,807
Expenditures:				
Materials and supplies	-	-	-	10,929
Other services and charges	-	-	-	45,112
Total expenditures	-	-	-	56,041
Excess (deficiency) of revenues over expenditures	-	-	-	(26,234)
Fund balance at beginning of year	-	-	-	26,234
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

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, 1996
 With Comparative Actual Amounts for Year Ended July 31, 1995

	1996		Variance Favorable (Unfavorable)	1995
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 158,000	\$ 171,540	\$ -	\$ 156,765
Other financing sources (uses):				
Operating transfers out	<u>(158,000)</u>	<u>(171,540)</u>	<u>-</u>	<u>(156,765)</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, 1996 and 1995

ASSETS	<u>1996</u>	<u>1995</u>
Certificates of deposit	<u>\$ 51,075</u>	<u>\$ 49,075</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to general fund	\$ 2,000	\$ -
Fund balance:		
Unreserved-designated for subsequent year's expenditures	<u>49,075</u>	<u>49,075</u>
Total liabilities and fund balance	<u>\$ 51,075</u>	<u>\$ 49,075</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, 1996
With Comparative Actual Amounts for Year Ended July 31, 1995

	<u>1996</u>			<u>1995</u>
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Actual</u>
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ 1,738
Other financing sources (uses):				
Operating transfers in	29,000	29,162	162	26,650
Operating transfers out	-	-	-	(42,136)
Appropriations to utilities system fund	<u>(29,000)</u>	<u>(29,162)</u>	<u>(162)</u>	<u>(26,650)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,136)</u>
Excess (deficiency) of revenues and other sources over other uses	-	-	-	(40,398)
Fund balance at beginning of year	<u>49,075</u>	<u>49,075</u>	<u>-</u>	<u>89,473</u>
Fund balance at end of year	<u>\$ 49,075</u>	<u>\$ 49,075</u>	<u>\$ -</u>	<u>\$ 49,075</u>

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

COMPARATIVE BALANCE SHEET
July 31, 1996 and 1995

ASSETS	<u>1996</u>	<u>1995</u>
Cash	<u>\$ 20,709</u>	<u>\$ 17,278</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to other funds	\$ 273	\$ 273
Fund balance:		
Unreserved-designated for subsequent year's expenditures	<u>20,436</u>	<u>17,005</u>
Total liabilities and fund balance	<u>\$ 20,709</u>	<u>\$ 17,278</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, 1996
With Comparative Actual Amounts for Year Ended July 31, 1995

	1996			1995
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenue	\$ -	\$ -	\$ -	\$ -
Other financing sources:				
Operating transfers in	3,000	3,431	431	3,135
Excess of revenues and other sources over expenditures	3,000	3,431	431	3,135
Fund balance at beginning of year	17,005	17,005	-	13,870
Fund balance at end of year	\$ 20,005	\$ 20,436	\$ 431	\$ 17,005

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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 3070
LAKE CHARLES, LOUISIANA
70602-3070

800 KIRBY STREET
TELEPHONE (318) 433-1063
FAX (318) 436-6618

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

We have audited the general purpose financial statements and the combining and individual fund and account group financial statements of the Town of Lake Arthur, Louisiana, as of and for the year ended July 31, 1996, and have issued our report thereon dated September 6, 1996.

We have also audited the Town of Lake Arthur, Louisiana's, compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and claims for advances and reimbursements that are applicable to each of its major federal financial assistance program, which are identified in the accompanying schedule of federal financial assistance, for the year ended July 31, 1996. The management of the Town of Lake Arthur, Louisiana, is responsible for the Town of Lake Arthur, Louisiana's, compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with these requirements in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Town of Lake Arthur, Louisiana's, compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures did not disclose any immaterial instances of noncompliance with the requirements referred to above.

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

COMPARATIVE BALANCE SHEET
July 31, 1996 and 1995

ASSETS	<u>1996</u>	<u>1995</u>
Cash	\$ 5,757	\$ 1,529
Due from other funds	<u>20,443</u>	<u> </u>
Total assets	<u>\$ 26,200</u>	<u>\$ 1,529</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 466	\$ -
Due to other funds	<u>1,725</u>	<u>1,725</u>
Total liabilities	2,191	1,725
Fund balances:		
Unreserved-designated for subsequent year's expenditures	<u>24,009</u>	<u>(196)</u>
Total liabilities and fund balance	<u>\$ 26,200</u>	<u>\$ 1,529</u>

Bonds and notes payable at July 31, 1996 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	\$ 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	<u>166,000</u>
	<u>\$ 704,512</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	\$ 2,252,417
\$550,000 General Obligation Bonds, Series 1995, interest at 2.45%, administrative fee .5%, principal and interest payable through the year 2015	<u>395,512</u>
	<u>\$ 2,647,929</u>

The annual requirements to amortize all debt outstanding as of July 31, 1996, including interest payments of \$1,030,836, are as follows:

Annual Requirements to Amortize Long-Term Debt
July 31, 1996

<u>Year Ending July 31.</u>	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
1997-1999	\$ 67,712	\$ 297,417	\$ 365,129
2000-2004	130,800	560,000	690,800
2005-2009	151,168	645,000	796,168
2010-2014	181,068	750,000	931,068
2015-2021	<u>173,764</u>	<u>-</u>	<u>173,764</u>
Total	<u>\$ 704,512</u>	<u>\$ 2,252,417</u>	<u>\$ 2,956,929</u>

The amount of \$313,273 is available in the Debt Service Funds to service the general obligation bonds.

14) Capital Projects Fund

The Capital Projects Fund was set up to account for the Community Development Block Grant income received and the expenditures made in connection with the rehabilitation of old sewer lines. The Town has received a commitment for a grant in the amount of \$757,832, of which \$505,421 was received for the current fiscal year.

15) 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. A final determination has not been made as to the amount, if any, of possible ineligible project costs the Town may have to repay the grantor.

During the year ended December 31, 1995, the Commission voted to distribute \$331,510 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.

12) Per Diem Paid Members of Governing Board

Mr. E. R. Giles	\$ 5,000
Mr. David Hanks	1,250
Mr. Robert Bertrand	1,250
Mr. Mark LaPoint	1,200
Ms. Betty Moore	1,250
Mr. Ellsworth Duhon	<u>1,250</u>
	<u>\$ 11,200</u>

13) 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, 1995.

Condensed financial information for the Jefferson Davis Parish Sanitary Landfill as of December 31, 1995 (the latest available audited financial statements) were as follows:

	<u>Total</u>	<u>Lake Arthur (12.2684%)</u>
Total assets	\$ 3,347,546	\$ 410,690
Total liabilities	67,643	8,299
Total equity	3,279,903	402,392
Total liabilities and equity	3,347,546	410,690
Total revenues	2,648,446	324,922
Total expenditures	2,036,723	249,873
Net decrease in fund balance	611,723	75,049

As of December 31, 1995, 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.

10) Contributed Capital - Enterprise Fund

The following is a summary of changes to contributed capital for the years ended July 31, 1996 and 1995:

	<u>1996</u>	<u>1995</u>
Total contributed capital at beginning of year	\$ 876,467	\$ 876,467
Capital contributed during year	583,329	-
Accumulated depreciation related to contributed capital	<u>(525,793)</u>	<u>(488,237)</u>
Net contributed capital at end of year	<u>\$ 934,003</u>	<u>\$ 388,230</u>

11) 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.

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 10.14% 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, 1995 was \$65,581,563. The total net assets of Plan "B" available for benefits at June 30, 1995 was \$59,345,360.

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 \$19,445 for Plan B, the total actual contributions amounted to \$16,780, which represents approximately 8.75% of current year covered payroll. The contributions consist of 5% member contributions and 3.75% employer contributions of the total covered payroll of \$191,770 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, 1995.

8) 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.

9) 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.

TOWN OF LAKE ARTHUR, LOUISIANA
GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
Year Ended July 31, 1996
With Comparative Actual Amounts for Year Ended July 31, 1995

	1996		Variance Favorable (Unfavorable)	1995
	Budget	Actual		Actual
General government:				
Personal services	\$ 117,350	\$ 120,939	\$ (3,589)	\$ 110,114
Supplies	16,700	8,673	8,027	11,505
Other services and charges	165,300	147,218	18,082	165,968
Capital outlay	-	8,339	(8,339)	-
Total general government	<u>299,350</u>	<u>285,169</u>	<u>14,181</u>	<u>287,587</u>
Public safety:				
Police department:				
Personal services	250,510	248,565	1,945	217,359
Supplies	12,300	22,630	(10,330)	14,798
Other services and charges	47,564	32,358	15,206	16,876
Capital outlay	1,000	1,995	(995)	-
Total police department	<u>311,374</u>	<u>305,548</u>	<u>5,826</u>	<u>249,033</u>
Fire department:				
Personal services	12,200	3,226	8,974	5,657
Supplies	4,300	6,108	(1,808)	4,907
Other services and charges	22,500	11,749	10,751	1,815
Capital outlay	6,500	7,635	(1,135)	-
Total fire department	<u>45,500</u>	<u>28,718</u>	<u>16,782</u>	<u>12,379</u>
Total public safety	<u>356,874</u>	<u>334,266</u>	<u>22,608</u>	<u>261,412</u>
Highways and streets:				
Personal services	80,800	32,196	48,604	80,696
Supplies	5,000	-	5,000	4,431
Other services and charges	54,400	40,439	13,961	34,715
Total highways and streets	<u>140,200</u>	<u>72,635</u>	<u>67,565</u>	<u>119,842</u>
Health and recreation:				
Sanitation:				
Personal services	5,500	4,367	1,133	5,366
Supplies	5,000	5,954	(954)	2,890
Other services and charges	22,000	16,740	5,260	15,392
Dump site expense	75,000	72,953	2,047	80,380
Capital outlay	-	3,681	(3,681)	-
Total sanitation	<u>107,500</u>	<u>103,695</u>	<u>3,805</u>	<u>104,028</u>

(continued on next page)

7) 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.

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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 3070
LAKE CHARLES, LOUISIANA
70602-3070

800 KIRBY STREET
TELEPHONE (318) 433-1063
FAX (318) 436-6618

INDEPENDENT AUDITOR'S SINGLE AUDIT REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

We have audited the general purpose financial statements and the combining and individual fund and account group financial statements of the Town of Lake Arthur, Louisiana, as of and for the year ended July 31, 1996, and have issued our report thereon dated September 6, 1996.

We have applied procedures to test the Town of Lake Arthur, Louisiana, compliance with the following requirements applicable to each of its federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended July 31, 1996:

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Federal financial reports
- Drug-Free work place
- Allowable costs/cost principles
- Administrative requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of State and Local Governments*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town of Lake Arthur, Louisiana's, compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

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 \$191,770. The Town's total payroll for the current year was \$440,140.

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, 1995. 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.

TOWN OF LAKE ARTHUR, LOUISIANA
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Year Ended July 31, 1996
With Comparative Totals for Year Ended July 31, 1995

	<u>Street and Alley Maintenance</u>	<u>Drainage Maintenance</u>
Revenues:		
Taxes	\$ 27,514	\$ 27,514
Miscellaneous	<u>17,143</u>	<u>-</u>
Total revenues	<u>44,657</u>	<u>27,514</u>
 Expenditures:		
Current:		
Highway and streets	116,823	5,024
Housing	<u>-</u>	<u>-</u>
Total expenditures	<u>116,823</u>	<u>5,024</u>
 Excess (deficiency) of revenues over expenditures	 <u>(72,166)</u>	 <u>22,490</u>
 Other financing sources (uses):		
Operating transfers in	137,232	1,715
Operating transfers out	-	-
Appropriations to utilities system fund	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>137,232</u>	<u>1,715</u>
 Excess (deficiency) of revenues and other sources over expenditures and other uses	 65,066	 24,205
 Fund balance at beginning of year	 <u>302,564</u>	 <u>(196)</u>
 Fund balance at end of year	 <u>\$ 367,630</u>	 <u>\$ 24,009</u>

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended July 31, 1996
With Comparative Actual Amounts for Year Ended July 31, 1995

	1996		Variance Favorable (Unfavorable)	1995
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 303,500	\$ 301,746	\$ (1,754)	\$ 321,336
Licenses and permits	64,300	68,238	3,938	64,810
Intergovernmental	59,385	83,385	24,000	47,578
Charges for services	232,100	214,268	(17,832)	285,385
Fines and forfeits	34,000	78,508	44,508	44,302
Interest earned	21,000	31,422	10,422	23,808
Oil and gas lease and royalties	4,500	4,939	439	4,897
Landfill revenues	50,000	40,671	(9,329)	184,026
Miscellaneous	1,600	50,064	48,464	7,644
Total revenues	<u>770,385</u>	<u>873,241</u>	<u>102,856</u>	<u>983,786</u>
Expenditures:				
Current:				
General government	299,350	285,169	14,181	287,587
Public safety	356,874	334,266	22,608	261,412
Highways and streets	140,200	72,635	67,565	119,842
Health and recreation	214,200	206,169	8,031	230,656
Economic development	2,500	17,467	(14,967)	2,770
Total expenditures	<u>1,013,124</u>	<u>915,706</u>	<u>97,418</u>	<u>902,267</u>
Excess (deficiency) of revenues over expenditures	<u>(242,739)</u>	<u>(42,465)</u>	<u>200,274</u>	<u>81,519</u>
Other financing sources (uses):				
Operating transfers in	66,000	100,580	34,580	153,082
Operating transfers out	-	-	-	(9,090)
Total other financing sources (uses)	<u>66,000</u>	<u>100,580</u>	<u>34,580</u>	<u>143,992</u>
Excess of revenue and and other sources over expenditures	(176,739)	58,115	234,854	225,511
Fund balance at beginning of year	<u>870,218</u>	<u>870,218</u>	<u>-</u>	<u>644,707</u>
Fund balance at end of year	<u>\$ 693,479</u>	<u>\$ 928,333</u>	<u>\$ 234,854</u>	<u>\$ 870,218</u>

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS
AND ACCOUNT GROUPS

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.

4) Other Required Individual Fund Disclosures

Individual fund interfund receivables and payables

Such balances at July 31, 1996 were:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 138,452	\$ 81,128
Special Revenue Funds:		
Street and Alley Maintenance	18,048	-
Drainage Maintenance	20,443	1,725
Sidewalk account	-	273
Water account	-	2,000
Debt Service Fund:		
Sewerage District No. 1	-	756
Combined Bond Fund	17,892	25,403
Utilities System Fund	<u>47,315</u>	<u>130,865</u>
	<u>\$ 242,150</u>	<u>\$ 242,150</u>

5) Restricted Assets - Proprietary Fund Type

Restricted assets were applicable to the following at July 31:

	<u>1996</u>	<u>1995</u>
Customers deposits	\$ 28,378	\$ 26,180
Sewer	<u>168,990</u>	<u>109,989</u>
	<u>\$ 197,368</u>	<u>\$ 136,169</u>

6) 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 (1996 collections \$343,080, 1995 collections \$313,530) are dedicated to the following purposes:

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

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.

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

COMPARATIVE BALANCE SHEET
July 31, 1996 and 1995

ASSETS	<u>1996</u>	<u>1995</u>
Cash	\$ 109,978	\$ 14,869
Certificates of deposit	240,354	230,938
Due from other funds	<u>18,048</u>	<u>58,270</u>
Total assets	<u>\$ 368,380</u>	<u>\$ 304,077</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 750	\$ 1,513
Fund balances:		
Unreserved-designated for subsequent year's expenditures	<u>367,630</u>	<u>302,564</u>
Total liabilities and fund balances	<u>\$ 368,380</u>	<u>\$ 304,077</u>

<u>Sales Tax</u>	<u>Water Account</u>	<u>Sidewalk Account</u>	<u>Housing Grant</u>	<u>Totals</u>	
				<u>1996</u>	<u>1995</u>
\$ -	\$ -	\$ 20,709	\$ -	\$ 136,444	\$ 33,676
-	51,075	-	-	291,429	280,013
-	-	-	-	38,491	58,270
<u>\$ -</u>	<u>\$ 51,075</u>	<u>\$ 20,709</u>	<u>\$ -</u>	<u>\$ 466,364</u>	<u>\$ 371,959</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,216	\$ 1,513
-	2,000	273	-	3,998	1,998
-	2,000	273	-	5,214	3,511
-	49,075	20,436	-	461,150	368,448
<u>\$ -</u>	<u>\$ 51,075</u>	<u>\$ 20,709</u>	<u>\$ -</u>	<u>\$ 466,364</u>	<u>\$ 371,959</u>

TOWN OF LAKE ARTHUR, LOUISIANA
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET
July 31, 1996
With Comparative Totals for July 31, 1995

ASSETS	<u>Street and Alley Maintenance</u>	<u>Drainage Maintenance</u>
Cash	\$ 109,978	\$ 5,757
Certificates of deposit	240,354	-
Due from other funds	<u>18,048</u>	<u>20,443</u>
Total assets	<u>\$ 368,380</u>	<u>\$ 26,200</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 750	\$ 466
Due to other funds	<u>-</u>	<u>1,725</u>
Total liabilities	750	2,191
Fund balances:		
Unreserved-designated for subsequent year's expenditures	<u>367,630</u>	<u>24,009</u>
Total liabilities and fund balances	<u>\$ 368,380</u>	<u>\$ 26,200</u>

TOWN OF LAKE ARTHUR, LOUISIANA

STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
 Years Ended July 31, 1996 and 1995

	<u>Enterprise</u>	
	<u>1996</u>	<u>1995</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 376,465	\$ 359,696
Cash payments to suppliers for goods and services	(83,261)	(210,003)
Cash payments to employees	<u>(71,204)</u>	<u>(70,376)</u>
Net cash provided by operating activities	<u>222,000</u>	<u>79,317</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers in	29,162	58,098
Connection and reconnection fees	2,195	2,645
Miscellaneous	-	83,152
Operating transfers out	(64,000)	-
Increase in customer deposits	2,199	6,183
Advances from (to) other funds	<u>16,567</u>	<u>13,862</u>
Net cash provided by (used in) noncapital financing activities	<u>(13,877)</u>	<u>163,940</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributed capital	583,330	-
Bonds and loan proceeds received	395,512	148,422
Interest paid on bonds	(69,244)	-
Payments on loan	<u>(95,000)</u>	<u>(95,000)</u>
Net cash provided by capital and related activities	<u>814,598</u>	<u>53,422</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	5,330	4,676
Purchase of property and equipment	(983,842)	(144,084)
Purchase of investment	<u>-</u>	<u>(33,906)</u>
Net cash (used in) investing activities	<u>(978,512)</u>	<u>(173,314)</u>
Net increase in cash and cash equivalents	44,209	123,365
Cash and cash equivalents:		
Beginning of year	<u>249,298</u>	<u>125,933</u>
End of year	<u>\$ 293,507</u>	<u>\$ 249,298</u>

(continued on next page)

TOWN OF LAKE ARTHUR, LOUISIANA

STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
 Years Ended July 31, 1996 and 1995
 (Continued)

	<u>Enterprise</u>	
	<u>1996</u>	<u>1995</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 133,920	\$ 139,321
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	91,107	48,808
Changes in assets and liabilities:		
(Increase) in accounts receivable	9	(16,230)
Increase in accounts payable	<u>(3,036)</u>	<u>(92,582)</u>
Net cash provided by operating activities	<u>\$ 222,000</u>	<u>\$ 79,317</u>

See accompanying notes to financial statements

TOWN OF LAKE ARTHUR, LOUISIANA
GENERAL FUND

COMPARATIVE BALANCE SHEET
July 31, 1996 and 1995

ASSETS	<u>1996</u>	<u>1995</u>
Cash	\$ 73,629	\$ 70,036
Investments, at cost	822,608	868,049
Receivables-other	14,256	15,998
Due from other funds	<u>138,452</u>	<u>76,883</u>
Total assets	<u>\$ 1,048,945</u>	<u>\$ 1,030,966</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 32,757	\$ 63,815
Payroll taxes payable	348	648
Other payables	6,379	5,796
Due to other funds	<u>81,128</u>	<u>90,489</u>
Total liabilities	120,612	160,748
Fund balance:		
Unreserved-designated for subsequent year's expenditures	<u>928,333</u>	<u>870,218</u>
Total liabilities and fund balance	<u>\$ 1,048,945</u>	<u>\$ 1,030,966</u>

TOWN OF LAKE ARTHUR, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

July 31, 1996

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.

TOWN OF LAKE ARTHUR, LOUISIANA
GENERAL FUND

STATEMENT OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS)
Year Ended July 31, 1996
With Comparative Actual Amounts for Year Ended July 31, 1995
(Continued)

	<u>1996</u>		Variance Favorable (Unfavorable)	<u>1995</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Health and recreation (cont.):				
Recreation:				
Personal services	33,200	35,527	(2,327)	36,993
Supplies	11,400	28,126	(16,726)	23,798
Other services and charges	40,100	24,195	15,905	42,270
Capital outlay	<u>22,000</u>	<u>14,626</u>	<u>7,374</u>	<u>23,567</u>
Total recreation	<u>106,700</u>	<u>102,474</u>	<u>4,226</u>	<u>126,628</u>
Total health and recreation	<u>214,200</u>	<u>206,169</u>	<u>8,031</u>	<u>230,656</u>
Economic development:				
Supplies	500	805	(305)	191
Other services and charges	<u>2,000</u>	<u>16,662</u>	<u>(14,662)</u>	<u>2,579</u>
Total economic development	<u>2,500</u>	<u>17,467</u>	<u>(14,967)</u>	<u>2,770</u>
Total expenditures	<u>\$1,013,124</u>	<u>\$ 915,706</u>	<u>\$ 97,418</u>	<u>\$ 902,267</u>

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

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that accumulated unpaid vacation and sick pay are not accrued and principal and interest on general long-term debt is recognized when due. Purchase of various operating supplies are regarded as expenditures at the time purchased.

The proprietary fund is accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when incurred.

For the fiscal year ended July 31, 1996, fixed assets were recorded and depreciation has been accounted for.

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.

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.

HOUSING GRANT FUND - to account for receipt and expenditure of monies received to repair housing for low income citizens.

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 page 9 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, 1996.
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 and Investments

Deposits:

As of July 31, 1996, the carrying amount and bank balance of the Town's deposits were as listed below. Of this amount, \$457,511 was insured by federal depository insurance or by collateral held by the pledging bank's trust department (Category 1).

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Deposits	<u>\$ 547,367</u>	<u>\$ 550,383</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 \$1,306,261, insured money market accounts totaling \$201,213 and a passbook account totaling \$6,673. Cost and market value of these accounts are approximately equal. (Category 1)

Credit Risk Categories:

The Town's deposits and investments are categorized above in accordance with GASB Statement No. 3 to give an indication of the level of risk assumed at year end. 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. Categories 2 and 3 were not applicable to any deposits or investments at any time during the fiscal year ended July 31, 1996.

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) 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, 1996, taxes of 26.20 mills were levied on property with assessed valuations totaling \$5,002,380 and were dedicated as follows:

General corporate purposes	7.18 mills
Drainage maintenance	5.51 mills
Street and alley maintenance	5.51 mills
Debt service	8.00 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.

3) 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, 1996:

	General Obligation	Revenue	Total
Bonds and notes payable at August 1, 1995	\$ 315,000	\$ 2,347,417	\$ 2,662,417
Bonds made	395,512	-	395,512
Bonds and notes retired	<u>(6,000)</u>	<u>(95,000)</u>	<u>(101,000)</u>
Bonds payable at July 31, 1996	<u>\$ 704,512</u>	<u>\$ 2,252,417</u>	<u>\$ 2,956,929</u>