

TOWN OF ARCADIA

Arcadia, Louisiana

December 31, 2000

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

Release Date 7-28-01

TOWN OF ARCADIA

Arcadia, Louisiana
December 31, 2003

Table of Contents

Page	
1	Combined Balance Sheet - All Fund Types and Account Groups December 31, 2003
2	Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Government Fund Types for the Year Ended December 31, 2003
3	Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual, General and Special Revenue Funds for the Year Ended December 31, 2003
4	Statement of Revenues, Expenses, and Changes in Retained Earnings - Proprietary Fund for the Year Ended December 31, 2003
5	Statement of Cash Flows - Proprietary Fund for the Year Ended December 31, 2003
6	Notes to the Combined Financial Statements
	Supplemental Information Schedules
17	Combining Balance Sheet - Special Revenue Funds December 31, 2003
18	Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Special Revenue Funds for the Year Ended December 31, 2003
20	Balance Sheet - Debt Service Funds December 31, 2003
21	Schedule of Revenues, Expenditures and Changes in Fund Balances - Debt Service Funds for the Year Ended December 31, 2003
23	Balance Sheet - Capital Project Fund December 31, 2003
24	Schedule of Revenues, Expenditures and Changes in Fund Balances - Capital Project Funds for the Year Ended December 31, 2003
26	Schedule of Compensation Paid Aldermen
27	Independent Auditor's Report
28	Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
29	Schedule of Findings and Questioned Costs for the Year Ended December 31, 2003
30	Schedule of Prior Year Findings for the Year Ended December 31, 2003

**Fund of Accounts
Assets, Liabilities**

**Continental Service Sheet
All Fund Types and Insurance Classes
December 31, 2002**

	Classified Fund Types			Credit Impairment Fund	Private Fund Type Trust Company Fund	Asset Group		Total (Subtotal) 2002
	General Fund	Special Revenue Fund	Self- Insured Fund			General Asset Group	Special Asset Group	
ASSETS AND OTHER DEBITS								
Cash and cash equivalents	\$ 30,540	\$ 27,572	\$ 24,776	\$ -	\$ 49,790	\$ -	\$ -	\$ 1,040,024
Investments	(80) 718	288,279	-	-	198,481	-	-	275,888
Due from other funds	222,000	548,800	-	-	106,887	-	-	875,587
Receivable (net of allowance for uncollectible accounts)	50,877	371,787	-	108,758	75,487	-	-	605,759
Inventory	-	-	-	-	33,340	-	-	33,740
Accrued assets - customer deposits	-	-	-	-	32,880	-	-	32,880
Land, buildings and equipment, net	-	-	-	-	4,826,771	1,227,263	-	6,054,034
Construction in progress	-	-	-	-	225,488	-	-	225,488
Accumulated depreciation - land and buildings	-	-	-	-	-	-	284,778	(284,778)
Amount to be provided for retirement of non-qualified pension debt	-	-	-	-	-	-	251,000	(251,000)
Total assets and other debits	\$ 342,869	\$ 655,931	\$ 244,776	\$ 108,758	\$ 5,770,556	\$ 1,227,263	\$ 285,878	\$ 7,225,221
LIABILITIES								
Accounts payable	\$ 16,876	\$ 1,771	\$ -	\$ 188,000	\$ 21,621	\$ -	\$ -	\$ 228,268
Payroll liabilities payable	5,203	-	-	-	-	-	-	5,203
Due to other funds	55,774	243,791	-	-	375,822	-	-	475,387
Payable from restricted assets	-	-	-	-	-	-	-	-
Customer deposits	-	-	-	-	32,880	-	-	32,880
Bank deposits	-	-	-	-	-	-	227,000	227,000
Accrued or unaccrued payable	-	-	-	-	-	-	15,000	15,000
Capital lease payable	-	-	-	-	-	-	28,881	(28,881)
Total liabilities	\$ 77,853	\$ 245,562	\$ -	\$ 188,000	\$ 238,303	\$ -	\$ 270,881	\$ 720,577
NET ASSETS								
Investment in general fund assets	-	-	-	-	-	1,754,268	-	1,754,268
Restricted assets	-	-	-	-	4,826,771	-	-	4,826,771
Restricted savings - reserved	-	-	-	-	244,776	-	-	244,776
Fund balances	-	-	244,776	-	-	-	-	244,776
Reserve for contingencies contingent - unexpended	222,000	288,279	-	-	1,241,284	1,227,263	-	2,778,826
Total net assets	\$ 222,000	\$ 576,779	\$ 244,776	\$ -	\$ 6,342,831	\$ 1,227,263	\$ 270,881	\$ 7,683,721
Liabilities and fund balance	\$ 342,869	\$ 655,931	\$ 244,776	\$ 108,758	\$ 6,113,387	\$ 1,227,263	\$ 285,878	\$ 7,343,352

The accompanying notes are an integral part of this statement.

**TOWN OF BRIDGE,
Assets, Liabilities**

Combined Statement of Revenues, Expenditures and Changes in Fund Balance
All Governmental Fund Types
By the Year Ended December 31, 2022

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Fund	Total Governmental Funds
REVENUES					
Taxes					
Ad valorem taxes	\$ 70,824	-	-	-	\$ 70,824
Sales and use taxes	474,000	1,071,340	-	-	1,545,340
Other taxes, penalties, and interest	89,378	-	-	-	89,378
Licenses and permits	70,824	-	-	-	70,824
Intergovernmental revenues	-	-	-	-	-
Private user-through funds	-	-	-	185,400	185,400
Gifts in kind	21,400	4,075	-	-	25,475
Fees, charges, and contributions to services	4,000	-	-	-	4,000
Fines and forfeitures	17,100	-	-	-	17,100
Real property and property	1,000	4,000	9,000	-	14,000
Other revenues	27,041	1,000	-	-	28,041
Total revenues	100,504	1,076,365	9,000	185,400	1,371,269
EXPENDITURES					
General					
General government	189,667	14,200	-	-	203,867
Public safety	201,200	-	-	-	201,200
Public works	-	248,400	-	-	248,400
Health and welfare	28,278	-	-	-	28,278
Culture and recreation	-	21,000	-	-	21,000
Economic development and activities	25,000	75,778	-	-	100,778
Transportation	4,000	-	-	-	4,000
Debt service	184,400	14,200	149,213	-	447,813
Capital outlay	15,800	200	-	185,400	201,400
Total expenditures	564,345	373,578	149,213	185,400	1,272,536
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	436,159	702,787	(140,213)	-	998,723
FINANCIAL RESOURCES (SOURCE) (USE)					
Operating transfers in (out)	(87,000)	2,300,142	18,211	-	2,231,353
	349,159	902,929	(122,002)	-	1,128,086
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCIAL SOURCE OVER EXPENDITURES AND OTHER USE					
	362,159	704,867	(103,791)	-	963,235
FUND BALANCE AT BEGINNING OF YEAR					
	100,000	410,000	200,000	-	710,000
FUND BALANCE AT END OF YEAR					
	\$ 462,159	\$ 1,114,826	\$ 97,209	\$ -	\$ 1,674,294

The accompanying notes are an integral part of this statement.

TOWN OF ARIACON
Archie, Louisiana

Continued Statement of Revenue, Expenditures and Changes in Fund Balances
 Budget (GAAP) Basis and Actual
 Government Fund Types - General and Special Revenue Funds
 for the Year-Ended December 31, 2020

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE						
Taxes						
Ad valorem taxes	\$ 70,000	\$ 70,824	\$ 824	\$ -	\$ -	\$ -
State and local taxes	24,887	24,588	(299)	249,271	237,243	(12,028)
Other taxes, penalties, and interest	77,000	68,378	(8,622)	-	-	-
Grants and permits	79,400	70,880	(8,520)	-	-	-
Intergovernmental revenues						
State funds	8,200	21,488	13,288	-	8,871	8,871
Local funds	15,000	-	(15,000)	-	-	-
Fees, charges, and commissions for services	8,000	4,000	(4,000)	-	-	-
Fines and forfeitures	17,000	11,100	(5,900)	-	-	-
Use of money and property	8,000	1,880	(6,120)	8,100	4,280	(3,820)
Other revenues	1,200	17,047	15,847	12,000	7,889	(4,111)
Total revenues	<u>322,287</u>	<u>303,994</u>	<u>(18,293)</u>	<u>269,271</u>	<u>1,336,236</u>	<u>(1,067,035)</u>
EXPENDITURES						
Current						
General government	170,714	209,281	138,570	72,481	81,280	(8,800)
Public safety	262,863	271,030	8,168	-	-	-
Public works	-	-	-	248,888	245,420	(3,468)
Health and welfare	22,580	28,274	5,694	-	-	-
Culture and recreation	-	-	-	84,089	81,001	(3,088)
Economic development	-	20,000	(20,000)	20,000	21,283	1,283
Transportation	35,000	5,000	(30,000)	-	-	-
Debt service	18,403	18,403	-	-	14,238	(4,165)
Capital outlay	24,000	15,000	(9,000)	150,000	200	(149,800)
Total expenditures	<u>527,560</u>	<u>577,991</u>	<u>50,431</u>	<u>460,269</u>	<u>353,221</u>	<u>(107,048)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	184,727	226,774	124,076	(204,948)	1,074,015	1,271,463
OTHER FINANCING SOURCE (USE)						
Operating transfers-in (out)	(120,780)	(21,200)	99,580	200,000	(2,182,387)	(1,982,387)
	<u>(120,780)</u>	<u>(21,200)</u>	<u>99,580</u>	<u>200,000</u>	<u>(2,182,387)</u>	<u>(1,982,387)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USE	(36,053)	185,574	198,716	120,718	77,403	(42,924)
FUND BALANCE AT BEGINNING OF YEAR	<u>268,807</u>	<u>268,807</u>	<u>-</u>	<u>882,550</u>	<u>882,550</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	\$ 232,754	\$ 454,381	\$ 221,527	\$ 1,003,268	\$ 959,953	\$ (43,315)

The accompanying notes are an integral part of this statement.

TOWNSHIP OF ARCADIA
Arcadia, Louisiana

**Statement of Revenue, Expenses and Changes in Related/Unrelated -
Proprietary Fund Type
Water and Sewer (Enterprise Fund)
for the Year Ended December 31, 2000**

OPERATING REVENUES	
Charges for water service	\$ 608,837
Charges for sewer service	84,337
Other operating revenues	2,480
Total operating revenues	<u>700,000</u>
OPERATING EXPENSES	
General and administrative	127,800
Water department	287,375
Sewer department	124,800
Depreciation	180,807
Total operating expenses	<u>720,877</u>
OPERATING LOSS	<u>(20,877)</u>
NON-OPERATING REVENUE (EXPENSE)	
Interest income	22,775
Gain on revenue	240,000
Non-operating benefits in	(78,000)
Total non-operating revenue	<u>184,775</u>
NET INCOME	<u>163,898</u>
Add depreciation on fixed assets acquired with federal grant	92,047
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>657,120</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 814,173</u>

The accompanying notes are an integral part of this statement.

TOWN OF ARCADIA
ARCADIA, Louisiana

Statement of Cash Flows - Proprietary Fund Type
Water and Sewer Enterprise Fund
For the Year Ended December 31, 2000

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	\$ (30,838)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	163,067
Increase in accounts receivable	(33,662)
Increase in inventory	(21,788)
Decrease in accounts payable	(5,127)
Decrease in due from other funds	(54,726)
Increase in due to other funds	(33,987)
Net cash provided by operating activities	<u>49,134</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Sales tax revenue	240,000
Non-operating transfers in	(70,000)
Net cash provided by non-capital financing activities	<u>170,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	<u>(201,277)</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of investments	(108,401)
Interest earnings	28,775
	<u>(79,626)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(59,030)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>429,222</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 370,192

The accompanying notes are an integral part of this statement.

TOWN OF ARCADIA

Arcadia, Louisiana

Notes to the Combined Financial Statements
for the Year Ended December 31, 2003

Note 1 Summary of Significant Accounting Policies

The Town of Arcadia ("Town") was incorporated June 26, 1882, under the provisions of the Louisiana Act. The Town operates under a Mayor-Council of Aldermen form of government. The Town provides the following services as authorized by its charter: police and fire protection, water and sewerage, streets, industrial development and improvement and general administrative services.

Basis of Presentation

The accompanying general purpose financial statements of the Town of Arcadia have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units.

Reporting Entity

As the governing authority of the Town, for reporting purposes, the Town of Arcadia is considered a separate financial reporting entity. The financial reporting entity consists of the primary government (the Town), organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Arcadia for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

- Appointing a voting majority of an organization's governing body, and the ability of the Town to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
- Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
- Organizations for which the reporting entity financial statements would be misleading if disclosure of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Town has determined that there are no component units that are part of the reporting entity.

Fund Accounting

The Town uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that compares its assets, liabilities, fund equity, revenue, and expenditures. An account group, on the other hand is a financial reporting device designed to provide accountability for certain assets and liabilities (general fund assets and general long-term obligations) that are not recorded in the funds because they do not directly affect net expendable available financial resources. They are accounted only with the measurement of financial position, but with the measurement of results of operations.

Governmental Funds

Governmental funds are used to account for a government's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the retiring of general long-term debt. Governmental funds include:

General Fund - is the general spending fund of the Town and accounts for all financial resources, except those required to be accounted for in other funds.

Special Revenue Funds - are used to account for the proceeds of specific revenue sources such as sales taxes. These revenues are legally restricted by law provision to expenditures for specified purposes such as street maintenance and construction and industrial development and inducement.

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

Capital Projects Funds - are used to account for financial resources received and used for the acquisition, construction, or improvement of capital facilities.

Proprietary Fund

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

Water and Sewer Enterprise Fund - is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided the periodic determination of revenues earned, expenses incurred, assets and income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fixed Assets and Long-Term Debt

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures (capital outlay) in governmental funds and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at estimated cost where no historical records are available. Approximately 50% of general fixed assets are valued at estimated historical cost based on the actual cost of like items. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of fixed assets or materially extend their useful lives are not capitalized but are only recognized as a normal current expenditure of the governmental funds. Public domain or infrastructure general fixed assets consisting of roads, bridges and drainage systems are not capitalized, as these assets are immovable and of value only to the Town.

The fixed assets used in the proprietary fund type operations are included on the balance sheet of the fund. Depreciation of all exhaustible fixed assets used by the proprietary fund type operations is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Water system	30 years
Sewer system	40 years
Improvements	30 years
Equipment and vehicles	4-10 years

General long-term debt, such as bonds and certificates of indebtedness payable, are recognized as a liability of a governmental fund only when due. The remaining portion of such debt is reported in the general long-term debt account group. Long-term liabilities expected to be financed from enterprise fund operations are accounted for in the enterprise fund.

Basis of Accounting

The financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for reporting all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town uses the following practices in recognizing and reporting revenue and expenditures:

Revenues

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. The Glenville Parish Sheriff, through a local services agreement, bills and collects property taxes using the assessed value determined by the tax assessor of Glenville Parish. The taxes are normally billed in November and collected in December of the current year and January and February of the ensuing year.

Sales taxes are recognized in the month received by the Town's collection agent, the Glenville Parish School Board.

Other taxes, penalties and interest, fees, charges, and commissions for services, fines and forfeitures and intergovernmental revenues are recorded when the Town is entitled to the funds.

Interest income on bank deposits is recorded when the interest has been earned and the amount is determinable.

Substantially all other revenues are recorded when they are received by the Town.

Based on the above criteria, ad valorem taxes, sales taxes, other taxes, penalties and interest and intergovernmental revenues have been treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Source (Use)

Transfers between funds that are not expected to be repaid are accounted for as other financing source (use) and are recognized when the underlying events occur.

Proprietary Fund Type - Water and Sewer Enterprise Fund

The Water and Sewer Enterprise Fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Budgetary Practices

A proposed budget for the ensuing year is prepared by the Mayor and Town Clerk and submitted to the Board of Aldermen. Proposed budgets are prepared on the modified accrual basis. The Town publishes a notice of public hearing on the budget and holds the public hearing in order to receive comments from citizens. Changes are made to the proposed budget based on the public hearing and the desires of the Board of Aldermen as a whole. The budget is then adopted through the passage of an ordinance to take effect ten days after passage.

Budget amendments involving the transfer of funds from one department, program, or function or increased expenditures resulting from increases in budgeted revenues require the approval of the Board of Aldermen. Unexpended appropriations lapse at year-end and must be reappropriated for the following year to be expended. The Town does not use encumbrance accounting in its accounting system. The budget comparison statement included in the accompanying financial statements reflects the amended adopted budget.

Cash and Cash Equivalents

Under state law, the Town may deposit funds within a fiscal agent bank (operated) under the laws of the State of Louisiana, the laws of any other State in the Union, or the laws of the United States of America. The Town may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal or branch offices in Louisiana.

At December 31, 2000, the Town has cash and cash equivalents (book balances) as follows:

Demand deposits	\$	884,888
Time deposits		462,008
Party cash		40
Total	\$	<u>1,347,936</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount an deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (book balances) at December 31, 2000 are secured as follows:

Bank balances	\$	<u>1,376,726</u>
Federal deposit insurance	\$	700,080
Pledged securities (noncollateralized)		387,071
Total	\$	<u>2,063,877</u>

At December 31, 2000, the Town had unsecured deposits of \$1,088,115, due to a bank pledging unacceptable securities. See schedule of findings on page 28.

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the Town, they are considered uncollateralized (Category 3) under the provisions of Credit Classification C20.106. However, Louisiana Revised Statute 28:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent bank has failed to pay deposited funds upon demand. Further, LRS 28:1224 states that securities held by a third party shall be deemed to be held in the Town's name.

For purposes of the Statement of Cash Flows, cash equivalents include all highly liquid investments with a maturity date of three months or less when purchased.

Short-Term Interfund Receivable Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the combined balance sheet and are expected to be repaid within one year.

Inventory

Inventory in the Water and Sewer Enterprise Fund, consisting of expendable supplies held for consumption, is valued at historical cost.

Vacation and Sick Leave

Full-time employees of the Town of Arcadia earn two weeks of vacation after one year of service. Vacation time which is earned but not used during the calendar year cannot be carried forward into the next calendar year, except under special circumstances pre-approved by the Mayor or Board of Aldermen. Employees earn two weeks sick leave each calendar year following the successful completion of the employee's probationary period. Unused sick leave can be accumulated and can be carried forward to the next year; however, employees will not be compensated upon termination or retirement.

Fund Equity

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired or contributed from such resources. The depreciation is debited to the contributed capital account and is reflected as an adjustment to net income.

Reserves

Reserves represent those portions of fund equity not appropriated for expenditure or legally segregated for a specific future use.

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risks of loss, the Town maintains commercial insurance policies covering its automobiles, professional liability, general liability, and family bond coverage. No claims were paid on any of the policies, during the past three years, which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2003.

Sales Tax

On October 18, 1987, the voters of the Town of Arcadia approved the relocation of the 1987 one cent sales tax to be used and dedicated as follows: 50% for general operating revenue; 30% for constructing, paving, resurfacing, improving, and/or maintaining streets; 10% for acquiring, improving, maintaining and supporting parks and recreation programs in and for the Town; and 10% for industrial construction, relocation and/or preservation. The election on October 15, 1987 extended the levy and collection of the original tax for an additional ten years from June 1, 2002. On July 13, 1991, the voters approved a one percent sales and use tax replacing that at least 40% of the proceeds be used for constructing, acquiring, extending and/or improving sewer and sewerage disposal facilities and the waterworks system of the Town and the remainder to be used for any lawful purpose of the Town. The 1981 tax is for a twenty-five year period. The Bienville Parish School Board serves as the collection agent for the sales taxes and its paid a collection fee for doing so each.

Total Columns on the Combined Statements

Total columns on the combined statements are captioned Memorandum Only (overline) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inflation adjustments have not been made in the aggregate of this data.

Note 3 Limited Taxes

For the year ended December 31, 2003, a \$1.14 mill tax authorized by Article 8, Section 27 of the Louisiana Constitution of 1974 for general operating purposes was levied on property with assessed valuations totaling \$1,141,873.

Note 3 Investments

The Town is a political subdivision of the State of Louisiana and has the authority to invest in Federal National Mortgage Association notes under P.L.S. 33:2855. Investment in government and agency securities are stated at market value. Unrealized gains and losses are included in investment income under the caption Use of money and property. Investments owned by the Town consist of 5.0% FRMBA mortgage notes that are callable March 2007 or any quarter thereafter at par and will mature in March 2003.

The book value and estimated market value of investments at December 31, 2003 are as follows:

	Book Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
FDICM mortgage notes	\$ 803,383	-	21,727	\$ 811,658

Note 4 Receivables

The following is a summary of receivables at December 31, 2003:

	General Fund	Special Revenue Funds	Capital Projects Fund	Water and Sewer Enterprise Fund	Total
Taxes:					
Ad Valorem	\$ 60,877	-	-	-	\$ 60,877
Sales	-	257,645	-	-	257,645
Federal grant	-	-	158,758	-	158,758
State grant	-	4,862	-	-	4,862
Interest	-	-	-	618	618
Accounts receivable	-	-	-	119,622	119,622
Less allowance for doubtful accounts	-	-	-	(42,004)	(42,004)
Total	\$ 60,877	\$ 262,507	\$ 158,758	\$ 78,242	\$ 560,384

Note 5 Due From/To Other Funds

Individual fund balances due from/to other funds at December 31, 2003, are as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 220,730	\$ 70,814
Special revenue funds:		
Street	100,878	-
Industrial Indocement	14,768	-
Ports and Recreation	76,897	1,008
Sales tax	-	239,758
Water and Sewer Enterprise fund	186,847	121,822
Total	\$ 495,312	\$ 433,402

Note 6 Note Receivable

On June 12, 1996, the Town entered into a contract with KADAW, Inc., wherein the Town agreed to loan to KADAW, Inc. \$248,480 of the proceeds of a Louisiana Community Development Block Grant for the renovation of a building in order to promote economic development in Arcadia. KADAW, Inc. agreed to repay the loan principal and interest of three percent per annum, by making sixteen annual payments of \$21,738 through September 1, 2003. On May 21, 1994, the agreement was amended so that KADAW, Inc. repays 80 percent of each loan and interest payment directly to the Town of Arcadia and the remaining 20 percent directly to the State of Louisiana, Division of Administration. The principal due the Town at December 31, 2003 totals \$0.

Note 7 Fixed Assets

The following presents the changes in general fixed assets for the year ended December 31, 2003:

	Balance at January 1,	Additions	Deletions	Balance at December 31,
Land	\$ 103,038	\$ -	\$ -	\$ 103,038
Buildings	431,403	-	-	431,403
Improvements	134,830	-	-	134,830
Equipment	972,195	18,065	-	990,260
Total	\$ 1,721,526	\$ 18,065	\$ -	\$ 1,739,591

A summary of proprietary land type property, plant, and equipment at December 31, 2003, follows:

	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 268,038	\$ -	\$ 268,038
Water wells	908,368	808,088	100,280
Pumping plant	136,238	97,128	39,110
Purification plant	111,488	111,488	-
Storage reservoir tanks	60,328	180,154	13,017
Water distribution system	1,309,811	1,036,411	273,400
General equipment	230,705	138,704	92,001
Office equipment	10,711	18,889	4,842
Improvements	7,800	8,580	2,280
Grease system	5,281,288	1,640,008	3,700,730
Automobiles	140,382	84,350	56,032
Total	\$ 4,730,454	\$ 3,693,983	\$ 1,036,471

The Town recorded \$180,807 in depreciation expense for the year ended December 31, 2003 of which \$60,847 was attributable to assets acquired with contributed capital as described in Note 11.

Note 8 Pension Plans

Substantially all employees of the Town of Acadia are members of either the Municipal Employees' Retirement System of Louisiana or the Municipal Police Employees' Retirement System of Louisiana. The state retirement systems are cost-sharing, multiple-employer, defined benefit pension plans administered by separate boards of trustees. Further information relative to each plan follows:

Municipal Employees' Retirement System of Louisiana (System)

The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefits provisions. All employees of the municipality are members of Plan B. All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to two percent of their final average monthly salary for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced three percent for each year retirement precedes age 60, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefits accrued to

their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7037 Office Park Boulevard, Baton Rouge, Louisiana 70808, or by calling (504) 633-4830.

Under Plan B, members are required by state statute to contribute five percent of their annual covered salary and the Town of Arcadia is required to contribute at an actuarially determined rate. The current rate is 4.5% of annual covered payroll. Contributions to the system include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. Those tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Arcadia are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:153, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Arcadia's contributions to the System under Plan B for the years ended December 31, 2003, 2002 and 2001 were \$24,168, \$17,423 and \$16,086, respectively, equal to the required contributions for each.

Municipal Police Employees' Retirement System (Police System)

All full-time police department employees engaged in law enforcement are required to participate in the Police System. Employees who retire at or after age 55 with at least 20 years of creditable service at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to three and one-third percent of their final average salary for each year of creditable service. Final average salary is the employee's average salary over the 30 consecutive or varied months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not utilize their employee contributions, may retire at the ages specified above and receive the benefits accrued to their date of termination. The Police System also provides death and disability benefits. Benefits are established by state statute.

The Police System issues an annual publicly available report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 6421 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2055, or by calling (504) 609-7411.

Members are required by state statute to contribute 7.5% of their annual covered salary and the Town of Arcadia is required to contribute at an actuarially determined rate. The current rate is 5% of annual covered payroll. The contribution requirements of the plan members and the Town of Arcadia are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:155, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Arcadia's contributions to the Police System for the years ended December 31, 2003, 2002 and 2001 were \$24,176, \$15,524 and \$16,388, respectively, equal to the required contributions for each.

Note 9 Capital Leases

The Town records items under capital lease as an asset and an obligation in the accompanying financial statements. At December 31, 2003, the Town has one capital lease in effect for a fire truck with a recorded amount of \$147,987. The lease has an annual payment of \$15,402 at 6.5%. The lease obligations are paid from the general fund. The following is a summary of future minimum lease payments, together with the present value of the net minimum lease payments, as of December 31, 2003:

2004	\$	18,422
2005		18,422
2006		18,422
Total minimum lease payments		<u>55,266</u>
Less amount representing interest	(<u>40,479</u>)
Present value of net minimum lease payments	\$	<u>14,787</u>

Note 10 Changes in Long-Term Debt

The following is a summary of general long-term debt transactions for the year ended December 31, 2003:

	Bonds Payable	Certificate of Indebtedness	Total
Long-term debt at December 31, 2002	\$ 1,218,000	\$ 25,742	\$ 1,043,742
Payments	(211,000)	5,498	(205,502)
Long-term debt at December 31, 2003	\$ 1,007,000	\$ 31,240	\$ 1,038,240

Long-term debt at December 31, 2003, is comprised of the following individual issues:

2002 Sales Tax Refunding Bonds - \$1,218,000 - Sales tax refunding bond issue dated January 31, 2002, due in annual installments each January 1 st of \$98,000 to \$154,000 through January 2010; interest at 5.7% to 8.0%, due in semi-annual installments each January 1 st and July 1 st . Debt retirement payments are made from the 2002 Sales Tax Bonds Debt Service Fund.	\$ 1,218,000
Certificate of Indebtedness - \$180,000 issue dated March 17, 1994 for the purpose of purchasing equipment. The principal is due in annual installments of \$7,337 to \$13,300 through March 17, 2004, with interest at 7%. Debt retirement payments are made from the Industrial Development Special Revenue Fund.	13,240
Total	\$ 1,038,240

The annual requirements to amortize all general long-term debt outstanding at December 31, 2003, including interest of \$141,740 and \$337, respectively, are as follows:

Year	Bonds and Interest Payable	Certificate of Indebtedness and Interest	Total
2004	\$ 183,858	\$ 14,337	\$ 198,195
2005	188,400		188,400
2006	193,300		193,300
2007	198,800		198,800
2008	204,950		204,950
2009-2010	211,700		211,700
Total	\$ 1,280,748	\$ 14,337	\$ 1,295,085

Note 11 Reserved and Designated Retained Fund Balances

The debt service fund has \$204,719 reserved fund balance to be used for debt service on its series 2002 sales tax refunding bonds.

Note 12 Federal Grant

In 2003, the Town was awarded a community development block grant from the State of Louisiana Office of Community Development in the amount of \$684,032 to be used for the renovation of the Town's sewerage system. The Town has set up a capital project fund to account for the activity from this grant and has recorded \$189,888 in construction in progress and contributed capital in the Water and Sewer Fund as of December 31, 2003. See Note 13.

Note 13 Contributed Capital

The Town has received grants from various federal agencies to finance the acquisition and construction of the enterprise fund fixed assets. The amount, shown as contributed capital on the balance sheet, is reduced each year by the amount of depreciation expense recognized on fixed assets constructed or acquired with federal grant funds. The following schedule presents changes in contributed capital for the year ended December 31, 2003:

Balance, January 1, 2003	\$	4,621,577
Addition - 2003 contributed capital		195,485
Reductions - depreciation on fixed assets acquired with federal grant	(89,947
Balance, December 31, 2003	\$	<u>4,927,115</u>

Note 14 Local Services Agreement

On September 27, 1995, the Town entered into an agreement with the Iberillo Parish Sheriff for the collection of all various taxes. The sheriff is responsible for mailing tax notices, collecting the taxes owed to the Town, and monthly remittance of collections to the Town. A five percent collection fee and the cost of printing tax notices are borne by the Town. The initial one-year term which began October 1, 1995 is to be automatically extended unless the Town notifies the sheriff of its intent to terminate the agreement. At December 31, 2003, the Town recorded \$2,379 in collection fees.

Note 15 Litigation and Claims

At December 31, 2003, the Town was involved in several lawsuits, which, in the opinion of legal counsel is adequately covered by the Town's liability insurance. Therefore, no liability has been recorded in the accompanying financial statements.

Supplemental Information Schedule

TOWN OF AIRDALE
Airdale, Louisiana

Special Revenue Funds
Combining Balance Sheet
December 31, 2009

	Street	Industrial Development	Industrial Development	Sales Tax	Fees and Reception	Total
Assets						
Cash and cash equivalents	\$ -	\$ 142,007	\$ -	\$ 82,878	\$ 74,079	\$ 298,972
Investments	-	228,079	-	-	-	228,079
Due from other funds	106,578	18,785	-	-	18,667	143,430
Receivables (net of allowance for uncollectible accounts)	-	6,882	-	287,848	-	294,730
Notes receivable	-	-	-	-	-	-
Total Assets	\$ 106,578	\$ 315,653	\$ -	\$ 345,426	\$ 91,657	\$ 659,254
Liabilities and Fund Equity						
Accounts payable	\$ 14,787	\$ -	\$ -	\$ 7,542	\$ 847	\$ 23,176
Due to other funds	-	-	-	228,730	1,288	230,248
Total Liabilities	\$ 14,787	\$ -	\$ -	\$ 236,272	\$ 1,135	\$ 452,192
Fund Equity (Deficit) - Unreserved and Unassigned	\$ 91,791	\$ 315,653	\$ -	\$ 1,154	\$ 90,522	\$ 607,060
Total Liabilities and Fund Equity	\$ 106,578	\$ 315,653	\$ -	\$ 345,426	\$ 91,657	\$ 659,254

TOWN OF ARCADIA

Arcadia, Louisiana

Special Revenue Funds

Comparative Schedule of Revenue, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>Total</u>
Revenue						
Sales and services	\$ 13,266	\$ 10,000	-	\$ 1,216,837	\$ 60,000	1,390,103
State funds	-	1,275	-	-	-	1,275
Use of money and property	148	1,275	-	100	1,200	4,893
Other miscellaneous revenue	7,893	-	-	-	-	7,893
Total Revenue	<u>21,307</u>	<u>12,550</u>	<u>-</u>	<u>1,217,037</u>	<u>61,200</u>	<u>1,556,983</u>
Expenditures						
Current						
General government	-	-	-	14,200	-	14,200
Public works	(40,420)	-	-	-	-	(40,420)
Culture and recreation	-	-	-	-	67,000	67,000
Economic development and assistance	-	14,200	-	-	-	14,200
Debt service	-	-	14,200	-	-	14,200
Capital outlay	200	-	-	-	-	200
Total Expenditures	<u>(40,220)</u>	<u>14,200</u>	<u>14,200</u>	<u>14,200</u>	<u>67,000</u>	<u>(40,220)</u>
Excess (Deficiency) of Revenue over Expenditures	<u>61,527</u>	<u>(1,650)</u>	<u>(14,200)</u>	<u>1,202,837</u>	<u>(6,800)</u>	<u>1,476,993</u>
Other Financing Source						
Operating transfers in (out)	90,000	-	500	(2,350,000)	-	(2,259,500)
Total Other Financing Source	<u>90,000</u>	<u>-</u>	<u>500</u>	<u>(2,350,000)</u>	<u>-</u>	<u>(2,259,000)</u>
Excess of Revenue and Other Financing Source Over Expenditures	<u>151,527</u>	<u>(1,650)</u>	<u>(13,700)</u>	<u>(1,147,163)</u>	<u>(6,800)</u>	<u>217,993</u>
Fund Balance (Deficit) at Beginning of Year	<u>71,100</u>	<u>138,800</u>	<u>13,900</u>	<u>17,000</u>	<u>68,400</u>	<u>(401,000)</u>
Fund Balance of End of Year	<u>\$ 222,627</u>	<u>\$ 137,150</u>	<u>\$ 0</u>	<u>\$ 1,019,837</u>	<u>\$ 61,600</u>	<u>\$ 216,993</u>

See Independent Auditor's Report

TOWN OF ARCADIA
Arcadia, Louisiana

Notes to Supplemental Information Schedules
for the Year Ended December 31, 2005

Special Revenue Funds

Street Fund – accounts for 20% of the 1997 7% sales tax to be dedicated and used for constructing, paving, resurfacing, improving and/or maintaining streets in and for the Town.

Industrial Inducement Fund – accounts for 10% of the 1997 1% sales tax to be dedicated and used for industrial construction, inducement and/or procurement.

Industrial Development Fund – accounts for the repayment of principal and interest by KADAK, Inc. on a loan the Town made to KADAK to financially assist the corporation for certain economic development in the Town. Recaptured funds are used to assist other businesses within the Town in order to promote economic development and for other purposes approved by the Louisiana Division of Administration.

Sales Tax Fund – used to account for the Town's sales tax collections. Designated taxes are distributed to the appropriate funds and the remaining portion is used for paying the cost of collection of the taxes and to fund any other local purpose.

Parks and Recreation Fund – accounts for 10% of the 1997 1% sales tax to be dedicated and used to acquire, maintain, improve, and support parks and recreation programs in and for the Town.

TOWN OF ARCADIA
Arcadia, Louisiana

Balance Sheet
Debt Service Funds
December 31, 2003

	<u>2003</u> <u>Refunding</u> <u>Bonds</u>
Assets	
Cash and cash equivalents	\$ <u>204,718</u>
Fund Equity	
Fund equity – fund balances reserved for debt service	\$ <u>204,718</u>

TOWN OF ARCADIA
Arcadia, Louisiana

Schedule of Revenue, Expenditures
and Changes in Fund Balances
- Debt Service Funds
For the Year Ended December 31, 2003

		2003	Refunding Bonds
Revenue			
Less of money and property	\$	1,008	
Expenditures			
Debt Service		<u>168,813</u>	
Excess (Deficiency) of Revenue over Expenditures	(140,744)
Other Financing Source			
Operating transfers in (out)		<u>140,421</u>	
Excess of Revenue and Other Financing Source Over (Under) Expenditures	(323)
Fund Balances at Beginning of Year		<u>208,042</u>	
Fund Balances at End of Year	\$	<u>204,718</u>	

See Independent Auditor's Report

TOWN OF ARCADIA
Arcadia, Louisiana

Notes to Supplemental Information Schedules
for the Year Ended December 31, 2023

Debt Service Fund

2022 Refunding Bonds – This fund accumulates monies for the retirement of the January 31, 2022 refunding bonds issued to refund the matured maturities of the Town's previous outstanding sales tax bonds. Financing is provided by transfers from the Sales Tax Special Revenue Fund.

TOWN OF ARCADEA
Arcadea, Louisiana

Balance Sheet
Capital Project Fund
December 31, 2003

Assets	
Grant receivable	\$ <u>138,750</u>
Liabilities	
Accounts payable	\$ <u>138,750</u>
Fund equity	<u> 0</u>
Total liabilities and fund equity	\$ <u>138,750</u>

See Independent Auditor's Report

TOWN OF ARCADIA
Arcadia, Louisiana

**Schedule of Revenues, Expenditures
And Changes in Fund Balances
Capital Project Fund
December 31, 2000**

Revenues	
Grant Revenues	\$ 185,100
Expenditures	
Capital Outlay	<u>185,499</u>
Excess (Deficiency) of Revenues over Expenditures	-
Fund Balances at Beginning of Year	<u>-</u>
Fund Balances at End of Year	\$ <u>-</u>

See Independent Auditor's Report.

TOWN OF ARCADIA
Arcadia, Louisiana

Notes to Supplemental Information Schedules
for the Year Ended December 31, 2003

Capital Project Fund

At December 31, 2003, the Town was in the process of upgrading its entire sewerage system. The Town was the recipient of a community development block grant from the State of Louisiana that will pay for substantially all of the costs involved with this project. At December 31, 2003, the project was approximately one-third complete.

TOWN OF ARGADIA
Arcadia, Louisiana

Schedule of Compensation Paid Aldermen
for the Year Ended December 31, 2003.

Edward Mason (mayor pro tem)	\$	2,700
Gary Carline		2,400
Jason Kelley		2,200
Charles Wilson		1,800
Maggie Robinson		1,800
Billy Roy Cook		800
Bruce Russell		400
Frank Hill		200
Total	\$	<u>13,500</u>

Compensation Paid Aldermen

The schedule of compensation paid aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 107th Session of the Louisiana Legislature. Compensation of aldermen has been set by ordinance at \$200 per month with the mayor pro tem receiving \$200 per month and is included in general government expenditures of the General Fund.

Independent Auditor's Report

Mayor and Board of Aldermen
Town of Arcadia
Arcadia, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Arcadia, for the year ended December 31, 2003, as labeled in the Table of Contents. These general purpose financial statements are the responsibility of the Town of Arcadia's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government 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 are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Arcadia as of December 31, 2003, and the results of its operations and the cash flow of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information presented on pages 17 through 25 are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Town of Arcadia. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated May 21, 2004, on the Town of Arcadia's compliance with laws, regulations, and contracts, and our consideration of the Town's internal control over financial reporting. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.


ROBERTS, CHERRY AND COMPANY

A Corporation of
Certified Public Accountants
Birmingham, Louisiana
May 21, 2004

ROBERTS, CHERRY & COMPANY
Certified Public Accountants, Chartered

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

MAYOR AND BOARD OF ALDERMEN
TOWN OF ARCADIA
Arcadia, Louisiana

We have audited the general purpose financial statements of the Town of Arcadia, as of and for the year ended December 31, 2003, and have issued our report thereon dated May 21, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Arcadia's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items 2003-1 and 2003-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Arcadia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We have also noted other matters involving the internal control over financial reporting that we have reported to management of the Town of Arcadia in a separate letter dated May 21, 2004.

This report is intended solely for the information and use of the Town of Arcadia, management of the town, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

Robert Cherry and Company
ROBERTS, CHERRY AND COMPANY

A Corporation of
Certified Public Accountants
Shreveport, Louisiana
May 21, 2004

TOWN OF ARCADIA

Arcadia, Louisiana

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2003

We have audited the general purpose financial statements of the Town of Arcadia as of and for the year ended December 31, 2003 and have issued our report thereon dated May 21, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2003 resulted in an unqualified opinion.

Section I – Summary of Auditor’s Report

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control	
Material Weakness	No
Other Conditions	No
Compliance	
Compliance Material to Financial Statements	No

Federal Awards

NA

Section II – Financial Statement Findings

2003-1 Collateralized Bank Deposits

At December 31, 2003, the Town had \$1,098,116 in unsecured deposits held at a bank. The bank had pledged securities that were not appropriate under guidelines established by Louisiana law. We recommended Town management closely monitor securities the bank is pledging toward their deposits and request that appropriate securities be pledged immediately.

Management’s Corrective Action Plan

Management has contacted the bank and requested they pledge appropriate securities for the Town’s deposits.

2003-2 Prohibited Transactions

For the year ended December 31, 2003, the Town incurred \$63,276 in expenses for the mowing and maintenance of privately owned cemeteries. These expenditures are generally prohibited by state law. We recommended that the Town cease payments for this service.

Management’s Corrective Action Plan

Management has agreed to stop paying for the mowing and maintenance of its privately owned cemeteries.

Section III – Federal Award Findings and Questioned Costs

None

TOWN OF ARCADIA

Arcadia, Louisiana

Schedule of Prior Year Findings For the Year Ended December 31, 2003

Section I – Internal Control and Compliance Material to the Financial Statements

None

Section II – Internal Control and Compliance Material to Federal Awards

None

Section III – Management Letter

Ethical Considerations – Recommendation for the Town to adopt a policy to prohibit unethical arrangements and transactions and to refer to the board of Ethics before entering questionable transactions.

Management's Response – Town's management have adopted a policy concerning unethical arrangements and have become familiar with the Code of Government Ethics. This finding has been resolved.

Collateralized Bank Deposits – Recommendation for the Town to monitor amount pledged as collateral by their banks and document compliance monthly.

Management's Response – Town's management did not monitor this recommendation and were unaware of the specific types of securities that were allowed to be pledged. This finding still existed at December 31, 2003 primarily due to the hiring of a new Town clerk in 2003. One bank had the appropriate pledged securities at December 31, 2003, while the other bank had securities that were not appropriate at December 31, 2003. We have contacted this bank and appropriate securities have now been pledged, but there is still a shortfall in the amount pledged.

ROBERTS, CHERRY & COMPANY
Certified Public Accountants, Chartered

In planning and performing our audit of the financial statements of Town of Arcadia (Town) for the year ended December 31, 2003, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to the our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the organization's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

Reportable Conditions

Collateralized Bank Deposits

The amount on deposit with banks must be secured at all times by a combination of FDIC insurance and appropriate obligations. We discovered that the First National Bank of Arcadia had invested balances which were not fully collateralized as of December 31, 2003.

We recommend that the Town monitor the amounts pledged as collateral by the banks and document compliance of this item monthly, as well as ensure timely correction of any shortfalls. In addition, we recommend that the Town review the applicable guidelines with bank management to prevent the banks from failing to comply with this regulation in the future.

Prohibited Transactions – Cemetery Maintenance

The Town incurred \$22,273 in expenses for the moving and maintenance of privately owned cemeteries. These expenditures are generally prohibited by state law and Louisiana's Constitution.

The Town has ceased incurring these prohibited expenditures.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that could be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal control would not necessarily disclose all matters in internal control 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 believe the reportable condition described above is not a material weakness.

During our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. Following are observations and recommendations we believe management should be aware of based upon our audit.

Recommended Policies to be Adopted by the Town

The Town was advised by the Louisiana Legislative Auditor to prepare and adopt various policies. The Town has adopted two of the nine policies recommended. We stressed that the Town complete the remaining policies and adopt as soon as possible.

The Town was also advised by the Louisiana Legislative Auditor to strengthen controls and spending effectiveness over various areas. We reviewed the list of deficiencies with management to ascertain their progress and were assured that steps are being taken to strengthen controls and spending effectiveness.

Monthly Accounting

We recommended the Town clerk adjust proprietary fund general ledger accounts monthly using the accrual method of accounting. We also recommended she reconcile due to/from accounts monthly and only post amounts to these accounts if it is the intention to repay the amounts. We also recommended the Town purchase a fixed asset program to maintain their fixed asset records internally.

GASB 34 Implementation

We recommended the Town begin preparation for the implementation of GASB 34 reporting model and start the process of identifying and valuing the infrastructure.

This report is intended solely for the information and use of the Board of Aldermen, management and the Legislative Auditor, State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties.


ROBERTS, CHERRY and COMPANY

A Corporation of
Certified Public Accountants
Shreveport, Louisiana
May 21, 2004