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TOWN OF ARCADIA
Arcadia, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 2001
With Supplemental Information Schedules

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

Release Date, 7/24/02

LITTLE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF ARCADIA
Arcadia, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 2001
With Supplemental Information Schedules

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LITTLE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

501 NORTH 137TH STREET
MONROE, LA 70002
JAMES C. BOND, CPA
FRANK R. MCDONNELL, III, CPA

Independent Auditor's Report

MAYOR AND BOARD OF ALDERMEN
TOWNSHIP OF ARCADEA
Arcadea, Louisiana

We have audited the general purpose financial statements of the Town of Arcadea, as of December 31, 2001, and for the year then ended as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Arcadea'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 U. S. generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain a 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 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 Arcadea as of December 31, 2001, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with U. S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Town of Arcadea. 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.

TOWN OF ARCADEA
Arcadea, Louisiana
Independent Auditor's Report,
December 31, 2004

In accordance with Government Auditing Standards, we have also issued a report dated June 11, 2002, on the Town of Arcadea'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.

Latta + Associates

Monroe, Louisiana
June 11, 2002

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

Investment in pooled fund assets				
Consolidated capital			4,623,179	1,641,392
Retained earnings - commercial			436,148	436,148
Profit balances:		529,159		
Attributed to debt service	461,542	461,542		341,219
Commercial - undesignated	80,342	80,342		80,342
Total Profit Equity	<u>541,884</u>	<u>541,884</u>	<u>5,190,672</u>	<u>1,641,392</u>
TOTAL LIABILITIES AND EQUITY	<u>242,453</u>	<u>242,453</u>	<u>20,490,414</u>	<u>21,441,022</u>
				<u>18,629,270</u>

TOWN OF ARCADIA
 Arcadia, Louisiana
GOVERNMENTAL FUND FY14

**Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances**
For the Year Ended December 31, 2013

	GENERAL FUNDS	SPECIAL REVENUE FUNDS	FUND SERVICES FUNDS	TOTAL PROGRAM/PROJECT FUNDING
REVENUES				
Taxes:				
Ad valorem taxes	\$71,059			\$71,059
Sales and use taxes	\$77,387	\$346,371		\$423,758
Other taxes, penalties, and interest	70,345			70,345
Licenses and permits	79,487			79,487
Intergovernmental revenues:				
State funds	33,035			33,035
Local funds	15,124			15,124
Fees, charges, and commissions:				
for services	4,696			4,696
Fines and forfeitures	12,834			12,834
Use of money and property	20,703	29,934	\$22,080	72,717
Other revenues	168	8,452		8,620
Total revenues	<u>\$35,278</u>	<u>\$384,897</u>	<u>\$22,080</u>	<u>\$1,142,055</u>
EXPENDITURES				
Current:				
General government	284,059	14,513		\$298,572
Public safety	335,128			335,128
Public works		200,824		200,824
Health and welfare	22,576			22,576
Culture and recreation		44,206		44,206
Economic development and assistance		14,229		14,229
Transportation	70,881			70,881
Debt service	18,482	14,234	238,075	270,791
Capital outlay	40,312	34,544		74,856
Total expenditures	<u>\$689,369</u>	<u>\$323,654</u>	<u>\$238,075</u>	<u>\$1,251,122</u>

(Continued)

TOWN OF ARCADIA
 Arcadia, Louisiana
 GOVERNMENTAL FUND TYPE
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances, etc.

	GENERAL FUND	SPECIAL REVENUE FUNDS	LOAN SOURCE FUNDS	TOTAL (MEMORANDUM ONLY)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>585,881</u>	<u>(637,597)</u>	<u>(87,16,095)</u>	<u>(638,072)</u>
OTHER FINANCING SOURCE (Use)				
Operating transfers in	833	86,789	150,131	239,753
Operating transfers out	<u>(121,195)</u>			<u>(121,195)</u>
Total other financing sources (use)	<u>(120,362)</u>	<u>86,789</u>	<u>150,131</u>	<u>116,558</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCE OVER EXPENDITURES AND OTHER USE	<u>(54,482)</u>	<u>48,802</u>	<u>(24,864)</u>	<u>(30,514)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>458,024</u>	<u>156,335</u>	<u>276,179</u>	<u>1,190,538</u>
FUND BALANCES AT END OF YEAR	<u>503,542</u>	<u>543,737</u>	<u>535,313</u>	<u>\$1,160,084</u>

(Continued)

The accompanying notes are an integral part of this statement.

TOWN OF ARCADEA
Arcadea, Louisiana
GOVERNMENTAL FUNDS TYPE - GENERAL
AND SPECIAL INVESTMENT FUNDS

Condensed Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2020

	-----GENERAL FUNDS-----			-----SPECIAL INVESTMENT FUNDS-----		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
	\$1,000	\$7,000	\$58,000.00	\$20,000	\$13,000	\$58,000.00
REVENUES						
Taxes:						
Ad valorem taxes	\$64,750	\$71,000	\$6,250			
Sales and use taxes	342,042	573,787	(231,745)	\$20,130	\$28,271	(8,141)
Other taxes, penalties, and interest	50,750	78,743	(27,993)			
Licenses and permits	100,500	95,463	(5,037)			
Intergovernmental revenues:						
Federal funds						
State funds	7,000	23,810	16,810			
Local funds	12,000	13,134	1,134			
Fees, charges, and commissions for services	3,000	4,406	1,406	600		(600)
Fines and forfeitures	11,000	11,856	856			
Use of money and property	21,000	20,700	(300)	15,000	29,974	14,974
Other revenues	200	158	(42)	5,000	6,492	(1,492)
Total revenues	<u>\$11,400</u>	<u>\$105,728</u>	<u>(\$2,782)</u>	<u>\$40,630</u>	<u>\$144,687</u>	<u>(\$2,132)</u>
EXPENDITURES						
Current:						
General government	292,025	284,000	8,025	15,000	14,513	487
Public safety	303,406	333,328	(29,922)			
Public works				283,873	280,834	3,039
Health and welfare	13,250	21,576	(8,326)			
Culture and recreation				54,816	44,206	10,610
Economic development and assistance				21,500	14,220	7,280
Transportation	65,100	70,884	(5,784)			
Debt service	18,400	18,400			14,238	(5,838)
Capital outlay	81,200	40,112	41,088	(40,000)	36,548	(3,452)
Total expenditures	<u>\$82,481</u>	<u>\$789,798</u>	<u>(\$15,642)</u>	<u>\$45,179</u>	<u>\$112,654</u>	<u>(\$12,216)</u>
DECREASE (DECREASE) OF						
FUND BALANCES OTHER						
EXPENDITURES						
	<u>\$6,420</u>	<u>\$5,930</u>	<u>\$490</u>	<u>(\$18,340)</u>	<u>(\$2,955)</u>	<u>\$16,385</u>
OTHER FINANCING						
SOURCES AND USE						
Operating transfers in		833	833	92,684	86,789	(5,895)
Operating transfers out	<u>(\$148,000)</u>	<u>(\$11,550)</u>	<u>\$136,450</u>			
Total other financing sources (total)	<u>(\$148,000)</u>	<u>(\$10,717)</u>	<u>\$137,283</u>	<u>\$92,684</u>	<u>\$86,789</u>	<u>(\$5,895)</u>

If continued

TOWN OF ARCADIA

Arcadia, Louisiana

GOVERNMENTAL - FUND TYPE

Condensed Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budget
(GAAP Basis) and Actual, etc.

	GENERAL FUNDS			SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE UNFAVORABLE	BUDGET	ACTUAL	VARIANCE FAVORABLE UNFAVORABLE
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(311,364)</u>	<u>(304,482)</u>	<u>\$6,882</u>	<u>(265,657)</u>	<u>\$48,370</u>	<u>\$217,287</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>155,453</u>	<u>458,004</u>	<u>302,551</u>	<u>196,088</u>	<u>358,380</u>	<u>162,292</u>
FUND BALANCES AT END OF YEAR	<u>244,089</u>	<u>153,522</u>	<u>90,567</u>	<u>30,431</u>	<u>406,750</u>	<u>376,358</u>

(Continued)

The accompanying notes are an integral part of this statement.

TOWN OF ARCADEA
Arcadea, Louisiana
PROPRIETARY FUND TYPE -
WATER AND SEWER ENTERPRISE FUND

Statement of Revenues, Expenses
and Changes in Retained Earnings
For the Year Ended December 31, 2001

OPERATING REVENUES	
Charges for water service	\$609,934
Charges for sewer service	31,298
Sewer user charges	87,991
Other operating revenues	3,361
Total revenues	<u>732,584</u>
OPERATING EXPENSES	
General and administrative	125,301
Water department	454,204
Sewer department	142,761
Depreciation	180,230
Total operating expenses	<u>882,506</u>
OPERATING INCOME (Loss)	<u>(149,922)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	31,557
Salvage revenues	991,507
Non-operating transfer out	<u>(138,539)</u>
Total non-operating revenues	<u>884,525</u>
NET INCOME (Loss)	<u>685,603</u>
Add depreciation on fixed assets acquired with federal grant	96,203
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>408,771</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$1,166,107</u>

The accompanying notes are an integral part of this statement.

TOWN OF ALCALDA
 Acadia, Louisiana
 PROPRIETARY FUND TYPE -
 WATER AND SEWER INTERMEDIATE FUND

Statement of Cash Flows
 For the Year Ended December 31, 2001

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	<u>2,130,322</u>
Adjustments to Reconcile Operating Income to Net Cash <i>Provided by Operating Activities:</i>	
Depreciation expense	190,200
Increase in accounts receivable	9,461
Increase in inventory	(323)
Increase in accounts payable	64,578
Increase in due from other funds	(15,800)
Increase in customer deposits	<u>7,565</u>
Total adjustments	<u>175,111</u>
Net cash provided by operating activities	<u>41,388</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Sales tax income	191,907
Non-operating transfers out	<u>(158,558)</u>
Net cash provided by non-capital financing activities	<u>33,349</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	<u>(22,126)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	<u>21,557</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	79,158
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>434,348</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>513,506</u>

The accompanying notes are an integral part of this statement.

TOWN OF ARCADIA

Acadia, Louisiana

Notes to the Financial Statements

As of and for the Year Ended December 31, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Acadia was incorporated June 23, 1982, under the provisions of the Louisiana Act. The town operates under a Mayor-Board 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 enhancement and general administrative services.

A. REPORTING ENTITY

As the governing authority of the town, for reporting purposes, the Town of Acadia is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the town), (b) organizations for which the primary government is financially accountable, and (c) 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. 34 established criteria for determining which component units should be considered part of the Town of Acadia for financial reporting purposes. The basic criterion 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:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the town to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the town.
2. Organizations for which the town does not appoint a voting majority but are fiscally dependent on the town.

TOWN OF ARCADEA

Arcadea, Louisiana

Notes to the Financial Statements (Continued)

3. Organizations for which the reporting entity financial statements would be misleading if data 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.

K. 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 related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, 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 concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types." Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The town's current operations require the use of governmental, proprietary and fiduciary fund types described as follows:

Governmental Funds:

General Fund

The General Fund is the general operating fund of the town. It accounts for all financial resources, except those required to be accounted for in other funds.

TOWN OF ARCADEA

Arcadea, Louisiana

Notes to the Financial Statements (Continued)

Special Revenue 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 tax proposition to expenditures for specified purposes such as street maintenance and construction and industrial development and enhancement.

Debt Service Funds

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

The capital projects funds account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

Proprietary Fund Type - Water and Sewer Enterprise Fund

The Water and Sewer Enterprise Fund is 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 cost (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 the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. FIXED ASSETS AND LONG-TERM DEBT

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions 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

TOWN OF ARCADEA

Arcadea, Louisiana

Notes to the Financial Statements (Continued)

50 per cent 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	20 years
Equipment and vehicles	4-15 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.

B. BASIS OF ACCOUNTING

The financial and 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 generally are 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 measurable in annual dollars, 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

TOWNSHIP OF ARCADIA

Arcadia, Louisiana

Notes to the Financial Statements (Continued)

liabilities of the current period. The town uses the following practices in recognizing and reporting revenues and expenditures:

Revenues

All valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the town in November. The Bienville Parish Sheriff, through a local services agreement, bills and collects property taxes using the assessed values determined by the tax assessor of Bienville Parish. The taxes are normally 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 Bienville 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, all 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 Sources (Use)

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

TOWN OF ARCADEA

Arcadea, Louisiana

Notes to the Financial Statements (Continued)

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.

K. BUDGET 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 includes the original adopted budgets and the subsequent amendments.

F. CASH AND CASH EQUIVALENTS

Under state law, the town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. 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, 2008 the town has cash and cash equivalents (bank balances) totaling \$1,527,379 as follows:

Demand deposits	\$20,785
Posty cash	50
Time deposits	<u>1,806,401</u>
Total	<u>\$1,827,236</u>

TOWN OF ARCADIA

Arcadia, Louisiana

Notes to the Financial Statements (Continued)

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 on 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 (bank balances) at December 31, 2001 are secured as follows:

Bank balances	<u>\$1,535,305</u>
Federal deposit insurance	\$287,901
Pledged securities (issued biweekly)	<u>1,538,004</u>
Total	<u>\$3,361,206</u>

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 GAMB Codification C20.106. However, Louisiana Revised Statute 38:1229 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 38:1224 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.

II. INVENTORY

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

III. 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.

TOWN OF ARCADIA
Arcadia, Louisiana

Notes to the Financial Statements (Continued)

I. RISK MANAGEMENT

The town is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the town maintains commercial insurance policies covering its automobiles, professional liability, general liability, and surety 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, 2001.

J. SALES TAX

On October 18, 1997, the voters of the Town of Arcadia approved the re-dedication of the 1987 use and sales tax to be used and dedicated as follows: 30% for general operating expense; 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 30% for industrial construction, industrial and/or government. The election on October 18, 1997 extended the levy and collection of the original tax for an additional ten years from June 1, 2007. On July 13, 1991, the voters approved a one percent sales and use tax requiring that at least 40% of the proceeds be used for constructing, acquiring, extending and/or improving sewer and sewage disposal facilities and the waterworks system of the town and the remainder to be used for any lawful purpose of the town. The 1991 tax is for a twenty-five year period. The Bienville Parish Elected Board serves as the collection agent for the sales taxes and is paid a collection fee for acting as such.

**K. TOTAL COLUMN ON THE
COMBINED STATEMENTS**

Total columns on the combined statements are captioned Memorandum Only (generative) to indicate that they are presented only to facilitate financial analysis. Data in those 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. Interfund eliminations have not been made in the aggregation of this data.

TOWN OF ARCADE

Arcade, Louisiana

Notes to the Financial Statements (Continued)

2. LITTED TAXES

For the year ended December 31, 2001, a 6.14 mill tax authorized by Article 6, Section 27 of the Louisiana Constitution of 1974 for general operating purposes was levied on property with assessed valuations totaling \$11,607,910.

The following are the principal taxpayers for the town and their 2001 assessed valuations (amounts expressed in thousands):

	2001 Assessed Valuation	The rest of Total Assessed Valuation
Haynes International, Inc.	\$1,430	12.26%
Starrco Bag Corporation	880	7.54%
First National Bank	570	4.89%
Williams Industries, Inc.	478	4.10%
Racford Farms of L.A., Inc.	258	2.23%
Invercote Fiber Net, Inc.	220	1.89%
Com Agria, Inc.	215	1.85%
Weatherford Completion	203	1.74%
Oldland Bank & Trust	214	1.83%
CTO Finance II L. L. C.	224	1.92%
Total	<u>\$6,822</u>	<u>41.36%</u>

A. RECEIVABLES

The following is a summary of receivables at December 31, 2001:

	General Fund	Sales Tax Fund	Water and Sewer Enterprise Fund	Total
Taxes:				
Ad valorem	\$63,480			\$63,480
Sales Tax		\$76,158		76,158
Other taxes, penalties, and interest	13,257			13,257
State funds	1,078			1,078
Accounts			\$51,644	51,644
Less allowance for doubtful accounts			(4,974)	(4,974)
Total	<u>\$77,815</u>	<u>\$76,158</u>	<u>\$46,670</u>	<u>\$200,643</u>

TOWN OF ARCADIA
Arcadia, Louisiana

Notes to the Financial Statements (Continued)

4. 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	\$23,078	\$18,514
Special revenue funds:		
3 Mill	43,150	
Industrial Inducement	5,548	
Parks and Recreation	3,750	1,056
Sales tax		83,760
Water and Sewer Discharge fund	13,002	23,706
Total	<u>\$118,568</u>	<u>\$118,568</u>

5. NOTE RECEIVABLE

On June 12, 1988, the town entered into a contract with KADAV, Inc., wherein the town agreed to loan to KADAV, Inc., \$348,480 of Louisiana Community Development Block Grant proceeds for the renovation of a building, in order to promote economic development in Arcadia. KADAV, Inc. agreed to repay the loan principal and interest of three percent per annum, by making sixteen annual payments of \$27,336 through September 1, 2003. On May 31, 1990, the agreement was amended so that KADAV, 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 \$27,332. This amount is reflected in the accompanying balance sheet as a note receivable with an offsetting deferred revenue liability for that amount not to be received during the following year to demonstrate that the funds are not available to fund current operations.

6. 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	\$178,125	\$5,800		\$184,925
Buildings	431,403			431,403
Improvements	301,856	14,566		116,523
Equipment	865,262	54,490	(\$11,000)	908,752
Total	<u>\$1,776,646</u>	<u>\$74,856</u>	<u>(\$11,000)</u>	<u>\$1,840,502</u>

TOWN OF ALCADIA

Arcadia, Louisiana

Notes to the Financial Statements (Continued)

A summary of proprietary fund type property, plant, and equipment at December 31, 2008, follows:

	Cost	Accumulated Depreciation	Net Book Value
Land	\$288,628		\$288,628
Water wells	294,811	(5474,949)	120,793
Pumping plant	105,235	(95,218)	9,017
Purification plant	111,489	(111,489)	
Storage reservoir tanks	162,232	(141,004)	21,188
Water distribution system	1,368,133	(597,242)	400,901
General equipment	157,044	(95,133)	61,911
Office equipment	15,857	(13,203)	2,654
Improvements	2,800	(5,093)	(2,293)
Sewer system	5,284,836	(1,364,443)	3,920,393
Automobiles	129,917	(83,427)	46,490
Total	<u>\$8,203,862</u>	<u>(3,351,380)</u>	<u>\$4,852,482</u>

7. PENSION PLANS

Substantially all employees of the Town of Arcadia 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. Pertinent information relative to each plan follows:

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

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, 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 per cent of their final average monthly salary for each year of creditable service. Furthermore, employees with at least 30 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 50, 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 90 percent of final average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months

TOWN OF ARCADIA

Arcadia, Louisiana

Notes to the Financial Statements (Continued)

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, 7977 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 935-8830.

Under Plan B, members are required by state statute to contribute 3.0 per cent of their annual covered salary and the Town of Arcadia is required to contribute at an actuarially determined rate. The current rate is 4.50 per cent of annual covered payroll. Contributions to the system include one-fourth of one per cent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These 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 11:185, 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, 2000, 2000, and 1999, were \$15,088, \$13,943, and \$10,129, respectively, equal to the required contributions for each.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM

All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or 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 per cent of their final average salary for each year of creditable service. 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 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 Police Employees Retirement System of Louisiana,

TOWN OF ARCADIA

Arcadia, Louisiana

Notes to the Financial Statements (Continued)

800 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2150, or by calling (504) 529-3411.

Plan members are required by state statute to contribute 7.5 per cent of their annual covered salary and the Town of Arcadia is required to contribute at an actuarially determined rate. The current rate is 9.0 per cent of annual covered payroll. 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 11:103, 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 for the year ended December 31, 2001, 2000, and 1999, were \$36,389, \$34,884, and \$12,242, respectively, equal to the required contributions for each.

8. CAPITAL LEASES

The town records items under capital lease as an asset and an obligation in the accompanying financial statements. At December 31, 2001, the town has one capital lease in effect for a fire truck with a recorded amount of \$147,957. 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, 2001:

Year	
2002	\$18,402
2003	18,402
2004	18,402
2005	18,402
2006	18,402
	<u>92,010</u>
Total minimum lease payments	92,010
Less amount representing interest	<u>(76,353)</u>
Present value of net minimum lease payments	<u>\$15,656</u>

9. CHANGES IN LONG-TERM DEBT

The following is a summary of general long-term debt transactions for the year ended December 31, 2001:

TOWN OF ALCADIA

Arcadia, Louisiana

Notes to the Financial Statements (Continued)

	Bonds Payable	Certificate of Indebtedness	Total
Long-term debt at December 31, 2000	\$1,285,000	\$48,216	\$1,333,216
Retirements	<u>(150,000)</u>	<u>(10,862)</u>	<u>(160,862)</u>
Long-term debt at December 31, 2001	<u>\$1,135,000</u>	<u>\$37,354</u>	<u>\$1,172,354</u>

Long-term debt at December 31, 2001, is comprised of the following individual issues:

1992 Sales Tax Bonds - \$1,300,000 - Sales tax bond issue dated January 5, 1992, due in annual installments of \$50,000 to \$150,000 through January 2002, interest at 6.2 to 11.0 per cent. Debt retirement payments are made from the 1992 Sales Tax Bonds Debt Service Fund. \$1,135,000

Certificates of Indebtedness - \$100,000 issue dated March 17, 1994, for the purpose of purchasing equipment. The principal is due in annual installments of \$7,377 to \$13,505 through March 17, 2004 with interest at 7.0 per cent. Debt retirement payments are made from the Industrial Development Special Revenue Fund. 37,354

Total \$1,172,354

The annual requirements to amortize all general long-term debt outstanding at December 31, 2001, including interest of \$478,638, are as follows:

Year	Certificate of Indebtedness		Total
	Bonds Payable	Indebtedness	
2002	\$157,950	\$14,238	\$172,188
2003	162,470	14,238	176,708
2004	161,440	14,238	175,678
2005	159,980		159,980
2006	158,130		158,130
2007-2011	808,520		808,520
Total	<u>\$1,608,590</u>	<u>\$40,712</u>	<u>\$1,649,302</u>

TOWN OF ARCADEA

Arcadea, Louisiana

Notes to the Financial Statements (Continued)

10. 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 cost funded or acquired with federal grant funds. The following schedule presents changes in contributed capital for the year ended December 31, 2001:

Balance, January 1, 2001	\$5,015,983
Deductions - Depreciation on fixed assets acquired with federal grant	<u>(96,201)</u>
Balance, December 31, 2001	<u>\$4,919,782</u>

11. LOCAL SERVICES AGREEMENT

On September 27, 1995, the town entered into an agreement with the Bienville Parish Sheriff for the collection of ad valorem taxes. The sheriff is responsible for mailing tax notices, collecting the taxes owed to the town, and monthly maintenance of collections to the town. A five percent collection fee and the cost of printing tax notices is borne by the town. The initial one-year term which began October 1, 1995 is to be automatically renewed unless the town notifies the sheriff of its intent to terminate the agreement.

12. LITIGATION AND CLAIMS

At December 31, 2001, 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.

13. RANDALL PARRIS AGREEMENT

Revenue bonds, series 1997A totaling \$3,000,000 and revenue bonds, series 1997B totaling \$3,200,000 were issued August 1, 1997. Under an agreement entered into between the Town of Arcadea and Randall Parris, LLC, the bonds do not bear the full faith and credit of the town. The retirement of the bonds, including interest charges, paying agent fees, and any of her costs associated with servicing the debt, are the sole responsibility of Randall Parris, LLC.

SUPPLEMENTAL INFORMATION SCHEDULES

TOWN OF ARCADEA
Arcadea, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended December 31, 2000

SPECIAL REVENUE FUNDS

3 MILL FUND

The 3 Mill Fund accounts for 30 percent of the 1997 1 percent sales tax to be dedicated and used for constructing, paving, resurfacing, improving and/or maintaining streets in and for the town.

INDUSTRIAL INDUCEMENT FUND

The Industrial Inducement Fund accounts for 30 percent of the 1997 1 percent sales tax to be dedicated and used for industrial construction, inducement and/or procurement.

INDUSTRIAL DEVELOPMENT FUND

The Industrial Development Fund accounts for the repayment of principal and interest by KADAV, Inc. on a loan the town made to KADAV to financially assist the corporation for certain economic development in the town. Reappropriated 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

The Sales Tax Fund is 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 lawful purposes.

PARKS AND RECREATION FUND

The Parks and Recreation Fund accounts for 30 percent of the 1997 1 percent 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
SPECIAL REVENUE FUND

Combining Balance Sheet, December 31, 2004

	GENERAL	INDIVIDUAL	INDIVIDUAL	SALES	PAID	TOTAL
	FUND BALANCE	ACCOUNTS	ACCOUNTS	TAX	AND	FUND
	BALANCE	REVENUE	REVENUE	TAX	REVENUE	BALANCE
ASSETS						
Current assets:						
Cash and cash equivalents	\$10,134	\$266,899		\$1,421	\$81,170	\$359,624
Accounts Receivable				36,158		36,158
Due from other funds	43,199	3,348			3,751	50,298
State receivable			\$27,352			27,352
TOTAL ASSETS	\$96,532	\$273,646	\$27,352	\$77,579	\$98,974	\$574,783
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts payable	\$4,458	\$1,870		\$1,133	\$1,778	\$11,247
Due to other funds				88,792	1,058	89,849
Deferred revenue			\$13,484			13,484
Total Liabilities	<u>4,458</u>	<u>1,870</u>	<u>13,484</u>	<u>91,945</u>	<u>2,836</u>	<u>114,654</u>
Fund Equity - fund balances (Deficit) - unreserved - unexpended	<u>46,844</u>	<u>269,831</u>	<u>13,868</u>	<u>(14,366)</u>	<u>96,138</u>	<u>460,129</u>
TOTAL LIABILITIES AND FUND	\$93,302	\$271,701	\$27,352	\$77,579	\$98,974	\$574,783

**TOWN OF ACACIA,
Acacia, Indiana
SPECIAL REVENUE FUNDS**

Continuing Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2001

	INDUSTRIAL POLL TAX	PROPERTY TAX	SALES TAX	FAMILY AND SUCCESSION	TOTAL
REVENUES					
Sales and use taxes	\$143,630	\$47,877	\$6,887	\$47,827	\$246,221
Use of money and property	768	11,826	284	3,455	26,333
Other miscellaneous revenues	7,899			581	8,480
Total revenues	<u>\$158,297</u>	<u>\$59,703</u>	<u>\$7,171</u>	<u>\$51,863</u>	<u>\$277,034</u>
EXPENDITURES					
Current:					
General government			16,513		16,513
Public works	208,924				208,924
Culture and recreation				44,266	44,266
Economic development and assistance		14,229			14,229
Debt service			14,236		14,236
Capital outlay	70,242	1,899		8,195	80,336
Total expenditures	<u>\$279,166</u>	<u>\$16,128</u>	<u>\$30,749</u>	<u>\$52,461</u>	<u>\$378,504</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$19,131</u>	<u>\$43,575</u>	<u>(23,578)</u>	<u>(1,598)</u>	<u>\$36,520</u>
OTHER FINANCING SOURCES					
Operating transfers in	88,088		277	6,352	94,717
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>\$107,219</u>	<u>\$43,575</u>	<u>(23,301)</u>	<u>(5,150)</u>	<u>\$122,343</u>
FUND BALANCES (Deficit) AT BEGINNING OF YEAR	<u>70,428</u>	<u>283,137</u>	<u>13,864</u>	<u>82,538</u>	<u>450,007</u>
FUND BALANCES (Deficit) AT END OF YEAR	<u>\$177,647</u>	<u>\$326,712</u>	<u>(10,437)</u>	<u>(77,678)</u>	<u>\$386,244</u>

TOWN OF ARCALHA
Arcadia, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended December 31, 2011

WATER SERVICE FUNDS

1992 SALES TAX BONDS

The 1992 Sales Tax Bonds Fund accumulates monies for the retirement of the January 1, 1992 sales tax bonds issued for the purpose of constructing, acquiring, operating and/or improving sewers and sewage disposal and waterworks systems in the town. Financing is provided by interest earned.

REFUNDING BONDS

The Refunding Bonds Fund accumulates monies for the retirement of the November 1, 1992 refunding bonds issued to refund outstanding certificates of indebtedness dated May 5, 1989 and March 1, 1990. Financing is provided by transfers from the Sales Tax Special Revenue Fund.

TOWN OF ARCADEA
Arcadea, Louisiana
WASTE SERVICE FUNDS

Combining Balance Sheet, December 31, 2003

	1990 DOLLARS	2003 DOLLARS	TOTAL
	<u>1990</u>	<u>2003</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	<u>\$347,207</u>	<u>\$4,108</u>	<u>\$351,315</u>
FUND EQUITY			
Fund Equity - fund balances - reserved for debt service	<u>\$347,207</u>	<u>\$4,108</u>	<u>\$351,315</u>

TOWN OF ARCADEA
Arcadea, Louisiana
DEEET SERVICE FUNDS

Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2001

	1991		
	BALANCE	EXPENDITURE	TOTAL
REVENUES			
Use of money and property	\$21,688	51,362	\$32,680
EXPENDITURES			
Tech service	191,170	79,905	271,075
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(138,482)	(78,513)	(216,995)
OTHER FINANCING SOURCE			
Operating transfers in	152,725	34,406	187,131
EXCESS OF REVENUES AND OTHER SOURCE OVER EXPENDITURES	14,243	(44,077)	(29,834)
FUND BALANCES AT BEGINNING OF YEAR	327,964	48,215	376,179
FUND BALANCES AT END OF YEAR	342,207	54,138	396,345

TOWN OF ARCADE
Arcade, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
As of and for the Year Ended December 31, 2001

COMPENSATION PAID ALDERMEN

The schedule of compensation paid aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of aldermen has been set by ordinance at \$280 per month with the mayor pro tem receiving \$325 per month and is included in general government expenditures of the General Fund.

TOWN OF ARCADIA
Arcadia, LouisianaSchedule of Compensation Paid Aldermen
For the Year Ended December 31, 2004

Charlie Brown	\$2,700
Gary Carlisle, Mayor Pro Tem	1,800
Bruce Russell	2,400
Jean Kelley	2,400
Edward Mason, Jr.	<u>2,400</u>
Total	<u>\$11,700</u>

**Independent Auditor's Report Required
by Government Auditing Standards**

The following independent auditor's report on compliance with laws, regulations and contracts, and internal control over financial reporting is presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Government Audit Code*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



LITTLE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Wm. Todd Little, CPA
James S. Moore, CPA
Charles S. MacFarland, Jr., CPA

**Independent Auditor's Report on Compliance and
Internal Control Over Financial Reporting**

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, 2001 and have issued our report thereon dated June 11, 2002. We conducted our audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in *Governance 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 financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Governance Auditing Standards*.

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 financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

MAYOR AND BOARD OF ALDERMEN
TOWN OF ARCADIA
Arcadia, Louisiana
Independent Auditor's Report on Compliance
And Internal Control Over Financial Reporting, etc.
December 31, 2001

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 those specified parties.

Little's Associates

Monroe, Louisiana
June 11, 2002

TOWN OF ARCADIA
Arcadia, LouisianaSchedule of Findings and Questioned Costs
For the Year Ended December 31, 2001**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Town of Arcadia.
2. No instances of noncompliance material to the financial statements of the Town of Arcadia were disclosed during the audit.
3. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

TOWN OF ARCADIA
Arcadia, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2001

There were no findings reported in the audit report for the year ended June 30, 2002.