Town of Arcadia

Annual Financial Statements
For the Year Ended December 31, 2024

CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF ARCADIA

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FOR THE YEAR ENDED DECEMBER 31, 2024

TOWN OF ARCADIA

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FOR THE YEAR ENDED DECEMBER 31, 2024

This section of the Town of Arcadia, Louisiana's (Town) annual financial report presents our discussion and analysis of the Town's financial performance during the calendar year ended December 31, 2024. Please read it in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

The following exhibits some of the more important highlights from the government-wide financial statements for the year ended December 31, 2024.

1. The Town's total net position decreased by $1,461,601, or 15.1%, from $9,664,405 at December 31, 2023 to $8,202,804 at December 31, 2024.
2. Governmental activities decreased net position by $955,883, while business-type activities decreased net position by $505,718.
3. Total revenues decreased by $337,037, or 8.7%, from $3,878,382 in 2023 to $3,541,345 in 2024.
4. Total expenses increased by $801,788, or 19.1%, from $4,201,158 in 2023 to $5,002,946 in 2024.
5. The Town reported a deficit unrestricted net position of $(736,525).

Overview of the Financial Statements

The annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two (2) kinds of statements that present different views of the Town:

1. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
2. The remaining statements are fund financial statements that focus on individual parts of the Town's governmental operations, reporting the Town's operations in more detail than the government-wide statements.
3. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-Wide Financial Statements

Financial reporting at this level uses a perspective similar to the private sector using the economic resources measurement focus and the accrual basis of accounting.

The first of these government-wide statements is the Statement of Net Position. This government-wide statement of net position presents information that includes all of the Town's assets, liabilities, and deferred outflows and inflows with the difference reported as net position. An increase or decrease in net position may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall health of the Town would extend to other non-financial factors, such as diversification of the taxpayer base, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Town's net position changed during the year. All current year revenues and expenses are included regardless of when they are received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both of the above financial statements have separate columns for the two (2) different types of Town activities as follows:

> *Governmental Activities* - The government-wide financial statements present governmental activities of the Town which are principally supported by taxes and intergovernmental revenues (grants). Most services normally associated with a town fall in this category, including general government, public safety, streets and parks and recreations.
>
> *Business-Type Activities* - The government-wide financial statements present business-type activities that are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The business-type activity of the Town consists of the provision of water and sewer services to the citizens and the operation of the outlet mall.

The government-wide financial statements are presented on pages 4 and 5.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds, rather than the Town as a whole.

The Town uses two (2) fund categories, governmental funds and proprietary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

Governmental Funds - The services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources at the end of the year. Such information may be useful in evaluating the Town's near-term financing requirements. This approach is known as using the flow of financial resources measurement focus and the modified accrual basis of accounting. These governmental fund financial statements provide a detailed short-term view of the Town's finances and assists in determining whether there will be adequate resources available to meet the current needs of the Town.

Since focus of the governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements.

Users may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented immediately following each of the governmental fund financial statements.

The Town has six (6) governmental funds, of which two are major funds and are presented in separate columns and four are non-major funds and are combined and presented in one (1) column titled "other governmental funds." The governmental funds are as follows:

Major Funds

General Fund

Special Revenue Fund - Sales Tax Fund

Non-major Funds

Special Revenue Funds

Parks and Recreation Fund

Street Fund

Industrial Inducement Fund

LMA Fund

The fund financial statements are presented on pages 6 through 9.

Proprietary Fund - The proprietary fund is used to show activities that operate more like those of commercial enterprises. Since this fund charges fees for services to outside customers, including local governments, it is known as an enterprise fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for the business-type activities and the proprietary fund financial statements.

The Town has three enterprise funds: Water and Sewer, shown as the Utility Fund and Mall. The Utility Fund is considered a major proprietary fund. The Mall Fund had nominal activity during the year and is presented separately for consistency with prior periods.

The proprietary fund financial statements are presented on pages 10 through 12.

Notes to Financial Statements

The accompanying notes to financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 13 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budget presentation. Budgetary comparison statements are included as "required supplementary information" for the General Fund and the Sales Tax Fund. These statements demonstrate compliance with the Town's adopted and final revised budget and can be found on pages 35 and 36 in this report.

Financial Analysis of Government-Wide Activities

Total net position at December 31, 2024 was $8,202,804. The largest portion relates to net investment in capital assets of $8,861,821. These assets provide services to citizens and are not available for future spending.

The Town reported a combined unrestricted deficit of $(736,525), reflecting limited financial flexibility and reliance on interfund financing.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Town's net position for the current year as compared to the prior year. For more detailed information, see the Summary Statement of Net Position in this report.

Summary of Statement of Net Position
December 31, 2024 and 2023

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets	$ 286,476	$ 729,883	$ 474,358	$ 656,515	$ 760,834	$ 1,386,398
Capital assets, net of depreciation	5,276,294	5,569,585	3,585,527	3,813,124	8,861,821	9,382,709
Total assets	5,562,770	6,299,468	4,059,885	4,469,639	9,622,655	10,769,107
Deferred outflows of resources	344,736	188,951	39,977	48,409	384,713	237,360
Liabilities						
Other liabilities	$ 333,530	$ 84,036	$ 310,428	$ 171,049	$ 643,958	$ 255,085
Long-term liabilities	899,882	696,795	141,657	192,494	1,041,539	889,289
Total liabilities	1,233,412	780,831	452,085	363,543	1,685,497	1,144,374
Deferred inflows of resources	112,635	190,246	6,432	7,442	119,067	197,688
Net Position						
Net investment in capital assets	5,276,294	5,569,585	3,585,527	3,813,124	8,861,821	9,382,709
Restricted	-	-	77,508	999	77,508	999
Unrestricted (deficit)	(714,835)	(52,243)	(21,690)	332,940	(736,525)	280,697
Total net position	$ 4,561,459	$ 5,517,342	$ 3,641,345	$ 4,147,063	$ 8,202,804	$ 9,664,405

In order to further understand what makes up the changes in net position, the following table provides a summary of the results of the Town's activities for the current year as compared to the prior year. The Town's combined net position decreased during 2024 by $1,461,601, or 15.1%, from $9,664,405 at December 31, 2023 to $8,202,804 at December 31, 2024, as shown in the following table:

Summary of Statement of Activities
December 31, 2024 and 2023

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues						
Charges for services	$ 41,315	$ 43,966	$ 1,018,946	$ 890,737	$ 1,060,261	$ 934,703
General revenues						
Taxes	2,338,667	2,604,270	-	-	2,338,667	2,604,270
Licenses and permits	116,627	127,744	-	-	116,627	127,744
Intergovernmental	23,379	81,483	-	-	23,379	81,483
Use of money and property	46,888	63,538	-	-	46,888	63,538
Investment gain (loss)	954	(3,497)	316	18,855	1,270	15,358
Other	93,067	47,004	-	4,282	93,067	51,286
Transfers in (out)	(378,867)	(573,121)	240,053	573,121	(138,814)	-
Total revenues	$ 2,282,030	$ 2,391,387	$ 1,259,315	$ 1,486,995	$ 3,541,345	$ 3,878,382
Expenses						
General government	$ 1,285,992	$ 1,071,062	$ -	$ -	$ 1,285,992	$ 1,071,062
Public safety	778,232	803,646	-	-	778,232	803,646
Public works	912,099	681,083	-	-	912,099	681,083
Cultural and recreation	114,541	97,720	-	-	114,541	97,720
Economic development	146,569	110,757	-	-	146,569	110,757
Transportation	480	3,149	-	-	480	3,149
Water and Sewer	-	-	1,765,033	1,408,009	1,765,033	1,408,009
Mall	-	-	-	25,732	-	25,732
Total expenses	3,237,913	2,767,417	1,765,033	1,433,741	5,002,946	4,201,158
Change in net position	$ (955,883)	$ (376,030)	$ (505,718)	$ 53,254	$ (1,461,601)	$ (322,776)

Total revenues of $3,541,345 were insufficient to cover total expenses of $5,002,946.

Governmental activities generated limited program revenues relative to expenses, while business-type activities incurred operating losses due to utility system costs exceeding revenues.

As a result, the Town experienced an overall decrease in net position of $1,461,601.

Financial Analysis of Individual Funds

As noted above, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund

The focus of the Town's governmental fund is to provide information on the near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. Unrestricted fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year.

At December 31, 2024, the Town's general fund reported an ending fund balance of $(250,189), a decrease of $297,299 compared to the calendar year 2023. The general fund is the chief operating fund of the Town.

Proprietary Fund

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Town's proprietary funds consist primarily of the Utility Fund, which accounts for water and sewer operations, and the Mall Fund.

For the year ended December 31, 2024, total operating revenues of the proprietary funds were $1,018,946, an increase of $128,209, or 14.4%, compared to $890,737 in 2023. Total operating expenses for 2024 were $1,765,033, an increase of $331,292, or 23.1%, compared to $1,433,741 in 2023. As a result, proprietary funds reported an operating loss of $(746,087) in 2024, compared to an operating loss of $(543,004) in 2023, representing an increase in the operating loss of $203,083, or 37.4%. Nonoperating revenues, consisting primarily of transfers from governmental funds of $240,053 and investment earnings of $316, partially offset the operating loss. After consideration of these items, the proprietary funds reported a decrease in net position of $(505,718) for 2024, compared to an increase in net position of $53,254 in 2023.

Budgetary Highlights

For the year ended December 31, 2024, actual General Fund expenditures exceeded final budgeted appropriations, and the budget was not fully amended to eliminate all unfavorable variances. See Note 2 and the Schedule of Findings and Questioned Costs (Finding 2024-2) for additional discussion.

Capital Asset Administration

The Town's investment in capital assets for its governmental and business-type activities at December 31, 2024 totaled $8,861,821, net of accumulated depreciation. Governmental activity capital assets, net of depreciation, totaled $5,276,294, and business-type activity capital assets, net of depreciation, totaled $3,585,527. Depreciation expense for the year was $435,354 for governmental activities and $283,574 for business-type activities.

Contacting the Town's Financial Management

The financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have questions about this report, contact O'Landis Millican, Mayor, P. O. Box 767, Arcadia, Louisiana 71001.

BASIC FINANCIAL STATEMENTS

REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
318.429.1525 (P) | 318.429.2124 (F)

To the Honorable Mayor and the
Members of the Town Council
Town of Arcadia, Louisiana

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Arcadia, as of and for the year ended December 31, 2024, and the related notes to financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Arcadia, as of December 31, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Arcadia and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Arcadia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Arcadia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Arcadia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i – vi, budgetary comparison information on pages 35 -37, schedule of Town's proportionate share of net position liability on page 38, and schedule of Town's contributions on page 39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Arcadia's basic financial statements. The accompanying combining non-major fund financial statements on pages 40 – 41, schedules of compensation and benefits on pages 42 – 43 and Collecting/Disbursing Entity Schedule as Required by Act 87 on page 44, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, the schedules of compensation and benefits, and the Collecting/Disbursing Entity Schedule as Required by Act 87 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report, dated June 30, 2026, on our consideration of the Town of Arcadia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Arcadia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Arcadia's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana
June 30, 2026

Government-Wide Financial Statements

TOWN OF ARCADIA

STATEMENT OF NET POSITION

DECEMBER 31, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 45,656	$ 1,137	$ 46,793
Investments, at fair value	77,625	11,638	89,263
Receivables	475,760	138,856	614,616
Internal balances	(312,565)	312,565	-
Inventory	-	10,162	10,162
Capital assets, net of depreciation	5,276,294	3,585,527	8,861,821
Total assets	5,562,770	4,059,885	9,622,655
Deferred Outflows of Resources			
Pension related	344,736	39,977	384,713
Total deferred outflows of resources	344,736	39,977	384,713
Liabilities			
Accounts payable	$ 333,530	$ 220,688	$ 554,218
Deposits	-	89,740	89,740
Net pension liability	899,882	141,657	1,041,539
Total liabilities	1,233,412	452,085	1,685,497
Deferred Inflows of Resources			
Pension related	112,635	6,432	119,067
Total deferred inflows of resources	112,635	6,432	119,067
Net Position			
Net investment in capital assets	5,276,294	3,585,527	8,861,821
Restricted	-	77,508	77,508
Unrestricted (deficit)	(714,835)	(21,690)	(736,525)
Total net position	$ 4,561,459	$ 3,641,345	$ 8,202,804

The accompanying notes are an integral part of the financial statements.

TOWN OF ARCADIA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2024

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
					Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Primary Government:							
Governmental activities:							
General government	$ 1,285,992	$ -	$ -	$ -	$ (1,285,992)	$ -	$ (1,285,992)
Public safety	778,232	41,315	-	-	(736,917)	-	(736,917)
Public works	912,099	-	-	-	(912,099)	-	(912,099)
Cultural and recreation	114,541	-	-	-	(114,541)	-	(114,541)
Economic development	146,569	-	-	-	(146,569)	-	(146,569)
Transportation	480	-	-	-	(480)	-	(480)
Total governmental activities	3,237,913	41,315	-	-	(3,196,598)	-	(3,196,598)
Business-type activities:							
Water system	1,765,033	1,018,923	-	-	-	(746,110)	(746,110)
Mall	-	23	-	-	-	23	23
Total business-type activities	1,765,033	1,018,946	-	-	-	(746,087)	(746,087)
Total primary government	$ 5,002,946	$ 1,060,261	$ -	$ -	$ (3,196,598)	$ (746,087)	$ (3,942,685)
		General revenues:					
		Taxes			$ 2,338,667	$ -	$ 2,338,667
		Licenses and permits			116,627	-	116,627
		Intergovernmental			23,379	-	23,379
		Use of money and property			46,888	-	46,888
		Investment gain (loss)			954	316	1,270
		Other			93,067	-	93,067
		Transfers in (out)			(378,867)	240,053	(138,814)
		Total general revenues and transfers			2,240,715	240,369	2,481,084
		Change in net position			(955,883)	(505,718)	(1,461,601)
		Net position - beginning			5,517,342	4,147,063	9,664,405
		Net position - ending			$ 4,561,459	$ 3,641,345	$ 8,202,804

The accompanying notes are an integral part of the financial statements.

Fund Financial Statements

Governmental Funds

TOWN OF ARCADIA

BALANCE SHEET – GOVERNMENTAL FUNDS

DECEMBER 31, 2024

	GENERAL	SALES TAX	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets				
Cash and cash equivalents	$ 41,036	$ 2,166	$ 2,454	$ 45,656
Investments, at fair value	-	48,331	29,294	77,625
Receivables	83,468	386,893	5,399	475,760
Due from other funds	571,450	635,579	774,886	1,981,915
Total assets	$ 695,954	$ 1,072,969	$ 812,033	$ 2,580,956
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 199,587	$ -	$ 133,943	$ 333,530
Due to other funds	746,556	377,632	1,170,292	2,294,480
Total liabilities	946,143	377,632	1,304,235	2,628,010
Fund balances:				
Assigned	-	-	101,023	101,023
Unassigned (deficit)	(250,189)	695,337	(593,225)	(148,077)
Total fund balances (deficit)	(250,189)	695,337	(492,202)	(47,054)
Total liabilities and fund balances	$ 695,954	$ 1,072,969	$ 812,033	$ 2,580,956

The accompanying notes are an integral part of the financial statements.

TOWN OF ARCADIA

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2024

Fund balances - total governmental funds		$ (47,054)
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	$ 11,032,251	
Less accumulated depreciation	(5,755,957)	5,276,294
Deferred outflows and inflows of resources are not available to pay current period expenditures and therefore are not reported in governmental funds		
Deferred outflows of resources - pensions	344,736	
Deferred inflows of resources - pensions	(112,635)	232,101
Long-term pension obligations are not payable from current resources and, therefore, are not reported in the governmental funds.		(899,882)
Net position of governmental activities		$ 4,561,459

TOWN OF ARCADIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

DECEMBER 31, 2024

	GENERAL	SALES TAX	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:				
Taxes				
Ad valorem	$ 211,740	$ -	$ -	$ 211,740
Sales and use	-	2,054,334	-	2,054,334
Other taxes, penalties and interest	72,593	-	-	72,593
Licenses and permits	116,627	-	-	116,627
Intergovernmental				
State	18,379	-	5,000	23,379
Fines	41,315	-	-	41,315
Interest	158	-	3,788	3,946
Use of money and property	42,572	370	-	42,942
Miscellaneous	73,872	4,340	14,855	93,067
Total revenues	577,256	2,059,044	23,643	2,659,943
Expenditures:				
General government	840,787	31,041	-	871,828
Public safety	817,481	-	-	817,481
Public works	-	-	886,654	886,654
Culture and recreation	-	-	109,856	109,856
Economic development	9,702	-	136,867	146,569
Transportation	480	-	-	480
Capital outlay	-	-	142,063	142,063
Total expenditures	1,668,450	31,041	1,275,440	2,974,931
Excess (deficiency) of revenue over expenditures	(1,091,194)	2,028,003	(1,251,797)	(314,988)
Other financing sources (uses):				
Gain (loss) on investment	-		954	954
Operating transfers in	894,045	404,704	1,063,679	2,362,428
Operating transfers out	(100,150)	(2,570,125)	(71,020)	(2,741,295)
Total other financing sources (uses)	793,895	(2,165,421)	993,613	(377,913)
Net change in fund balances	(297,299)	(137,418)	(258,184)	(692,901)
Fund balances, beginning of year	47,110	832,755	(234,018)	645,847
Fund balances, end of year	$ (250,189)	$ 695,337	$ (492,202)	$ (47,054)

TOWN OF ARCADIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2024

Net change in fund balances - total governmental funds		$ (692,901)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	$ 142,063	
Depreciation expense	(435,354)	(293,291)
Governmental funds report retirement expenses as payment is remitted to the retirement systems. However, in the government-wide statement of activities, retirement is reported based on the allocations stated in the various system reports.		30,309
Change in net position of governmental activities		$ (955,883)

Proprietary Funds

TOWN OF ARCADIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

DECEMBER 31, 2024

	Utility Fund	Mall Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	$ -	$ 543	$ 543
Receivables	138,856	-	138,856
Due from other funds	559,660	-	559,660
Inventory	10,162	-	10,162
Total current assets	708,678	543	709,221
Noncurrent assets:			
Restricted:			
Cash and cash equivalents	594	-	594
Investments	11,638	-	11,638
Capital assets (net of accumulated depreciation)	3,585,527	-	3,585,527
Total noncurrent assets	3,597,759	-	3,597,759
Total assets	4,306,437	543	4,306,980
Deferred Outflows of Resources			
Pension related	39,977	-	39,977
Total deferred outflows of resources	39,977	-	39,977
Liabilities			
Current liabilities:			
Accounts payable	$ 220,688	$ -	$ 220,688
Due to other funds	247,095	-	247,095
Current liabilities payable from restricted assets:			
Customer deposits payable	89,740	-	89,740
Total current liabilities	557,523	-	557,523
Non-current liabilities:			
Net pension liability	141,657	-	141,657
Total noncurrent liabilities	141,657	-	141,657
Total liabilities	699,180	-	699,180
Deferred Inflows of Resources			
Pension related	6,432	-	6,432
Total deferred inflows of resources	6,432	-	6,432
Net Position			
Net investment in capital assets	3,585,527	-	3,585,527
Restricted	77,508	-	77,508
Unrestricted (deficit)	(22,233)	543	(21,690)
Total net position	$ 3,640,802	$ 543	$ 3,641,345

TOWN OF ARCADIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2024

	Utility Fund	Mall Fund	Total
Operating revenues:			
Water charges	$ 835,438	$ -	$ 835,438
Sewer charges	183,485	-	183,485
Miscellaneous	-	23	23
Total operating revenues	1,018,923	23	1,018,946
Operating expenses:			
General and administrative	92,591	-	92,591
Water department	817,493	-	817,493
Sewer department	571,375	-	571,375
Depreciation	283,574	-	283,574
Total operating expenses	1,765,033	-	1,765,033
Operating income (loss)	(746,110)	23	(746,087)
Nonoperating revenues (expenses):			
Transfers	240,053	-	240,053
Investment earnings	316	-	316
Total nonoperating revenues	240,369	-	240,369
Change in net position	(505,741)	23	(505,718)
Net position, beginning of year	4,146,543	520	4,147,063
Net position, end of year	$ 3,640,802	$ 543	$ 3,641,345

The accompanying notes are an integral part of the financial statements.

TOWN OF ARCADIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2024

	Utility Fund	Mall Fund	Total
Cash flows from operating activities:			
Cash received from customers	$ 961,471	$ -	$ 961,471
Cash paid to suppliers	(925,287)	-	(925,287)
Cash paid to employees	(413,496)	-	(413,496)
Other operating cash payments	31,836	23	31,859
Net cash provided (used) by operating activities	(345,476)	23	(345,453)
Cash flows from noncapital financing activities			
Non-operating transfers (net)	240,053	-	240,053
Net cash provided by noncapital financing activities	240,053	-	240,053
Cash flows from capital and related financing activities:			
Capital expenditures paid in cash	(55,923)	-	(55,923)
Net cash (used) by capital and related financing activities	(55,923)	-	(55,923)
Cash flows from investing activities:			
Interest received	749	-	749
Sale (purchase) of investments	453	-	453
Net cash provided by investing activities	1,202	-	1,202
Net increase (decrease) in cash and cash equivalents	(160,144)	23	(160,121)
Cash and cash equivalents: beginning of year	160,739	520	161,259
Cash and cash equivalents: end of year	$ 595	$ 543	$ 1,138
Reconciliation of operating loss to net cash provided (used) by operations:			
Operating (loss)	$ (746,110)	23	$ (746,087)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:			
Depreciation	283,574	-	283,574
(Increase) in accounts receivable	(14,796)	-	(14,796)
Decrease in due from other funds	7,854	-	7,854
Decrease in inventory	4,056	-	4,056
Increase in accounts payable	182,035	-	182,035
Increase in due to other funds	24,035	-	24,035
(Decrease) in customer deposits	(42,656)	-	(42,656)
Net change in deferred outflow/inflow and net pension liability	(43,415)	-	(43,415)
Miscellaneous other	(53)	-	(53)
Total adjustments to operating income	400,634	-	400,634
Net cash provided (used) by operating activities	$ (345,476)	$ 23	$ (345,453)

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

INTRODUCTION

The Town of Arcadia was incorporated June 26, 1902 under the provisions of the Lawrason Act (Louisiana Revised Statutes 33:321-463). The Town is located in the parish of Bienville in the northwest corner of the state of Louisiana. The Town operates under a mayor-town council form of government. Members of the board are all elected and serve a term of 4 years. The Town provides the following services as authorized by its charter: police and fire protection, water and sewerage, streets, industrial development and inducement and general administrative services.

GASB Statement No. 14, "The Financial Reporting Entity," established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and Intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charge to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following governmental funds:

The General fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The Town reports the following proprietary funds:

The Water and Sewer fund accounts for the provision of water and sewer services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service and billing.

The Mall Fund is used to account for the assets and activities related to the operation of the outlet mall.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

The content and certain titles of the GWFS were changed upon the adoption by the Town in 2012 of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides reporting guidance for deferred outflows of resources and deferred inflows of resources, and adds them, when applicable, as elements of the GWFS, because they are distinct from assets and liabilities. In addition, because these additional elements may affect the residual amount of all of the elements presented in a statement of financial position, GASB 63 renames that measure as net position rather than net assets. The Town had deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2024.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating revenues of the proprietary funds include water and sewer services to the residents of the Town. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Deposits and Investments

The Town's cash and cash equivalents are considered to be demand deposits, interest-bearing demand deposits, and investments with original maturities of three months or less from the date of acquisition. State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments for the Town are reported at fair value.

Investments are measured using generally accepted accounting principles fair value guidelines that recognize a three-tiered fair value as follows: Level 1 inputs are quoted prices for identical investments in active markets; Level 2 inputs are other observable inputs other than Level 1; and Level 3 inputs are unobservable inputs.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

In the government-wide financial statement, receivables consist of all revenues earned at year end and not yet received. Major receivables for the governmental activities include ad valorem, franchise taxes and sales and use taxes. Business-type activities report customers' utilities service charges as its major receivables. Uncollectible amounts due for ad valorem taxes and customers' utility accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

E. Inventories

Inventory in the water and sewer enterprise fund, consisting of expendable supplies held for consumption, is valued at historical cost.

F. Restricted Assets

The Enterprise fund, because of certain bond covenants, is required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt. The Enterprise fund also restricts customer meter deposits.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of $1,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and building improvements	20-40 years
Water improvements	5-35 years
Sewer improvements	5-40 years
Equipment and vehicles	4-15 years
Infrastructure improvements	20-40 years

H. Compensated Absences

Employees of the Town earn two weeks vacation after one year of service, 3 weeks after ten years of service, and 4 weeks after twenty years 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. Vacation time must be taken in at least one-week intervals, unless approved by supervisor. Employees earn 40 hours of sick leave and 24 hours of personal leave each calendar year following the successful completion of the employee's three-month probationary period. Only unused sick leave can be accumulated up to 240 hours and can be carried forward to the next year; however, employees will not be compensated upon termination or retirement. Unused, earned vacation leave will be paid for provided the employee gives two full weeks' notice to the Town Clerk, in writing, of their intention to terminate.

I. Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

J. Fund Equity

The Town implemented GASB Statement No. 54 beginning in 2011. The Town assumes that when amounts are expended for purposes for which funds in any of the unrestricted classifications could be used, committed amounts are reduced first, followed by assigned amounts and then unassigned amounts.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. There are no material reservations or designations for the year ended December 31, 2024.

K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from the estimates.

L. 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 risk of loss, the Town maintains commercial insurance policies covering its vehicles, professional liability and surety bond coverage. No claims were paid on any of the policies which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2024.

M. Sales Tax

One Percent (1%) Sales and Use Tax (2016 Authorization) - On April 9, 2016, the voters of the Town of Arcadia approved the renewal of a one percent (1%) sales and use tax for a period of ten years beginning July 1, 2016. The proceeds of this tax are required to be used with at least 40% dedicated to constructing, acquiring, extending, and/or improving sewer and sewerage disposal facilities and the waterworks system of the Town, with the remainder available for any lawful purposes of the Town. This tax is scheduled to expire in 2026.

One Percent (1%) Sales and Use Tax (2021 Authorization; Effective 2023) - On November 13, 2021, the voters of the Town approved the continuation of a one percent (1%) sales and use tax. The Town adopted an ordinance on June 14, 2022, to levy the tax effective January 1, 2023, without limitation as to term. The proceeds of this tax are dedicated as follows: 30% for constructing, paving, resurfacing, and/or maintaining public streets; 10% for parks and recreation; 10% for industrial development; and 50% for general operating purposes.

One-Half Percent (0.5%) Sales and Use Tax (2021 Authorization; Effective 2023) - On November 13, 2021, the voters of the Town also approved the continuation of a one-half percent (0.5%) sales and use tax. The Town adopted an ordinance on June 14, 2022, to levy the tax effective January 1, 2023, without limitation as to term. The proceeds of this tax are dedicated to the construction, improvement, and maintenance of public roads and drainage facilities, as well as solid waste collection and disposal.

Collection Agent - The Bienville Parish School Board serves as the collection agent for the Town's sales taxes and receives a collection fee for these services.

N. New Accounting Pronouncements Issued But Not Yet Effective.

The following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB), scheduled to be implemented in the future that may affect the Town's financial report:

GASB Statement No. 102, Certain Risk Disclosures, is effective for financial statements for fiscal years beginning after June 15, 2024. The objective of this Statement is to require governments to disclose information about certain risks that could affect their ability to continue providing services or meet financial obligations as they come due. The Town is currently evaluating the effects that the statement will have on its financial statements.

GASB Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This standard is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The effect of implementation on the Town's financial statements has not yet been determined.

GASB Statement No. 104, Disclosure of Certain Capital Assets. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This standard is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The effect of implementation on the Town's financial statements has not yet been determined.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget Information: Budgetary comparison schedules for the General Fund and major Special Revenue funds are presented as required supplementary information.

The Town adopted budgets for the year ended December 31, 2024, for the General Fund and Special Revenue Funds on a basis consistent with generally accepted accounting principles (GAAP). The Town follows procedures required by the Louisiana Local Government Budget Act in establishing budgetary data. Management prepares and presents proposed operating budgets to the Town Council for consideration. Public hearings are held, and budgets are adopted in open meetings. The Town may amend the budgets during the year through formal action of the Town Council when necessary. During the year ended December 31, 2024, the Town adopted amendments to the budgets, which were introduced, publicly heard, and approved by the Town Council. However, compliance with certain provisions of state budget law was not achieved. Specifically, The Town did not adopt the original 2024 budget prior to the beginning of the fiscal year, as required by Louisiana Revised Statutes 39:1309. In addition, General Fund expenditures exceeded final budgeted appropriations by $95,892, which exceeds the 5% threshold requiring amendment under Louisiana Revised Statute 39:1311.

At December 31, 2024, the General Fund reported a deficit fund balance, and certain other governmental funds also reported deficit balances. These deficits are primarily attributable to interfund “due to/from” balances and prior period adjustments, including the effects of pension-related liabilities recognized under GASB Statement No. 68.

Management has indicated that efforts are ongoing to analyze and reduce interfund balances, which is expected to alleviate a portion of the deficit fund balances in future periods.

3. CASH AND CASH EQUIVALENTS

At December 31, 2024, the Town has cash and cash equivalents (book balances) totaling $46,793 as follows:

Demand deposits	$	6,320
Interest-bearing demand deposits		40,473
Total	$	46,793

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.

At December 31, 2024, the Town’s bank balances totaled $162,488. These deposits were fully secured by federal deposit insurance.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposits may not be recovered. Under state law, deposits are protected from custodial credit risk by federal deposit insurance or the pledge of securities held by the fiscal agent bank. At December 31, 2024, the Town's deposits were not exposed to custodial credit risk as they were fully insured by federal deposit insurance.

In addition, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell pledged securities within ten days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

4. INVESTMENTS

The Town is a political subdivision of the State of Louisiana and has authority to invest in investments as authorized by Louisiana Revised Statutes, including Federal National Mortgage Association notes, pursuant to RS 33:2955. Investments are reported at fair value, with realized and unrealized gains and losses included in investment income under the caption use of money and property.

At fiscal year-end, the Town's investment balances consisted of the following:

Investment Type	Carrying Amount / Fair Value
Asset and mortgage-backed securities	$ 89,263
Total investments	$ 89,263

Fair Value Measurement: The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – Quoted prices in active markets for identical assets
Level 2 – Observable inputs other than Level 1 prices
Level 3 – Unobservable inputs

The recurring fair value measurement for asset and mortgage-backed securities is classified as Level 2, as the fair value is determined using observable market-based inputs.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's investment policy limits investments to those authorized by state law. The Town's investments in asset and mortgage-backed securities are subject to credit risk and are typically rated by nationally recognized statistical rating organizations.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Mortgage-backed securities are subject to prepayment risk, which may cause the securities to be paid off earlier than expected, thereby affecting the timing of cash flows.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments. At fiscal year-end, the Town's investments were held by the counterparty's trust department in the Town's name.

5. RECEIVABLES

The receivables of $614,616 at December 31, 2024, are as follows:

	Governmental Activities		Business-type Activities	
	General Fund	Special Revenue Funds	Utility Fund	Total
Taxes:				
Ad valorem	$ 52,602	$ -	$ -	$ 52,602
Sales and use	-	386,893	-	386,893
Other taxes, penalties and interest	17,817	-	-	17,817
Accounts	13,049	5,399	138,856	157,304
Total	$ 83,468	$ 392,292	$ 138,856	$ 614,616

6. RESTRICTED ASSETS

Restricted assets of business-type activities were applicable to the following at December 31, 2024:

	Enterprise fund Customer deposits
Cash and cash equivalents	$ 594
Investments	11,638
Total	$ 12,232

7. AD VALOREM TAXES

For the year ended December 31, 2024, taxes of $211,740 were levied on property with assessed valuations totaling $38,014,294 and were dedicated as follows:

General corporate purposes: 5.570 mills

The following are the principal taxpayers and related property tax revenue for the Town:

Taxpayer	Type of Business	Assessed Valuation	% of Total Assessed Valuation	Ad Valorem Tax Revenue for Town
Haynes International, Inc.	Tubular Production	$ 6,914,159	18.2%	$ 38,512
Arcadia Gas Storage, LLC	Natural Gas Storage	7,173,686	18.9%	39,957
House of Raeford Farms	Poultry Productions	3,728,148	9.8%	20,766
Total		$ 17,815,993	46.9%	$99,235

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

8. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of December 31, 2024 is as follows:

Fund	Due From Other Funds	Due To Other Funds
Governmental Activities:		
Major Funds:		
General Fund	$ 571,450	$ 746,556
Special Revenue Funds:		
Sales tax fund	635,579	377,632
Non-Major Funds:		
Street fund	476,426	906,065
Industrial Inducement fund	185,724	264,227
Parks and Recreation fund	112,736	-
Total governmental activities	$ 1,981,915	$ 2,294,480
Business-type Activities:		
Utility Fund	$ 559,660	$ 247,095

At December 31, 2024, the Town reported net internal balances of $312,565 between governmental activities and business-type activities in the government-wide financial statements. These balances represent the net effect of interfund receivables and payables between funds that are reported in different activity columns and are eliminated in consolidation. Accordingly, the net internal balance is presented as an internal balances receivable in business-type activities and a corresponding payable in governmental activities.

9. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2024, for the primary government is as follows:

	December 31, 2023 Balance	Additions	Disposals	December 31, 2024 Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 549,035	$ -	$ -	$ 549,035
Total capital assets not being depreciated	549,035	-	-	549,035
Capital assets being depreciated:				
Buildings	4,533,444	-	-	4,533,444
Vehicles	719,833	83,157	-	802,990
Improvements	3,984,922	-	-	3,984,922
Equipment	1,102,954	58,906	-	1,161,860
Total capital assets being depreciated	10,341,153	142,063	-	10,483,216
Less: Accumulated Depreciation	(5,320,603)	(435,354)	-	(5,755,957)
Total capital assets being depreciated, net	5,020,550	(293,291)	-	4,727,259
Capital Assets, Net	$ 5,569,585	$ (293,291)	$ -	$ 5,276,294
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 268,628	$ -	$ -	$ 268,628
Total capital assets not being depreciated	268,628	-	-	268,628
Capital assets being depreciated:				
Water wells	1,509,159	-	-	1,509,159
Pumping plant	123,235	-	-	123,235
Purification plant	110,616	-	-	110,616
Storage reservoir tanks	193,631	-	-	193,631
Water Distribution system	2,795,364	-	-	2,795,364
General equipment	398,397	-	-	398,397
Office equipment	8,247	-	-	8,247
Improvements	13,800	-	-	13,800
Sewer system	6,098,344	10,774	-	6,109,118
Buildings	-	-	-	-
Vehicles	181,355	45,149	-	226,504
Total capital assets being depreciated	11,432,148	55,923	-	11,488,071
Less: Accumulated Depreciation	(7,887,598)	(283,574)	-	(8,171,172)
Total capital assets being depreciated, net	3,544,550	(227,651)	-	3,316,899
Capital Assets, Net	$ 3,813,178	$ (227,651)	$ -	$ 3,585,527

Depreciation expense of $435,354 and $283,574 for the year ended December 31, 2024, was charged to general government and utility operations, respectively.

10. PENSION PLANS

Effective December 31, 2015, the Town implemented Governmental Accounting Standards Board Statement No. 68, *Accounting for Financial Reporting and Pensions – an amendment of GASB Statement No. 27,* and Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No.68*. These statements required the Town to recognize its proportionate share of the net pension liability for the two defined benefit plans in which its employees participate.

Cost-Sharing Multiple-Employer Retirement Systems
The Town participates in two state-administered cost-sharing multiple-employer retirement systems: Municipal Employees' Retirement System (MERS) and Municipal Police Employees' Retirement System (MPERS) of the State of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual, publicly available financial reports that include financial statements and required supplementary information for the systems. Although separately administered by their respective boards of trustees, these systems are established and regulated by acts of the Louisiana Legislature with respect to membership and contribution requirements, plan benefits, and actuarial determination of funding requirements as provided by the state constitution. The Town of Arcadia implemented Government Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68. Additional disclosures with respect to GASB 68 to the Town's participation in these systems are provided below. The reports for MERS and MPERS may be obtained at www.mersla.com and www.lampers.org, respectively.

Plan Description - Municipal Police Employees' Retirement System

All full-time police department employees engaged in law enforcement are required to participate in the Municipal Police Employees' Retirement System. The System is the administrator of a cost- sharing multiple-employer plan. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Membership Prior to January 1, 2013
A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or $200 per month, whichever is greater.

Membership Commencing January 1, 2013

Member eligibility for regular retirement, early retirement, disability and survivor benefits is based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statues, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or $200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year.

Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

Deferred Retirement Option Plan
A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

Initial Benefit Option Plan
In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

Contributions: Plan members are required by state statute to contribute 9% of their annual covered salary and the Town of Arcadia is required to contribute at an actuarially determined rate. The current rate for the year ended December 31, 2024, was 33.925% of annual covered payroll. The contribution requirements of plan members and the Town 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, Louisiana's contributions to the System, for the year ending December 31, 2024, were $94,155.

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions during the measurement period of $20,445 are recognized as revenue and are excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2024, the Town reported a liability of $712,104 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the Town's proportion was 0.078599% which was a increase of 0.028803% from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the Town recognized pension expense of $81,555 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 38,555	$ 21,541
Changes in Assumption	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	19,796	-
Changes in Employer's Portion of Beginning Net Pension Liability and Differences Between Employer Contributions and Proportionate Share of Employer Contributions	183,799	82,568
Subsequent Measurement Contributions	49,596	-
Total	$ 291,746	$ 104,109

The Town reported a total of $49,596 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of December 31, 2024, which will be recognized as a reduction in net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2025	$ 7,271
2026	106,098
2027	37,152
2028	(12,480)
	$ 138,041

Actuarial Methods and Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2024, are as follows:

Valuation Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.75%, net of investment expense
Expected Remaining Service Lives	4 years
Salary Increases, including inflation and merit	1 to 2 years of service: 12.30% More than 2 years of service: 4.70%

Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Mortality Rates	Pub-2010 Healthy Retiree Table, MP2019 scales, annuitant members. Pub-2010 Employee Table, MP2019 scales, employee members. Pub-2010 Disabled Retiree Table, MP2019 scale, disabled members.
Inflation Rate	2.50%

The mortality rate assumption used was set based upon an experience study for the period of July 1, 2014 through June 30, 2019. A change was made to full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 7.86% for the year ended June 30, 2024.

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	52%	3.14%
Fixed Income	34%	1.07%
Alternatives	14%	1.03%
Totals	100%	5.24%
Inflation		2.62%
Expected Arithmetic Nominal Return		7.86%

The discount rate used to measure the total pension liability was 6.750%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to changes in discount rate: The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.750%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.750%) or one percentage point higher (7.750%) than the current rate:

	Changes in Discount Rate		
	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability/(Asset)	$ 1,057,812	$ 712,104	$ 423,504

Plan Description - Municipal Employees' Retirement System of Louisiana

The Municipal Employees' Retirement System of Louisiana is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Any person eligible for membership whose first employment making him eligible for membership in the System occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of the System as a condition of employment. All employees of the Town are members of Plan B.

The System has issued a stand-alone audit report on its financial statements for the year ended June 30, 2024. Access to the report can be found on the System's website, www.mersla.com, or on the Louisiana Legislative Auditor's website, www.lla.la.gov.

Retirement Benefits:

Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-11:1785. The following brief description is of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any member of Plan B who commenced participation in the System prior to January 1, 2013 can retire providing he meets one of the following criteria:

1. Any age with thirty (30) years of creditable service.

2. Age 60 with a minimum of ten (10) or more years of creditable service.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Any member of Plan B Tier 2 shall be eligible for retirement if he meets one of the following requirements:

1. Age 67 with seven (7) years of creditable service.

2. Age 62 with ten (10) years of creditable service.

3. Age 55 with thirty (30) years of creditable service.

4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual sick leave, with an actuarially reduced early benefit.

The monthly amount of the retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits:

Upon death of any member of Plan B with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and/or minor children as outlined in the statutes.

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

DROP Benefits:

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

Disability Benefits:

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, in which he would receive a regular retirement benefit under retirement provisions. A member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of thirty percent of his final average compensation or two percent of his final average compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to two percent of the member's final average compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

Cost of Living Increases:

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Deferred Benefits:

Both plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Contributions: According to state statute, contribution requirements for all employers are actuarially determined each year. Member contributions are at 5% of earnable compensation. For the plan year ending June 30, 2024, the actual employer contribution rate was 15.50% for Plan B. The Town of Arcadia, Louisiana's contributions to the System, for the year ending December 31, 2024, was $76,820.

In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations. Non-employer contributions of $19,182 during the measurement period are recognized as revenue and are excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2024, the Town reported a liability of $329,435 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2024, the Town's proportion was 0.542929% which was an increase of 0.089989% from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the Town recognized pension expense of $60,782 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 3,128	$ 2,695
Changes in Assumption	-	12,263
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	11,855	-
Changes in Employer's Portion of Beginning Net Pension Liability and Differences Between Employer Contributions and Proportionate Share of Employer Contributions	42,659	-
Subsequent Measurement Contributions	35,325	-
Total	$ 92,967	$ 14,958

The Town reported a total of $35,325 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of December 31, 2024, which will be recognized as a reduction in net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2025	$ 17,337
2026	42,610
2027	(9,827)
2028	(7,434)
	$ 42,686

Actuarial Methods and Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2024, are as follows:

Valuation Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.85%, net of investment expense, including inflation
Expected Remaining Service Lives	3 years
Inflation Rate	2.50%
Salary Increases, including inflation and merit	1 to 2 years of service: 9.5% More than 2 years of service: 4.60%
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Annuitant and Beneficiary Mortality	PubG-2010(B) Healthy Retiree Table set equal to 115% for males and females, each adjusted using their respective male and female MP2021 scales.
Employee Mortality	PubG-2010(B) Employee Table set equal to 115% for males and females, each adjusted using their respective male and female MP2021 scales.
Disabled Lives Mortality	PubNS-2010(B) Disabled Retiree Table set equal to 115% for males and120% for females with the full generational MP2021 scales.

Discount Rate: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	56%	2.44%
Public Fixed Income	29%	1.26%
Alternatives	15%	0.65%
Totals	100%	4.35%
Inflation		2.50%
Expected Arithmetic Nominal Return		6.85%

The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PERSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to changes in discount rate: The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.85%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.85%) or one percentage point higher (7.85%) than the current rate as of June 30, 2024:

	Changes in Discount Rate		
	1% Decrease 5.85%	Current Discount Rate 6.85%	1% Increase 7.85%
Net Pension Liability/(Asset)	$ 511,537	$ 329,435	$ 175,529

The total net pension liability, deferred outflows of resources, and deferred inflows of resources presented above, which include amounts related to both MERS and MPERS, agree with the corresponding amounts reported in the government-wide statement of net position.

11. <u>CONTINGENT LIABILITIES</u>

As of December 31, 2024, the Town is not involved in any litigation and is not aware of any pending or threatened claims or unasserted claims that would require disclosure or accrual in the financial statements.

12. <u>ON BEHALF PAYMENTS FOR SALARIES</u>

The Town recognizes as general fund revenues and expenses supplemental pay made by the State of Louisiana to the Town's police employees. For the year ended December 31, 2024, the State made contributions of $23,740.

13. <u>SUBSEQUENT EVENTS</u>

The Town has evaluated events subsequent to June 30, 2026, to assess the need for potential recognition or disclosure in this report. Such events were evaluated through the date these financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or disclosure in the financial statements.

Required Supplemental Information

TOWN OF ARCADIA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2024

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
Revenues:				
Taxes:				
Ad valorem	$ 212,750	$ 212,750	$ 211,740	$ (1,010)
Other taxes, penalties and interest	90,000	90,000	72,593	(17,407)
Licenses and permits	107,500	107,500	116,627	9,127
Intergovernmental	36,000	36,000	18,379	(17,621)
Fines	50,000	50,000	41,315	(8,685)
Use of money and property	65,000	65,000	42,730	(22,270)
Miscellaneous	-	-	73,872	73,872
Total revenues	561,250	561,250	577,256	16,006
Expenditures:				
Current:				
General government	571,696	571,696	840,787	(269,091)
Public safety	835,637	997,112	817,481	179,631
Economic development	-	-	9,702	(9,702)
Transportation	3,750	3,750	480	3,270
Total expenditures	1,411,083	1,572,558	1,668,450	(95,892)
Excess (deficiency) of revenue over expenditures	(849,833)	(1,011,308)	(1,091,194)	(79,886)
Other financing sources (uses):				
Operating transfers (net)	850,000	688,525	793,895	105,370
Total other financing sources (uses)	850,000	688,525	793,895	105,370
Net change in fund balances	167	(322,783)	(297,299)	25,484
Fund balances, beginning of year	47,110	47,110	47,110	-
Fund balances, end of year	$ 47,277	$ (275,673)	$ (250,189)	$ 25,484

See accompanying notes to budgetary comparison schedules and independent auditor’s report.

TOWN OF ARCADIA

BUDGETARY COMPARISON SCHEDULE
SALES TAX SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2024

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	AMOUNTS	(NEGATIVE)
Revenues:				
Taxes	$ 2,080,541	$ 2,080,541	$ 2,054,334	$ (26,207)
Interest and other revenue	1	1	4,710	4,709
Total revenues	2,080,542	2,080,542	2,059,044	(21,498)
Expenditures:				
General government	31,208	31,208	31,041	167
Total expenditures	31,208	31,208	31,041	167
Excess of revenue over expenditures	2,049,334	2,049,334	2,028,003	(21,331)
Other financing sources (uses):				
Operating transfers (net)	(2,049,333)	(2,049,333)	(2,165,421)	(116,088)
Total other financing sources (uses)	(2,049,333)	(2,049,333)	(2,165,421)	(116,088)
Net change in fund balances	1	1	(137,418)	(137,419)
Fund balances, beginning of year	832,755	832,755	832,755	-
Fund balances, end of year	$ 832,756	$ 832,756	$ 695,337	$ (137,419)

See accompanying notes to the budgetary comparison schedules and independent auditor's report.

Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, and variances between the final budget and the actual data.

Budget Amendments and Revisions

The budget is adopted by the Town Council. Amendments can be made on the approval of the Town Council. A budgetary comparison is presented for the General Fund and each major special revenue fund consistent with accounting principles generally accepted in the United States of America.

Budget Variances - Major Funds

For the year ended December 31, 2024, actual expenditures in the General Fund exceeded final budgeted appropriations. The Town did not fully amend the budget to eliminate all unfavorable variances, as required by Louisiana Revised Statutes 39:1311.

TOWN OF ARCADIA

SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

FOR THE TEN YEARS ENDED DECEMBER 31, 2024

Fiscal Year	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System of Louisiana (MERS)					
2015	0.753400%	512,046	501,057	102.2%	68.71%
2016	0.686303%	568,881	512,390	111.0%	63.34%
2017	0.700763%	606,323	520,309	116.5%	63.49%
2018	0.717874%	607,201	568,222	106.9%	65.60%
2019	0.838345%	733,395	710,039	103.3%	66.14%
2020	0.690947%	626,154	365,323	171.4%	66.26%
2021	0.503505%	291,685	380,822	76.6%	79.14%
2022	0.446881%	392,292	362,289	108.3%	69.56%
2023	0.452940%	363,195	488,744	74.3%	73.25%
2024	0.542929%	329,435	526,746	62.5%	80.10%
Municipal Police Employees' Retirement System (MPERS)					
2015	0.069372%	543,457	165,159	329.1%	70.73%
2016	0.062017%	581,274	122,770	473.5%	66.04%
2017	0.042413%	370,283	134,701	274.9%	70.08%
2018	0.047384%	400,587	148,441	269.9%	71.89%
2019	0.067018%	608,636	262,914	231.5%	71.01%
2020	0.099692%	921,386	248,222	371.2%	70.94%
2021	0.079378%	423,128	216,892	195.1%	84.09%
2022	0.062017%	633,924	192,888	328.6%	70.80%
2023	0.049796%	526,093	209,658	250.9%	71.30%
2024	0.078599%	712,104	288,486	246.8%	75.84%

TOWN OF ARCADIA

SCHEDULE OF TOWN'S CONTRIBUTIONS

FOR THE TEN YEARS ENDED DECEMBER 31, 2024

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
Municipal Employees' Retirement System of Louisiana (MERS)					
2015	$ 47,600	$ 47,600	$ -	$ 501,057	9.50%
2016	51,343	51,343	-	512,390	10.02%
2017	63,034	63,034	-	520,309	12.11%
2018	77,495	77,495	-	568,222	13.64%
2019	97,950	97,950	-	710,039	13.80%
2020	54,039	54,039	-	365,323	14.79%
2021	59,027	59,027	-	380,822	15.50%
2022	56,155	56,155	-	362,289	15.50%
2023	75,755	75,755	-	488,744	15.50%
2024	77,861	77,861	-	526,746	14.78%
Municipal Police Employees' Retirement System (MPERS)					
2015	$ 56,309	$ 56,309	$ -	$ 165,159	34.09%
2016	41,189	41,189	-	122,770	33.55%
2017	42,115	42,115	-	134,701	31.27%
2018	50,100	50,100	-	148,441	33.75%
2019	85,173	85,173	-	262,914	32.40%
2020	91,545	91,545	-	248,222	36.88%
2021	69,316	69,316	-	216,892	31.96%
2022	58,863	58,863	-	192,888	30.52%
2023	65,308	65,308	-	209,658	31.15%
2024	100,203	100,203	-	288,486	34.73%

Supplementary Information

TOWN OF ARCADIA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2024

	STREET	INDUSTRIAL INDUCEMENT	PARKS AND RECREATION	LMA	TOTAL OTHER GOVERNMENTAL FUNDS
Assets					
Cash and cash equivalents	$ -	$ 1,803	$ 199	$ 452	$ 2,454
Investments	-	29,294	-	-	29,294
Receivables	3,499	-	-	1,900	5,399
Due from other funds	476,426	185,724	112,736	-	774,886
Total assets	$ 479,925	$ 216,821	$ 112,935	$ 2,352	$ 812,033
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 105,232	$ 14,447	$ 14,264	$ -	$ 133,943
Due to other funds	906,065	264,227	-	-	1,170,292
Total liabilities	1,011,297	278,674	14,264	-	1,304,235
Fund balances:					
Assigned	-	-	98,671	2,352	101,023
Unassigned (deficit)	(531,372)	(61,853)	-	-	(593,225)
Total fund balances	(531,372)	(61,853)	98,671	2,352	(492,202)
Total liabilities and fund balances	$ 479,925	$ 216,821	$ 112,935	$ 2,352	$ 812,033

See independent auditor’s report.

TOWN OF ARCADIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2024

	STREET	INDUSTRIAL INDUCEMENT	PARKS AND RECREATION	LMA	TOTAL OTHER GOVERNMENTAL FUNDS
Revenues:					
Interest	$ 38	$ 3,733	$ 17	$ -	$ 3,788
Intergovernmental	5,000	-	-	-	5,000
Miscellaneous	4,285	-	10,570	-	14,855
Total revenues	9,323	3,733	10,587	-	23,643
Expenditures:					
Public works	886,654	-	-	-	886,654
Culture and recreation	-	-	109,856	-	109,856
Economic development	-	136,867	-	-	136,867
Capital outlay	83,157	-	58,906	-	142,063
Total expenditures	969,811	136,867	168,762	-	1,275,440
(Deficiency) of revenues over expenditures	(960,488)	(133,134)	(158,175)	-	(1,251,797)
Other financing sources (uses):					
Unrealized gain or (loss) on investments	-	954	-	-	954
Operating transfers in	844,582	80,941	138,156	-	1,063,679
Operating transfers out	-	(71,020)	-	-	(71,020)
Total other financing sources (uses)	844,582	10,875	138,156	-	993,613
Net change in fund balances	(115,906)	(122,259)	(20,019)	-	(258,184)
Fund balances, beginning of year	(415,466)	60,406	118,690	2,352	(234,018)
Fund balances, end of year	$ (531,372)	$ (61,853)	$ 98,671	$ 2,352	$ (492,202)

TOWN OF ARCADIA

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED DECEMBER 31, 2024

	Mayor O'landis Millican
Purpose:	
Salary	$ 64,032
Benefits - insurance	26,585
Benefits - dental	562
Reimbursements	553
Travel	366
Registration fees	4,117
TOTAL	$ 96,215

TOWN OF ARCADIA

SCHEDULE OF COMPENSATION AND BENEFITS PAID ELECTED OFFICIALS

FOR THE YEAR ENDED DECEMBER 31, 2024

	Chief of Police Ciera Murphy	Council Member Joseph Pruitt	Council Member Edwin Mason
Purpose:			
Salary	$ 70,032	$ 7,150	$ 7,150
Benefits - insurance	17,258	18,657	18,657
Benefits - dental	562	562	562
Registration fees	-	-	703
TOTAL	$ 87,852	$ 26,369	$ 27,072

	Council Member Deborah Harris	Council Member Melanie Monroe	Council Member Timothy Williams
Purpose:			
Salary	$ 7,150	$ 1,300	$ 8,400
Benefits - insurance	9,328	9,328	119
Benefits - dental	562	562	562
Registration fees	-	232	1,417
TOTAL	$ 17,040	$ 11,422	$ 10,498

TOWN OF ARCADIA

SCHEDULE OF JUSTICE SYSTEM FUNDING -COLLECTING/DISBURSING ENTITY SCHEDULE
AS REQUIRED BY ACT 87 OF 2020 REGULAR LEGISLATIVE SESSION

FOR THE YEAR ENDED DECEMBER 31, 2024

	First Six Month Period Ended 6/30/2024	Second Six Month Period Ended 12/31/2024
Cash Basis Presentation		
Beginning Cash Balance	$ -	$ 1
Add: Collections		
Criminal Court Costs/Fees	24,625	219,783
Total Collections	24,625	219,783
Less: Amounts Retained by Collecting Agency		
Amounts Self Disbursed for Criminal Court Costs/Fees	22,902	16,075
Total Collections Retained	22,902	16,075
Less: Disbursements To Governments & Nonprofits:		
Criminalistics Laboratory North Louisiana, Criminal Court Costs/Fees	240	80
Department of the Treasury, Criminal Court Costs/Fees	372	138
Louisiana Commission on Law Enforcement, Criminal Court Costs/Fees	1,048	375
Louisiana Supreme Court, Criminal Court Costs/Fees	62	23
Total Disbursements To Governments & Nonprofits	1,722	616
Total Disbursements/Retainage	24,624	16,691
Ending Cash Balance	$ 1	

Other Reports

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333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
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To the Honorable Mayor and the
Members of the Town Council
Town of Arcadia, Louisiana

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

We have audited 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Arcadia, Louisiana as of and for the year ended December 31, 2024, and the related notes to financial statements, which collectively comprise the Town of Arcadia, Louisiana's basic financial statements, and have issued our report thereon dated June 30, 2026.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Town's internal control. Accordingly, we do not express an opinion on the effectiveness of The Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-1 and 2024-5, to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-2, 2024-3, 2024-4, and 2024-6, to be a significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-2, 2024-4, and 2024-5.

The Town's Responses to Findings

The Town's responses to the findings identified in our audit are described in Management's Corrective Action Plan for Current Year Findings. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana
June 30, 2026

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Town of Arcadia, Louisiana.
2. Six findings related to the audit of the basic financial statements were identified, consisting of two material weaknesses and four significant deficiencies.
3. There were three instances of noncompliance relating to the basic financial statements of the Town of Arcadia, Louisiana, disclosed during the audit.
4. No federal single audit was required under the Uniform Guidance relating to the financial statements of the Town of Arcadia, Louisiana.

B. Findings — Financial Statement Audit

2024-1: Lack of Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Town's internal control over financial reporting includes those policies and procedures that pertain to the Town's ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The condition is the result of a limited number of accounting personnel and the Town's size, which restricts the ability to implement an ideal system of internal control with adequate segregation of duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should evaluate the cost-benefit of strengthening segregation of duties or implementing compensating controls, such as increased oversight and review by management and the governing body. Due to the size of the Town and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

MANAGEMENT'S RESPONSE: See management's corrective action plan.

2024-2: Noncompliance with the Louisiana Local Government Budget Act

CONDITION: For the year ended December 31, 2024, the Town did not fully comply with certain provisions of the Louisiana Local Government Budget Act. Specifically, the Town did not adopt the original budget within the first thirty days of the fiscal year. In addition, expenditures in the General Fund exceeded final budgeted appropriations, and the budget was not fully amended to eliminate the unfavorable variance. General Fund expenditures exceeded final budgeted appropriations by $95,892, or approximately 6.1%, which exceeds the 5% variance threshold requiring a budget amendment under Louisiana Revised Statute 39:1311.

CRITERIA: The Louisiana Local Government Budget Act (Louisiana Revised Statutes 39:1301–1316) requires that the governing authority adopt the budget prior to the beginning of the fiscal year (R.S. 39:1309) and amend the budget when actual revenues or expenditures are expected to vary by five percent or more from the final budget (R.S. 39:1311).

CAUSE: The condition appears to be the result of insufficient controls over the budget adoption timeline and monitoring of budget-to-actual variances throughout the year.

EFFECT: Failure to comply with the Louisiana Local Government Budget Act subjects the Town to noncompliance with state law and may reduce the effectiveness of budgetary control. Additionally, inadequate monitoring of budget variances increases the risk that financial activity is not properly authorized or controlled.

RECOMMENDATION: Management should strengthen controls over the budget process to ensure compliance with all provisions of the Louisiana Local Government Budget Act. This includes adopting the budget within the statutory timeframe and monitoring budget-to-actual results throughout the year with timely budget amendments when required.

MANAGEMENT'S RESPONSE: See management's corrective action plan.

2024-3: Internal Control Over Accounts Payable / Disbursements

CONDITION: Controls over the accounts payable and disbursement process are not adequately designed or operating effectively. Specifically, certain aged items from prior years remain included in the accounts payable aging for certain funds, indicating that liabilities are not being properly reviewed, reconciled, and cleared on a timely basis.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Effective internal control over accounts payable requires timely reconciliation, review of outstanding balances, and appropriate procedures to ensure liabilities are accurate, complete, and recorded in the proper period.

CAUSE: The condition appears to result from a lack of formal policies and procedures governing the review, reconciliation, and resolution of accounts payable balances, as well as insufficient monitoring controls over aged liabilities.

EFFECT: Failure to properly reconcile and clear accounts payable balances increases the risk that liabilities may be misstated, duplicated, or improperly recorded in the financial statements. Additionally, it increases the risk that errors or irregularities could occur and not be detected in a timely manner.

RECOMMENDATION: Management should implement formal policies and procedures for the accounts payable process, including periodic review and reconciliation of accounts payable aging reports, timely investigation and resolution of outstanding items, and documentation of review procedures. All personnel involved in the accounts payable function should be trained on these procedures to ensure consistent application.

MANAGEMENT'S RESPONSE: See management's corrective action plan.

2024-4: Late Submission of Audit Report to the Legislative Auditor

CONDITION: The audit report was submitted after the statutory due date.

CRITERIA: Louisiana Revised Statute 24:513 requires that all local auditees submit their audited financial statements to the Louisiana Legislative Auditor (LLA) no later than six months after their fiscal year end.

CAUSE: Delays in all requested information being provided, and entries prepared during fieldwork caused a delay in the submission of the audit report.

EFFECT: Delayed submission of the audit report can result in the entity being placed on the Legislative Auditor's noncompliance list. This status could prevent the entity from receiving state funds until removed from the list and hampers management's ability to address internal control deficiencies and noncompliance issues identified by the audit.

RECOMMENDATION: The Town of Arcadia should implement policies and procedures to ensure timely filing of all required reports.

MANAGEMENT'S RESPONSE: See management's corrective action plan.

2024-5: Noncompliance with Louisiana Investment Policy Requirements

CONDITION: The Town does not maintain a written investment policy. While the Town invests public funds, no formal documentation exists outlining investment objectives, procedures, constraints, or internal controls governing investment activities.

CRITERIA: Louisiana Revised Statutes 33:2955(D) requires that all political subdivisions adopt a written investment policy that addresses investment objectives, procedures, and constraints, with priority given to the safety of principal, liquidity, and yield. The policy should also establish internal controls over investment activities. In accordance with Statement on Auditing Standards (SAS) No. 115, management is responsible for establishing and maintaining effective internal control, including compliance with applicable laws and regulations.

CAUSE: The condition appears to result from a lack of policies and procedures to ensure compliance with state investment requirements and oversight of investment practices.

EFFECT: Failure to adopt a written investment policy results in noncompliance with state law and increases the risk of inconsistent investment practices, inadequate safeguarding of public funds, and potential exposure to unnecessary financial risk. Accordingly, this condition represents material noncompliance and a material weakness in internal control.

RECOMMENDATION: Management should develop and formally adopt a written investment policy in accordance with Louisiana Revised Statutes 33:2955(D). The policy should address statutory requirements related to safety, liquidity, yield, and internal controls over investment activities. Adoption of such a policy will strengthen governance over public funds and ensure compliance with state law.

MANAGEMENT'S RESPONSE: See management's corrective action plan.

2024-6: Deficit Fund Balances in Governmental Funds

CONDITION: At December 31, 2024, the Town reported deficit fund balances in multiple governmental funds. The General Fund reported a deficit fund balance of $(250,189), while the Street Fund and Industrial Inducement Fund reported deficit fund balances of $(531,372) and $(61,853), respectively. These deficit fund balances indicate that expenditures and other financing uses exceeded revenues, other financing sources, and available fund balance in these funds.

CRITERIA: Internal control over financial reporting requires that management maintain adequate controls to monitor fund-level financial positions and ensure that sufficient resources are available to meet current obligations. Sound financial management practices and compliance with budgetary laws require that expenditures be controlled within available revenues and that deficit positions be identified and addressed in a timely manner.

CAUSE: The condition appears to result from insufficient monitoring of fund-level operating results, ongoing reliance on interfund balances to finance operations, and expenditures exceeding available current financial resources in certain funds.

EFFECT: Failure to maintain positive fund balances increases the risk that the Town will be unable to meet current obligations without reliance on interfund borrowing or external financing. Additionally, deficit fund balances may indicate weaknesses in budgetary control and financial oversight and increase the risk of errors or irregularities not being detected in a timely manner.

RECOMMENDATION: Management should implement procedures to monitor fund-level financial activity and eliminate deficit fund balances. This includes strengthening budget monitoring, ensuring timely budget amendments, and reducing interfund balances to align expenditures with available revenues.

MANAGEMENT'S RESPONSE: See management's corrective action plan.

2023-1: Accounting Staff:

Status: Unresolved – repeated as 2024-1.

2023-2: Budget Variance and Non-Compliance:

Status: Unresolved – repeated as 2024-2.

2023-3: Internal Control over Accounts Payable:

Status: Unresolved – repeated as 2024-3.

2023-4: Internal Control over Police Ticket Payments:

Status: Resolved

Findings — Financial Statement Audit

2024-1: Lack of Segregation of Duties

MANAGEMENT'S RESPONSE:
Management will continue to evaluate internal control procedures and implement compensating controls where feasible, including increased oversight and review by management and the Town Council. Due to the size of the Town and the cost-benefit of additional personnel, it is not economically feasible to fully segregate duties at this time.

2024-2: Noncompliance with the Louisiana Local Government Budget Act

MANAGEMENT'S RESPONSE:
Management will implement procedures to ensure timely adoption of the annual budget in accordance with state law. In addition, management will enhance monitoring of budget-to-actual results throughout the year and will present budget amendments to the Town Council when variances meet statutory thresholds.

2024-3: Internal Control Over Accounts Payable / Disbursements

MANAGEMENT'S RESPONSE:
Management will implement procedures to review and reconcile accounts payable balances on a periodic basis, including investigation and resolution of aged items. Written policies and procedures will be developed, and personnel involved in the disbursement process will be trained to ensure consistent application.

2024-4: Late Submission of Audit Report to the Legislative Auditor

MANAGEMENT'S RESPONSE:
Management will work with the Town's independent auditors to ensure timely completion of the annual audit. Management will also improve internal closing procedures and establish a timeline for preparation of required financial information to facilitate submission of the audit report to the Louisiana Legislative Auditor within statutory deadlines.

2024-5: Noncompliance with Louisiana Investment Policy Requirements

MANAGEMENT'S RESPONSE:
Management will develop and formally adopt a written investment policy in accordance with Louisiana Revised Statutes 33:2955(D). The policy will address investment objectives, safety, liquidity, yield, and internal controls. Management will present the policy to the Town Council for approval and implement procedures to ensure ongoing compliance.

2024-6: Deficit Fund Balances in Governmental Funds

MANAGEMENT'S RESPONSE:
Management acknowledges this finding and concurs with the recommendation. The deficit fund balances resulted primarily from the continued financial impact of prior-year operating shortfalls, the use of interfund financing to maintain essential governmental services, and increased costs associated with maintaining aging infrastructure and essential operations.

During 2025, the Town implemented several corrective measures to improve its financial position and strengthen fund-level oversight. These measures include enhanced monthly monitoring of revenues and expenditures by fund, regular reviews of budget-to-actual activity, timely budget amendments when necessary, and increased oversight of interfund transactions. Management has also focused on increasing revenues through improved utility billing and collections, grant funding, and economic development initiatives while carefully managing expenditures.

Additionally, the Town will work closely with its outside CPA and external auditor to gain a better understanding of the accounting and reporting requirements associated with the one-half cent street sales tax, including the proper recognition of sales tax disbursements and fund allocations. This collaborative effort will help ensure that revenues are recorded appropriately, expenditures are charged to the correct funds, and financial reporting accurately reflects the Town's financial position.

The Town remains committed to eliminating deficit fund balances through responsible budgeting, improved financial controls, and long-term financial planning. Management anticipates that these corrective actions, together with continued monitoring, collaboration with its outside CPA and external auditor, and sound fiscal discipline, will improve the financial condition of the affected funds and reduce reliance on interfund borrowing in future years.

Town of Arcadia

Agreed-Upon Procedures Report
For the Year Ended December 31, 2024

CERTIFIED PUBLIC ACCOUNTANTS

REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
318.429.1525 (P) | 318.429.2124 (F)

June 30, 2026

The Honorable O'Landis Millican, Mayor
and Members of the Town Council
for the Town of Arcadia
Ruston, Louisiana

Louisiana Legislative Auditor
Baton Rouge, Louisiana

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2024, through December 31, 2024. Town of Arcadia's ("The Entity") management is responsible for those C/C areas identified in the SAUPs.

The Entity has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2024, through December 31, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
   a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
   b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
   c) ***Disbursements***, including processing, reviewing, and approving.

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Findings: *Exceptions noted. The Town's written policies and procedures did not address certain required elements, including vendor additions, disaster recovery/business continuity, and sexual harassment training and reporting.*

Response: *The Town will revise its written policies and procedures to include all required elements.*

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

   a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds.

c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

d) Observe whether the board or finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Findings: *Exception noted. Written updates on the status of resolving audit findings were not included in meeting minutes for the period tested.*

Response: *The Town will include updates in the minutes regarding the status of resolving audit findings.*

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

   a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

   b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

   c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Findings: *Exception noted. Bank reconciliations did not include evidence of research of reconciling items over 12 months old from the statement closing date.*

Response: *The Town has implemented procedures to ensure research and documentation of reconciling items are properly reflected.*

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their

job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

a) Employees that are responsible for cash collections do not share cash drawers/registers.

b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

a) Observe that receipts are sequentially pre-numbered.

b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

c) Trace the deposit slip total to the actual deposit per the bank statement.

d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

e) Trace the actual deposit per the bank statement to the general ledger.

Findings: *Exception noted. The Town did not maintain bond or insurance coverage for employees with access to cash for the entire year.*

Response: *The Town will ensure continuous bond or insurance coverage for employees with access to cash.*

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

b) At least two employees are involved in processing and approving payments to vendors.

c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.

d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

    a) Observe that the disbursement matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

    b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3 above, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g. sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

Findings: *No exceptions noted.*

Credit Cards/Debit Cards/Fuel Cards/P-Cards

Section not applicable as the Town did not have any credit cards, debit cards, fuel cards, or P-cards during 2024.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

12. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

    a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

    b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

    c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

   d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: *Exceptions noted. Instances of incorrect per diem rates, duplicate reimbursement of hotel-related expenses, and lack of required approval were identified.*

Response: *The Town will monitor per diem rates, review allowable reimbursements, and implement approval procedures.*

Contracts

13. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

    a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

    b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

    c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval).

    d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

RESULTS*: Not applicable because of no exceptions in the previous year.*

Payroll and Personnel

14. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

15. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:

    a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

    b) Observe that supervisors approved the attendance and leave of the selected employees or officials.

    c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

    d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

16. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

17. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Findings: *No exceptions noted.*

Ethics

18. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

    a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

    b. Observe that the entity maintains documentation which demonstrates each employee and official was notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

19. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

RESULTS*: Not applicable because of no exceptions in the previous year.*

Debt Service

Not applicable as the Town does not carry any debt for 2024.

Fraud Notice

20. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

21. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings: *Exception noted. The required fraud notice was not posted on the Town's website.*

Response: *The Town will post the required notice on its website.*

Information Technology Disaster Recovery/Business Continuity

22. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

    a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

    b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

    c. Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

    d. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure 19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

    e. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows: a) Hired before June 9, 2020 - completed the training; and b) Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Findings: *We performed the procedure and discussed the results with management.*

Prevention of Sexual Harassment

23. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year, as required by R.S 42:343.

24. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

25. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:

    a. Number and percentage of public servants in the agency who have completed the training requirements;

    b. Number of sexual harassment complaints received by the agency;

    c. Number of complaints which resulted in a finding that sexual harassment occurred;

d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

e. Amount of time it took to resolve each complaint.

Findings: *Exceptions noted. One employee did not complete required training, and supporting training reports were not available in several instances.*

Response: *The Town will ensure completion of required training and maintain supporting documentation.*

We were engaged by the Entity to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Heard, McElroy & Vestal, LLC