

TOWN OF ARCADIA

INVESTIGATIVE AUDIT SERVICES

Issued May 10, 2023

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK, CPA

ASSISTANT LEGISLATIVE AUDITOR FOR INVESTIGATIONS
ROGER W. HARRIS, J.D., CCEP, CFI

INVESTIGATIVE AUDIT SENIOR MANAGER
KEVIN P. KELLEY, M.B.A., CPA, CFE

INVESTIGATIVE AUDIT TEAM
NORA KOCI, M.S.A.F., CPA, CFE
NEKIVIA SLEDGE, M.ACC, CFE

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May 10, 2023

**THE HONORABLE O'LANDIS MILLICAN, MAYOR,
AND THE MEMBERS OF THE TOWN COUNCIL**

Arcadia, Louisiana

We are providing this report for your information and use. This investigative audit was performed in accordance with Louisiana Revised Statutes 24:513, *et seq.* to determine the validity of complaints we received.

The procedures we performed primarily consisted of making inquiries and examining selected financial records and other documents and do not constitute an examination or review in accordance with generally accepted auditing or attestation standards. Consequently, we provide no opinion, attestation or other form of assurance with respect to the information upon which our work was based.

The accompanying report presents our findings and recommendations as well as management's response. This is a public report. Copies of this report have been delivered to the District Attorney for the 2nd Judicial District of Louisiana and others as required by law.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

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ARCADIA 2023



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EXECUTIVE SUMMARY

Town Did Not Comply with the Local Government Budget Act (LGBA)

The Town may have violated state law since it could not provide records to demonstrate a properly-adopted budget for fiscal years ended December 31, 2021 and 2022.

Town Failed to Budget American Rescue Plan Act Funds and the Mayor Improperly Paid Incentives to Town Officials

Mayor O'Landis Millican appears to have violated state law by disregarding requirements of the LGBA and the Lawrason Act in the performance of his duties. Mayor Millican signed Town checks to pay unbudgeted and unauthorized salary incentives to elected officials and Town employees without a council-approved budget or an ordinance to increase pay for the elected officials and Town Clerk.

Mayor Authorized Payment of Unbudgeted Expenses That May Have Increased the Deficits of the General Fund and Other Governmental Funds

Mayor Millican authorized payments to two vendors from the general fund totaling \$1,075,075 for expenses that were not included in the budget documents he provided to us for tree cutting, debris removal, building maintenance, and repairs to Town property from January 1, 2021 through June 10, 2022. In addition, the Town did not have a written contract with either vendor. Since the Town did not provide budgetary statements as required by law for FY 2021 and FY 2022, as described in the first finding, it appears the Mayor did not have the authority to incur these expenses and may have violated state law by making such payments.

Employees Paid for Leave Hours Not Accrued

Full-time Town employees accrue sick leave, vacation leave, and personal days. Two Town employees were paid for leave they did not accrue at June 10, 2022. By approving employee leave and authorizing payments to employees for leave they did not accrue, Mayor Millican may have violated the state constitution and state law.

Town May Have Violated Open Meetings Law

Mayor Millican and the Town Council supposedly met for "working meetings" on multiple occasions; however, the Town could not produce written minutes for these board meetings. By conducting public meetings, but not properly maintaining meeting minutes, the Town may have violated state law.

BACKGROUND AND METHODOLOGY

The Town of Arcadia (Town), located in Bienville Parish, has a population of 2,746 (2020 Census). The Town operates under the provisions of the Lawrason Act and has a mayor-council form of government. The mayor and five elected councilmen serve four-year terms. The Town provides public safety, utility services, streets, industrial development and inducement, and administrative services to residents and businesses.

We initiated this audit to determine the validity of complaints we received regarding the Town's use of public funds. The procedures performed during this audit included:

- (1) interviewing Town employees and others, as appropriate;
- (2) examining selected Town documents and records;
- (3) gathering and examining third parties' documents and records; and
- (4) reviewing applicable state and federal laws and regulations.

FINDINGS AND RECOMMENDATIONS

Town Did Not Comply with the Local Government Budget Act (LGBA)

The Town may have violated state law^{1,2,3,4,5,6,7,8,9,10} since it could not provide records to demonstrate a properly-adopted budget for fiscal years ended December 31, 2021 and 2022.

State law¹ requires each political subdivision, including villages, towns, and cities, to prepare a comprehensive budget presenting a complete financial plan for each fiscal year for the general fund and each special revenue fund. It specifies that an adopted budget constitutes the authority of the chief executive or administrative officers to incur liabilities and authorize expenditures.² State law also requires each political subdivision with a combined general fund and special revenue funds over \$500,000, such as the Town of Arcadia, to do the following when adopting a budget:

- (1) Include a budget message signed by the budget preparer, which consists of a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features.³
- (2) Include a statement for the general fund and each special revenue fund showing the estimated fund balances at the beginning of the year; estimates of all receipts and revenues to be received; revenues itemized by source; recommended expenditures itemized by agency, department, function, and character; other financing sources and uses by source and use; and the estimated fund balance at the end of the fiscal year.³
- (3) Accompany the budget with a proposed budget adoption instrument that defines the authority of the chief executive and administrative officers to make changes without approval of the board, as well as those powers reserved solely to the governing authority.⁴ Any act of the board which would provide for the appropriation of funds must be by ordinance.⁸
- (4) Make the proposed budget available for public inspection no later than 15 days prior to the beginning of the fiscal year.⁶
- (5) Publish a notice in the official journal to inform the public the proposed budget is available for public inspection with the date, time, and place of the public hearing at least 10 days prior to the first public hearing.⁹
- (6) Certify completion of all actions required by publishing a notice in the official journal.¹⁰

- (7) Complete all actions necessary to adopt, finalize, and implement the budget in open meeting before the end of the prior fiscal year.⁷
- (8) Retain certified copies of the budget and adoption instrument (obligation of the chief executive or administrative officer).⁷

We reviewed the Town's budgetary records for fiscal years ended December 31, 2021 and December 31, 2022, and found the Town did not comply with state law as demonstrated in the chart below.

Budget Item	FY 2021	FY 2022
Budget Message	No	No
Fund Statements	Yes, with exceptions ^A	Yes, with exceptions ^A
Proposed Adoption Instrument	Yes, with exceptions ^B	Yes, with exceptions ^B
Available for Public Inspection	See footnote ^C	See footnote ^D
Publish Notice that Proposed Budget is Available for Public Inspection and Information on Public Hearing	No	No
Publish Notice that All Actions Were Completed to Adopt the Budget	No	No
Adopt a Budget	No ^E	No ^F
Retain Certified Copies	Yes, with exceptions	Yes

Fiscal Year Ended December 31, 2021 (FY 2021)

The Town's December 17, 2020^G minutes show the council approved Ordinance 2020-008^H to authorize the Town's FY 2021 budgets for the "attached General Fund Budget and Water & Sewer Fund Budget." However, the Town could not provide the budgets referenced in the ordinance. The ordinance also stated that the budget was introduced on December 8, 2020, was motioned by Councilwoman Harris, and seconded by Councilman Pruitt; however, the Town did

^A The FY 2021 and FY 2022 fund statements did not include estimated fund balances at the beginning and end of the fiscal year.

^B Both the FY 2021 and FY 2022 budgets adoption instruments did not include wording to define the authority of the chief executive and administrative officers to make changes or the powers reserved solely to the governing authority.

^C Ordinance 2020-008 states notice was "published in the official journal of the Parish of Bienville;" however, the Town could not provide evidence that the notice was published.

^D Mayor Millican told us public notice for the FY 2022 budget was posted on the door of Town Hall. The notice was not published in the Town's official journal, The Democrat.

^E The Council passed an ordinance to approve a FY 2021 budget prior to the fiscal year end, but the Town could not provide a budget message or budget statements, which are required components of a budget.

^F The FY 2022 budget was adopted on April 12, 2022 and did not include all the required items to be considered a properly passed budget.

^G See Attachment A.

^H See Attachment B.

not have minutes for a December 8, 2020 meeting. Further, the ordinance provided by Mayor Millican did not include the required budget message.

In addition to Ordinance 2020-008, Mayor Millican provided us with a FY 2021 budget resolution^I dated December 12, 2020. The resolution included a general fund and water & sewer fund budget statements with estimated revenue to be collected and recommended expenditures, but did not include estimated beginning and ending fund balances or the required budget message. Additionally, the fund statements attached did not indicate which funds the statements were for.

The signed resolution stated that a public meeting was held on December 12, 2020, and the Town Council enacted the 2021 General Fund and Water & Sewer Fund budgets at that meeting; however, the Town does not have minutes for a December 12, 2020 meeting. The resolution also included a statement that the resolution was "adopted at the board meeting held on December 17th, 2020," but the December 17, 2020 minutes do not mention the resolution. Mayor Millican told us the December 12, 2020 date on the resolution was a mistype and the meeting was held December 17, 2020. The December 17, 2020 minutes show that Ordinance 2020-008 was passed for the FY 2021 budgets, not a resolution, and the ordinance also did not include the required budget statements or the budget message.

Fiscal Year Ended December 31, 2022 (FY 2022)

The Town's April 12, 2022 minutes show a resolution was approved by the Town Council to authorize the Town's FY 2022 budget. State law⁵ requires any appropriation of funds by a Lawrason Act municipality to be by ordinance. The resolution and budget documents did not include a budget message or any of the required components.^J Mayor Millican told us the FY 2022 budget was passed by resolution by mistake since the Town Attorney was a new municipal attorney.

The mayor told us he presented the FY 2022 budget to the council in October 2021, but the council wanted a working meeting to discuss the budget before voting to adopt it. The Town's October 12, 2021 minutes note "Budget update in packets," but there is no other mention of the budget in the minutes. Mayor Millican told us he and the council met in either January or February 2022 for a working session. He also told us public notice of the working meeting was posted on the door of Town hall, but it was not published in the Town's official journal.^K

The Town's November 9, 2021 minutes indicate Councilwoman Harris motioned to schedule a budget meeting on November 16, 2021, seconded by

^I See Attachment C.

^J The budget statement did not include estimated beginning and ending balances for the year. The proposed adoption instrument did not define either the authority of the chief executive and administrative officers to make changes without approval of the board or the powers reserved solely to the governing authority.

^K This will be addressed in the fifth finding.

Councilwoman Roberson; however, the Town has no minutes for a November 16, 2021 meeting. The Town's March 8, 2022 minutes reference a working session for the budget scheduled for March 15, 2022; however, the Town has no minutes for that date either.

Both the FY 2021 and 2022 budget documents provided by the Town do not include required information for the general fund such as a budget message, beginning and ending fund balance, and a side-by-side detailed comparison to the current year as required by state law.³ Further, it is unclear if a resolution or ordinance was used to authorize the FY 2021 budget and a resolution was used to authorize the Town's FY 2022 budget. Since the Town cannot demonstrate it complied with the provisions of state law^{1,2,3,4,5,6,7,8,9,10} relating to budgets for municipalities, it appears the Town failed to adopt a valid budget for FY 2021 and 2022.

Town Failed to Budget American Rescue Plan Act (ARPA) Funds and the Mayor Improperly Paid Incentives to Town Officials

Mayor Millican appears to have violated state law^{2,11} by disregarding requirements of the LGBA and the Lawrason Act in the performance of his duties. Mayor Millican signed Town checks to pay unbudgeted and unauthorized salary incentives to elected officials and Town employees without a council-approved budget or an ordinance to increase pay for the elected officials and Town Clerk.

Among other things, ARPA established the Coronavirus State and Local Fiscal Recovery Funds program to provide funds to state, local, and Tribal governments to support their response to, and recovery from, the COVID-19 public health emergency. The U.S. Department of Treasury allocated more than \$315 million for distribution to non-entitlement units (NEUs) of local governments within the state.¹ The Louisiana Department of Treasury receives and distributes ARPA funds to NEUs based on the most recent census bureau population data.

The Town received \$499,301 in August 2021 and \$813 in November 2021 (total of \$500,114) from the Louisiana Department of Treasury and deposited the funds into its general fund bank account. The Town did not establish a separate bank account or a separate fund within its accounting records for the ARPA funds.

State law¹ requires each political subdivision, including villages, towns, and cities, to prepare a comprehensive budget presenting a complete financial plan for each fiscal year for the general fund and each special revenue fund. It specifies that an adopted budget constitutes the authority of the chief executive or administrative officers to incur liabilities and authorize expenditures.²

¹ The U.S. Department of the Treasury defines a NEU as a term to mean a "city" as defined in section 102(a)(5) of the Housing and Community Development Act of 1975 (HCDA) that is not a metropolitan city. NEUs are local governments typically serving a population under 50,000, including cities, villages, towns, townships, or other types of local governments.

The FY 2021 budget ordinance provided by Mayor Millican did not include budget statements, as noted in the first finding. The Mayor provided a budget resolution that included budget statements; however, the statements do not indicate which fund the budget was for, the resolution date appears to be incorrect, and the minutes do not reflect the Council's discussion or vote on the resolution. In addition, the budget documents provided by the Mayor for FY 2021 do not appear to address the receipt and use of the ARPA funds in the Town's General Fund, nor do they adopt a special revenue fund for the ARPA funds.

Mayor Millican told us the Town used ARPA funds to replace lost revenue. The Final Rule authorizes the Town to use ARPA funds for public safety, public works projects, environmental remediation, health services, and general government administration, including premium pay. However, the U.S. Department of the Treasury's Final Rule (Final Rule) prohibits the use of ARPA funds for extraordinary payments to pension funds, interest or principal on outstanding debt, to replenish reserve funds, and/or to pay settlements or judgments.

The May 18, 2021 council meeting minutes show a proposal of expenditures for the ARPA funds including: employee incentives, water and sewer repairs, park improvements, and vehicles for the police department. Mayor Millican and two councilmembers told us the council approved and voted on these expenditures; however, the minutes do not reflect the Town Council voted or approved the use of the ARPA funds.

Salary Incentives

The Mayor, Town Clerk, Chief of Police, council members, and 23 Town employees were paid a salary incentive in August 2021. Each one of the five council members received \$2,000 from the general fund, one Town employee received \$1,000 from the general fund, and the Mayor, Town Clerk, Chief of Police, and 24 Town employees received either \$1,000 or \$2,000 from the payroll fund. The Town's accounting records refer to the incentive payments as "Council Member Per Diem" for councilmen, "Executive" for the one Town employee paid out of the general fund, and "Incentive Pay" for all employees paid out of the payroll fund.

Salary Incentives Paid to Town Officials and Employees		
Position	Fund	Incentive Amount
Mayor	Payroll Fund	\$2,000
Town Clerk	Payroll Fund	2,000
Chief of Police	Payroll Fund	2,000
Councilmembers ^M	General Fund	10,000
Employees	General Fund / Payroll Fund	37,000
Total		\$53,000

The Mayor told us Town employees who worked during the early COVID-19 pandemic period, including himself, the Town Clerk, the Chief of Police, and the councilmen received \$2,000 and the Town employees who were laid off during that same period, but later returned to work, received \$1,000. However, the Town has no written policy to specify the pandemic period, the amount of the incentive, or who was eligible to receive it.

Prohibited Bonus Pay

The Louisiana Constitution generally prohibits bonuses or reward payments to employees for performing their normal job-related duties. Louisiana Attorney General's (AG) *Opinion 15-0130* provides, in part: "...payment of a bonus as a reward for an employee's performance of his or her normal duties would be prohibited by La. Const. art. VII § 14...." In addition, AG *Opinion 09-0260* states, in part, "...Paying an employee extra compensation in addition to what is owed to her for work that has been done in the past when the employer is under no legal obligation to do so is payment of a bonus. This office has consistently opined that the payment of a bonus, or any other gratuitous, unearned payment to public employees is prohibited...."

The Final Rule allows ARPA funds to be used for "premium pay" (up to \$13 per hour for eligible workers^N performing essential work^O during the COVID-19 pandemic, and the pay responds to negative economic impact of COVID-19). Louisiana Attorney General *Opinion 21-0107* provides that "...providing premium pay to eligible workers who performed essential work during the COVID-19 public health emergency is one of the permitted uses under ARPA if it complies with the requirements set forth in ARPA and the Interim Final Rule..."

However, the Town gave lump sums of either \$1,000 or \$2,000 to officials and employees. These payments appear to be prohibited bonuses as the Town officials and employees are either not eligible workers and/or the payments are not tied to actual work performed.

^M The Town has five councilmembers who each received a \$2,000 incentive.

^N An eligible worker is a worker that is needed to "maintain continuity of operations of essential critical infrastructure sectors". State and local governments are considered essential critical infrastructure.

^O Essential work involves either regular in person interactions with the public, co-workers, or patients, or regular physical handling of items handled by others. In addition, essential work cannot be performed via telework.

In addition, *AG Opinion 21-0101* provides that "...elected officials such as the mayor or council members would not be considered essential workers/front-line employees and therefore not eligible for retroactive premium pay..." Therefore, it appears the mayor and council members were not eligible for the lump sum payment they received, or for the ARPA permissible premium pay.

As mentioned in the table on page 9, the town also made a \$2,000 lump sum payment to the Chief of Police that appears to be a prohibited bonus. However, the Chief of Police may be eligible for ARPA premium pay if the chief meets the requirements of "eligible worker" and "essential work" as outlined in the Final Rule and *AG Opinion 22-0038*, and his compensation does not exceed his approved salary set by ordinance.

Budget Requirements and Ordinances to Set Salary

State law¹ requires an annual budget for the general fund and each special revenue fund;^p however, as discussed in the previous finding, it does not appear the Town met the requirements of state law to adopt a budget for the general fund for FY 2021 and the minutes show the Town did not adopt a special revenue fund budget for FY 2021. Due to the restrictions on the funds imposed by the U.S. Department of Treasury, the Town should have adopted a special revenue fund for the ARPA funds to demonstrate the expenditures met the U.S. Department of the Treasury requirements. The Louisiana Attorney General also published three opinions^q regarding the use of ARPA funds for premium pay and opined that a mayor and council members were not eligible.

The documents provided by the Mayor for the FY 2021 budget that did not meet the requirements of state law do not address the salary incentives paid to Town elected officials and employees. State law¹¹ also requires the salaries of the Mayor, Board of Aldermen, Town Clerk, and Chief of Police to be set by ordinance. The Town's minutes also do not include any discussion or approval of salary increases for the Town's elected officials or the Town Clerk or an ordinance to authorize the salary incentives paid by the Town.

All incentives were paid by check from the general fund on August 24, 2021, and from the payroll fund on August 26, 2021, and signed by Mayor Millican. The Town's bank records show all the checks were negotiated.

By authorizing Town checks to pay salary incentives that appear to be prohibited bonuses and were unbudgeted and unauthorized by ordinance, Mayor Millican may have violated state law.^{2,11}

^p Federal and/or state grants are commonly set up as a special revenue fund since the program rules for the grants are often more restrictive than the general fund.

^q Attorney General *Opinions 21-0101, 21-0107, and 22-0038* address the use of ARPA funds for premium pay.

Mayor Authorized Payment of Unbudgeted Expenses That May Have Increased the Deficits of the General Fund and Other Governmental Funds

Mayor Millican authorized payments to two vendors from the general fund totaling \$1,075,075 for expenses that were not included in the budget documents he provided to us for tree cutting, debris removal, building maintenance, and repairs to Town property from January 1, 2021 through June 10, 2022. In addition, the Town did not have a written contract with either vendor. Since the Town did not provide budgetary statements as required by law^{1,3,4,5} for FY 2021 and FY 2022, as described in the first finding, it appears the Mayor did not have the authority to incur these expenses and may have violated state law² by making such payments.

The Town paid \$1,075,075 to two contractors to perform various services, such as tree trimming and removal, hauling debris, electrical repairs, mall maintenance, and other general repairs and maintenance throughout the Town from January 1, 2021 to June 10, 2022. These services were paid from the Town's General Fund, Water & Sewer Fund, Street Fund, Mall Fund, and Parks & Rec Fund. The Town did not have a contract with these two contractors and did not issue work orders or keep quotes obtained from the contractors.

We reviewed the Town's QuickBooks (accounting) files and found the Town also made some payments to these contractors through the Finance & Administrative department. We compared the expenses charged to the Town's General Fund account in QuickBooks (accounting records) to the FY 2021 budget resolution^R and found the Town exceeded the amount budgeted for the Finance & Administrative department, Other General Government department, Public Safety – Fire Department, Water Department – Operating Services, and Sewer Department – Operating Services budgets.

^R As mentioned in the first finding, it does not appear the Town met the requirements of state law to adopt a budget for the General Fund for FY 2021.

January 1, 2021 through June 10, 2022		
Fund	Account (Department)	Amount Paid
General	Repairs & Maintenance (Finance & Administrative)	\$38,500
General	Demolition Expenses	21,000
General	Professional Services (Finance & Administrative)	195,450
General	Repairs & Maintenance (Public Safety – Fire Department)	16,500
Water & Sewer	Repairs & Maintenance (General Admin - Operating Services)	18,000
Water & Sewer	Repairs & Maintenance (Sewer Dept. – Operating Services)	40,600
Water & Sewer	Professional Services (Sewer Dept. – Operating Services)	33,800
Water & Sewer	Repairs & Maintenance (Water Dept. - Operating Services)	6,500
Mall Fund	Repairs & Maintenance	81,650
Mall Fund	Improvements	73,600
Parks & Rec Fund	Repair & Maintenance	85,650
Parks & Rec Fund	Capital Outlay	4,500
Street Fund	Tree & Stump Removal	451,325
Street Fund	Street Repairs, Maintenance, and Overlay	8,000
Total		\$1,075,075

Mayor Millican told us the Town experienced storms^S every year, and the services were necessary. The mayor also stated he drove around Town to confirm some of the work was completed before he authorized payment of the invoices.

The invoices and accounting records show the Town paid \$757,175 for services such as tree cutting services, home demolitions, culvert installation, and debris removal to one vendor from January 1, 2021 to June 10, 2022. The vendor told us they usually communicated with one councilmember, and the councilmember coordinated costs with Mayor Millican. The councilmember told us she oversaw the vendor performing all of their work in her district and most of the work performed in other districts.

The invoices for the second vendor totaled \$317,900 from January 1, 2021 to June 10, 2022, for the installation of doors and walls at Town hall, repairs to the roof and air conditioning units at the Town's shopping mall, installation of fencing,

^S Mayor Millican told us Arcadia experienced a flood in 2019, a tornado and Hurricane Laura in 2020, an ice storm in 2021, and a tornado in the spring of 2022.

and fixing electrical equipment and wiring. The Louisiana State Licensing Board for Contractors (LSLBC) site showed that the vendor had a "Home Improvement Registration" license from December 2018 through December 2022. The LSLBC site states that Home Improvement Registration covers "home improvement projects on existing residential structures;" however, the vendor performed modifications to the Town Hall building and the Town's commercial mall, both of which are not residential structures. This vendor did not return our phone messages, and the Mayor could not locate him.

The Town's 2021 financial records show the General Fund and Other Governmental Funds^T began the 2021 fiscal year with deficit balances of -\$549,849 and -\$806,569, respectively. The FY 2021 budget documents discussed in the first finding did not include the required beginning and ending fund balances for the General Fund or budget statements for the Other Governmental Funds. Throughout 2021, Mayor Millican paid \$757,575 to the two vendors out of the General Fund and Other Governmental Funds. This spending may have resulted in the increase of the Town's deficit balances as shown in the table below.

	General Fund	Other Governmental Funds
Balance at 1/1/2021	(\$549,849)	(\$806,569)
Balance at 12/31/2021	(\$677,081)	(\$871,647)
Increase to Fund Balance Deficit	\$127,232	\$65,078
Compared To:		
Paid to 2 Contractors	\$254,950	\$502,625

By authorizing checks to pay for unbudgeted expenses that may have resulted in increases to the deficit fund balance of the Town's General Fund and Other Governmental Funds, Mayor Millican may have violated state law.²

Employees Paid for Leave Hours Not Accrued

Full-time Town employees accrue sick leave, vacation leave,^U and personal days. Two Town employees were paid for leave they did not accrue at June 10, 2022. By approving employee leave and authorizing payments to employees for leave they did not accrue, Mayor Millican may have violated the state constitution and state law.^{12,13}

The Town's policy provides that employees receive one week of sick leave (40 hours) and four days of personal leave (24 hours) upon completion of a two-month probationary period. Employees also receive one week of vacation leave (40 hours) after six months of service.

^T Other Governmental Funds include the Parks and Recreation Fund, Street Fund, Industrial Inducement Fund, and LMA Fund.

^U Vacation leave is accrued based on years of service: one week of vacation (employed six months to one year), two weeks of vacation (employed one to eight years), three weeks of vacation (employed eight to 20 years), and four weeks of vacation (employed 20 to 30 years).

The Town's payroll records show three employees used a total of 80 hours of sick leave, 32 hours of vacation leave, and 8 hours of personal leave^v that were not earned from January 1, 2019 through June 10, 2022. The value of the payroll totaled \$2,110. We also found that two new employees began using leave before they began accruing it per the Town's policy.

The Town Clerk told us she processed the Town's payroll and tracked employee leave balances when she began her position in 2019; however, the Town's contracted accountant took over payroll responsibilities in 2020.

The Town's contracted accountant told us she took over all of the Town's accounting responsibilities, including payroll, in January 2020. She also told us she did not monitor leave accrual or usage prior to 2022 and Ms. Brown, as well as each employee's individual supervisor, was responsible for employee leave usage. She further stated that, beginning January 1, 2022, all employees' vacation, sick, and personal leave started from zero, and leave accruals were given per the Town's leave policy. Employees who felt they had additional leave hours accrued had to provide documentation that they accrued the hours and had not previously used them.

Since Mayor Millican approved employee leave and authorized these employees to use leave they did not accrue, he may have violated the state constitution and state law.^{12,13}

Town May Have Violated Open Meetings Law

Mayor Millican and the Town Council supposedly met for "working meetings" on multiple occasions; however, the Town could not produce written minutes for these board meetings. By conducting public meetings, but not properly maintaining meeting minutes, the Town may have violated state law.¹⁴

Mayor Millican told us he and the Town Council met on November 17, 2021, as well as January or February 2022 to discuss the FY 2022 budget. A councilman told us the Town had two "working meetings,"^w and that both meetings were public. However, the Mayor could not provide written minutes for the November 2021 or January or February 2022 meetings. Since the Town could not provide written minutes for the "working meetings," the Town may have violated state law.¹⁴

^v Town employees are allowed 24 hours of personal leave per year. Unused personal leave expires at the end of each fiscal year and does not carry forward.

^w Mayor Millican stated he presented the council with the FY 2022 budget in October 2021 but the council wanted to meet with him to adjust the numbers and work on the budget.

Recommendations:

We recommend the Town of Arcadia consult with legal counsel to determine the appropriate actions to take, including recovery of improper compensation to the Mayor, Town Council, Chief of Police, Town Clerk, and employees for COVID incentives and to employees that used leave they did not earn. In addition, the Town should:

- (1) Adopt an annual budget for the general fund and each special revenue fund as required by the LGBA that includes the following:
 - a. A budget message signed by the budget preparer, which includes a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features;
 - b. A statement for the general fund and each special revenue fund showing the estimated fund balances at the beginning of the year; estimates of all receipts and revenues to be received; revenues itemized by source; recommended expenditures itemized by agency, department, function, and character; other financing sources and uses by source and use; and the estimated fund balance at the end of the fiscal year;
 - c. A proposed budget adoption instrument (ordinance) that defines the authority of the chief executive and administrative officers to make changes without approval of the board as well as those powers reserved solely to the governing authority;
 - d. The proposed budget must be made available for public inspection no later than 15 days prior to the beginning of the fiscal year (January 1);
 - e. Publish notices in the Town's official journal notifying the public that the proposed budget is available for public inspection and the date, time, and place of the public hearing at least 10 days prior to the first public hearing;
 - f. Publish noticed in the Town's official journal notifying the public that all actions were completed to formally adopt the budget;
 - g. All actions necessary to adopt, finalize, and implement the budget must be done in open meeting and completed before the end of the prior fiscal year; and
 - h. Certified copies of the budget and adoption instrument must be retained by the mayor or town clerk.

- (2) Implement policies and procedures to ensure board minutes are accurate and are thoroughly reviewed and approved at public meetings;
- (3) Ensure that copies of all adopted Town budgets (and supporting documents), minutes, and ordinances are retained in accordance with the public records law;
- (4) Review with legal counsel all requirements of the LGBA and obtain the training needed to ensure consistent compliance with the LGBA;
- (5) Maintain an up-to-date ordinance book and minutes of the meetings of the town council;
- (6) Ensure that the municipal clerk prepares accurate and complete financial statements and budget comparisons of Town funds and presents those to the town council each month;
- (7) Ensure all revenues and expenditures are properly budgeted in the correct fiscal year;
- (8) Ensure all discussions and decisions pertaining to the Town's spending are at public meetings and properly recorded into the monthly meeting minutes;
- (9) Ensure appropriate Town officials sign monthly minutes at the time they are approved by the town council;
- (10) Comply with provisions of the Lawrason Act by ensuring that the salaries of the mayor, town council, town clerk, and chief of police are set by ordinance;
- (11) Ensure employee pay is commensurate with work performed and that work performed is properly reviewed;
- (12) Require accurate records of time be kept for employees;
- (13) Comply with the provisions of open meetings law;
- (14) Comply with restrictions on the use of ARPA funds; and
- (15) Ensure budgeted funds are available prior to incurring obligations.

ATTACHMENTS

Attachment A

TOWN OF ARCADIA COUNCIL MEETING December 17, 2020

The Town Council of the Town of Arcadia met in regular session on December 17, 2020 at 6:12 p.m., pursuant to its regular setting set forth in the Bienville Democrat, the official journal of the Town of Arcadia, and notice posted upon the front entrance of the meeting place in accordance with law.

Council members present were Patsy Roberson, Joseph Pruitt Jr., Lydia Harris, Charles Butler, and Melanie Roberson.

Prayer: Councilman Pruitt

Call to Order: Mayor O'Landis Millican

Pledge of Allegiance: Mayor Millican

Motion by Harris to amend

No public comments.

Motion by Butler to go into public hearing, seconded by Pruitt. Motion passed.

Motion by Pruitt to close public hearing, seconded by Monroe. Motion passed.

Motion by Harris to approve Ordinance #2020-008, 2021 budgets, seconded by Pruitt. Motion passed 5 yays.

Mayor Millican gave monthly financials for all accounts.

Motion by Monroe to open public hearing, seconded by Harris. Motion passed.

Motion by Butler to close public hearing, seconded by Pruitt. Motion passed.

Motion by Butler to approve Ordinance #2020-007, Sunday alcohol sales, seconded by Monroe. Motion passed. 4 yays-Harris, Butler, Monroe, and Pruitt. 1 nay-Roberson

Motion by ~~Pruitt~~^{Butler} to defer Ordinance #2020-006, vacant structures, seconded by Pruitt. Motioned passed.

Motion by Roberson to adjourn meeting, seconded by Pruitt meeting adjourned at 6:35 p.m. Motion carried.

Rockettia Brown

O'Landis Millican

Town Clerk

Mayor

Attachment B

TOWN OF ARCADIA

STATE OF LOUISIANA

ORDINANCE # 2020-008

AN ORDINANCE ENACTING THE FISCAL GENERAL FUND BUDGET AND THE WATER & SEWER FUND BUDGET FOR THE TOWN OF ARCADIA FOR THE FISCAL YEAR BEGINNING JANUARY 1st, 2021 AND ENDING DECEMBER 31st, 2021 – Attached hereto and made a part hereof:

***BE IT ORDAINED AND ENACTED** by the TOWN OF ARCADIA, in lawful public meeting duly noticed, assembled and called, that on this the 17th day of December, 2020, the Town of Arcadia, after Public Hearing thereon, hereby adopts and enacts the attached General Fund Budget and Water & Sewer Fund Budget covering all projected and budgeted income and expenditures for the Town of Arcadia, effective January 1st, 2021, for the Budget Year ending December 31st, 2021;*

Motion having been presented by the mayor of the town in accordance with law, introduced on December 8th, 2020, Public Hearing having been called thereon, Notice having been published in the official journal of the Parish of Bienville, public hearing had on December 17th, 2020, Motion to adopt said Ordinance having been made by HARRIS, Seconded by PRUITT, that the aforementioned Ordinance (as amended, if any) be enacted, and that same hereafter shall have the effect of law, the vote was taken as follows:

Yea: 5

Nay: 0

Not Voting / Not Present: 0

Ordinance passed by the following vote:

*Harris, Monroe, Pruitt Jr., Butler Jr.
Roberson*

I, O'LANDIS MILLICAN, Mayor of the Town of Arcadia, hereby approve the above ordinance

on this the 17th day of December, 2020.



MAYOR - TOWN OF ARCADIA

Attest / True Copy:



TOWN CLERK

Attachment C

TOWN OF ARCADIA

O'Landis Millican, Mayor

1819 South Railroad Avenue P.O. Box 767

Arcadia, LA 71001

2021 BUDGET RESOLUTION

BE IT RESOLVED, that in Public Meeting duly held on the 12th day of December, 2020, the Town Council of the Town of Arcadia, Louisiana did consider and enact the 2021 GENERAL FUND BUDGET and the 2021 WATER & SEWER FUND BUDGET, which was duly presented for final passage, and a Public Hearing having been held thereon, the budget is hereby approved;

BE IT FURTHER RESOLVED that the proper administrative officials of the Town of Arcadia are authorized to execute this Budget according to law

The foregoing resolution was presented and Motion to Adopt was duly made and seconded, and the resolution was adopted by the following votes:

YEAS:	<u>5</u>	Harris, Monroe, Pruitt, Roberson, Butler
NAYS:	<u>0</u>	
ABSTAINED:	<u>0</u>	
ABSENT:	<u>0</u>	

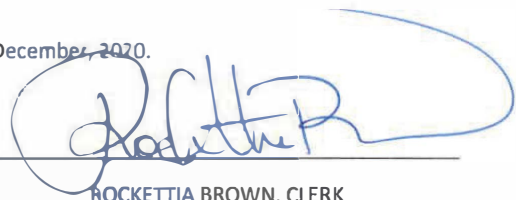
CERTIFICATE

I hereby certify that the foregoing is a true and exact copy of the resolution adopted at the board meeting held on December 17th, 2020, at which meeting a quorum was present and voting.

Arcadia, Louisiana, this 12th day of December, 2020.



O'LANDIS MILLICAN, MAYOR



ROCKETTIA BROWN, CLERK

	<u>Budget</u>
3160 · Franchise Tax Revenue	65,000.00
3120 · Sales Tax Revenue -	840,000.00
3110 · Ad Valorem Taxes	<u>200,420.81</u>
	1,105,420.81
3210 · Beer/Liquor permits	5,000.00
3211 · Insurance Licenses	80,000.00
3299 · Other Permits & Licenses	<u>20,000.00</u>
	105,000.00
3318 · In Lieu of Taxes	<u>7,500.00</u>
	7,500.00
3313 · Fire Insurance Rebate	<u>10,000.00</u>
	0.00
	30,000.00
	5,000.00
3633 · Rental Income	<u>40,000.00</u>
	40,000.00
3710 · COCA-COLA Commission	120.00
3741 · Miscellaneous Income	0.00
3745 · AIRPORT GRANT	0.00
3700 · Other Revenue - Other	<u>0.00</u>
	120.00
	<u>1,293,040.81</u>
	1,293,040.81
41110 · Council Member Per Diem	39,600.00
41156 · Health Ins/Council Member	45,000.00
41158 · Council Members Dental Expense	2,000.00
41 · Legislation - Other	<u>0.00</u>
	86,600.00
43110 · Mayor's Salary	64,000.00
43120 · Town Clerk's Salary	31,000.00
Assistant	0.00
43122 · Health Ins. Mayor/Clerk	48,563.64
43153 · Payroll Tax Expense	2,250.00
43155 · Retirement/Clerk	<u>11,000.00</u>

	156,813.64
45120 · Zoning Board Per Diem	2,000.00
45165 · Employee Dentist Expenses	3,000.00
45210 · Travel Expense	0.00
45211 · Advertising	3,000.00
45213 · Christmas Decorations	0.00
45214 · Dues/Subscriptions	9,000.00
45231 · Utilities/Telephone	115,000.00
45241 · Postage	7,500.00
45243 · Coroner Fees	20,000.00
45252 · Lease Expense	0.00
45263 · Repairs & Maintenance	27,000.00
45268 · Uniforms - Cleaning	0.00
45284 · Attorney Fees	20,000.00
45285 · Audit Fees	15,000.00
45286 · Professional Services	30,000.00
45295 · Insurance - General	27,000.00
45297 · Insurance - Liability	15,000.00
45310 · Office Supplies	8,000.00
45328 · Computer Programs/Equip/Repairs	7,500.00
45329 · Materials & Supplies	8,101.93
45411 · Travel	0.00
45414 · Registration/Seminars/Conv.	2,000.00
45491 · Safety Meeting Expense	0.00
45492 · Animal Control	2,000.00
45499 · Other Miscellaneous Expenses	0.00
	321,101.93
46120 · Custodian Salary	0.00
46153 · Payroll tax expense - Custodian	0.00
46261 · Community Enhancement	0.00
46262 · Depot Expense	9,000.00
46324 · Kitchen/Housekeeping Supplies	6,000.00
46672 · Capital Outlay - City Hall	2,000.00
46774 · Charge Back Fee	0.00
	17,000.00
50152 · Police-Dental	2,500.00
50110 · Chief of Police	63,080.00
50120 · Police Dispatcher	33,720.00
50122 · Salaries - Police Officers	316,612.68
50153 · Payroll Taxes - Police	32,134.40
50155 · Retirement/police	60,000.00
50156 · Health Ins/police	110,000.00
50158 · Workmans Comp Insurance	15,000.00

50242 · Telephone/Pager	6,500.00
50243 · Technical Support Renewal	1,000.00
50263 · Vehicle Repairs/Maintenance	10,000.00
50268 · Uniform & Cleaning	5,000.00
50269 · Repairs/Maintenance	2,000.00
50293 · Insurance - Auto	14,000.00
50295 · Insurance - General	1,500.00
50310 · Office Supplies	3,000.00
50325 · Uniforms	0.00
50327 · Gas/Oil	20,000.00
50329 · Materials & Supplies	20,000.00
50411 · Travel	0.00
50414 · Registration- Seminars/Training	2,000.00
50439 · Magistrate Fee	3,600.00
50493 · Police Court Appearance Fees	100.00
50751 · Reporting Expense	<u>2,500.00</u>
	724,247.08
55121 · Safety Meeting	0.00
55120 · Firemen Per Diem	7,500.00
55158 · Workman Comp Insurance	0.00
55242 · Utilities/Telephone	4,500.00
55269 · Repairs & Maintenance	7,000.00
55295 · Insurance - General	1,200.00
55296 · Insurance - Fire Truck	16,000.00
55297 · Insurance - Liability	18,000.00
55298 · Insurance - Fire	500.00
55310 · Office Supplies - Fire	75.00
55327 · Gasoline/Oil	1,000.00
55399 · Materials/Supplies	1,000.00
55550 · Security Expense	0.00
55650 · Capital Outlay - Fire	<u>44,000.00</u>
	100,775.00
	0.00
72001 · Cemetery Maintenance	700.00
70 · Cemetery - Other	<u>0.00</u>
	700.00
75156 · Eco. dev health insurance	0.00
74471 · Dental Expense	0.00
74408 · Economic Development - Seminar	0.00
75407 · Economic Development wages	0.00
75408 · Payroll Tax Expense	0.00
75409 · Econ. Dev. Retirement Expense	0.00
75410 · Travel Expense	<u>0.00</u>

	<u>0.00</u>
80230 · Utilities/Telephone- Airport	1,500.00
80262 · Repairs/Maint - Airport	2,500.00
80295 · General Insurance - Airport	<u>3,500.00</u>
	<u>7,500.00</u>
	<u>1,414,737.65</u>
	-121,696.84
	<u>0.00</u>
	0.00
	0.00
	0.00
	0.00
	-131,000.00
	0.00
	0.00
	<u>0.00</u>
	<u>-131,000.00</u>
	<u>131,000.00</u>
	<u>9,303.16</u>

<u>Budget</u>
330,308.38
707,000.00
135,000.00
<u>0.00</u>
<u>1,172,308.38</u>
1,172,308.38

4120 · Salary - Payment Clerk	0.00
4157 · Dental Expense	1,000.00
4110 · Salary - Water Clerk	36,500.00
4153 · Payroll Taxes	3,130.22
4155 · Retirement	5,110.00
4156 · Health Insurance	<u>13,701.24</u>
	59,441.46

4284 · Miscellaneous Expense	0.00
4266 · Office Supplies	4,000.00
4214 · Dues/Subscriptions	500.00
4241 · Postage	3,000.00
4264 · Repairs & Maintenance	50,000.00
4279 · Cleaning - Uniforms	1,500.00
4285 · Charge Back	500.00
4292 · Software Maint & Agreement	1,500.00
4293 · Liability Insurance	50,000.00
4294 · Auto Insurance	8,000.00
4295 · General Insurance	<u>18,000.00</u>
	137,000.00
	<u>0.00</u>
	196,441.46

5110 · Salary - Supervisor	47,000.00
5120 · Salary - Regular	154,000.00
5153 · Payroll Taxes	16,600.00
5155 · Retirement	28,100.00
5156 · Health Insurance	60,000.00
5158 · Workman Comp.	<u>30,000.00</u>
	335,700.00

5231-1 · Phone Services	6,000.00
5415 · Outside Services/Gas	15,000.00

5300 · Materials & Supplies	105,000.00
5231 · Utilities	90,000.00
5262 · Repairs & Maintenance	50,000.00
	<u>266,000.00</u>
	1,844.12
	<u>603,544.12</u>
6120 · Salary - Regular	0.00
6153 · Payroll Taxes	0.00
6156 · Health Insurance	12,896.08
6158 · Workman Comp.	5,100.00
6100 · Personal Services - Other	0.00
	<u>17,996.08</u>
6231 · Utilities	50,000.00
6262 · Repairs & Maintenance	18,000.00
6288 · Professional Services	30,000.00
6294 · Auto Insurance	7,000.00
6295 · General Insurance	5,500.00
	<u>110,500.00</u>
6310 · Office Supplies	500.00
6325 · Chemicals	6,000.00
6300 · Materials & Supplies - Other	0.00
	<u>6,500.00</u>
	<u>134,996.08</u>
	<u>934,981.66</u>
	<u>237,326.72</u>
	<u>-131,000.00</u>
	<u>-131,000.00</u>
	<u>106,326.72</u>

LEGAL PROVISIONS

¹ **Louisiana Revised Statute (La. R.S.) 39:1305(A)** states, "Each political subdivision shall cause to be prepared a comprehensive budget presenting a complete financial plan for each fiscal year for the general fund and each special revenue fund."

² **La. R.S. 39:1311(C)** states, "The adopted budget and any duly authorized amendments required by this Section shall constitute the authority of the chief executive or administrative officers of the political subdivision to incur liabilities and authorize expenditures from the respective budgeted funds during the fiscal year."

³ **La. R.S. 39:1305(C)** states, in part, "The budget document setting forth the proposed financial plan for the general fund and each special revenue fund shall include the following: (1) A budget message signed by the budget preparer which shall include a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features. (2)(a) A statement for the general fund and each special revenue fund showing the estimated fund balances at the beginning of the year; estimates of all receipts and revenues to be received; revenues itemized by source; recommended expenditures itemized by agency, department, function, and character; other financing sources and uses by source and use; and the estimated fund balance at the end of the fiscal year. Such statements shall also include a clearly presented side-by-side detailed comparison of such information for the current year, including the fund balances at the beginning of the year, year-to-date actual receipts and revenues received and estimates of all receipts and revenues to be received the remainder of the year; estimated and actual revenues itemized by source; year-to-date actual expenditures and estimates of all expenditures to be made the remainder of the year itemized by agency, department, function, and character; other financing sources and uses by source and use, both year-to-date actual and estimates for the remainder of the year; the year-to-date actual and estimated fund balances as of the end of the fiscal year; and the percentage change for each item of information..."

⁴ **La. R.S. 39:1305(D)** states, "A budget proposed for consideration by the governing authority shall be accompanied by a proposed budget adoption instrument. The budget adoption instrument for independently elected parish offices shall consist of a letter from the independently elected official authorizing the implementation of the adopted budget. The budget adoption instrument for any municipality, parish, school board, or special district shall be an appropriation ordinance, adoption resolution, or other legal instrument necessary to adopt and implement the budget document. The adoption instrument shall define the authority of the chief executive and administrative officers of the political subdivision to make changes within various budget classifications without approval by the governing authority, as well as those powers reserved solely to the governing authority."

⁵ **La. R.S. 33:406(A)(3)** states, in part, "Any act of the board which would provide for the appropriation of funds...shall be by ordinance..."

⁶ **La. R.S. 39:1306(A)** states, in part, "The proposed budget for political subdivisions with a governing authority including municipalities, parishes, school boards, and special districts shall be completed and submitted to the governing authority of that political subdivision and made available for public inspection as provided for in R.S. 39:1308 no later than fifteen days prior to the beginning of each fiscal year..."

⁷ **La. R.S. 39:1309** states, in part, "(A) All action necessary to adopt and otherwise finalize and implement the budget for a fiscal year, including the adoption of any amendments to the proposed budget, shall be taken in open meeting and completed before the end of the prior fiscal year...(D) Upon adoption, certified copies of the budget and adoption instrument shall be transmitted to and retained by the chief executive or administrative officer..."

⁸ **La. R.S. 33:406(D)(1)** states, "The municipal clerk shall keep a book entitled "Ordinances, City (or Town, or Village) of" in which he shall file the original of every ordinance which has been adopted by the board immediately after its passage and attach a note to the ordinance stating the date of its enactment and a reference to the book and page of the board's minutes containing the record of its adoption."

⁹ **La. R.S. 39:1307(B)** states "Upon completion of the proposed budget and, if applicable, its submission to the governing authority, the political subdivision shall cause to be published a notice stating that the proposed budget is available for public inspection. The notice shall also state that a public hearing on the proposed budget shall be held with the date, time, and place of the hearing specified in the notice. The notice shall be published at least ten days prior to the date of the first public hearing. Where applicable, publication shall be in the official journal of the political subdivision. Where there is no requirement that the political subdivision have an official journal, publication shall be in the official journal of the governing authority of the parish in which the political subdivision is located. In cases where the political subdivision is located within the boundaries of more than one parish, publication shall be in the official journal of the governing authority of each parish."

¹⁰ **La. R.S. 39:1307(D)** states "The political subdivision shall certify completion of all action required by this Section by publishing a notice in the same manner as is herein provided for the notice of availability of the proposed budget and public hearing."

¹¹ **La. R.S. 33:404.1** states, in part, "The board of aldermen shall by ordinance fix the compensation of the mayor, aldermen, clerk, chief of police, and all other municipal officers. The board of aldermen may by ordinance increase or decrease their compensation and the compensation of any nonelected municipal officer and may increase the compensation of other elected officials..."

¹² **Louisiana Constitution Article 7 Section 14** states, in part, "Prohibited Uses. Except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private..."

¹³ **La. R.S. 42:1461(A)** states, "Officials, whether elected or appointed and whether compensated or not, and employees of any "public entity", which, for purposes of this Section shall mean and include any department, division, office, board, agency, commission, or other organizational unit of any of the three branches of state government or of any parish, municipality, school board or district, court of limited jurisdiction, or other political subdivision or district, or the office of any sheriff, district attorney, coroner, or clerk of court, by the act of accepting such office or employment assume a personal obligation not to misappropriate, misapply, convert, misuse, or otherwise wrongfully take any funds, property, or other thing of value belonging to or under the custody or control of the public entity in which they hold office or are employed."

¹⁴ **La. R.S. 42:20(A)** states, in part, "All public bodies shall keep written minutes of all of their open meetings. The minutes to be kept by the legislature and legislative committees and subcommittees shall be governed by the provisions of R.S. 42:21. The minutes of all other public bodies shall include but need not be limited to: (1) The date, time, and place of the meeting. (2) The members of the public body recorded as either present or absent. (3) The substance of all matters decided, and, at the request of any member, a record, by individual member, of any votes taken. (4) Any other information that the public body requests be included or reflected in the minutes."

APPENDIX A

Management's Response



Town Clerk
Catrice Hudson

TOWN OF ARCADIA
O'Landis Millican, Mayor

Attorney
Sean Crain

1819 South Railroad Ave.
P.O. Box 767
Arcadia, Louisiana 71001
(318) 263-8456 ~ Fax (318) 263-2571

May 4, 2023

Mr. Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Town of Arcadia's Response to Louisiana Legislative Auditor's Report

Dear Mr. Waguespack:

Please accept this letter as the Town of Arcadia's response to the Louisiana Legislative Auditor's April 20, 2023, letter and draft report. We thank you and your staff for bringing these issues to our attention and recommending the path forward to better serve our citizens. With your staff's guidance, we have already implemented changes to ensure our compliance with Louisiana law, and we will adopt each of the Report's fifteen (15) recommendations going forward.

The Report found that the Town did not comply with the Louisiana Government Budget Act (LGBA) because it could not provide records to demonstrate it properly adopted budgets for the fiscal years ending December 31, 2021, and December 31, 2022. We will be working more closely with the Town Attorney going forward to ensure that we meet every requirement for adopting a proper budget. I will also be working with our new Town Clerk to see that proper records are kept documenting our compliance.

The Report found that the Town failed to budget American Rescue Plan Act (ARPA) funds and improperly paid incentives to Town officials with ARPA funds. Since we met with Auditor staff, the Town has established a separate bank account for the remaining ARPA funds to better ensure the funds are only used for proper expenditures. I have repaid the ARPA money I received, and we are working to recover all the rest of the ARPA money paid to other elected officials. We are also going through our records to determine

whether our employees were eligible to receive supplemental pay from ARPA funds to determine how much, if any, must be recovered from those payments.

The Report found that I authorized payment of unbudgeted expenses related to tree cutting, debris removal, building maintenance, and repairs to Town property, that may have increased the deficits of the General Fund and other governmental funds. We are currently working to address this by a budget amendment to reconcile the deficits going forward, which I hope to introduce at our June 13, 2023, meeting. The Town will also be entering contracts with all outside vendors going forward and will provide them with specific work orders for each job. Additionally, we have established a budget committee made up of myself, two council members, the Town Clerk, and the Police Chief, to address budget amendments going forward.

The Report found that two Town employees were paid for leave hours they had not accrued. The Town has implemented new procedures for approving leave. Employees must request personal or vacation leave two (2) weeks in advance, so that the Town Clerk can verify eligibility for leave using the Town's new timekeeping software TimeIPS, which automatically determines how much time each employee has accrued. We believe that this new software and the new procedures will prevent us from improperly paying employees for unaccrued leave going forward.

The Report found that the Town may have violated Louisiana's Open Meetings Law by meeting for "working meetings" without having minutes documented in the Town Clerk's records. Since meeting with Auditor staff, we have begun consulting with our Town Attorney before scheduling any special meeting of our Town Council, to ensure that every meeting is properly noticed and held in accordance with the Open Meetings Law.

The Town is committed to implementing each recommendation included in the Report. We welcome this opportunity to better serve our citizens and meet the highest standards for local government. Thank you to you and your staff for the time and diligence you have devoted to helping us improve the Town. Please do not hesitate to contact me if there is any way I can be of further assistance regarding this matter.

Kind Regards;



O'Landis Millican
Mayor Town of Arcadia