

TOWN OF ROSEPINE, LOUISIANA  
ANNUAL FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Donna Duval, Mayor  
and Members of the Board of Aldermen  
Town of Rosepine  
State of Louisiana

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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 Rosepine, Louisiana as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Rosepine, Louisiana'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 Rosepine, Louisiana, as of June 30, 2022, 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 Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our 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 Rosepine, Louisiana 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 the 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 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 Rosepine, Louisiana'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 Rosepine, Louisiana’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 Rosepine, Louisiana’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.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, schedule of the Town of Rosepine, Louisiana’s proportionate share of the net pension liability, schedule of the Town of Rosepine, Louisiana’s pension contribution on pages 40 through 45 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.

Management has omitted management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Rosepine, Louisiana’s basic financial statements. The accompanying schedule of per diem paid to board members, schedule of compensation, benefits and other payments to agency head, balance sheet, schedule of revenues, expenditures and changes in fund balances, justice system funding schedule – collecting/disbursing entity, and justice system funding schedule – receiving entity 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 schedule of per diem paid to board members, schedule of compensation, benefits and other payments to agency head, balance sheet, schedule of revenues, expenditures and changes in fund balances, justice system funding schedule – collecting/disbursing entity, and justice system funding schedule – receiving entity are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2022, on our consideration of the Town of Rosepine, Louisiana’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 Rosepine, Louisiana’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 Town of Rosepine, Louisiana’s internal control over financial reporting and compliance.



DeRidder, Louisiana  
December 26, 2022

## BASIC FINANCIAL STATEMENTS

Statement of Net Position  
June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 547,302	\$ 2,147,453	\$ 2,694,755
Receivables:			
Franchise taxes	18,217	-	18,217
Hotel/motel taxes	5,024	-	5,024
Restricted sales tax	27,517	-	27,517
Accounts	-	353,305	353,305
Insurance premium tax	11,473	-	11,473
Intergovernmental:			
Federal grant	42,103	-	42,103
State grant	-	48,196	48,196
Due from other funds	-	105,666	105,666
Restricted cash	41,355	58,586	99,941
Non-depreciable capital assets	231,990	2,771,445	3,003,435
Depreciable capital assets - net	2,213,380	2,487,890	4,701,270
Total assets	<u>\$ 3,138,361</u>	<u>\$ 7,972,541</u>	<u>\$ 11,110,902</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions	<u>\$ 126,778</u>	<u>\$ 53,342</u>	<u>\$ 180,120</u>
Total assets and deferred outflows of resources	<u><u>\$ 3,265,139</u></u>	<u><u>\$ 8,025,883</u></u>	<u><u>\$ 11,291,022</u></u>
<b>LIABILITIES</b>			
Accounts payable	\$ 42,239	\$ 46,827	\$ 89,066
Contracts payable	36,587	78,214	114,801
Salaries payable	12,431	37,584	50,015
Payroll taxes payable	1,324	3,716	5,040
Due to other funds	105,666	-	105,666
Accrued interest payable	567	7,636	8,203
Long-term liabilities:			
Due within one year	13,000	64,735	77,735
Due in more than one year	57,000	603,703	660,703
Customer deposits	-	56,931	56,931
Net pension liability	307,906	146,061	453,967
Total liabilities	<u>\$ 576,720</u>	<u>\$ 1,045,407</u>	<u>\$ 1,622,127</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pensions	<u>\$ 182,776</u>	<u>\$ 65,747</u>	<u>\$ 248,523</u>
Total liabilities and deferred inflows of resources	<u>\$ 759,496</u>	<u>\$ 1,111,154</u>	<u>\$ 1,870,650</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Net Position  
June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
NET POSITION			
Net investment in capital assets	\$ 2,338,783	\$ 4,512,683	\$ 6,851,466
Restricted for:			
Bond retirement	4,775	5,950	10,725
Sales taxes	63,806	-	63,806
Unrestricted	98,279	2,396,096	2,494,375
Total net position	<u>\$ 2,505,643</u>	<u>\$ 6,914,729</u>	<u>\$ 9,420,372</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,265,139</u>	<u>\$ 8,025,883</u>	<u>\$ 11,291,022</u> (Concluded)

The accompanying notes are an integral part of this statement.



Statement of Activities  
For the Year Ended June 30, 2022

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government and administration	\$ 293,363	\$ -	\$ 284,601	\$ -	\$ (8,762)	\$ -	\$ (8,762)
Public safety	422,882	199,850	-	2,985	(220,047)	-	(220,047)
Public works	128,434	-	-	39,118	(89,316)	-	(89,316)
Interest on long-term debt	3,890	-	-	-	(3,890)	-	(3,890)
Total governmental activities	<u>\$ 848,569</u>	<u>\$ 199,850</u>	<u>\$ 284,601</u>	<u>\$ 42,103</u>	<u>\$ (322,015)</u>	<u>\$ -</u>	<u>\$ (322,015)</u>
Business-type activities:							
Water and sewer	\$ 748,198	\$ 677,724	\$ -	\$ 1,433,302	\$ -	\$ 1,362,828	\$ 1,362,828
Fort Polk custodial	1,122,775	1,672,781	-	-	-	550,006	550,006
Total business-type activities	<u>\$ 1,870,973</u>	<u>\$ 2,350,505</u>	<u>\$ -</u>	<u>\$ 1,433,302</u>	<u>\$ -</u>	<u>\$ 1,912,834</u>	<u>\$ 1,912,834</u>
Total government	<u>\$ 2,719,542</u>	<u>\$ 2,550,355</u>	<u>\$ 284,601</u>	<u>\$ 1,475,405</u>	<u>\$ (322,015)</u>	<u>\$ 1,912,834</u>	<u>\$ 1,590,819</u>
General revenues:							
Taxes:							
Ad valorem taxes					\$ 31,497	\$ -	\$ 31,497
Sales taxes					268,765	-	268,765
Hotel/motel tax					27,233	-	27,233
Insurance premium tax					30,746	-	30,746
Franchise tax					85,647	-	85,647
Occupational licenses and permits					27,704	-	27,704
Investment earnings					16,399	17,618	34,017
Miscellaneous					371	-	371
Insurance proceeds					724	-	724
Nonemployer pension revenue					13,041	6,301	19,342
Transfers					17,345	(17,345)	-
Total general revenues and transfers					<u>\$ 519,472</u>	<u>\$ 6,574</u>	<u>\$ 526,046</u>
Change in net position					\$ 197,457	\$ 1,919,408	\$ 2,116,865
Net position at beginning of year					2,308,186	4,995,321	7,303,507
Net position at end of year					<u>\$ 2,505,643</u>	<u>\$ 6,914,729</u>	<u>\$ 9,420,372</u>

The accompanying notes are an integral part of this statement.

Balance Sheet  
Governmental Funds  
June 30, 2022

	Major Funds			Total
	General Fund	Sales Tax Fund	LCDBG Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 547,302	\$ -	\$ -	\$ 547,302
Receivables:				
Franchise taxes	18,217	-	-	18,217
Sales taxes	-	27,517	-	27,517
Hotel/motel taxes	5,024	-	-	5,024
Insurance premium tax	11,473	-	-	11,473
Intergovernmental:				
Federal grant	2,985	-	39,118	42,103
Restricted cash	4,775	36,580	-	41,355
<b>Total assets</b>	<b>\$ 589,776</b>	<b>\$ 64,097</b>	<b>\$ 39,118</b>	<b>\$ 692,991</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 41,948	\$ 291	\$ -	\$ 42,239
Contracts payable	-	-	36,587	36,587
Payroll taxes payable	1,324	-	-	1,324
Salaries payable	12,431	-	-	12,431
Due to other funds	103,135	-	2,531	105,666
<b>Total liabilities</b>	<b>\$ 158,838</b>	<b>\$ 291</b>	<b>\$ 39,118</b>	<b>\$ 198,247</b>
Fund Balances:				
Unassigned	\$ 426,163	\$ -	\$ -	\$ 426,163
Restricted	4,775	63,806	-	68,581
<b>Total fund balances</b>	<b>\$ 430,938</b>	<b>\$ 63,806</b>	<b>\$ -</b>	<b>\$ 494,744</b>
<b>Total liabilities and fund balances</b>	<b>\$ 589,776</b>	<b>\$ 64,097</b>	<b>\$ 39,118</b>	<b>\$ 692,991</b>

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet  
to Statement of Net Position  
June 30, 2022

Total fund balance - total governmental fund	\$	494,744
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 balance sheets.		2,445,370
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred outflows.		126,778
Pension related changes in net pension liability that are only reported in the Statement of Net Position as deferred inflows.		(182,776)
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Accrued interest payable	\$	(567)
Bonds payable		(70,000)
Net pension liability		(307,906)
		(378,473)
Net position of governmental activities	\$	2,505,643

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2022

	General Fund	Major Funds		Total
		Sales Tax Fund	LCDBG Fund	
Revenues				
Taxes:				
Ad valorem	\$ 31,497	\$ -	\$ -	\$ 31,497
Insurance premium tax	30,746	-	-	30,746
Franchise tax	85,647	-	-	85,647
Sales tax	-	268,765	-	268,765
Hotel/motel tax	27,233	-	-	27,233
Intergovernmental:				
Federal grants	284,601	-	39,118	323,719
State grants	2,985	-	-	2,985
Occupational licenses and permits	27,704	-	-	27,704
Investment income	16,351	48	-	16,399
Fines, forfeitures, and court fees	199,850	-	-	199,850
Other revenues	371	-	-	371
Total revenues	<u>\$ 706,985</u>	<u>\$ 268,813</u>	<u>\$ 39,118</u>	<u>\$ 1,014,916</u>
Expenditures				
Current operating:				
General government	\$ 276,187	\$ 4,860	\$ -	\$ 281,047
Public safety	382,801	-	-	382,801
Public works	75,027	-	-	75,027
Debt service:				
Principal	12,000	-	-	12,000
Interest	3,977	-	-	3,977
Capital outlay	87,433	-	-	87,433
Total expenditures	<u>\$ 837,425</u>	<u>\$ 4,860</u>	<u>\$ -</u>	<u>\$ 842,285</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (130,440)</u>	<u>\$ 263,953</u>	<u>\$ 39,118</u>	<u>\$ 172,631</u>
Other financing sources (uses)				
Transfer in	\$ 400,386	\$ -	\$ -	\$ 400,386
Transfer out	-	(343,923)	(39,118)	(383,041)
Insurance proceeds	724	-	-	724
Total other financing sources (uses)	<u>\$ 401,110</u>	<u>\$ (343,923)</u>	<u>\$ (39,118)</u>	<u>\$ 18,069</u>
Net change in fund balance	\$ 270,670	\$ (79,970)	\$ -	\$ 190,700
Fund balances at beginning of year	<u>160,268</u>	<u>143,776</u>	<u>-</u>	<u>304,044</u>
Fund balances at end of year	<u>\$ 430,938</u>	<u>\$ 63,806</u>	<u>\$ -</u>	<u>\$ 494,744</u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance of the Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 2022

Net change in fund balances - total governmental fund	\$	190,700
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.</p>		87,433
<p>Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.</p>		(77,334)
<p>Pension expense is based on employer contributions in the governmental funds, but is an actuarially calculated expense on the Statement of Activities.</p>		(15,429)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of bond repayments.</p>		12,000
<p>Accrued interest on long-term debt is not shown in the governmental funds.</p>		<u>87</u>
Change in net position of governmental activities	\$	<u><u>197,457</u></u>

The accompanying notes are an integral part of this statement.

Statement of Net Position  
Proprietary Funds  
For the Year Ended June 30, 2022

	Business-type Activities Enterprise Funds		
	Fort Polk Custodial	Water and Sewer	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,153,419	\$ 994,034	\$ 2,147,453
Receivables:			
Accounts	279,046	74,259	353,305
Intergovernmental:			
State grants	-	48,196	48,196
Due from other funds	28,950	76,716	105,666
Total current assets	<u>\$ 1,461,415</u>	<u>\$ 1,193,205</u>	<u>\$ 2,654,620</u>
Noncurrent assets			
Restricted cash and cash equivalents	\$ -	\$ 58,586	\$ 58,586
Capital assets			
Non-depreciable capital assets	-	2,771,445	2,771,445
Depreciable capital assets - net	33,045	2,454,845	2,487,890
Total noncurrent assets	<u>\$ 33,045</u>	<u>\$ 5,284,876</u>	<u>\$ 5,317,921</u>
Total assets	<u>\$ 1,494,460</u>	<u>\$ 6,478,081</u>	<u>\$ 7,972,541</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions	\$ -	\$ 53,342	\$ 53,342
Total assets and deferred outflows of resources	<u>\$ 1,494,460</u>	<u>\$ 6,531,423</u>	<u>\$ 8,025,883</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 25,546	\$ 21,281	\$ 46,827
Payroll taxes payable	2,868	848	3,716
Contracts payable	-	78,214	78,214
Salaries payable	29,412	8,172	37,584
Note payable	-	19,735	19,735
Total current liabilities	<u>\$ 57,826</u>	<u>\$ 128,250</u>	<u>\$ 186,076</u>
Liabilities payable from restricted assets			
Bonds payable	\$ -	\$ 45,000	\$ 45,000
Accrued interest payable	-	7,636	7,636
Total liabilities payable from restricted assets	<u>\$ -</u>	<u>\$ 52,636</u>	<u>\$ 52,636</u>
Noncurrent liabilities			
Customer deposits payable	\$ -	\$ 56,931	\$ 56,931
Bonds payable	-	560,000	560,000
Note payable	-	43,703	43,703
Net pension liability	-	146,061	146,061
Total noncurrent liabilities	<u>\$ -</u>	<u>\$ 806,695</u>	<u>\$ 806,695</u>
Total liabilities	<u>\$ 57,826</u>	<u>\$ 987,581</u>	<u>\$ 1,045,407</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Net Position  
 Proprietary Funds  
 For the Year Ended June 30, 2022

	Business-type Activities Enterprise Funds		
	Fort Polk Custodial	Water and Sewer	Total
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension contributions	\$ -	\$ 65,747	\$ 65,747
Total liabilities and deferred inflows of resources	<u>\$ 57,826</u>	<u>\$ 1,053,328</u>	<u>\$ 1,111,154</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 33,045	\$ 4,479,638	\$ 4,512,683
Restricted for:			
Bond retirement	-	5,950	5,950
Unrestricted	1,403,589	992,507	2,396,096
Total net position	<u>\$ 1,436,634</u>	<u>\$ 5,478,095</u>	<u>\$ 6,914,729</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,494,460</u>	<u>\$ 6,531,423</u>	<u>\$ 8,025,883</u> (Concluded)

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Funds  
 For the Year Ended June 30, 2022

	Business-type Activities Enterprise Funds		
	Fort Polk Custodial	Water and Sewer	Total
Operating revenues			
Charges for services	\$ 1,672,781	\$ 677,724	\$ 2,350,505
Operating expenses			
Personal services	\$ 842,132	\$ 346,192	\$ 1,188,324
Supplies	146,710	43,566	190,276
Contractual services	114,078	221,714	335,792
Depreciation	19,855	109,605	129,460
Total operating expenses	\$ 1,122,775	\$ 721,077	\$ 1,843,852
Income (loss) from operations	\$ 550,006	\$ (43,353)	\$ 506,653
Nonoperating revenues (expenses)			
Investment income	\$ 531	\$ 17,087	\$ 17,618
Interest expense	-	(27,121)	(27,121)
Nonemployer pension revenue	-	6,301	6,301
Total nonoperating revenues (expenses)	\$ 531	\$ (3,733)	\$ (3,202)
Income (loss) before transfers & contributions	\$ 550,537	\$ (47,086)	\$ 503,451
Transfers out	\$ (212,500)	\$ (127,575)	\$ (340,075)
Transfers in	4,789	317,941	322,730
Capital contributions	-	1,433,302	1,433,302
Change in net position	\$ 342,826	\$ 1,576,582	\$ 1,919,408
Net position at beginning of year	1,093,808	3,901,513	4,995,321
Net position at end of year	\$ 1,436,634	\$ 5,478,095	\$ 6,914,729

The accompanying notes are an integral part of this statement.



Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2022

	Business-type Activities		
	Fort Polk Custodial	Water and Sewer	Enterprise Funds Total
Cash flows from operating activities:			
Cash received from customers	\$ 1,532,191	\$ 669,946	\$ 2,202,137
Cash payments to suppliers for goods and services	(245,220)	(251,212)	(496,432)
Cash payments to employees for services	(845,131)	(305,477)	(1,150,608)
Net cash provided by operating activities	<u>\$ 441,840</u>	<u>\$ 113,257</u>	<u>\$ 555,097</u>
Cash flows from noncapital financing activities:			
Transfers in	\$ 4,789	\$ 317,941	\$ 322,730
Transfers out	(212,500)	(127,575)	(340,075)
Cash paid to other funds	-	(6,922)	(6,922)
Nonemployer pension revenue	-	6,301	6,301
Net cash provided/(used) by noncapital and related financing activities	<u>\$ (207,711)</u>	<u>\$ 189,745</u>	<u>\$ (17,966)</u>
Cash flows from capital and related financing activities:			
Interest paid on debt	\$ -	\$ (27,603)	\$ (27,603)
Retirement of debt	-	(63,971)	(63,971)
Acquisition of fixed assets	-	(2,139,624)	(2,139,624)
Capital contributions received	-	1,493,327	1,493,327
Net cash used by capital and related financing activities	<u>\$ -</u>	<u>\$ (737,871)</u>	<u>\$ (737,871)</u>
Cash flow from investing activities:			
Investment income	<u>\$ 531</u>	<u>\$ 17,087</u>	<u>\$ 17,618</u>
Net increase (decrease) in cash and cash investments	\$ 234,660	\$ (417,782)	\$ (183,122)
Cash and cash investments, July 1, 2021	918,759	1,470,402	2,389,161
Cash and cash investments, June 30, 2022	<u>\$ 1,153,419</u>	<u>\$ 1,052,620</u>	<u>\$ 2,206,039</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2022

	Business-type Activities		
	Enterprise Funds		
	Fort Polk Custodial	Water and Sewer	Total
Reconciliation of income (loss) from operations to net cash provided by operating activities:			
Income/(loss) from operations	\$ 550,006	\$ (43,353)	\$ 506,653
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:			
Depreciation	\$ 19,855	\$ 109,605	\$ 129,460
Change in assets and liabilities:			
Increase in accounts receivable	(140,590)	(8,023)	(148,613)
Increase in accounts payable	15,568	14,068	29,636
Increase in customer deposits payable	-	245	245
(Decrease)/increase in salaries payable	(1,079)	391	(688)
Decrease in retirement payable	(7,171)	(32,171)	(39,342)
Decrease in deferred outflows	2,511	9,062	11,573
(Decrease)/increase in deferred inflows	(128)	62,585	62,457
Increase in payroll taxes payable	2,868	848	3,716
Net cash provided by operating activities	<u>\$ 441,840</u>	<u>\$ 113,257</u>	<u>\$ 555,097</u> (Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Town of Rosepine, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2022

**INTRODUCTION**

The Town of Rosepine was incorporated under the provisions of the Lawrason Act. The municipality operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Town of Rosepine conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The municipality maintains various funds that provide services and benefits to its citizens including repairs and maintenance of approximately 7 miles of roads and streets, and water and sewer services to approximately 800 residents.

The municipality is located within Vernon Parish in the southwestern part of the State of Louisiana and is comprised of approximately 1,700 residents. The governing board is composed of five elected aldermen that are compensated for regular and special board meetings. There are approximately sixty employees who maintain the water and sewer systems, maintenance of streets, Fort Polk custodial maintenance, and handle the clerical work for the municipality. The police department consists of an elected chief of police and approximately six patrolmen and a clerk.

GASB Statement No. 14, *The 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 municipality 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 or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality 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**

**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 the nonfiduciary 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 is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges 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 funds 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.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

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.

Property taxes, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

General Fund - The municipality's primary operating fund. It accounts for all financial resources of the general government, except for those in another fund.

Special Revenue Fund - Sales Tax Fund - to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Capital Projects Fund - LCDBG Fund - to account for Louisiana Community Development Block Grant (LCDBG) grant funds which are restricted to the expansion of the wastewater system.

The municipality reports the following major proprietary funds:

The Proprietary Funds account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town's proprietary funds are the Utility Fund and the Fort Polk Custodial Fund.

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 governments' enterprise operations. Elimination of these 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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The municipality has not established a policy for use of the unrestricted fund balance, therefore it considers committed fund balances to be used first, then assigned fund balances to be used next and finally the unassigned fund balance will be used.

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. Charges for services of providing water and sewer services to residents comprise the operating revenue of the municipality's enterprise fund. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

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

**C. Deposits and Investments**

The municipality’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the municipality’s investment policy allow the municipality 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.

**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.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

The municipality levies taxes on real and business personal property located within the boundaries of the municipality. Property taxes are levied by the municipality on property values assessed by the Vernon Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Town of Rosepine bills and collects property taxes for the municipality. The municipality recognizes property taxes when received and any delinquent taxes are accrued at June 30, 2022.

Property Tax Calendar	
Assessment date	January 1, 2021
Levy date	June 30, 2021
Tax bills mailed	October 15, 2021
Total taxes due	December 31, 2021
Penalties & interest due	January 31, 2022
Lien date	January 31, 2022
Tax sale	May 15, 2022

For the year ended June 30, 2022 taxes of 3.93 mills were levied on property with an assessed valuation totaling \$8,105,630 and were dedicated as follows:

	Authorized Millage	Levied Millage	Expiration Date Renewed
Taxes due for:			
General corporate tax	3.93	3.93	Annually

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes are collected and remitted by the municipality, if taxes are not paid, a sheriff’s sale is held and the property is sold to satisfy the taxes due on that property. Due to this, the majority, if not all property taxes are collected, therefore no allowance account for uncollectibles has been established. Water and sewer charges have customer deposits that have been collected in advance therefore the majority of all water and sewer billing is collected or taken out of the customer’s deposit, any allowance account would be immaterial, therefore one has not been established.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad Valorem Tax Revenue for Municipality</u>
Benoit Nissan	Auto Dealer	\$ 500,280	6.17%	\$ 1,966
Benoit Ford	Auto Dealer	929,210	11.46%	3,652
Cleco	Utilities	408,000	5.03%	1,603
Total		<u>\$ 1,837,490</u>	<u>22.66%</u>	<u>\$ 7,221</u>

*Sales Taxes*

The Town of Rosepine receives a one-percent sales and use tax, for a period of forty years beginning January 1, 2012 and ending December 31, 2051, the revenues derived from said sales and use tax to be dedicated and used for the purpose of constructing, acquiring, extending, improving, operating and maintaining the sanitary sewer system for the municipality.

The Town of Rosepine also receives a one half-percent sales and use tax for a period of twenty-five years beginning January 1, 2012 and ending December 31, 2036. The revenues derived from said sales and use tax to be dedicated and used for the purpose of improving streets, water improvements and maintenance, sanitary sewer improvements and maintenance, and economic development activities of the municipality.

**E. Restricted Assets**

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Bond sinking funds - The Utility Revenue Refunding Bonds dated March 27, 2013, Series 2013A and the Utilities Revenue Bonds dated March 27, 2013, Series 2013B require a deposit to each of the sinking funds monthly on or before the 20<sup>th</sup> calendar day of each month commencing March 20, 2013, a sum equal to one-sixth (1/6) of the interest on the bonds due on the next interest payment date, and one-twelfth (1/12) of principal of the bond due on the next maturity date.

Bond reserve funds - The Utility Revenue Refunding Bonds dated March 27, 2013, Series 2013A and the Utilities Revenue Bonds dated March 27, 2013, Series 2013B require a deposit to a reserve fund monthly on or before the 20<sup>th</sup> calendar day of each month commencing March 20, 2013, a sum (rounded up to the nearest dollar) at least equal to five percent (5%) of the amount to be paid into the sinking funds provided for above, said payments into the reserve fund to continue until such time as there has been accumulated in the reserve fund a sum equal to the reserve fund requirement.

Cash collected from sales taxes which are dedicated to the maintenance of the sewer system are classified as restricted assets.

Grant revenues that have stipulations by the grantor for use of the funds are shown as restricted assets.

**F. 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 municipality maintains a threshold level of \$5,000 or more for capitalizing capital assets.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

According to GASB 34 the Town of Rosepine was not required to retroactively report infrastructure assets in its financial statements, therefore, these assets have not been reported in the financial statements. 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense included during the current fiscal year was \$31,098. No interest was included as part of the cost of capital assets under construction in connection with the municipality's construction projects.

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

<u>Description</u>	<u>Estimated Lives</u>
Roads and bridges	40-50 years
Land improvements	40-50 years
Buildings and building improvements	40-50 years
Furniture and fixtures	5-15 years
Vehicles	5-10 years
Equipment	3-15 years

**G. Compensated Absences**

The municipality has the following policy relating to vacation and sick leave:

Each fulltime and permanent municipal employee shall earn annual vacation and sick leave as follows:

Vacation

- Five (5) days with pay after one (1) year employment.
- Ten (10) days with pay after three (3) years employment.
- Fifteen (15) days with pay after six (6) years employment.
- Twenty (20) days with pay after nine (9) years employment.

Vacation days cannot be carried over from year to year.

The least amount of vacation taken at one time is one half (1/2) day.

Employees required to work on an observed holiday shall receive compensatory time off in the sanitation department or overtime pay. Holidays observed by the municipality shall not be counted as vacation leave.

Employees may not take pay instead of time off.

Leave from work with pay may be charged as sick leave if the absence is due to sickness, bodily injury, quarantine, required physical or dental examinations, or treatment, exposure to a contagious disease when continued work might jeopardize the health of others, illness in the immediate family of the employee which requires the care of the employee. All such absences, except those resulting from intemperance or immorality, shall be charged against the sick leave credit of the employee.

Each employee shall earn one (1) day for each month worked, provided, however no employee may accumulate more than ten (10) days of sick leave per year nor accumulate more than thirty (30) days of sick leave overall.

The least amount of time taken for sick leave is one half (1/2) day.



Notes to the Financial Statements (Continued)

Sick leave may not be accumulated for an indefinite period, and there is no maximum amount of sick leave, which may be accumulated.

The mayor shall determine when a certificate from a doctor is required to substantiate the necessity of sick leave. There will be no pay for unused leave upon resignation or retirement of an employee.

Sick leave may not be granted for maternity leave.

**Long-Term Obligations**

In the government-wide financial statements, and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**H. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

**I. 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 those estimates.

**J. Fund Balances**

Restricted Amounts that are restricted to a specific purpose should be reported as *restricted fund balance*. Fund balance should be reported as restricted when constraints placed on the use of resources are either:

- a. externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. imposed by law through constitutional provisions or enabling legislation.

Unassigned Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

**K. Restricted Net Position**

For government-wide statements of net position, net position is reported as restricted when constraints placed on net asset use either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. imposed by law through constitutional provisions or enabling legislation.

**L. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Police Employees' Retirement System (MPERS) and the Municipal Employees' Retirement System (MERS) and additions to/deductions from MPERS's and MERS's fiduciary net position have been determined on the same basis as they are reported by MPERS and MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Financial reporting information pertaining to the municipality's participation in the Municipal Employees' Retirement System (MERS) and Municipal Police Employees' Retirement System (MPERS) is prepared in accordance with Governmental Accounting Standards Board "GASB" Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which have been adopted by the municipality for the fiscal year ended June 30, 2022.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*BUDGET INFORMATION* The municipality uses the following budget practices:

1. The Town Clerk and Mayor prepare a proposed budget and submit same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after the publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen. These amended amounts are shown in the financial statements.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. The budgets for the General Fund and Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are originally adopted, or amended from time to time by the Board of Aldermen.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

*EXCESS OF EXPENDITURES OVER APPROPRIATIONS* The following individual fund had actual expenditures over budgeted appropriations for the year ended June 30, 2022.

Fund	Original Budget	Final Budget	Actual	Unfavorable Variance
General Fund	\$ 778,700	\$ 800,700	\$ 837,425	\$ (36,725)

**3. CASH AND CASH EQUIVALENT**

At June 30, 2022 the municipality has cash and cash equivalents (book balances) totaling \$2,794,696 as follows:

Louisiana Asset Management Pool (LAMP)	\$ 248,728
NOW accounts	2,508,888
Petty cash	500
Money market investment accounts	36,580
Total	<u>\$ 2,794,696</u>

The cash and cash equivalents of the Town of Rosepine, Louisiana are subject to the following risk:

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, the 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 or exceed 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. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the municipality's name.

At June 30, 2022, the municipality has \$2,588,764 in deposits (collected bank balances). These deposits are secured from risk by \$301,716 of federal deposit insurance and \$2,287,048 of pledged securities held by an unaffiliated bank of the pledgor bank. These pledged securities are deemed by law to be under the control and possession and in the name of the municipality and deposits are therefore properly collateralized.

The municipality also had invested \$248,728 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP as of June 30, 2022 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations which local governments in Louisiana are authorized to invest in accordance with LSA – R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7- like investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 56 days as of June 30, 2022.
- Foreign currency rate: Not applicable to 2a 7 – like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool share.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

**4. RECEIVABLES**

The receivables of \$505,835 at June 30, 2022 are as follows:

Class of Receivable	General Fund	Fort Polk Custodial Fund	Utility Fund	Sales Tax Fund	LCDBG Fund	Total
<b>Taxes:</b>						
Franchise	\$ 18,217	\$ -	\$ -	\$ -	\$ -	\$ 18,217
Sales taxes	-	-	-	27,517	-	27,517
<b>Intergovernmental:</b>						
Federal grants	2,985	-	-	-	39,118	42,103
State grants	-	-	48,196	-	-	48,196
Accounts	-	279,046	74,259	-	-	353,305
Hotel/motel taxes	5,024	-	-	-	-	5,024
Insurance premium tax	11,473	-	-	-	-	11,473
<b>Total</b>	<b>\$ 37,699</b>	<b>\$ 279,046</b>	<b>\$ 122,455</b>	<b>\$ 27,517</b>	<b>\$ 39,118</b>	<b>\$ 505,835</b>

**5. INTERFUND RECEIVABLES/PAYABLES**

The following due to/from balances exists due to payments made out of one fund that relate to the other fund. The balance in each respective due to/from account is expected to be paid within the current year.

	General Fund	Fort Polk Custodial Fund	Utility Fund	LCDBG Fund	Total
Due from	\$ -	\$ 28,950	\$ 76,716	\$ -	\$ 105,666
Due to	103,135	-	-	2,531	105,666

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2022, for the primary government is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 231,990	\$ -	\$ -	\$ 231,990
Capital assets being depreciated:				
Buildings	\$ 768,604	\$ -	\$ -	\$ 768,604
Improvements other than buildings	2,299,360	79,691	-	2,379,051
Machinery and equipment	162,182	7,743	-	169,925
Vehicles	165,782	-	-	165,782
Total capital assets being depreciated	<u>\$ 3,395,928</u>	<u>\$ 87,434</u>	<u>\$ -</u>	<u>\$ 3,483,362</u>
Less accumulated depreciation for:				
Buildings	\$ 182,401	\$ 16,093	\$ -	\$ 198,494
Improvements other than buildings	722,387	47,921	-	770,308
Machinery and equipment	158,183	1,549	-	159,732
Vehicles	129,677	11,771	-	141,448
Total accumulated depreciation	<u>\$ 1,192,648</u>	<u>\$ 77,334</u>	<u>\$ -</u>	<u>\$ 1,269,982</u>
Total capital assets being depreciated, net	<u>\$ 2,203,280</u>	<u>\$ 10,100</u>	<u>\$ -</u>	<u>\$ 2,213,380</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 222,067	\$ -	\$ -	\$ 222,067
Work in progress	1,178,473	2,042,433	671,528	2,549,378
Total capital assets, not being depreciated	<u>\$ 1,400,540</u>	<u>\$ 2,042,433</u>	<u>\$ 671,528</u>	<u>\$ 2,771,445</u>
Capital assets being depreciated:				
Buildings	\$ 13,491	\$ -	\$ -	\$ 13,491
Utility plant and improvements	4,624,925	689,052	-	5,313,977
Machinery and equipment	293,034	-	-	293,034
Vehicles	360,026	-	-	360,026
Total capital assets being depreciated	<u>\$ 5,291,476</u>	<u>\$ 689,052</u>	<u>\$ -</u>	<u>\$ 5,980,528</u>
Less accumulated depreciation for:				
Buildings	\$ 8,634	\$ 578	\$ -	\$ 9,212
Utility plant and improvements	3,070,646	74,323	-	3,144,969
Machinery and equipment	133,657	15,627	-	149,284
Vehicles	150,241	38,932	-	189,173
Total accumulated depreciation	<u>\$ 3,363,178</u>	<u>\$ 129,460</u>	<u>\$ -</u>	<u>\$ 3,492,638</u>
Total business-type assets being depreciated, net	<u>\$ 1,928,298</u>	<u>\$ 559,592</u>	<u>\$ -</u>	<u>\$ 2,487,890</u>

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

Depreciation expense of \$77,334 for the year ended June 30, 2022 was charged to the following governmental functions:

Public works	\$	53,067
Public safety		15,692
General administration		8,575
Total	\$	<u>77,334</u>

**7. CONSTRUCTION COMMITMENTS**

The municipality has an active construction project as of June 30, 2022. The municipality has a wastewater improvement project and improvements to the sewer system. At year-end the commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Wastewater improvement project	\$ 2,549,378	\$ 328,262

**8. INTERFUND TRANSFERS**

	<u>Transfers in</u>	<u>Transfers out</u>
General fund	\$ 400,386	\$ -
Utility fund	317,941	127,575
Sales tax fund	-	343,923
Fort Polk custodial fund	4,789	212,500
LCDBG fund	-	39,118
Total	<u>\$ 723,116</u>	<u>\$ 723,116</u>

Transfers from the utility fund to the general fund were used to provide operating capital for the general fund. Sales tax transfers to the general fund and proprietary fund are transferred according to statute.

**9. ACCOUNTS, SALARIES, AND OTHER PAYABLES**

The payables of \$323,489 at June 30, 2022 are as follows:

	<u>General Fund</u>	<u>Utility Fund</u>	<u>Fort Polk Custodial Fund</u>	<u>Sales Tax Fund</u>	<u>LCDBG Fund</u>	<u>Total</u>
Accounts	\$ 41,948	\$ 21,281	\$ 25,546	\$ 291	\$ -	\$ 89,066
Contracts	-	78,214	-	-	36,587	114,801
Salaries	12,431	8,172	29,412	-	-	50,015
Payroll taxes	1,324	848	2,868	-	-	5,040
Accrued interest	-	7,636	-	-	-	7,636
Customers deposits	-	56,931	-	-	-	56,931
Total	<u>\$ 55,703</u>	<u>\$ 173,082</u>	<u>\$ 57,826</u>	<u>\$ 291</u>	<u>\$ 36,587</u>	<u>\$ 323,489</u>

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

**10. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended June 30, 2022.

	Proprietary Funds			Total
	Bonded Debt	Note Payable	Pension Liability	
Long-term obligations at beginning of year	\$ 650,000	\$ 82,409	\$ 185,403	\$ 917,812
Additions	-	-	-	-
Reductions	-	-	(39,342)	(39,342)
Principal payments	(45,000)	(18,971)	-	(63,971)
Long-term obligations at end of year	\$ 605,000	\$ 63,438	\$ 146,061	\$ 814,499

  

	Governmental Funds		
	Bonded Debt	Pension Liability	Total
Long-term obligations at beginning of year	\$ 82,000	\$ 508,361	\$ 590,361
Additions	-	-	-
Reductions	-	(200,455)	(200,455)
Principal payments	(12,000)	-	(12,000)
Long-term obligations at end of year	\$ 70,000	\$ 307,906	\$ 377,906

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2022.

	Proprietary Funds			Total
	Bonded Debt	Note Payable	Pension Liability	
Current portion	\$ 45,000	\$ 19,735	\$ -	\$ 64,735
Long-term portion	560,000	43,703	146,061	749,764
Total	\$ 605,000	\$ 63,438	\$ 146,061	\$ 814,499

  

	Governmental Funds		
	Bonded Debt	Pension Liability	Total
Current portion	\$ 13,000	\$ -	\$ 13,000
Long-term portion	57,000	307,906	364,906
Total	\$ 70,000	\$ 307,906	\$ 377,906

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

The municipal bonds outstanding at June 30, 2022, for \$605,000, are revenue bonds with maturities from 2007 to 2033 and interest rates at 2.00% to 4.85%. Bond principal and interest payable in the next fiscal year are \$45,000 and \$13,919 respectively. The municipal bonds outstanding at June 30, 2022 for \$70,000 are general obligation bonds with maturities from 2008 to 2027 and interest rate at 4.85%. Bond principal and interest payable in the next fiscal year are \$13,000 and \$3,395 respectively. The John Deere Financial note payable outstanding at June 30, 2022 for \$63,438 is a note payable with maturities from 2020 to 2025 and interest at the rate of 3.95%. Note payable principal and interest payable in the next fiscal year are \$19,735 and \$2,151 respectively. The individual issues are as follows:

<u>Bonds</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>	<u>Funding Source</u>
Utilities Revenue Refunding Bonds	3/27/2013	2.00% to 4.00%	3/1/2033	\$ 60,650	\$ 245,000	Water revenues
Utilities Revenue Bonds	3/27/2013	2.00% to 4.00%	3/1/2033	\$ 90,800	\$ 360,000	Water revenues
Municipal Building Bonds	1/10/2008	4.85%	5/1/2027	\$ 10,480	\$ 70,000	General revenues
John Deer Financial Note	7/13/2020	3.95%	7/14/2025	\$ 4,040	\$ 63,438	Water revenues

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2023	\$ 77,736	\$ 28,771	\$ 106,507
2024	78,529	25,884	104,413
2025	85,355	22,741	108,096
2026	66,818	19,660	86,478
2027	70,000	17,052	87,052
2028-2032	295,000	49,262	344,262
2033	65,000	2,600	67,600
Total	<u>\$ 738,438</u>	<u>\$ 165,970</u>	<u>\$ 904,408</u>

In accordance with R.S. 39:562, the municipality is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At June 30, 2022, the statutory limit is \$2,836,971 and outstanding bonded debt totals \$675,000.

**11. RESTRICTED NET POSITION/FUND BALANCES**

The Proprietary Fund – The Utility Fund had restricted net position available as follows:

Restricted assets:	
Bond reserve funds	\$ 33,889
Sinking funds	24,697
Total	<u>\$ 58,586</u>
Less:	
Liabilities payable from restricted assets:	
Current portion of bond	\$ 45,000
Accrued interest	7,636
Total	<u>\$ 52,636</u>
Restricted net position	<u>\$ 5,950</u>



Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

The Governmental Funds – The General Fund and Sales Tax Fund had restricted fund balances available as follows:

	General Fund	Sales Tax Fund	Total
Restricted Assets:			
Sinking funds	\$ 4,775	\$ -	\$ 4,775
Sales tax deposits	-	36,580	36,580
Sales tax receivable	-	27,517	27,517
Total	<u>\$ 4,775</u>	<u>\$ 64,097</u>	<u>\$ 68,872</u>
Less:			
Liabilities payable from restricted assets:			
Accounts payable	<u>\$ -</u>	<u>\$ 291</u>	<u>\$ 291</u>
Restricted fund balances	<u>\$ 4,775</u>	<u>\$ 63,806</u>	<u>\$ 68,581</u>

**12. RETIREMENT SYSTEMS**

Substantially all employees of the Town of Rosepine are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana and Municipal Police Employees Retirement System of Louisiana. These systems are cost sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)

*Plan Description.* The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

*Funding Policy.* Under Plan B, members are required by state statute to contribute 5.00% of their annual covered salary and the Town of Rosepine is required to contribute at an actuarially determined rate. The current rate is 15.50% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Rosepine are established and may be amended by state

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

statute. As provided by R.S. 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 Rosepine's contributions to the System under Plan B for the years ending June 30, 2022, 2021, and 2020 were \$55,092, \$52,291, and \$43,362, respectively, equal to the required contributions for each year.

*Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2022, the municipality reported a liability of \$254,301 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The municipality's proportion of the net pension liability was based on a projection of the municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2021, the municipality's proportion was .438974%, which was an increase of .03931% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the municipality recognized pension expense of \$37,844 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$10,028. At June 30, 2022, the municipality recognized deferred outflows of resources and deferred inflows of resources related to pension from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 10,496
Changes of assumptions	10,293	-
Net difference between projected and actual earnings on pension plan investments	-	68,721
Changes in proportion and differences between Town contributions and proportionate share of contributions	20,834	35,088
Difference between employer and proportionate share of contributions	6,653	166
Town contributions subsequent to the measurement date	55,092	-
Total	<u>\$ 92,872</u>	<u>\$ 114,471</u>

The \$55,092 reported as deferred outflows of resources related to pensions resulting from the municipality contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ (12,743)
2024	(21,974)
2025	(17,824)
2026	(24,150)
Thereafter	-
Total	<u>\$ (76,691)</u>

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

*Actuarial Methods and Assumptions*

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components of the net pension liability of the Town of Rosepine, Louisiana for Plan B as of June 30, 2021 are as follows:

	Plan B June 30, 2021
Total pension liability	\$ 1,218,869
Less plan fiduciary net position	<u>(964,568)</u>
Employer's net pension liability	<u>\$ 254,301</u>
 Plan fiduciary net position as a % of the total pension liability	 79.14%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revisions as actual results are compared to past expectations, and new estimates are made about the future.

The actuarial assumptions used in the June 30, 2021 valuation was based on the results of an experience study for the period of July 1, 2013 through June 30, 2018.

Information on the actuarial valuation and assumptions is as follows:

Valuation date	June 30, 2021
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years
Investment rate of return	6.85% net pension plan investment expense, including inflation
Inflation rate	2.50%
Salary increases, including inflation and merit increases:	
- 1 to 4 years of service	7.40%
- More than 4 years of service	4.90%
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

*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, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public equity	53.00%	2.31%
Public fixed income	38.00%	1.65%
Alternatives	9.00%	0.39%
Totals	100.00%	4.35%
Inflation		2.60%
Expected Arithmetic Nominal Return		6.95%

The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2021. 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, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. 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 net pension liability of the Town of Rosepine, Louisiana calculated using the discount rate of 6.85%, as well as what the employer's 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 discount rate (assuming all other assumptions remain unchanged):

	Changes in Discount Rate:		
	1.00% Decrease 5.85%	Current Discount Rate 6.85%	1.00% Increase 7.85%
Net Pension Liability	\$ 390,151	\$ 254,301	\$ 139,398

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earning is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

B. Municipal Police Employees Retirement System of Louisiana (System)

*Plan Description.* All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

*Funding Policy.* Plan members are required by state statute to contribute 10.00% of their annual covered salary and the Town of Rosepine is required to contribute at an actuarially determined rate. The current rate is 29.75% of annual covered payroll. The contribution requirements of plan members and the Town of Rosepine are established and may be amended by state statute. As provided by R.S. 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 Rosepine's contributions to the System for the years ending June 30, 2022, 2021 and 2020 were \$40,593, \$38,568, and \$36,014, respectively, equal to the required contributions for each year.

*Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2022, the municipality reported a liability of \$199,666 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The municipality's proportion of the net pension liability was based on a projection of the municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2021 the municipality's proportion was .037457%, which was an increase of .001581% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the municipality recognized pension expense of \$10,959 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$15,455. At June 30, 2022, the municipality recognized deferred outflows of resources and deferred inflows of resources related to pension from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,149
Changes of assumptions	22,112	5,696
Net difference between projected and actual earnings on pension plan investments	-	93,228
Changes in proportion and differences between Town contributions and proportionate share of contributions	10,086	28,929
Difference between employer and proportionate share of contributions	14,457	50
Town contributions subsequent to the measurement date	40,593	-
Total	\$ 87,248	\$ 134,052

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

The \$40,593 reported as deferred outflows of resources related to pensions resulting from the municipality contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ (9,920)
2024	(21,280)
2025	(24,075)
2026	(32,122)
Thereafter	-
Total	<u>\$ (87,397)</u>

*Actuarial Methods and Assumptions*

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components of the net pension liability of the Town of Rosepine, Louisiana as of June 30, 2021 are as follows:

Total pension liability	\$ 1,254,820
Less plan fiduciary net position	<u>(1,055,154)</u>
Total collective net pension liability	<u>\$ 199,666</u>
 Plan fiduciary net position as a % of the total pension liability	 84.08%

The actuarial assumptions used in the June 30, 2020 valuation were based on the assumptions used in the June 30, 2021 actuarial funding valuation and were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

Valuation Date	June 30, 2021	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	6.75%, net of investment expense	
Expected Remaining Service Lives	2021 – 4 years 2020 – 4 years 2019 – 4 years 2018 – 4 years	
Inflation Rate	2.50%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1 – 2	12.30%
	Above 2	4.70%

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

Mortality	<p>For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p>
Cost-of-Living Adjustments	<p>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.</p>

The mortality rate assumption used was set based upon an experience study for the period 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 best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2021 are summarized in the following table:

Asset Class	June 30, 2021	
	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	55.50%	3.47%
Fixed income	30.50%	0.59%
Alternatives	14.00%	1.02%
Totals	100.00%	5.08%
Inflation		2.22%
Expected Arithmetic Nominal Return		7.30%

The discount rate used to measure the total pension liability was 6.75%. 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.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Concluded)

*Sensitivity to Changes in Discount Rate*

The following presents the net pension liability of the Town of Rosepine, Louisiana calculated using the discount rate of 6.75%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.75%, or one percentage point higher, 7.75%, than the current rate as of June 30, 2021:

	<u>Changes in Discount Rate:</u>		
	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
Net Pension Liability	<u>\$ 347,987</u>	<u>\$ 199,666</u>	<u>\$ 75,869</u>



REQUIRED SUPPLEMENTAL INFORMATION

General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
<b>Revenues</b>				
Taxes:				
Ad valorem tax	\$ 30,800	\$ 31,600	\$ 31,497	\$ (103)
Insurance premium tax	32,300	34,600	30,746	(3,854)
Franchise tax	67,000	82,100	85,647	3,547
Hotel/motel tax	22,900	27,500	27,233	(267)
Intergovernmental:				
Federal grants	-	301,800	284,601	(17,199)
State grants	-	-	2,985	2,985
Occupational licenses and permits	25,900	27,700	27,704	4
Investment income	100	300	16,351	16,051
Fines, forfeitures and court costs	209,100	199,800	199,850	50
Other revenue	3,000	-	371	371
<b>Total revenues</b>	<b>\$ 391,100</b>	<b>\$ 705,400</b>	<b>\$ 706,985</b>	<b>\$ 1,585</b>
<b>Expenditures</b>				
Current operating:				
General government	\$ 254,000	\$ 280,900	\$ 276,187	\$ 4,713
Public safety	344,100	379,700	382,801	(3,101)
Public works	154,600	50,700	75,027	(24,327)
Debt service:				
Principal	12,000	12,000	12,000	-
Interest	4,000	4,000	3,977	23
Capital outlay	10,000	73,400	87,433	(14,033)
<b>Total expenditures</b>	<b>\$ 778,700</b>	<b>\$ 800,700</b>	<b>\$ 837,425</b>	<b>\$ (36,725)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (387,600)</b>	<b>\$ (95,300)</b>	<b>\$ (130,440)</b>	<b>\$ (35,140)</b>
<b>Other financing sources (uses):</b>				
Transfers in	\$ 387,600	\$ 387,600	\$ 400,386	\$ 12,786
Transfer out	-	-	-	-
Insurance proceeds	-	-	724	724
<b>Total other financing sources (uses)</b>	<b>\$ 387,600</b>	<b>\$ 387,600</b>	<b>\$ 401,110</b>	<b>\$ 13,510</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ 292,300</b>	<b>\$ 270,670</b>	<b>\$ (21,630)</b>
<b>Fund balances at beginning of year</b>	<b>71,000</b>	<b>160,268</b>	<b>160,268</b>	<b>-</b>
<b>Fund balances at end of year</b>	<b>\$ 71,000</b>	<b>\$ 452,568</b>	<b>\$ 430,938</b>	<b>\$ (21,630)</b>

Special Revenue Fund  
Sales Tax Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Sales	\$ 240,000	\$ 268,300	\$ 268,765	\$ 465
Investment income	-	-	48	48
Total revenues	<u>\$ 240,000</u>	<u>\$ 268,300</u>	<u>\$ 268,813</u>	<u>\$ 513</u>
Expenditures				
General government and administration	<u>\$ 4,900</u>	<u>\$ 5,000</u>	<u>\$ 4,860</u>	<u>\$ 140</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 235,100</u>	<u>\$ 263,300</u>	<u>\$ 263,953</u>	<u>\$ 653</u>
Other financing sources:				
Transfer out	<u>\$ (235,100)</u>	<u>\$ (343,900)</u>	<u>\$ (343,923)</u>	<u>\$ (23)</u>
Net change in fund balance	\$ -	\$ (80,600)	\$ (79,970)	\$ 630
Fund balances at beginning of year	<u>65,000</u>	<u>143,776</u>	<u>143,776</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 65,000</u></u>	<u><u>\$ 63,176</u></u>	<u><u>\$ 63,806</u></u>	<u><u>\$ 630</u></u>

Schedule of the Town's Proportionate Share of the Net Pension Liability  
For the Year Ended June 30, 2022

Municipal Employees' Retirement System	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Town's proportion of the net pension liability (asset)	.296807%	.287300%	.317606%	.335954%	.328782%
Town's proportionate share of the net pension liability (asset)	\$ 139,350	\$ 195,263	\$ 263,266	\$ 290,678	\$ 278,094
Town's covered-employee payroll	\$ 199,344	\$ 233,343	\$ 249,363	\$ 243,630	\$ 285,664
Town's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	69.90%	83.68%	105.57%	119.31%	97.35%
Plan fiduciary net position as a percentage of the total pension liability	76.94%	68.71%	63.34%	63.49%	65.60%
Municipal Police Employees' Retirement System					
Town's proportion of the net pension liability (asset)	.026955%	.027307%	.020179%	.024799%	.030098%
Town's proportionate share of the net pension liability (asset)	\$ 168,633	\$ 213,922	\$ 189,134	\$ 216,506	\$ 254,450
Town's covered-employee payroll	\$ 73,045	\$ 56,526	\$ 74,031	\$ 88,823	\$ 107,597
Town's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	230.86%	378.45%	255.48%	243.75%	236.48%
Plan fiduciary net position as a percentage of the total pension liability	75.10%	70.73%	66.04%	70.08%	71.89%

(Continued)

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of the Town's Proportionate Share of the Net Pension Liability  
For the Year Ended June 30, 2022

Municipal Employees' Retirement System	June 30, 2020	June 30, 2021	June 30, 2022
Town's proportion of the net pension liability (asset)	.373679%	.399664%	.438974%
Town's proportionate share of the net pension liability (asset)	\$ 326,899	\$ 362,186	\$ 254,301
Town's covered-employee payroll	\$ 309,730	\$ 337,361	\$ 355,431
Town's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	105.54%	107.36%	71.55%
Plan fiduciary net position as a percentage of the total pension liability	66.14%	66.26%	79.14%
Municipal Police Employees' Retirement System			
Town's proportion of the net pension liability (asset)	.034452%	.035876%	.037457%
Town's proportionate share of the net pension liability (asset)	\$ 312,882	\$ 331,578	\$ 199,666
Town's covered-employee payroll	\$ 110,813	\$ 114,275	\$ 136,448
Town's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	282.35%	290.16%	146.33%
Plan fiduciary net position as a percentage of the total pension liability	71.01%	70.94%	84.08%

(Concluded)

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of the Town's Pension Contributions  
For the Year Ended June 30, 2022

Municipal Employees' Retirement System	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Contractually required contribution	\$ 18,938	\$ 22,168	\$ 27,430	\$ 32,281	\$ 39,993
Contributions in relation to the contractually required contribution	<u>18,938</u>	<u>22,168</u>	<u>27,430</u>	<u>32,281</u>	<u>39,993</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 199,344	\$ 233,343	\$ 249,363	\$ 243,630	\$ 285,664
Contributions as a percentage of covered-employee payroll	9.50%	9.50%	11.00%	13.25%	14.00%
Municipal Police Employees' Retirement System					
Contractually required contribution	\$ 23,009	\$ 16,675	\$ 23,505	\$ 27,313	\$ 34,698
Contributions in relation to the contractually required contribution	<u>23,009</u>	<u>16,675</u>	<u>23,505</u>	<u>27,313</u>	<u>34,698</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 73,045	\$ 56,526	\$ 74,031	\$ 88,823	\$ 107,597
Contributions as a percentage of covered-employee payroll	31.50%	29.50%	31.75%	30.75%	32.25%

(Continued)

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of the Town's Pension Contributions  
For the Year Ended June 30, 2022

Municipal Employees' Retirement System	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 43,362	\$ 52,291	\$ 55,092
Contributions in relation to the contractually required contribution	43,362	52,291	55,092
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 309,730	\$ 337,361	\$ 355,431
Contributions as a percentage of covered-employee payroll	14.00%	15.50%	15.50%
Municipal Police Employees' Retirement System			
Contractually required contribution	\$ 36,014	\$ 38,568	\$ 40,593
Contributions in relation to the contractually required contribution	36,014	38,568	40,593
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 110,813	\$ 114,275	\$ 136,448
Contributions as a percentage of covered-employee payroll	32.50%	33.75%	29.75%

(Concluded)

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

OTHER SUPPLEMENTAL SCHEDULES



Schedule of Per Diem Paid to Board Members  
For the Year Ended June 30, 2022

<u>Board Member</u>	<u>Total Paid</u>
Jeff Solinsky	\$ 2,400
Dennis Bjornberg	2,400
Ray Blanchard	2,400
Leonard Johnson	2,400
Damon Johnson	2,400
	<u>\$ 12,000</u>

Schedule of Compensation, Benefits and  
Other Payments to Agency Head  
For the Year Ended June 30, 2022

Agency Head Name - Donna Duvall

Purpose	Amount
Salary	\$ 25,000
Benefits - insurance	25
Benefits - retirement	3,875
Deferred compensation	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	84
Reimbursements	-
Travel	1,334
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-

Balance Sheet  
 For the Year Ended June 30, 2022

ASSETS	Capital Project Fund LCDBG Fund
Receivables:	
Intergovernmental:	
Federal grant	\$ 39,118
LIABILITIES AND FUND BALANCES	
Liabilities:	
Contracts payable	\$ 36,587
Due to other funds	2,531
Total liabilities	<u>\$ 39,118</u>
Fund Balances:	
Restricted	\$ -
Unrestricted	-
Total fund balances	<u>\$ -</u>
Total liabilities and fund balances	<u><u>\$ 39,118</u></u>

Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2022

	Capital Project Fund LCDBG Fund
	<u>                    </u>
Revenues	
Intergovernmental:	
Federal grant	\$ 39,118
	<u>                    </u>
Expenditures	
Administration	\$ -
Engineering	4,892
Construction	34,226
Total expenditures	<u>\$ 39,118</u>
Net change in fund balances	\$ -
Fund balances at beginning of year	<u>-</u>
Fund balances at end of year	<u><u>\$ -</u></u>

Town of Rosepine, Louisiana  
 LLA Entity ID # 2437  
 Justice System Funding Schedule -  
 Collecting/Disbursing Entity  
 For the Year Ended June 30, 2022

Schedule 9

	First Six Month Period Ended 12/31/2021	Second Six Month Period Ended 6/30/2022
Beginning balance of amounts collected (cash on hand)	\$ -	\$ -
Collections:		
Criminal Court Costs/Fees	\$ 10,915	\$ 8,941
Criminal Fines - Other	85,920	94,074
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	3,353	3,913
Subtotal collections	\$ 100,188	\$ 106,928
Disbursements to governments & nonprofits:		
Town of Rosepine, 30th JDC Indigent Defender Fund - Criminal Court Costs	4,211	\$ 3,260
Town of Rosepine, Central LA Juvenile Detention Facility Authority - Criminal Court Costs	3,242	2,550
Town of Rosepine, La Commission on Law Enforcement Transmittal of Statutory Ded Funds - Criminal Court Costs	1,019	666
Town of Rosepine, La Judicial College Form A - Criminal Court Costs	198	160
Town of Rosepine, La Traumatic Head and Spinal Cord Injury Trust Fund Act 654-1193 Legislative Session - Criminal Court Costs	1,053	685
Town of Rosepine, North La Criminalistic Laboratory Commission - Criminal Court Costs	760	1,280
Town of Rosepine, Trial Court Case Management Information System - Criminal Court Costs	432	340
Amounts Retained by Collection Agency:		
Town of Rosepine Criminal Court Costs	\$ -	\$ -
Town of Rosepine Criminal Fine - Other	85,920	94,074
Disbursements to Individuals/3rd Party Collection Processing Agencies:		
Payments to 3rd Party Collection/Processing Agencies	\$ 3,353	\$ 3,913
Subtotal Disbursements/Retainage	\$ 100,188	\$ 106,928
Ending Balance of Amounts Collected but not Disbursed/Retained	\$ -	\$ -
Ending Balance of "Partial Payments" Collected but not Disbursed	\$ -	\$ -

Town of Rosepine, Louisiana  
 LLA Entity ID # 2437  
 Justice System Funding Schedule -  
 Receiving Entity  
 For the Year Ended June 30, 2022

Schedule 10

	First Six Month Period Ended 12/31/2021	Second Six Month Period Ended 6/30/2022
Receipts From:		
LA DMV Criminal Court Costs/Fees REINSTATEMENT	\$ 388	\$ 263
Subtotal Receipts	\$ 388	\$ 263
Ending Balance of Amounts Assessed but not Received	\$ -	\$ -

## OTHER REPORTS

Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2022

There were no prior year audit findings as of June 30, 2021.



Schedule of Current Year Audit Findings and Management's Response  
For the Year Ended June 30, 2022

There were no current year audit findings as of June 30, 2022.

# Windham & Reed, L.L.C.

*Certified Public Accountants*

1620 North Pine Street  
DeRidder, LA 70634  
Tel: (337) 462-3211  
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John A. Windham, CPA  
Charles M. Reed Jr., CPA

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*

The Honorable Donna Duval, Mayor  
and Members of the Board of Aldermen  
Town of Rosepine  
State of Louisiana

We have audited, in accordance with the 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 Rosepine, Louisiana as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Rosepine, Louisiana's basic financial statements, and have issued our report thereon dated December 26, 2022.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Rosepine, Louisiana'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 of Rosepine, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Rosepine, Louisiana's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Rosepine, Louisiana'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Honorable Donna Duval, Mayor  
and Members of the Board of Aldermen  
Town of Rosepine, Louisiana

**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 results 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.

Handwritten signature of John A. Windham, CPA in black ink.

DeRidder, Louisiana  
December 26, 2022

# Windham & Reed, L.L.C.

*Certified Public Accountants*

1620 North Pine Street  
DeRidder, LA 70634  
Tel: (337) 462-3211  
Fax: (337) 462-0640

John A. Windham, CPA  
Charles M. Reed, Jr., CPA

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

The Honorable Donna Duval, Mayor  
and Members of the Board of Aldermen  
Town of Rosepine  
State of Louisiana

We have performed the procedures enumerated below, which were agreed to by the Town of Rosepine, Louisiana (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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 whether 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).

The Honorable Donna Duval, Mayor  
and Members of the Board of Aldermen  
Town of Rosepine, Louisiana

- 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.

*Written policies and procedures obtained and address the functions listed.*

#### **Board or Finance Committee**

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- 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.  
*No exceptions noted.*
  - b) For those entities reporting on the governmental accounting model, observe whether 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<sup>7</sup>.  
*Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*  
*No exceptions noted.*
  - 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.  
*Not applicable.*

#### **Bank Reconciliations**

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- 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);  
*No exceptions noted.*

- 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

*No exceptions noted. The mayor reviews and initials off on each bank reconciliation.*

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

*No exceptions noted.*

***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 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.

*No exceptions noted to the listed procedures. Two employees collect cash with separate drawers. Neither is responsible for posting to the ledger or reconciling.*

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

*No exceptions noted.*

- 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 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).

The Honorable Donna Duval, Mayor  
and Members of the Board of Aldermen  
Town of Rosepine, Louisiana

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

*Examined two random deposit dates for each account, no exceptions noted.*

**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.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

*No exceptions noted.*

- 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 whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
  - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*No exceptions noted.*

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

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

*No exceptions noted.*

- b) Observe that finance charges and late fees were not assessed on the selected statements.

*Late fees and finance charges were assessed.*

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13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

*No exceptions noted.*

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

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14. 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 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](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe 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 each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions noted.*

#### ***Contracts***

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15. 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 whether 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 whether 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 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, was approval documented).
  - 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 the invoice and related payment agreed to the terms and conditions of the contract.

*No exceptions noted.*



***Payroll and Personnel***

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16. 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.

*No exceptions noted.*

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe 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 whether supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe any leave accrued or taken during the pay period is reflected in the entity’s cumulative leave records.
  - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

*No exceptions noted.*

18. 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’s policy on termination payments. Agree the hours to the employee or officials’ cumulative 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.

*No exceptions noted.*

19. 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.

*No exceptions noted.*

***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above’ obtain ethics documentation from management, and:
- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.

*No exceptions noted.*

***Debt Service***

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21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management’s representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

*No exceptions noted.*

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the

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reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

*No exceptions noted.*

### ***Fraud Notice***

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23. 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.

*Not applicable.*

24. Observe 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.

*No exceptions noted.*

### ***Information Technology Disaster Recovery/Business Continuity***

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25. 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 no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- 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.

*No exceptions noted.*

### ***Sexual Harassment***

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26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

*No exceptions noted.*

27. Observe 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).

*No exceptions noted.*

28. 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 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;

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- 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.

*Not applicable.*

We were not engaged to and did not conduct an examination or review, 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.

The purpose of this report is 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.

Windham & Reed CPA, L.L.C.  
DeRidder, Louisiana  
December 26, 2022