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TOWN OF ROSELAND

Louisiana

FINANCIAL REPORT

December 31, 1999

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

Release Date 08-10-00

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LOUISIANA

December 31, 1999

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor Jerry L. Ellzey
Members of the Town Council
Town of Roseland
Roseland, Louisiana

I have audited the accompanying general purpose financial statements of the Town of Roseland, Louisiana, as of and for the year ended December 31, 1999. These general purpose financial statements are the responsibility of the Town of Roseland, Louisiana, management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Town of Roseland, Louisiana, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of Roseland, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Independent Auditor's Report - continued

In accordance with *Government Auditing Standards*, I have also issued a report dated June 20, 2000, on my tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grants and on my consideration of its internal control over financial reporting.

A handwritten signature in black ink, appearing to read "Eric Gray". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Certified Public Accountant

June 20, 2000

GENERAL PURPOSE FINANCIAL STATEMENTS

Town of Roseland

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP

December 31, 1999

	<u>Governmental Fund Types</u>		<u>Proprietary</u>	<u>Account Group</u>		<u>Total</u>
	<u>General</u>	<u>Special</u>	<u>Fund</u>	<u>General</u>	<u>Fixed</u>	<u>(Memorandum</u>
		<u>Revenue</u>	<u>Type</u>	<u>Assets</u>	<u>Assets</u>	<u>Only)</u>
			<u>Enterprise</u>			<u>Only)</u>
<u>ASSETS</u>						
Cash	\$10,651	\$ 100	\$ 6,319	\$ -		\$ 17,070
Receivables (net of allowance)	21,781	6,441	16,181	-		44,403
Interfund receivables	10,103	-	-	-		10,103
Restricted assets - cash	-	-	46,193	-		46,193
Land, buildings, and equipment (net, where applicable, of accumulated depreciation)	-	-	<u>1,722,609</u>	<u>284,554</u>		<u>2,007,163</u>
Total Assets	<u>\$42,535</u>	<u>\$6,541</u>	<u>\$1,791,302</u>	<u>\$284,554</u>		<u>\$2,124,932</u>
<u>LIABILITIES AND FUND EQUITY</u>						
<u>Liabilities</u>						
Accounts payable	\$40,160	\$ -	\$ 4,140	\$ -		\$ 44,300
Judgments payable	9,801	-	-	-		9,801
Payable from restricted assets -						
Customers' deposits	-	-	35,536	-		35,536
Accrued interest expense	-	-	10,760	-		10,760
Interfund payables	-	-	10,103	-		10,103
Intergovernmental payables	2,274	-	-	-		2,274
Bonds payable	-	-	<u>677,356</u>	-		<u>677,356</u>
Total liabilities	<u>52,235</u>	-	<u>737,895</u>	-		<u>790,130</u>
<u>Fund Equity</u>						
Contributed capital, net	-	-	1,275,060	-		1,275,060
Investment in general fixed assets	-	-	-	284,554		284,554
Retained earnings (deficit)	-	-	(221,653)	-		(221,653)
Fund (deficit) balances -						
Unreserved - Undesignated	<u>(9,700)</u>	<u>6,541</u>	-	-		<u>(3,159)</u>
Total fund equity	<u>(9,700)</u>	<u>6,541</u>	<u>1,053,407</u>	<u>284,554</u>		<u>1,334,802</u>
Total Liabilities and Fund Equity	<u>\$42,535</u>	<u>\$6,541</u>	<u>\$1,791,302</u>	<u>\$284,554</u>		<u>\$2,124,932</u>

The accompanying notes are an integral part of this statement.

Town of Roseland

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
Year Ended December 31, 1999

	<u>General</u>	<u>Special Revenue</u>	<u>Total (Memorandum Only)</u>
<u>Revenues</u>			
Taxes	\$ 32,582	\$ 72,072	\$104,654
Licenses and permits	27,789	-	27,789
Intergovernmental	25,402	-	25,402
Fines	26,409	-	26,409
On behalf payments by state	3,600	-	3,600
Miscellaneous	<u>557</u>	<u>-</u>	<u>557</u>
Total revenues	<u>116,339</u>	<u>72,072</u>	<u>188,411</u>
<u>Expenditures</u>			
Current -			
General government	49,426	704	50,130
Public safety - Police	99,608	49	99,657
Public safety - Fire	6,866	-	6,866
Streets	<u>12,940</u>	<u>-</u>	<u>12,940</u>
Total expenditures	<u>168,840</u>	<u>753</u>	<u>169,593</u>
Excess (deficiency) of revenues over expenditures	<u>(52,501)</u>	<u>71,319</u>	<u>18,818</u>
<u>Other Financing Sources (Uses)</u>			
Operating transfers in	70,925	756	71,681
Operating transfers out	<u>(756)</u>	<u>(70,925)</u>	<u>(71,681)</u>
Total other financing sources (uses)	<u>70,169</u>	<u>(70,169)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	17,668	1,150	18,818
Fund balances (deficits), beginning, restated	<u>(27,368)</u>	<u>5,391</u>	<u>(21,977)</u>
Fund balances (deficits), ending	<u>\$ (9,700)</u>	<u>\$ 6,541</u>	<u>\$ (3,159)</u>

The accompanying notes are an integral part of this statement.

Town of Roseland

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUND TYPES

Year Ended December 31, 1999

	General Fund		Variance Favorable (Unfavorable)	Annually Budgeted Special Revenue Funds		Variance Favorable (Unfavorable)
	Budget	Actual		Budget	Actual	
<u>Revenues</u>						
Taxes	\$ 26,300	\$ 32,582	\$ 6,282	\$67,750	\$72,072	\$ 4,322
Licenses and permits	25,500	27,789	2,289	-	-	-
Intergovernmental	20,000	25,402	5,402	-	-	-
Fines	20,000	26,409	6,409	-	-	-
On behalf payments by state	-	3,600	3,600	-	-	-
Miscellaneous	500	557	57	-	-	-
Total revenues	<u>92,300</u>	<u>116,339</u>	<u>24,039</u>	<u>67,750</u>	<u>72,072</u>	<u>4,322</u>
<u>Expenditures</u>						
General government	51,410	49,426	1,984	500	468	32
Public safety - Police	83,500	99,608	(16,108)	-	-	-
Public safety - Fire	7,000	6,866	134	-	-	-
Streets	13,000	12,940	60	-	-	-
Total expenditures	<u>154,910</u>	<u>168,840</u>	<u>(13,930)</u>	<u>500</u>	<u>468</u>	<u>32</u>
Excess (deficiency) of revenues over expenditures	<u>(62,610)</u>	<u>(52,501)</u>	<u>10,109</u>	<u>67,250</u>	<u>71,604</u>	<u>4,354</u>
<u>Other Financing Sources (Uses)</u>						
Operating transfers in	68,000	70,925	2,925	-	-	-
Operating transfers out	-	(756)	(756)	68,000	70,925	(2,925)
Total other financing sources (uses)	<u>68,000</u>	<u>70,169</u>	<u>2,169</u>	<u>68,000</u>	<u>70,925</u>	<u>(2,925)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	5,390	17,668	12,278	(750)	679	1,429
Fund balances (deficits), beginning, restated	<u>(27,368)</u>	<u>(27,368)</u>	<u>-</u>	<u>5,862</u>	<u>5,862</u>	<u>-</u>
Fund balances (deficits), ending	<u>\$ (21,978)</u>	<u>\$ (9,700)</u>	<u>\$ 12,278</u>	<u>\$ 5,112</u>	<u>\$ 6,541</u>	<u>\$ 1,429</u>

The accompanying notes are an integral part of this statement.

Town of Roseland

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS - PROPRIETARY FUND TYPE
Year Ended December 31, 1999

<u>Operating Revenues</u>	
Charges for services -	\$ 115,646
Water sales	50,692
Sewer charges	8,202
Delinquent charges	2,142
Connection charges	436
Other income	<u>177,118</u>
Total operating revenues	
 <u>Operating Expenses</u>	
Salaries	56,872
Payroll taxes	4,362
Accounting and auditing	5,725
Bad debt expense	1,462
Repairs and maintenance	13,498
Equipment fuel	1,765
Insurance	4,537
Meter reading expense	5,298
Miscellaneous	930
Office expense	5,297
Supplies	2,367
Testing	862
Utilities and telephone	13,363
Depreciation	<u>81,520</u>
Total operating expenses	<u>197,858</u>
 Net Operating (loss)	<u>(20,740)</u>
 <u>Non-operating Revenues (Expenses)</u>	
Rural Development Grant	8,550
Loss on disposal of fixed assets	(10,031)
Interest expense	<u>(42,881)</u>
Total non-operating revenues (expenses)	<u>(44,362)</u>
 Net loss	(65,102)
 <u>Contributed Capital Adjustments</u>	
Depreciation on fixed assets acquired with grants that reduces contributed capital	<u>65,909</u>
 Increase in retained earnings	807
Retained earnings (deficit), beginning, restated	<u>(222,460)</u>
Retained earnings (deficit), ending	<u>\$(221,653)</u>

The accompanying notes are an integral part of this statement.

Town of Roseland

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
Year Ended December 31, 1999

Cash flows from operating activities:		
Operating loss		\$(20,740)
Adjustments to reconcile net operating loss to net cash provided by operating activities:		
Depreciation	\$ 81,520	
Non-operating revenues	8,550	
Changes in assets and liabilities:		
Decrease in receivables	10,848	
(Increase) in restricted assets	(19,330)	
(Decrease) in accounts payable	(14,176)	
Increase in customer deposits	1,805	
Increase in interfund payables	<u>772</u>	
Total adjustments		<u>69,989</u>
Net cash provided by operating activities		49,249
Cash flows from capital and related financing activities:		
Principal repayments	(8,106)	
Interest paid	<u>(43,468)</u>	
Net cash (used) for capital and related financing activities		<u>(51,574)</u>
Net cash (decrease) for the year		(2,325)
Cash at beginning of year		<u>8,644</u>
Cash at end of year		<u>\$ 6,319</u>

The accompanying notes are an integral part of this statement.

Town of Roseland

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 1999

INTRODUCTION

The Town of Roseland was incorporated on January 4, 1892, under the provisions of the "Lawrason Act". [Louisiana Revised Statutes (R.S.) 33:321-481] of the constitution of the State of Louisiana. The town is located in the Parish of Tangipahoa and has a population of 1,093. The town operates under a Board of Councilmen - Mayor form of government and, as permitted under the act, provides police protection; fire protection; roads, streets, and sidewalks; sponsorship of federal and state supported programs; water and sewer utilities; and other necessary public services.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

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

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

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

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1999

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the Town of Roseland. Based on the criteria of GASB Statement No. 14, there are no component units to be included either blended within the town's funds or discretely presented in these financial statements.

C. FUND ACCOUNTING

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

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the municipality are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

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

1. General Fund -- the general operating fund of the Town and accounts for all financial resources except those required to be accounted for in other funds.
2. Special revenue funds -- account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1999

administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

1. Enterprise 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 the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town maintains one enterprise fund, the Waterworks and Sewer Fund, which provides water and sewer services.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental Funds

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Revenues are recognized, under the modified accrual basis of accounting, when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Property taxes are considered measurable in the calendar year of the tax levy that falls within the town's fiscal year. Sales taxes are considered measurable and are recognized in the month received by the parish school board. Gross receipts of business taxes are recognized when received. State shared revenues such as tobacco, beer, and gaming taxes are recorded in the period collected by the state. Licenses, permits, fines, forfeits, and miscellaneous revenues (except investment earnings) are recorded as revenues when received. Charges for services and

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1999

investment earnings are recorded when earned since they are measurable and available.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Expenditures

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgements which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses).

Proprietary Fund

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

E. BUDGETS

Formal budgetary accounting is employed as a management control for the General Fund and Special Revenue Funds of the Town. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General Fund and Special Revenue Funds, and the same basis of accounting is used to reflect actual revenues and expenditures recognized on a generally accepted accounting principles basis. Budgets are prepared and adopted in accordance with the Louisiana Local Government Budget Act. Budgetary control is exercised at the fund level for each fund. The Town amended it's budget during the fiscal year.

All budget appropriations lapse at the end of each fiscal year.

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1999

F. ENCUMBRANCES

The Town does not use encumbrance accounting.

G. CASH

Cash includes cash on hand and amounts in demand deposit accounts. Under state law, the town may deposit funds in demand deposits, interest-bearing demand deposits, and money market or time deposit accounts with state banks organized under Louisiana laws and national banks having their principal offices in Louisiana.

Under state law, the town may also invest in U.S. Government bonds, notes, or certificates. Those with maturities of 90 days or less would be classified as cash equivalents and all others reported as investments.

H. RECEIVABLES

Receivables are shown net of an allowance for uncollectibles. Uncollectible amounts due for water and sewer charges are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivables. Uncollectible amounts for property taxes are recorded as a reduction of current revenues.

**I. SHORT-TERM INTERFUND
RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

J. RESTRICTED ASSETS

Restricted assets consist of cash resources of the enterprise fund set aside for repayment of customer deposits and revenue bonds and interest in accordance with applicable bond covenants.

K. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. No depreciation has been

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1999

provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of the accumulated depreciation. Interest costs incurred during construction, if any, are capitalized. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation is computed using the straight-line method over the following useful lives:

Water Utility:	
Wells	25 - 40 years
Storage tanks	15 - 40 years
Lines and meters	30 - 40 years
Miscellaneous equipment	05 - 10 years
Sewer Utility:	
Wet well and pumps	10 years
Lagoon and fence	20 years
Force mains and lift stations	30 years
Collection system - lines	50 years

L. COMPENSATED ABSENCES

Permanent, full-time employees (subject to a six-month probationary period) earn annual leave on the anniversary date of their employment based on years of service. Annual leave is earned as follows:

After 1 year of service	:	5 days of leave is earned
2 years	:	10 days
4 years	:	15 days

Annual leave may accrue without limit and shall be paid to an employee at time of separation of employment provided that the employee was not dismissed for theft of Town property. The accrued annual leave is not considered material and no liability is recorded in the accompanying statements.

Sick leave is earned at the rate of one day per month. Any unused sick leave at the end of a calendar year may be accrued up to 90 days but can be used only for major medical leave. There is no payment for accrued sick or medical leave upon retirement or termination. Therefore, accrual of the liability for unused sick leave is not required.

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1999

M. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from the Waterworks and Sewer Fund operations are accounted for in that fund.

N. FUND EQUITY

Contributed Capital

Contributed capital is recorded in the Waterworks and Sewer Fund (a proprietary fund) to account for contributions of capital assets from other governments, private developers, and others and to recognize grants and other contributed funds dedicated and restricted to the acquisition or construction of capital assets. The contributed capital is amortized based on the depreciation recognized on the fixed assets contributed or those acquired or constructed from contributed resources. This depreciation is closed to the contributed capital account and recorded as a retirement of contributed capital and an adjustment to net income.

Reserves

Reserves represent those portions of fund equity legally segregated for a specific future use.

O. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

P. AD VALOREM TAXES

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

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Tangipahoa Parish.

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1999

Q. SALES TAXES

The Town assesses a 1% sales and use tax as authorized by Ordinance Number 158 adopted November 6, 1967, and an additional 1% sales and use tax authorized by the adoption of Ordinance Number 182 revising and extending Ordinance Number 158 increasing the original sales tax from 1% to 2% effective April 12, 1982. The tax may be used for any lawful purpose.

R. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) FUND DEFICITS

The following individual funds had deficits in retained earnings or fund balance at December 31, 1999:

<u>Fund</u>	<u>Deficit</u>
General Fund	\$ 9,700
Waterworks and Sewer Fund	221,653

(3) EXPENDITURES - ACTUAL AND BUDGET

The following individual fund has actual expenditures and other uses over budgeted expenditures and other uses for the year ended December 31, 1999:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>Percent</u>
General Fund	\$154,910	\$169,596	\$14,686	9.5%

The Louisiana Local Government Budget Act requires a local government to amend its operating budget when the total revenue and other sources fail to meet total budgeted revenues and other sources by 5% or more. Also, amendment is required when total actual expenditures and other uses exceed the total budgeted expenditures and other uses by 5% or more. The Town failed to amend the budget by an adequate amount for the general fund for the fiscal year ended December 31, 1999.

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1999

(4) CASH

At December 31, 1999, the town has cash (book balances) of \$63,263 (including \$46,193 of restricted cash) as follows:

Cash on hand	\$ 91
Non interest bearing demand deposits	34,328
Interest bearing demand deposits	<u>28,844</u>
Total	<u>\$63,263</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. The bank balance of \$66,413 at December 31, 1999, is secured from risk by federal deposit insurance (GASB Risk Category 1).

(5) RECEIVABLES

Receivables at December 31, 1999, consist of the following:

<u>Class of Receivables</u>	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Total</u>
Taxes -				
Ad valorem	\$ 3,470	\$ -	\$ -	\$ 3,470
Franchise	12,919	-	-	12,919
Sales	-	6,441	1,439	7,880
Accounts -				
Water and Sewer	-	-	24,742	24,742
Other	1,353	-	-	1,353
Intergovernmental -				
Beer taxes	581	-	-	581
Tobacco taxes	1,422	-	-	1,422
Federal grant	2,330	-	-	2,330
Less: Allowance for Uncollectibles	<u>(294)</u>	<u>-</u>	<u>(10,000)</u>	<u>(10,294)</u>
Totals	<u>\$21,781</u>	<u>\$6,441</u>	<u>\$ 16,181</u>	<u>\$ 44,403</u>

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1999

(6) AD VALOREM TAXES

For the year ended December 31, 1999, taxes of 5.79 mills were levied on property with assessed valuations totaling \$1,565,262.

Total taxes levied were \$9,041. Taxes receivable at December 31, 1999, were \$3,470.

(7) RESTRICTED ASSETS - PROPRIETARY FUND TYPE

Restricted assets applicable to the Waterworks and Sewer Fund at December 31, 1999, consisted of cash reserved for bond requirements of \$34,731 and for customer deposits of \$11,462. The customer deposits are underfunded by \$24,074 as the liability for customer deposits is \$35,536 at December 31, 1999.

(8) FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance <u>1-1-99</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12-31-99</u>
Land	\$ 58,693	\$ -	\$ -	\$ 58,693
Buildings	150,672	-	6,136	144,536
Equipment	<u>84,106</u>	<u>6,534</u>	<u>9,315</u>	<u>81,325</u>
Total	<u>\$293,471</u>	<u>\$6,534</u>	<u>\$15,451</u>	<u>\$284,554</u>

A summary of proprietary property, plant, and equipment at December 31, 1999, follows:

	Balance <u>1-1-99</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12-31-99</u>
Land	\$ 6,500	\$ -	\$ -	\$ 6,500
Buildings	19,861	-	-	19,861
Equipment	26,421	-	11,030	15,391
Water system	1,681,009	-	2,338	1,678,671
Sewerage system	<u>1,213,681</u>	<u>-</u>	<u>14,305</u>	<u>1,199,376</u>
Sub-total	2,947,472	-	27,673	2,919,799
Less: accumulated depreciation	<u>(1,133,312)</u>	<u>81,520</u>	<u>17,642</u>	<u>(1,197,190)</u>
Net	<u>\$ 1,814,160</u>			<u>\$ 1,722,609</u>

Depreciation for the fiscal year amounted to \$81,520.

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1999

(9) PENSION PLANS

The police chief of the Town of Roseland is a member of the Municipal Police Employees Retirement System (MPERS) of Louisiana. This system is a cost-sharing, multiple-employer, defined benefit pension plan established by state statute and administered by a separate board of trustees.

A. 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 at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3 percent 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 previously 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 statement 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 7.5 percent of their annual covered salary and the Town of Roseland is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Town of Roseland are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Roseland contributions to the System for the years ending December 31, 1999, 1998, and 1997, were \$2,106, \$1,944, and \$1,932, respectively, equal to the required contributions for each year.

(10) RETIREMENT SYSTEM

Employees of the Town are members of the social security system. In addition to employee payroll deductions, Town funds are remitted to match the employee contributions. Aggregate contributions to the social security system for the year ended December 31, 1999, were \$12,434 of which \$6,217 was contributed by the Town.

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1999

(11) LEASES

The Town does not have any operating or capital leases.

(12) LONG-TERM OBLIGATIONS

A detailed summary of all obligations outstanding at December 31, 1999, and changes in long-term obligations for the year then ended are as follows:

	<u>Balance at</u> <u>1-1-99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>12-31-99</u>
Proprietary Fund				
Waterworks and Sewer Fund				
U.S. Department of Agriculture				
Rural Development Revenue Bonds:				
Series A	\$434,019	\$ -	\$5,027	\$428,992
Series B	<u>251,443</u>	<u>-</u>	<u>3,079</u>	<u>248,364</u>
Total Proprietary Fund	<u>685,462</u>	<u>-</u>	<u>8,106</u>	<u>677,356</u>
Total long-term obligations	<u>\$685,462</u>	<u>\$ -</u>	<u>\$8,106</u>	<u>\$677,356</u>

The Revenue Bonds Payable in the Waterworks and Sewer Fund consists of two issues financed by the U.S. Department of Agriculture, Rural Utilities Service, formerly Farmers Home Administration, to pay part of the cost of constructing, acquiring, extending, and improving the waterworks and sewerage systems. Principal and interest payments are payable solely from revenues derived from the operation of the waterworks and sewer system. Series A Revenue Bonds for \$472,500, dated January 22, 1988, are due in annual installments of principal and interest, totaling \$33,094, payable for 40 years, with interest at 6.375%. Series B Revenue Bonds for \$272,000, dated May 23, 1988, are due in annual installments of principal and interest totaling \$18,480 payable for 40 years, with interest at 6.125%.

The bond agreements for these revenue bonds require a Combined Waterworks and Sewerage System Revenue Bond Reserve Fund ("Reserve Fund") funded by monthly payments based on 5% of the annual bond payments until the accumulation of a sum equal to the highest combined principal and interest falling due in any succeeding year. By December 31, 1999, the Reserve Fund should have totaled \$27,855; however, this account only has \$27,150. In addition, these bond agreements require a Depreciation and Contingency Fund funded by monthly payments of \$221 each month until the bonds have been retired. The fund is to be used for payment of extraordinary maintenance, repairs, and replacements. By December 31, 1999, the Depreciation and Contingency Fund should have totaled \$28,665; however, this account only has \$7,581.

In 1997, to satisfy and remove a delinquency in the payment of these bonds, the town agreed to a Positive Action Plan dated June 5, 1997, which requires monthly payments of principal and interest

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1999

in lieu of the original annual payments. In addition, the town will make additional deposits into the Reserve Fund and the Depreciation and Contingency Fund to bring these accounts to the levels required in the initial bond agreements.

The annual requirements to amortize all long-term obligations outstanding at December 31, 1999, including interest of \$819,060 are as follows:

	<u>USDA Rural Development FmHA Revenue Bonds</u>		
	<u>1988-A</u>	<u>1988-B</u>	<u>Total</u>
2000	\$ 33,094	\$ 18,480	\$ 51,574
2001	33,094	18,480	51,574
2002	33,094	18,480	51,574
2003	33,094	18,480	51,574
2004	33,094	18,480	51,574
Thereafter	<u>794,518</u>	<u>444,028</u>	<u>1,238,546</u>
Total	<u>\$959,988</u>	<u>\$536,428</u>	<u>\$1,496,416</u>

(13) INTERFUND RECEIVABLES/PAYABLES

Amounts due to or from other funds at December 31, 1999, consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$10,103	\$ -
Enterprise Fund - Waterworks and Sewer Fund	<u>-</u>	<u>10,103</u>
Total	<u>\$10,103</u>	<u>\$10,103</u>

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1999

(14) CHANGES IN CONTRIBUTED CAPITAL

The following is a summary of changes in contributed capital of the Town for the year ended December 31, 1999:

Balance at January 1, 1999, net of amortization	\$1,330,053
Additions:	
Correction of prior years amortization	10,916
Deductions:	
Depreciation on fixed assets acquired with capital grants	<u>(65,909)</u>
Balance at December 31, 1999, net of amortization	<u>\$1,275,060</u>

(15) LITIGATION AND CLAIMS

Legal counsel for the Town of Roseland, Louisiana has informed the Town's management of one potential claim for cause of action against the Town for a total of \$33,831. The Town has recorded a liability of \$28,344 related to this matter. The Town disputes all or part of the liability.

There are no lawsuits or other complaints currently pending against the Town of Roseland.

(16) COMPENSATION PAID MAYOR, CHIEF OF POLICE,
AND TOWN COUNCIL

Amounts paid to the Mayor, Chief of Police, and members of the Town Council for compensation are as follows:

Jerry Ellzey:	
As Mayor	\$ 7,200
As Water/Street Superintendent	18,000
Tommy Cutrer, Chief of Police	18,000
<u>Town Council</u>	
Anthony Distefano	1,200
Paula Hughes	1,200
John Pritchett, Sr.	1,200
Lee Terrell	1,200
Fredrick Widas	<u>1,200</u>
	<u>\$49,200</u>

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1999

(17) ON BEHALF PAYMENTS BY STATE OF LOUISIANA

For the year ended December 31, 1999, the State of Louisiana made on behalf payments in the form of supplemental pay to the Town of Roseland's police chief. In accordance with GASB 24, the Town has recorded \$3,600 of on behalf payments as revenue and as expense in the General Fund.

(18) RISK MANAGEMENT

The Town of Roseland is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town attempts to minimize risk from significant losses through the purchase of commercial insurance.

(19) RESTATED FUND BALANCES/RETAINED EARNINGS

The beginning fund balance of the General Fund and Special Revenue Fund and the retained earnings of the Waterworks and Sewer Fund have been restated to reflect the retroactive recording of the following prior period adjustments to the December 31, 1998, balances:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Waterworks Sewer Fund</u>
Fund Deficit/Retained Deficit at December 31, 1998	\$(29,793)	\$1,552	\$(211,544)
Correction of prior years contributed capital amortization	-	-	(10,916)
Correct judgements payable	731	-	-
Prior year gas tax refunds	1,694	-	-
Correction of prior year payables in 1993 Summer Food Service Program	<u>-</u>	<u>3,839</u>	<u>-</u>
Fund Deficit/Retained Deficit at December 31, 1998, as restated	<u>\$(27,368)</u>	<u>\$5,391</u>	<u>\$(222,460)</u>

(20) LCDBG PROGRAM REPAYMENT

On April 2, 1993, the Town of Roseland entered into a contract with the Louisiana Division of Administration, Louisiana Community Development Block Grant Program, for a 1992 sewerage extension grant for the amount of \$642,851.

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1999

The Town of Roseland could not or did not complete the project causing a loss of \$73,624 in engineering and administrative fees. This caused the Town to be in default with the 1992 sewer grant which made the Town ineligible to be considered for future grant funds.

To cure the default in the 1992 sewer grant and thereby allowing the Town of Roseland to become eligible for future consideration of Louisiana Community Development Block Grant Funds, the Town entered into an agreement with the Division of Administration, State of Louisiana on November 16, 1999, to repay the \$73,624 mentioned above.

In the agreement, the Town of Roseland agrees to pay the Division of Administration \$409.03 per month for a period of one hundred eighty (180) months until the total sum of \$73,624 is repaid in full. This repayment shall be without the payment of interest. The first payment is due March 1, 2000.

The \$73,624 has not been recorded in the accompanying financial statements. The monthly installments are to be paid by the Water and Sewer Fund.

(21) SUBSEQUENT EVENTS

In April 2000 the Town was approved for a \$12,500 grant from the Governor's Office of Rural Development.

The Town has applied for a Louisiana Community Development Block Grant to update the sewer system. The amount and approval is pending.

On May 2, 2000, an Economic Development Award Agreement between the Louisiana Department of Economic Development, Karts International, Inc. (referred to as Company), and Town of Roseland (referred to as Sponsoring Entity) was approved by the Governor of the State of Louisiana. The award (grant), which shall not exceed \$300,000 is to assist in enabling the Town of Roseland to build a new manufacturing facility which will be located in the Town's industrial park. Karts International, Inc. will lease the building from the Town of Roseland. The project is expected to cost approximately \$450,000. In connection with the construction of this building, the Town is applying for authorization from the State Bonding Commission to borrow \$150,000.

The Town has entered into a lease with Karts International, Inc. whereby the Town of Roseland leases a new building to be built to Karts International, Inc. The terms of the lease require monthly payments of \$2,337.97 for a term of 84 months.

SUPPLEMENTAL INFORMATION SCHEDULES

General Fund

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

Town of Roseland
General Fund
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes -			
Ad valorem	\$ 9,500	\$ 9,679	\$ 179
Public utilities franchise	16,800	22,903	6,103
Licenses and permits -			
Occupational licenses	25,000	26,844	1,844
Permits	500	945	445
Intergovernmental -			
Beer and tobacco taxes	11,000	7,048	(3,952)
Federal grants - police	9,000	12,726	3,726
State grants - police	-	3,206	3,206
Video poker	-	2,422	2,422
Fines	20,000	26,409	6,409
On behalf payments by state	-	3,600	3,600
Miscellaneous revenues	500	557	57
Total revenues	<u>92,300</u>	<u>116,339</u>	<u>24,039</u>
<u>Expenditures</u>			
Current -			
General government	51,410	49,426	1,984
Public safety - police	83,500	99,608	(16,108)
Public safety - fire	7,000	6,866	134
Streets	13,000	12,940	60
Total expenditures	<u>154,910</u>	<u>168,840</u>	<u>(13,930)</u>
Excess (deficiency) of revenues over expenditures	<u>(62,610)</u>	<u>(52,501)</u>	<u>10,109</u>
<u>Other Financing Sources (Uses)</u>			
Operating transfers in	68,000	70,925	2,925
Operating transfers out	-	(756)	(756)
Total other financing sources (uses)	<u>68,000</u>	<u>70,169</u>	<u>2,169</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ 5,390</u>	17,668	<u>\$ 12,278</u>
Fund deficit, beginning, restated		<u>(27,368)</u>	
Fund deficit, ending		<u>\$ (9,700)</u>	

Town of Roseland
General Fund

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>General Government</u>			
Salaries - Mayor and Council	\$13,750	\$13,200	\$ 550
Salaries - Clerical	5,200	5,200	-
Payroll taxes	960	879	81
Attorney	4,000	4,800	(800)
Accounting and auditing	6,000	5,925	75
Insurance	10,000	6,473	3,527
Office expense	2,400	1,743	657
Official journal	1,000	936	64
City Hall utilities and telephone	2,600	2,805	(205)
Assessor and tax roll	-	713	(713)
Coroner	-	202	(202)
Repairs and maintenance	2,000	3,363	(1,363)
Miscellaneous	1,500	1,310	190
Capital purchases	2,000	1,877	123
Total General Government	<u>\$51,410</u>	<u>\$49,426</u>	<u>\$ 1,984</u>
<u>Public Safety - Police</u>			
Salaries	\$56,000	\$57,407	\$ (1,407)
Payroll taxes	3,000	2,845	155
On behalf payments by state	-	3,600	(3,600)
Retirement contributions	1,900	2,106	(206)
Auto fuel	5,000	5,123	(123)
Auto repairs	4,000	2,515	1,485
Insurance	6,800	12,377	(5,577)
Miscellaneous	2,000	1,985	15
Supplies	2,000	4,163	(2,163)
Utilities	2,800	2,830	(30)
Equipment acquisitions	-	4,657	(4,657)
Total Public Safety - Police	<u>\$83,500</u>	<u>\$99,608</u>	<u>\$(16,108)</u>
<u>Public Safety - Fire</u>			
Salaries	\$ 1,200	\$ 1,200	\$ -
Payroll taxes	100	92	8
Utilities	4,200	4,441	(241)
Miscellaneous	1,500	1,133	367
Total Public Safety - Fire	<u>\$ 7,000</u>	<u>\$ 6,866</u>	<u>\$ 134</u>
<u>Streets</u>			
Street and traffic lights	\$ 13,000	\$12,940	\$ 60
Total Streets	<u>\$ 13,000</u>	<u>\$12,940</u>	<u>\$ 60</u>

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Sales Tax Fund - This fund is used to account for the receipt and use of proceeds of the town's one percent sales and use tax authorized by Ordinance Number 158 adopted November 6, 1967, and an additional one percent sales and use tax authorized by the adoption of Ordinance Number 182 revising and extending Ordinance Number 158 increasing the original sales tax from one percent to two percent effective April 12, 1982. Although the tax may be used for any purpose, the ordinance requires separate accounting for sales tax.

1993 Summer Food Service Program Fund

The 1993 Summer Food Service Program accounts for the remaining federal grant funds disbursed by the Louisiana Department of Education for the operation of a nonprofit food service program for children on school vacation during the summer of 1993. This fund was closed in 1999.

Fiscal Year 1992 Louisiana Community Developmental Block Grant Fund (LCDBG)

The Fiscal Year 1992 Louisiana Community Development Block Grant Fund accounts for the community development block grant for a sewer project expansion in the town's jurisdiction. This fund was closed in 1999.

Drug Asset Forfeiture Fund

The Drug Asset Forfeiture Fund accounts for funds received from the federal government related to property seized in drug assets and is used for police purposes. This fund was closed in 1999.

Town of Roseland
Special Revenue Funds

COMBINING BALANCE SHEET
December 31, 1999

	<u>1993</u>	<u>Fiscal</u>	<u>Drug</u>	<u>Total</u>
<u>ASSETS</u>	<u>Summer Food</u>	<u>Year</u>	<u>Asset</u>	<u>Fund</u>
<u>Cash</u>	<u>Service</u>	<u>1992</u>	<u>Forfeiture</u>	<u>Fund</u>
<u>Sales tax receivable</u>	<u>Program</u>	<u>LCDBG</u>	<u>Fund</u>	<u>Total</u>
<u>Total Assets</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
\$ 100	\$ -	\$ -	\$ -	\$ 100
<u>6,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,441</u>
<u>\$6,541</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$6,541</u>
<u>LIABILITIES AND</u>				
<u>FUND BALANCES</u>				
<u>Liabilities</u>	\$ -	\$ -	\$ -	\$ -
<u>Fund Balance</u>				
<u>Unreserved - undesignated</u>	<u>6,541</u>	<u>-</u>	<u>-</u>	<u>6,541</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$6,541</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$6,541</u>

Town of Roseland
Special Revenue Funds

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended December 31, 1999

	<u>1993</u>	<u>Fiscal</u>	<u>Drug</u>	<u>Total</u>
<u>REVENUES</u>	<u>Summer Food</u>	<u>Year</u>	<u>Asset</u>	<u>Fund</u>
Taxes	<u>Program</u>	<u>1992</u>	<u>Forfeiture</u>	<u>Fund</u>
Total Revenues	<u>Fund</u>	<u>LCDBG</u>	<u>Fund</u>	<u>Total</u>
	\$ -	\$ -	\$ -	\$ 72,072
	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,072</u>
<u>Expenditures</u>				
Collection fees	-	-	-	468
Other	224	12	-	236
Payments to informants	-	-	49	49
Total Expenditures	<u>224</u>	<u>12</u>	<u>49</u>	<u>753</u>
Excess (deficiency) of revenues over expenditures	(224)	(12)	(49)	71,319
<u>Other Financing (Uses)</u>				
Operating transfers in	756	-	-	756
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,925)</u>
Total other financing	<u>756</u>	<u>-</u>	<u>-</u>	<u>(70,169)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	532	(12)	(49)	1,150
Fund balance (deficit), beginning	<u>(532) *</u>	<u>12</u>	<u>49</u>	<u>5,391</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,541</u>

* Restated

Town of Roseland
Special Revenue Fund
Sales Tax Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Revenues</u>			
Taxes - Sales taxes	\$ 67,500	\$ 71,994	\$ 4,494
Penalties and interest	<u>250</u>	<u>78</u>	<u>(172)</u>
Total Revenues	67,750	72,072	4,322
<u>Expenditures</u>			
Collection fees	<u>500</u>	<u>468</u>	<u>32</u>
Excess of revenues over expenditures	67,250	71,604	4,354
<u>Other Financing (Uses)</u>			
Operating transfers to:			
General Fund	<u>(68,000)</u>	<u>(70,925)</u>	<u>(2,925)</u>
Excess (deficiency) of revenues over expenditures and other financing uses	(750)	679	1,429
Fund balance, beginning	<u>5,862</u>	<u>5,862</u>	<u>-</u>
Fund balance, ending	<u>\$ 5,112</u>	<u>\$ 6,541</u>	<u>\$ 1,429</u>

Town of Roseland

Supplementary Information Schedule
As of and for the Year Ended December 31, 1999

WATERWORKS AND SEWER UTILITY REVENUE BONDS
ADDITIONAL INFORMATION

The resolutions authorizing the issuance of \$744,500 Waterworks and Sewer Utility Revenue Bonds require the following information to be submitted in connection with the audit report:

a. Insurance policies in force at December 31, 1999:

- 1) Insurer: Louisiana Municipal Risk Management Agency,
expiring November 6, 1999 (has been renewed to November 6, 2000):

<u>Policy Limit</u>	<u>Risks Covered</u>
\$500,000	Automobile liability
\$500,000	Commercial general liability
\$500,000	Law Enforcement officer's comprehensive liability
\$500,000	Public officials' errors and omissions liability

- 2) Insurer: Louisiana Municipal Risk Management Agency,
expiring December 29, 1999 (has been renewed to December 29, 2000)

<u>Policy Limit</u>	<u>Risk Covered</u>
Louisiana Statutes	Worker's Compensation

- 3) Insurer: American Fire and Indemnity,
expiring May 15, 2000:

<u>Policy Limit</u>	<u>Risk Covered</u>
\$200,000	Commercial Fire on Building (City Hall)
\$35,000	Commercial Fire on Contents

Town of Roseland
 Supplementary Information Schedule
 As of and for the Year Ended December 31, 1999 - continued

4) Insurer: Hanover Insurance Company,
 expiring April 25, 2000

<u>Policy Limit</u>	<u>Risk Covered</u>
\$104,010	Commercial property coverage (Water tanks, etc.)

5) Insurer: Trinity Universal Insurance Company

\$50,000 Bond on Mayor expiring January 10, 2001

\$15,000 Bond on Clerk expiring June 19, 2000

\$15,000 Bond on Asst. Clerk expiring February 12, 2000

6) Insurer: Audubon Insurance Group,
 expiring August 18, 2000

<u>Policy Limit</u>	<u>Risk Covered</u>
\$24,217	Commercial Automobile Liability (Police)

b. There were 578 metered water users, 43 flat rate water users, and 349 users of the sewerage system at December 31, 1999.

c. There were 591 residential and 30 commercial users at December 31, 1999.

d. Aging of water and sewer accounts receivable as of December 31, 1999:

0 - 30 days	\$14,038
Over 30 days	4,816
Over 60 days	2,317
Over 90 days	<u>3,571</u>
	<u>\$24,742</u>

Town of Roseland
Supplementary Information Schedule
As of and for the Year Ended December 31, 1999 - continued

e. Schedule of water and sewer rates:

Sewer Service Charges

Residential Rates:

\$6.00 base rate for sewer service - for 2,000 gallons water use.
\$.95 per thousand gallons all over 2,000 gallons.

Commercial Rates:

\$20.00 base rate for sewer service - for 2,000 gallons water use.
\$.95 per thousand gallons all over 2,000 gallons.

Water Rates

Residential Rates:

\$7.00 per month for the first 2,000 gallons
\$1.30 per month per thousand or part thereof all over 2,000 gallons

Commercial Rates:

\$20.00 per month for the first 10,000 gallons
\$1.30 per thousand or part thereof all over 10,000 gallons

f. See audit Finding 99-3 for auditor's other comments.

**OTHER INDEPENDENT AUDITOR'S REPORT
AND FINDINGS**

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

The Honorable Mayor Jerry L. Ellzey and
Members of the Town Council
Town of Roseland
Roseland, Louisiana

I have audited the general purpose financial statements of the Town of Roseland, Louisiana, as of and for the year ended December 31, 1999, and have issued my report thereon dated June 20, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Roseland, Louisiana's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion.

The results of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 99-1 and 99-3.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of Roseland, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation

of the internal control over financial reporting that, in my judgment, could adversely affect the Town of Roseland, Louisiana's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings as items 99-1, 99-2, and 99-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider items 99-4 to be a material weakness.

This report is intended for the information of the governing council, management, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant

June 20, 2000

TOWN OF ROSELAND

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended December 31, 1999

SECTION 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS		
98-1	Failure to comply with the Local Government Budget Act	Unresolved - see current year Finding 99-1
98-2	Inadequate Fixed Asset Records	Resolved
98-3(a)	Failure to reconcile water meter deposits	Resolved
98-3(b)	Failure to fund customer deposits payable	Unresolved - see Note 7 to the Financial Statements
98-4	Inadequate internal controls over revenues	Partially resolved - see current year Finding 99-2
98-5	Weakness in control over payroll	Resolved
98-6	Electronic data processing control weakness	Resolved
98-7	Failure to comply with provisions of Bond Resolution	Unresolved - see current year Finding 99-3
98-8	Lack of segregation of duties	Unresolved - see current year Finding 99-4
SECTION 2. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS		
Not applicable		
SECTION 3. MANAGEMENT LETTER		
Not applicable - no management letter issued		

TOWN OF ROSELAND

Schedule of Current Year Audit Findings
Year Ended December 31, 1999

SECTION I - SUMMARY OF AUDITOR'S RESULTS

I have audited the financial statements of the Town of Roseland as of and for the year ended December 31, 1999, and have issued my report thereon dated June 20, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 1999, resulted in an unqualified opinion.

Financial Statements

Type of auditor's report issued:	unqualified	
Internal control over financial reporting:		
Material weaknesses identified?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
Reportable conditions identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no

SECTION II - FINANCIAL STATEMENT FINDINGS

This section is used to identify the reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements required to be reported under *Government Auditing Standards*.

Finding No. 99-1

Condition - Failure to comply with the Local Government Budget Act

Criteria - Louisiana Revised Statutes 39:1301-1314 sets forth the requirements that a municipality must follow in determining funds to be budgeted, the manner of preparing, adopting, and amending budgets, and other budget matters.

Town of Roseland
 Schedule of Findings - Continued

Effect - The Town failed to amend the expenditure budget of the General Fund by adequate amounts:

	<u>Unfavorable Variance</u>	<u>Percent</u>
General Fund	\$14,687	9.48%

These deficiencies place the Town in noncompliance with the Louisiana Local Government Budget Act and reduces the effectiveness of the Town's budgetary controls.

Cause - The Town of Roseland did not comply with certain requirements set forth in the Local Government Budget Act.

Recommendation - The Town should comply with the requirements of the Local Government Budget Act.

Finding No. 99-2

Condition - Inadequate internal controls over revenues.

Criteria - Good business practices and proper internal controls require that formal revenue policies and procedures be established to ensure that the town collects the appropriate revenues and complies with all laws, regulations, and legal requirements.

Effect - The current accounting policies and procedures are not adequate to provide the necessary controls over billing, accounting, and collection of revenues.

This has resulted in allowing customers to continue to receive water and sewer services even when their account is delinquent.

This could result in loss of revenue to the Town and also, place it in noncompliance with the Town's bond resolution authorizing the assurance of the Waterworks and Sewer Utility Revenue Bonds dated November 18, 1986.

Cause - The Town has not established adequate billing, accounting, and collection policies and procedures for the collection of its revenue.

Recommendation - The Town needs to develop, implement, and monitor an accounting system to control all revenues of the Town from billing, collection/receiving, and recording.

Finding No. 99-3

Condition - Failure to comply with Bond Resolution

Criteria - In connection with the issuance of certain revenue bonds in 1988, the Town agreed to comply with certain terms of the bond indentures and loan agreements with the Farmers Home Administration (FmHA) and its Rural Utilities Service (RUS). The FmHA, through the Water and Waste Disposal Systems for Rural Communities (CFDA 10.760), loaned the town funds to pay part of the cost of constructing and acquiring improvements to the water system of the town (water system bond issue) and constructing, acquiring, improving, and extending a sewer system for the town, as a combined utility system (sewer system bond issue). As conditions of the loan agreements and bond indentures, FmHA established certain requirements with which the town must comply.

Effect - The Town did not comply with the following requirements:

1. The loan agreements require the town to establish and maintain a Reserve Fund and a Depreciation and Contingency Fund and make monthly payments to the two accounts.
 - Revenue Bond Reserve Fund - During the fiscal year ended December 31, 1999, the Town added \$10,138 to this fund in accordance with the Positive Action Plan (PAC). However, there is a deficit of \$705 in the funding required by the bond resolution.
 - Depreciation and Contingency Fund - The terms of the original bond resolution required payments of \$221 per month into this fund. The total required payments through December 31, 1999, totaled \$28,665 however only \$7,581 had been funded at that date, leaving a deficit of \$21,084 at year end.

On July 2, 1999, Bruce Bordelon with RUS verbally agreed to amend the PAC in regards to the monthly deposits to the Depreciation and Contingency Fund. The original PAC agreement called for monthly deposits of \$1,647.20. The amended amount is \$647.20. The Town will resume paying the \$1,647.20 when the Waterworks and Sewer Fund repays a loan of \$10,906 to the General Fund.

2. The loan agreement requires the Town to shut off water services to a customer whose payment is not paid within 40 days of the billing date.

The shut-off procedures being followed by the Town are not consistent with the loan agreement. This has resulted in the continuing problem of excess write-offs and loss of revenue.

Town of Roseland
Schedule of Findings - Continued

3. Section 11 of the bond resolution states "the Town shall carry full coverage of insurance on the System . . ." The term full coverage is not defined in the resolution. The Town does not appear to have sufficient property loss insurance coverage, however, I recommend that the Town have RUS determine what constitutes "full coverage".

Cause - During a prior administration, the Town's financial condition deteriorated to the point of where the Town could not meet its financial obligations in a timely manner. This condition affected all funds of the Town and resulted in the Town becoming delinquent with payments required to be made in connection with the Water and Sewer Revenue Bonds.

Because of the delinquent payments, on June 5, 1997, the town entered into a Positive Action Plan with FmHA that requires advance monthly payments directly to the Rural Utilities Service for both the water system and sewer system bond issues. Furthermore, the Positive Action Plan requires increased payments to the Reserve Fund and Depreciation and Contingency Fund until the balances in the accounts reach the levels required by the original bond agreements.

Recommendation - The Town should continue making the monthly payments required by the Positive Action Plan.

The Town should continue improving on cutting-off delinquent water and sewer customers and collecting delinquent accounts receivable.

I recommend that the Town ask RUS for clarification on what they construe "fully insured" to mean. I realize that additional insurance coverage means additional premium dollars.

Finding No. 99-4

Condition - Lack of segregation of duties

Criteria - An adequate system of internal control requires an appropriate segregation of duties consistent with control objectives.

Effect - This deficiency could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with management's objectives.

Cause - Limited qualified staff in the accounting department. This is a reportable condition and is considered a material weakness in internal control.

Recommendation - The limited size of the Town precludes an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial. No change is recommended.

TOWN OF ROSELAND

MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended December 31, 1999

SECTION 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
Finding Reference No.	Management's Corrective Action Plan
99-1 Failure to comply with the Local Government Budget Act	The financial statements of the budgeted funds will be reviewed in the last quarter of the year and the budgets amended if necessary.
99-2 Inadequate internal controls over revenues	At present, the Town is doing everything possible to collect all revenues.
99-3 Failure to comply with bond resolution	The Town is currently making the payments required by the Positive Action Plan. The Town is improving on its cutoff procedures. The Town will seek clarification from FmHA (RUS) as to what they construe "fully insured" to mean.
99-4 Lack of segregation of duties	The Town concurs with the auditor's recommendation. No further action to be taken.

Date Submitted: 6-23-2000

Auditee: 