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Village of Rosedale, Louisiana
Annual Financial Statements
Year ended December 31, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 JUN 23 1999

W. Kathleen Beard
CERTIFIED PUBLIC ACCOUNTANT

Village of Rosedale, Louisiana
Annual Financial Statements
Year ended December 31, 1998

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Annual Financial Statements
Year ended December 31, 1998

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W. Kathleen Beard
Certified Public Accountant
210 East Main Street - P. O. Box 811
New Roads, Louisiana 70760
(225) 638-3111

Member:
American Institute of CPAs
Society of Louisiana CPAs

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Board of Aldermen
Village of Rosedale, Louisiana

I have audited the accompanying general purpose financial statements of the Village of Rosedale, Louisiana, as of December 31, 1998 and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Village's 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. 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 evaluation 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 above present fairly, in all material respects, the financial position of the Village of Rosedale, Louisiana as of December 31, 1998, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 8, 1999 on my consideration of the Village of Rosedale's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Village of Rosedale, 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.



W. Kathleen Beard
Certified Public Accountant
May 8, 1999

W. Kathleen Beard
Certified Public Accountant
210 East Main St. - P. O. Box 811
New Roads, Louisiana 70760
(225) 638-3111

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

To the Honorable Mayor and
Members of the Board of Aldermen
Village of Rosedale, Louisiana

I have audited the general purpose financial statements of the Village of Rosedale, Louisiana, as of and for the year ended December 31, 1998, and have issued my report thereon dated May 8, 1999. I have 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 Village of Rosedale, 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. I expanded the scope of tests of cash receipts and verification of deposits to 100% of revenues. The results of my tests disclosed instances noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying summary of findings as item numbers 1-1 and 1-2.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Village of Rosedale, 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 might, in my judgement, adversely affect the Village of Rosedale'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 a separate letter to management dated May 8, 1999.

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 over financial reporting that might be reportable conditions and, accordingly, would not disclose all reportable conditions that are also considered to be material weaknesses. However, I believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the mayor and members of the Board of Aldermen of the Village of Rosedale, Louisiana and the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.



W. Kathleen Beard
Certified Public Accountant
May 8, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

**Village of Rosedale, Louisiana
 Combined Balance Sheet
 All Fund Types and Account Groups
 December 31, 1998
 With Comparative Totals for 1997**

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Types</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>
ASSETS:			
Cash and cash equivalents -			
Cash on hand and in banks	\$11,561	\$23,118	\$6,821
Investments in LAMP	151,323	61,861	17,714
Receivables -			
Sales taxes	15,457	5,500	0
Franchise taxes	3,422	0	0
Accounts receivable - customers	0	0	552
Other receivables	0	0	0
Due from other funds	8,947	212	0
Due from other governmental units	6,696	0	0
General fixed assets	0	0	0
Fixed assets (net)	0	0	138,534
Amount to be provided for payment accrued leave	0	0	0
Amount to be provided for payment of joint obligati	0	12,000	0
	-----	-----	-----
Total Assets	\$197,405	\$102,691	\$163,622
	=====	=====	=====
LIABILITIES:			
Accounts payable	\$5,278	\$2,056	\$537
Due to employees	0	0	0
Due to other funds	0	8,947	212
Retainage payable	2,578	0	0
Contract payable	4,660	0	0
Accrued liabilities	2,004	23	113
Accrued compensation payable	0	0	0
Due to the City of Plaquemine	0	12,000	0
	-----	-----	-----
Total Liabilities (All Current)	14,521	23,026	861
FUND EQUITY:			
Contributed Capital (net)	0	0	171,017
Investment in General Fixed Assets	0	0	0
Retained Earnings (Deficit)	0	0	(8,257)
Fund Balances -			
Unreserved	182,884	79,665	0
	-----	-----	-----
Total Fund Equity	182,884	79,665	162,760
	-----	-----	-----
Total Liabilities and Fund Equity	\$197,405	\$102,691	\$163,622
	=====	=====	=====

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

Exhibit A

Account Group	Totals (Memorandum Only)	
General Fixed Assets	1998	1997
\$0	\$41,500	\$57,545
	230,898	283,955
0	20,957	20,074
0	3,422	3,919
0	552	1,739
0	0	0
0	9,159	16,085
0	6,696	1,416
1,558,918	1,558,918	1,380,383
0	138,534	120,084
0	0	2,962
0	12,000	0
-----	-----	-----
\$1,558,918	\$2,022,636	\$1,888,163
=====	=====	=====
\$0	\$7,871	\$8,561
0	0	69
0	9,159	16,085
0	2,578	0
	4,660	0
0	2,140	4,590
0	0	2,962
0	12,000	0
-----	-----	-----
0	38,409	32,266
0	171,017	152,567
1,558,918	1,558,918	1,380,383
0	(8,257)	(13,368)
0	262,549	336,314
-----	-----	-----
1,558,918	1,984,227	1,855,896
-----	-----	-----
\$1,558,918	\$2,022,636	\$1,888,163
=====	=====	=====

Village of Rosedale, Louisiana
**Combined Statement of Revenues, Expenditures and Changes in
Fund Balance - All Governmental Fund Types**
Year ended December 31, 1998
With Comparative Totals for 1997

Exhibit B

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>1998</u>	<u>1997</u>
REVENUES:				
Taxes and licenses	\$234,164	\$74,700	\$308,864	\$336,558
Intergovernmental revenue	11,947	0	11,947	8,384
Charges for services	6,346	0	6,346	0
Fines and forfeitures	15,743	0	15,743	17,058
Interest income	10,087	2,992	13,079	9,252
Miscellaneous	4,226	0	4,226	113
	-----	-----	-----	-----
Total revenues	282,513	77,692	360,205	371,365
EXPENDITURES:				
Current -				
General government	72,613	0	72,613	68,024
Public safety	31,993	37,597	69,590	79,449
Public works	79,177	0	79,177	58,091
Parks and recreation	0	0	0	466
Capital outlay	175,411	5,615	181,026	67,568
Debt service	0	4,000	4,000	0
	-----	-----	-----	-----
Total expenditures	359,194	47,212	406,406	273,598
Excess Revenues Over (Under) Expenditures	(76,681)	30,480	(46,201)	97,767
OTHER FINANCING SOURCES (USES):				
Operating transfers in	0	580	580	0
Operating transfers (out)	(8,157)	0	(8,157)	(12,348)
	-----	-----	-----	-----
Total Other Financing Sources (Uses)	(8,157)	580	(7,577)	(12,348)
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(84,838)	31,060	(53,778)	85,420
FUND BALANCE:				
Beginning of Year	287,709	48,605	336,314	276,914
Residual Equity Transfer Out - Water	(19,987)	0	(19,987)	(26,020)
	-----	-----	-----	-----
End of Year	\$182,884	\$79,665	\$262,549	\$336,314
	=====	=====	=====	=====

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

Village of Rosedale, Louisiana
Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - GAAP Basis
 General and Special Revenue Fund Types
 Year ended December 31, 1998
 With Comparative Totals for 1997

	<u>General Fund</u>			
	<u>Budget</u>	<u>Actual (Unfavorable)</u>	<u>Variance Favorable</u>	<u>1997</u>
REVENUE:				
Taxes and licenses	\$241,500	\$234,164	(\$7,336)	\$254,434
Intergovernmental revenue	11,420	11,947	527	8,384
			0	
Charges for services	6,346	6,346	0	0
Fines & Forfeitures	17,000	15,743	(1,257)	17,058
Interest income	11,000	10,087	(913)	8,383
Miscellaneous	4,975	4,226	(749)	113
	-----	-----	-----	-----
Total revenues	292,241	282,513	(9,728)	288,371
EXPENDITURES:				
Current -				
General government	83,900	72,613	11,287	68,024
Public safety	36,250	31,993	4,257	35,821
Public works	86,300	79,177	7,123	58,091
Parks and recreation	0	0	0	466
Capital outlay	169,000	175,411	(6,411)	43,817
Debt service	0	0	0	0
	-----	-----	-----	-----
Total expenditures	375,450	359,194	16,256	206,219
	-----	-----	-----	-----
Excess Revenues Over (Under) Expenditures	(83,209)	(76,681)	6,528	82,153
OTHER FINANCING SOURCES (USES):				
Operating transfers in	0	0	0	0
Operating transfers (out)	0	(8,157)	(8,157)	(12,348)
	-----	-----	-----	-----
Total Other Financing Sources (Uses)	0	(8,157)	(8,157)	(12,348)
	-----	-----	-----	-----
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(83,209)	(84,838)	(1,629)	69,805
FUND BALANCES:				
Beginning of Year	275,367	287,709	(12,342)	243,924
Residual equity transfer out - Water System	(15,000)	(19,987)	(4,987)	(26,020)
	-----	-----	-----	-----
End of Year	\$177,158	\$182,884	\$5,726	\$287,709
	=====	=====	=====	=====

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

<u>Special Revenue Fund - Fire Protection</u>			
<u>Budget</u>	<u>Actual (Unfavorable)</u>	<u>Variance Favorable</u>	<u>1997</u>
\$78,000	\$74,700	(\$3,300)	\$82,124
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
3,000	2,992	(8)	870
0	0	0	0
-----	-----	-----	-----
81,000	77,692	(3,308)	82,994
0	0	0	0
35,450	37,597	(2,147)	43,628
0	0	0	0
0	0	0	0
6,000	5,615	385	23,751
4,000	4,000	0	0
-----	-----	-----	-----
45,450	47,212	(1,762)	67,379
-----	-----	-----	-----
35,550	30,480	(5,070)	15,615
0	580	(580)	0
0	0	0	0
-----	-----	-----	-----
0	580	(580)	0
35,550	31,060	(5,650)	15,615
55,428	48,605	6,823	32,990
0	0	0	0
-----	-----	-----	-----
<u>\$90,978</u>	<u>\$79,665</u>	<u>(\$11,313)</u>	<u>\$48,605</u>
=====	=====	=====	=====

Village of Rosedale, Louisiana
Statement of Revenues, Expenses and Changes in
Retained Earnings - Proprietary Fund
Year ended December 31, 1998
With Comparative Totals for 1997

Exhibit D

	<u>Enterprise Funds - Water System</u>	
	<u>1998</u>	<u>1997</u>
OPERATING REVENUES		
Water sales	\$14,241	\$14,248
Connection fees	275	0
	-----	-----
Total Operating Revenue	14,516	14,248
OPERATING EXPENSES		
Salaries	7,159	11,119
Payroll taxes	104	161
Retirement expense	314	619
Group health insurance	0	448
Current used in pumping	3,317	3,782
Depreciation	16,537	14,203
Maintenance of pumping equipment	0	307
Maintenance of lines and hydrants	3,752	6,090
Insurance	0	1,602
Professional fees	855	750
Computer services	365	744
Other	2,025	3,341
	-----	-----
Total Operating Expense	34,428	43,167
	-----	-----
Operating Income (Loss)	(19,912)	(28,918)
NON-OPERATING REVENUES (EXPENSES)		
Interest revenue	910	285
	-----	-----
Total Nonoperating Revenues (Expenses)	910	285
Net Income (Loss) before operating transfers	(19,002)	(28,633)
OPERATING TRANSFERS IN		
General fund	7,576	12,348
	-----	-----
Net Income (Loss)	(11,426)	(16,286)
Depreciation on fixed assets acquired by contributions	16,537	14,203
	-----	-----
Increase (Decrease) in Retained Earnings	5,111	(2,083)
RETAINED EARNINGS (DEFICIT)		
Beginning of year	(13,368)	(11,285)
	-----	-----
End of Year	(\$8,257)	(\$13,368)
	=====	=====

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

Village of Rosedale, Louisiana
Statement of Cash Flows - Proprietary Fund Types
Year ended December 31, 1998
With Comparative Totals for 1997

Exhibit E

	<u>Enterprise Fund - Water System</u>	
	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$15,644	\$13,920
Cash payments for goods and services	(10,802)	(18,187)
Cash payments for salaries	(7,159)	(11,119)
	-----	-----
Net Cash Provided by (Used for) Operating Activities	(2,317)	(15,387)
	-----	-----
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating subsidy transfers from general fund	7,576	12,348
	-----	-----
Net Cash Provided by (Used for) Noncapital financing activities	7,576	12,348
	-----	-----
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(34,987)	(1,431)
Residual equity transfers from General Fund	19,987	0
Rural Devopment grant proceeds	15,000	0
	-----	-----
Net Cash Provided by (Used for) Capital and Related Financing Activiti	0	(1,431)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on Investments	910	579
	-----	-----
Net Cash Provided by (Used for) Investing Activities	910	579
	-----	-----
INCREASE (DECREASE) IN CASH	6,169	(3,891)
CASH AND CASH EQUIVALENTS, BEGINNING	18,341	22,232
	-----	-----
CASH AND CASH EQUIVALENTS, ENDING	\$24,510	\$18,341
	=====	=====
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	(\$19,912)	(\$28,918)
<i>Adjustments to reconcile operating income to net cash provided by (used for) operating activities:</i>		
Depreciation	16,537	14,203
Net Changes in Assets and Liabilities -		
(Increase) decrease in petty cash	(25)	0
(Increase) decrease in accounts receivable - customers	1,187	(328)
Increase (decrease) in accounts payable	(71)	(333)
Increase (decrease) in liabilities	(33)	(10)
	-----	-----
Total adjustments	17,595	13,532
	-----	-----
Net Cash provided by (used for) operating activities	(\$2,317)	(\$15,387)
	=====	=====

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

Introduction

The Village of Rosedale was incorporated August 2, 1955, under the provisions of Title 33, Chapter 2, Part 1, of the Louisiana Revised Statutes (Lawrason Act - Act No. 36 of 1898). The "Village" operates under a Mayor - Board of Aldermen form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, recreation, public improvements, and general administrative services.

The accounting and reporting practices of the Village of Rosedale, Louisiana conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide* and to the industry audit, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants.

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Village's combined financial statements include the accounts of all Village operations. The criteria for including organizations as component units within the Village's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Village holds the corporate powers of the organization
- the Village appoints a voting majority of the organization's board
- the Village is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Village
- there is fiscal dependency by the organization on the Village

Based on the aforementioned criteria, the Village of Rosedale has no component units.

B. Basis of Presentation

The accounts of the Village are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The transactions of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are ordered into two major categories: governmental and proprietary. Funds within each major category are grouped by fund type in the combined financial statements. The funds and account groups used by the Village are shown on the following pages:

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Governmental Funds Types:

Governmental Funds are those through which general governmental functions of the Village are financed. The acquisition, use and balances of the Village's expendable financial resources and the related liabilities (except those accounted for in Proprietary Funds) are accounted for through Governmental Funds. The following are the Village's Governmental Fund types:

General Fund - The General Fund is the main operating fund of the Village. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue resources (other than assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Proprietary Fund Types:

Proprietary Funds are accounted for on a flow of economic resources measurement focus. The accounting objectives are a determination of net income, financial position and changes in cash flow. All assets and liabilities associated with a Proprietary Fund's activities are included on its balance sheet. Proprietary Fund equity is segregated into contributed capital and retained earnings. The following are the Village's Proprietary Funds:

Enterprise Fund - Used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing water services to the general public on a continuing basis are financed through user charges.

1. Summary of Significant Accounting Policies (Continued)

C. Measurement focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All Governmental Fund Types (General and Special Revenue Funds) use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Revenues susceptible to accrual are sales and franchise taxes, licenses, charges for services, and intergovernmental revenues. Sales taxes collected and held by the parish at year end on behalf of the government are also recognized as revenue. All other Governmental Fund Type revenues are recognized when received.

The Proprietary Fund Types are accounted for on an economic resources measurement focus using the accrual basis of accounting. Revenues are recorded when they are earned. Expenses are recorded at the time liabilities are incurred.

D. Budgets and Budgetary Accounting

The Village follows these procedures in establishing the budgetary data reflected in these financial statements:

1. A proposed budget is prepared and submitted to the Mayor and Board of Aldermen prior to the beginning of each fiscal year.
2. The proposed budget is published in the official journal and made available for public inspection. A public hearing is called to obtain taxpayer comments.
3. The budget is adopted through passage of a ordinance prior to commencement of the fiscal year for which the budget is being adopted.
4. 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 approval from the Board of Aldermen.

1. Summary of Significant Accounting Policies (Continued)

D. Budgets and Budgetary Accounting (Continued)

5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. The level of budgetary control is total appropriations. Budgeted amounts are as originally adopted.

E. Accounts Receivable

Bad debts are charged to operations in the year in which the account is determined uncollectible. If the reserve method of accounting for uncollectible accounts were used, it would not have a material effect on the financial statements.

F. Fund Changes and Transactions Between Funds

Legally authorized transfers are treated as operating transfers and are included in the results of operations of both Governmental and Proprietary Funds. Advances between funds which are expected to be repaid are classified as the current receivable/liabilities, "Due to/from other funds".

The Village allocates to the Special Revenue and Enterprise Funds a percentage of salaries and wages and related costs of personnel who perform services for the Fire Department and Water System but were paid through the General Fund.

During the year ending December 31, 1998, the Village allocated \$7,576 in salaries and related fringe benefits to each fund. Due to collectability, the Special Revenue Fund reported the allocation as a liability "Due to General Fund; alternatively, the Enterprise Fund allocation was classified as an "Operating Transfer In - General Fund.

G. Encumbrances

Encumbrance accounting is not employed by the Village of Rosedale.

I. Summary of Significant Accounting Policies (Continued)

II. Property, Plant and Equipment

General Fixed Assets Account Groups

Fixed assets used in Governmental Fund Type operations are accounted for in the General Fixed Asset Account Group, rather than in Governmental Funds. Public domain ("infrastructure") general fixed assets including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized along with other general fixed assets for reporting purposes. No depreciation has been provided on any of the remaining assets. Interest has also not been capitalized on fixed assets in the Governmental Fund Type operations.

All fixed assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated.

Proprietary Fund Types

Property, plant and equipment owned by the Proprietary Funds are recorded at cost or, if contributed property, at their fair market value at the time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment in the proprietary fund.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Water System	20 years
Water System Improvements	20 years

I. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Proprietary Fund considers cash balances above the day to day needs and funds set aside for portfolio strategy reasons invested in demand deposits, certificates of deposit, obligations of the U. S. Treasury, federal agencies, or U. S. government instrumentalities with original maturities less than two years to be cash equivalents. Investments in Louisiana Asset Management Pool (LAMP) are also considered cash equivalents.

1. Summary of Significant Accounting Policies (Continued)

J. Compensated Absences

Employees of the Village earn personal leave (vacation or sick leave) at various rates depending upon length of employment. The maximum leave time which may be accumulated is an amount equal to the number of days which can be earned by the employee during a twenty-four month period. Employees who resign or retire, or who are dismissed from employment shall not be paid for accrued leave. The total unused leave at year end is considered immaterial and therefore has not been accrued.

K. Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Village's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in each to the statements, since their inclusion would make the statements unduly complex and difficult to read.

L. Total Columns on Combined Statements - Overview

Total columns on the 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 or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. Cash and Cash Equivalents

Cash and cash equivalents includes demand deposits and investments in LAMP. The Village may deposit funds in time deposits or certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana, direct U. S. Treasury obligations, bonds, debentures, notes of U. S. government agencies and U. S. government instrumentalities which are federally sponsored.

At year end the carrying amount of the Village's deposits totaled \$41,475 and the bank balance was \$45,424 which was fully insured from risk by federal deposit insurance. Funds invested by the Village in LAMP amounted to \$230,898. LAMP's investment's at December 31, 1998 consisted of various U. S. Government notes comprising 63.39% of its portfolio and repurchase agreements 36.81%. These investments were registered in the name of LAMP and held in the custodial bank's trust account at the Federal Reserve. Because the investments are held by the custodian in the name of LAMP, the investments are considered Category A, by LAMP, in applying the credit risk of GASB Codification Section 150.164.

3. Due from other governmental units

Amounts due from other governmental units consist of the following:

General Fund -

Beer taxes due from the State of Louisiana	\$ 91
Tobacco taxes due from the State of Louisiana	980
Equipment Grants from LA Commission of Law Enforcement	2,452
Highway Maintenance from LA Dept. of Transportation	3,173

	\$ 6,696
	=====

4. Fixed Assets

A summary of the general fixed asset group is as follows:

	Balance 01/01/98	Additions	Deletions	Balance 12/31/98
Land	\$ 172,336	\$ 0	\$ 0	\$ 172,336
Buildings	358,159	158,471	1,580	515,050
Improvements other than buildings	479,296	0	560	478,736
Equipment	365,717	27,430	351	392,796
Construction in progress	4,875	0	4,875	0
	-----	-----	-----	-----
	\$ 1,380,383	\$ 185,901	\$ 7,366	\$ 1,558,918
	=====	=====	=====	=====

A summary of proprietary fund type property, plant and equipment at December 31, 1998 follows:

Water well	\$ 50,000
Tanks, mains and equipment	345,957

	395,957
Less: Accumulated depreciation	(257,423)

Net property, plant and equipment	\$ 138,534
	=====

5. Interfund Receivables/Payables

Interfund receivables and payables at December 31, 1998 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund - Special Revenue - Fire	\$ 8,947	
Special Revenue - Fire - General Fund Enterprise Fund - Water	212	\$ 8,947
Enterprise Fund - Water - Special Revenue - Fire		212
	----- \$ 9,159 =====	----- \$ 9,159 =====

6. Dedicated Revenues

Sales Tax - Capital Improvements -

Proceeds of the 2/3% sales and use tax are dedicated to be used by the Village to pay the cost of capital outlay projects, to maintain and operate public facilities, to administer local governments, and to provide other lawful services.

Sales Tax - Fire Protection -

Proceeds of the 2/3% sales and use tax are dedicated for fire protection for the Village.

The Village receives 82% of its total revenue from sales tax.

7. Pension Plans

Substantially all of the Village of Rosedale's full time employees participate in the Municipal Employees' Retirement System ("System") - Plan "A". The payroll for employees covered by the System for the year ended December 31, 1998 was \$ 50,014; the Village's total payroll was \$108,960.

All Village full-time employees are eligible to participate in the System. Employees who retire at or after age 55 with 30 years of credited service and at or after 60 with 10 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final compensation for each year of creditable service. Final compensation is the employee's average highest compensation for 36 consecutive months. Benefits fully vest on reaching 10 years of service. Vested employees may retire before age 60 and receive reduced retirement benefits. The System also provides death and disability benefits. Benefits are established by State statute.

Covered employees are required by State statute to contribute 9.25% of their salary to the System. The Village is required by the same statute to contribute 5.75% of the employee's eligible compensation quarterly to the System. The contribution requirement for the year ended December 31, 1998 was \$7,502 which consisted of \$2,876 from the Village and \$4,626 from employees.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The System does not make separate measurements of assets and pension benefit obligation for individual employers. The pension benefit obligation at June 30, 1998 for the System as a whole, determined through actuarial valuation performed as of that date, was \$392,335,456. The System's net assets available for benefits on that date were \$370,154,019, leaving an unfunded pension benefit obligation of \$22,181,437. The Village's 1998 contribution represented less than one percent of total contributions required of all participating entities.

Ten year historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's June 30, 1998 comprehensive annual financial report.

7. Pension Plans (continued)

The police chief of the Village of Rosedale is a member of the state retirement system for municipal police employees, a cost sharing multiple-employer public employee retirement system. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. Any member is eligible for normal retirement after he has been a member of the System for 2 years, if he has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. Benefits rates are 3 1/3% of average final compensation per number of years of creditable service no to exceed 100% of final salary. The plan also provides for disability benefits calculated a 3% of average final compensation multiplied by years of creditable service, but not less than forty percent nor more than sixty percent of average final compensation.

The payroll for employees covered by the System for the year ended December 31, 1998 was \$8,820, the Village's total payroll was \$ 83,110. Covered employees are required by State statute to contribute 7.5% of their salary to the plan. The Village is required by the same statute to contribute the remaining amounts necessary to pay benefits when due. The contribution requirement for the year ended December 31, 1998 was \$1,455, which consisted of \$794 from the Village and \$662 from employees; these contributions represent 9% and 7.5% of covered payroll respectively.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The System does not make separate measurements of assets and the pension benefit obligation for individual employers. The pension benefit obligation at June 30, 1998 for the System as a whole, determined through an actuarial valuation performed as to that date was \$905,210,260. The System's net assets available for benefits on that date (valued at market) were \$1,018,384,350, leaving an unfunded (Assets in excess of) pension benefit obligation of \$113,174,090. The Village's 1998 contribution represented .01 percent of total contributions required of all participating entities. Ten year historical trend information showing the System's progress in accumulation sufficient assets to pay benefits when due is presented in the System's June 30, 1998 comprehensive annual financial report.

8. Retained Earnings Deficit

The Enterprise Fund - Water System has a deficit retained earning balance as of December 31, 1998. The deficit is due to insufficient water revenues to cover operating expenses. The General Fund pays 100% of Village employees' salaries and related fringe benefits and subsequently allocates 10% to the Enterprise Fund, this amount is reported as an operating transfer in/out in both funds.

9. Due to the City of Plaquemine

The Village adopted a resolution to ratify and confirm the action of the Rosedale Volunteer Fire Department's signing of the Cooperative Endeavor Agreement between the City of Plaquemine and the Iberville Fire Fighters Association dated March 17, 1993, and to authorize payment by the Village of Rosedale of funds in fulfillment of obligations of the Rosedale Volunteer Fire Department. This agreement requires the City of Plaquemine to construct an addition to the City's Central Fire Station, referred to as the "IFFA Central Dispatch Facility" to provide adequate space to house the Association's communications system for parish wide fire dispatch and to finance the purchase of the General Electric Console-C3 Maestro CRT. In consideration for the construction of the addition to the station by the City and for financing the purchase of the electronic equipment, the Village of Rosedale, on behalf of the Rosedale Volunteer Fire Department has authorized payment of the 1/9th share of the cost which amounts to \$16,000, of which \$4,000 was paid in 1998 and the balance of \$12,000 to be paid in 1999. Payments are from funds received from revenues generated by the 33.33% of the Parish's 62.0439% of the 1991 Sales and Uses Tax dedicated to the fire departments of Iberville Parish by resolution adopted on May 7, 1991. After all payments are paid in full by the Association to the City under this agreement, the ownership of the IFFA Central Dispatch Facility and the General Electric Console - C3 Maestro CRT shall be vested with the Iberville Fire Fighters Association.

10. Year 2000 Issues (Unaudited)

The Year 2000 Issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

The Village of Rosedale has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 Issue and that are necessary to conducting the Village's operations. Based on this inventory, the Village is in the remediation stage in that bid specifications have been drawn up to purchase from outside vendors, hardware and software believed to be year 2000 compliant for the financial reporting systems. Testing and validation of the systems will need to be completed after the hardware and software are installed.

Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Village is or will be year 2000 ready, that the Village's remediation efforts will be successful in whole or in part, or that parties with whom the Village does business will be year 2000 ready.

SUPPLEMENTARY INFORMATION

Village of Rosedale, Louisiana
Schedule of Per Diem and Paid to the Mayor and Board Members
Year ended December 31, 1998

Schedule 1

	<u>Total</u>
Mayor -	
Lawrence J. Badeaux	\$6,000
Members of the Board of Aldermen -	
Kevin Gant	2,400
John T. Doiron	2,400
Chris Bayham	2,400

	\$13,200
	=====

Village of Rosedale, Louisiana
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 General Fund - Budget and Actual - GAAP Basis
 Year ended December 31, 1998
 With Comparative Totals for 1997

Schedule 2

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1997</u>
Revenues:				
Sales tax apportionments	218,000	208,937	(9,063)	231,143
Utilities franchise tax	13,000	15,406	2,406	14,700
Cable TV franchise tax	1,500	1,676	176	1,530
Occupational licenses	9,000	8,145	(855)	7,060
State beer tax	1,000	356	(644)	1,202
State tobacco tax	3,920	3,920	0	3,920
State Law Enforcement Grant	4,500	5,574	1,074	1,203
State fire insurance rebate	2,000	2,097	97	2,059
Highway Maintenance	6,346	6,346	(0)	0
Traffic violations/fines	17,000	15,743	(1,257)	17,058
Cemetary	4,000	3,425	(575)	0
Headstart reimbursement	775	775	0	0
Interest earned on investments	11,000	10,087	(913)	8,383
Miscellaneous revenues	200	27	(173)	113
	-----	-----	-----	-----
Total Revenues	292,241	282,513	(9,728)	288,371
Expenditures:				
Current -				
General Government -				
Mayor's salary	6,000	6,000	0	3,000
Councilmembers' salaries	7,200	7,200	0	4,200
Clerk's salary	19,800	15,469	4,331	11,182
Office salaries	6,500	6,200	300	1,425
Group insurance	0	0	0	731
Retirement expense	1,000	507	493	699
Medicare tax	800	642	158	659
Unemployment compensation	450	122	328	557
Payroll tax penalties and interest	1,100	1,195	(95)	0
Legal services	4,000	3,568	432	8,077
Computer services	2,000	2,473	(473)	2,335
Nonemployee compensation	1,000	731	269	360
Vehicle Expense	200	55	145	0
Dues	700	810	(110)	1,589
Conventions	3,000	2,014	986	1,851
Decorations - maintenance and repair	0	1,662	(1,662)	0
Maintenance of equipment	500	568	(68)	0
Maintenance of building	1,000	1,190	(190)	1,509
Insurance	3,000	4,449	(1,449)	4,087
Office supplies and stationery	2,500	1,855	645	3,244
Printing and publications	1,500	1,522	(22)	1,105
Postage	500	559	(59)	344
Telephone	4,000	3,702	298	1,662
Janitorial and kitchen supplies	0	262	(262)	0
Utilities	2,000	1,508	492	883
Coronor	1,000	150	850	550
LCLE remittances	1,250	1,204	46	0
Emergency preparedness	2,200	2,141	59	6,054
Animal control	2,200	2,164	36	6,122
Cemetary expense	1,000	0	1,000	773
Rodent eradication	0	0	0	299
Social and Recreation programs	1,000	634	366	1,362
Engineering fees	4,000	0	4,000	0
Audit fees	1,500	1,500	0	1,500
Miscellaneous	1,000	557	443	1,864
	-----	-----	-----	-----
Total General Government	83,900	72,613	11,287	68,024

(Continued)

Village of Rosedale, Louisiana
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 General Fund - Budget and Actual - GAAP Basis
 Year ended December 31, 1998
 With Comparative Totals for 1997

Schedule 2

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1997</u>
Expenditures(Continued):				
Current (Continued) -				
Police Department -				
Salaries and wages	15,000	14,820	180	14,550
Medicare tax	300	197	103	215
Retirement expense	800	878	(78)	770
Uniforms and accessories	2,000	957	1,043	3,028
Vehicle maintenance	6,000	4,652	1,348	5,995
Maintenance of equipment	1,000	851	149	810
Insurance	8,000	7,795	206	8,461
Criminal investigator/coronor	500	0	500	0
Warrants	100	11	90	0
Training	250	0	250	75
Supplies and expenses	1,500	1,339	161	1,011
Dues	100	0	100	210
Convention	0	0	0	75
Telephone	600	366	234	570
Miscellaneous	100	128	(28)	51
	-----	-----	-----	-----
Total Police Department	36,250	31,993	4,257	35,821
Streets and Sanitation -				
Salaries and wages	48,000	39,953	8,047	25,542
Group insurance	0	0	0	491
Retirement expense	2,000	1,001	999	1,097
Medicare tax	1500	1,298	202	726
Uniforms and accessories	2,000	2,062	(62)	1,939
Insurance	5,000	4,819	182	2,731
Supplies and small tools	1,000	1,354	(354)	876
Maintenance of equipment	6,500	5,607	893	9,151
Maint of streets & sidewalks	5,000	8,395	(3,395)	954
Maint building - maintenance	2,000	2,435	(435)	258
Maint building - utilities	1,800	1,124	676	1,547
Street lighting	11,000	10,369	631	11,605
Vehicle expense	0	229	(229)	0
Rodent and rabies control	0	0	0	666
Training	100	18	82	0
Miscellaneous	400	514	(114)	508
	-----	-----	-----	-----
Total Streets & Sanitation	86,300	79,177	7,123	58,091
Recreation -				
Current expenditures	0	0	0	466
	-----	-----	-----	-----
Total Recreation	0	0	0	466
Capital Outlays -				
Capital outlay - General Government	165,000	166,191	(1,191)	10,040
Capital outlay - Police	4,000	9,220	(5,220)	25,309
Capital outlay - Streets & Sanitation	0	0	0	8,468
	-----	-----	-----	-----
Total Capital outlays	169,000	175,411	(6,411)	43,817
	-----	-----	-----	-----
Total Expenditures	375,450	359,195	16,255	206,219
	-----	-----	-----	-----
Excess Revenues over (under) Expenditures	(83,209)	(76,682)	6,527	82,153

(Continued)

Village of Rosedale, Louisiana
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 General Fund - Budget and Actual - GAAP Basis
 Year ended December 31, 1998
 With Comparative Totals for 1997

Schedule 2

	Budget	Actual	Variance Favorable (Unfavorable)	1997
Other Financing Sources (Uses):				
Operating transfers(out) -				
Special Revenue - Fire	0	(580)	(580)	0
Water System - Subsidy	0	(7,576)	(7,576)	(12,348)
	-----	-----	-----	-----
Total Other Financing Sources (Uses)	0	(8,157)	(8,157)	(12,348)
 Excess Revenues and Other Financing Sources over (under) Expenditures and Other Financing(Uses)	(83,209)	(84,839)	(1,630)	69,805
 Begining Fund Balance	275,367	287,709	12,342	243,924
Residual equity transfer out - Water System	(15,000)	(19,987)	(4,987)	(26,020)
	-----	-----	-----	-----
Ending Fund Balance	\$177,158	\$182,884	\$5,726	\$287,709
	=====	=====	=====	=====

Village of Rosedale, Louisiana
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Special Revenue Fund - Budget and Actual - GAAP Basis
 Year ended December 31, 1998
 With Comparative Totals for 1997

Schedule 3

<u>Iberville Parish Sales Tax - Fire Protection</u>				
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1997</u>
Revenues:				
Sales tax apportionment	\$78,000	\$74,700	(\$3,300)	\$82,124
Rural fire protection grant	0	0	0	0
Interest income	3,000	2,992	(8)	870
	<hr/>			
Total Revenues	81,000	77,692	(3,308)	82,994
Expenditures:				
Current- Public safety -				
Salaries and labor	4,500	11,345	(6,845)	12,446
Medicare expense	400	455	(55)	263
Retirement expense	0	314	(314)	619
Group insurance expense	0	0	0	448
Vehicle expense	1,000	0	1,000	0
Conventions	1,500	1,480	20	1,148
Supplies and small tools	2,500	211	2,289	1,727
Building maintenance	1,500	1,372	128	3,494
Vehicle maintenance	1,000	222	778	1,086
Equipment repairs & maintenance	3,000	1,830	1,170	3,493
Computer services	800	1,136	(336)	764
Telephone	1,500	1,786	(286)	1,275
Training - Fire Schools/Seminars	1,000	409	591	719
Uniforms and accessories	1,500	896	604	1,159
Utilities	2,000	1,858	142	2,550
Office supplies	800	537	263	1,014
Iberville firefighters - joint cost	3,000	3,626	(626)	960
Professional fees	500	121	379	65
Audit fees	750	750	0	790
Miscellaneous	2,000	1,765	235	4,883
Insurance	6,000	6,757	(757)	4,726
LSFA Membership	200	0	200	0
Social and welfare programs	0	729	(729)	0
	<hr/>			
Total Current	35,450	37,597	(2,147)	43,628
Capital outlay -	6,000	5,615	385	23,751
	<hr/>			
Total Capital outlay	6,000	5,615	385	23,751
Debt service -				
City of Plaquemine	4,000	4,000	0	0
	<hr/>			
Total Debt service	4,000	4,000	0	0
	<hr/>			
Total Expenditures	45,450	47,212	(1,762)	67,379
	<hr/>			
Excess Revenues Over (under) Expenditures	35,550	30,480	(5,070)	15,615
Other Financing Sources (Uses):				
Operating transfers In (Out) - General	0	580	580	0
	<hr/>			
Total Other Financing Sources (Uses)	0	580	580	0
	<hr/>			
Excess Revenues Over (Under) Expenditures and Other Financing (Uses)	35,550	31,060	(4,490)	15,615
Fund Balance:				
Beginning Fund Balance	55,428	48,605	(6,823)	32,990
	<hr/>			
Ending Fund Balance	\$90,978	\$79,665	(\$11,313)	\$48,605
	<hr/>			

Current Year Findings:

- 1- 1. A brother of one of the members of the Board of Aldermen was hired as an assistant fire chief and paid a salary of \$100.00 per month, total amount paid for 1998, including related fringe benefits (payroll taxes), amounted to \$900.00 . This is a violation of LSA-RS 42:1119 which prohibits employment of any member of the immediate family of any member of the governing authority or chief executive of the governmental entity.

Management's Corrective Action Plan:

Upon learning that this was a violation of state statute, he was immediately removed from his position, consequently, as of January 1, 1999, this person is no longer employed by the Village of Rosedale. In the future, the Village's city attorney will be consulted in situations where legality is in question.

- 1 - 2. Water System funds totaling \$275.00 representing collections for meter collections service charges and collections for payments on a cemetery plot totaling \$45.00 were unaccounted for and are detailed as follows:

1. Receipt of Check # 4899 from Lawrence J. Badeaux dated 1/12/98 in the amount of \$135.00 representing payment of \$10.00 for two months water billings and \$125.00 for meter connection fees.

Finding: Located water system receipt issued 1/13/98 to Lawrence Badeaux for \$10.00 for water billing payment, traced this receipt, along with other receipts being deposited, to the bank deposit slip dated 1/30/98, (deposit posted on bank statement 2/10/98). Found that check # 4899 from Lawrence Badeaux in the amount of \$135.00 was included in this deposit as evidenced by bank date of 2/11/98 encoded on reverse of canceled check and, bank's verification that this check was included in the deposit of 2/10/98. Determined that \$125.00 was not deposited in the Water System account at any subsequent time or deposited in any other Village of Rosedale bank account in error. Consequently, it appears that the \$125.00 is unaccounted for, and that it would be necessary to manipulate the deposit by removing cash to force the deposit to agree with the receipts being deposited.

2. Receipt of Check # 1554 from Catrina H. Northern dated 4/20/98 in the amount of \$125.00 representing payment of \$125.00 for meter connection fees.

Finding: Found no water system receipt issued for payment of \$125.00 meter connection fee or any evidence that it was deposited in the Water System account. Determined that check #1554 was deposited in the deposit of 4/24/98 as evidenced by bank date of 4/24/98 encoded on reverse of cancelled check and bank's verification that check #1554 from Catrina H. Northern for \$125.00 was included in the deposit of 4/24/98. By tracing water system receipts issued to deposit of 4/24/98, determined that \$125.00 was not deposited in the Water System account then, or at any subsequent time or deposited in any other Village of Rosedale bank account in error. Consequently, it appears that the \$125.00 is unaccounted for, and that it would be necessary to manipulate the deposit by removing cash to force the deposit to agree with the receipts being deposited.

3. Charge for service fees of \$25.00 and posting of its collection on 6/29/98 as evidenced by hand written transactions noted on "Village of Rosedale Water System Statement"

Finding: Found no water system receipt issued to the customer on or around 6/29/98, nor did I find \$25.00 deposited in the Water System account that could be attributed to this, but I did find a receipt on 6/29/98 for payment of occupational license which was deposited in Villiage of Rosedale General Fund account on 6/29/98. The customer's water account first appears on the accounts receivable subsidiary ledger on 11/2/98, added by the new clerk. It seems logical that water service would be turned on at the time of starting a new business, I cannot conclusively determine if the handwritten service fee billing is a valid record representing water revenue but assuming that it is valid, this money would appear to be unaccounted for.

4. Installment payments for a cemetery plot paid in cash evidenced by handwritten ledger kept by the customer:

1/14/98	\$ 10.00
2/12/98	10.00
4/30/98	15.00
7/14/98	<u>10.00</u>
	\$ 45.00
	=====

Finding: Found no deposits of cash of \$10.00 and \$15.00, or deposits with cash of these amounts on or near the dates indicated attributed to cemetery income or other revenue in error. Consequently, it appears that this money is unaccounted for.

Management's Corrective Action Plan:

To maintain more control over cash and checks received from customers and provide more accurate financial data, the Village will institute the procedures recommended by our auditor in her management letter, specifically, use of a cash drawer requiring daily reports of collections, supported by receipts, and daily balancing; use of prenumbered work orders to document services performed in field; and the recording of actual water system activity, (billings, collections and adjustments) in the Water System general ledger. Further, to provide better segregation of duties, the Village has hired additional clerical staff to perform general office duties including collecting water fees, traffic fines and other revenues. The present Clerk's duties will be expanded to include supervising water system field operations.

1-3. Finding: Enterprise Fund - Retained Earnings Deficit.

The Water System has a deficit retained earning balance as of December 31, 1998. The deficit is due to insufficient water revenues to cover operating expenses.

Management's Corrective Action Plan:

The Village will continue to authorize annual operating transfers to the Enterprise Fund from the General Fund to subsidize its operations by paying salaries and related fringe benefits allocable to the Water System. The Village is also contemplating billing customers for actual consumption instead of a flat rate and or increasing water rates in the future.

Prior Year Findings:

1. Finding: Enterprise Fund - Retained Earnings Deficit.

Resolution: The Village began authorizing operating transfers to the Enterprise Fund from the General Fund to subsidize its operations, also, the Village is contemplating billing customers based on actual consumption and or increasing water rates sometime in the future.

W. Kathleen Beard
Certified Public Accountant
210 East Main Street - P. O. Box 811
New Roads, Louisiana 70760
(225) 638-3111

Member:
American Institute of CPAs
Society of Louisiana CPAs

To the Honorable Mayor and
Members of the Board of Aldermen
Village of Rosedale, Louisiana

MANAGEMENT LETTER

In planning and performing my audit of the general purpose financial statements of the Village of Rosedale for the year ended December 31, 1998, I considered it's internal control 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. However, I noted certain matters involving internal control and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control that, in my judgment, could adversely affect the Village of Rosedale's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Finding: Water System funds totaling \$275.00 representing collections for meter collections service charges and collections for payments on a cemetery plot totaling \$45.00 were unaccounted for indicating a need to develop procedures to document cash receipts in a manner that will institute more segregation of duties among employees and departments.

Recommendation: To provide a more structured system of handling all transactions involving daily collections of various payments and strengthen accountability and control over cash, I recommend the establishment of a cash drawer to be used as a receptical for cash and check payments of water bills, service fees for meter connections, traffic tickets, occupational licenses, etc., and the giving back of change when necessary. This cash drawer must be balanced out at the end of each day and a daily cash report should be prepared to document amounts collected, amounts collected should be supported by individual receipts issued to customers. Deposits should be made no less than once a week, leaving only the beginning cash supply in the cash drawer. A separate cash drawer could be used for general fund collections is preferred.

To provide segregation of duties and independent documentation of service fees charged to customers for meter connections and other service fees charged to customers, the water system workers in the field should be required to use prenumbered work orders to document all services performed and the charge for each service. The work orders should have three copies, one copy for the customer, one copy should be submitted to the clerk to be used for documentation of payment when received, and one copy retained in numerical order by the Water Department.

To establish better internal control over data entry of water billings, collections and adjustments, and to maintain accurate accounts receivable and water sales general ledger account balances, I recommend that these transactions be recorded monthly within the general ledger from accounts receivable subsidiary reports using the following standard journal entries:

Village of Rosedale
 Journal Entries
 For the month of _____ 19____

Acct. #	Accounts	Debits	Credits
103	Cash	_____	
107	Returned checks		_____
120	Accounts receivable		_____
602	Meter connection fees		_____
	To record bank deposits		
120	Accounts receivable	_____	
601	Water sales		_____
	To record monthly water billings		

MANAGEMENTS' RESPONSE:

We agree with the above recommendations and will begin immediately to institute them. In addition, we have hired additional clerical staff and have expanded the duties of our current Clerk to include supervising the water system field operations.

Finding: A brother of one of the members of the Board of Aldermen was hired as an assistant fire chief and paid a salary of \$100.00 per month, total amount paid for 1998, including related fringe benefits (payroll taxes), amounted to \$900.00 . This is a violation of LSA-RS 42:1119 which prohibits employment of any member of the immediate family of any member of the governing authority or chief executive of the governmental entity.

MANAGEMENTS' RESPONSE:

As of January 1, 1999, this person is no longer employed by the Village of Rosedale. In the future, we will consult our attorney prior to making decisions on matters of this nature.

A material weakness is a reportable 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 errors or fraud 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 internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the reportable conditions described above is believed to be a material weakness.

This report is intended solely, for the information and use of the mayor and members of the Board of Aldermen, and management of the Village of Rosedale and is not intended to be and should not be used by anyone other than these specified parties.



W. Kathleen Beard, CPA
May 8, 1999