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TOWN OF ROSELAND

Louisiana

FINANCIAL REPORT

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: 8-11-99

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LOUISIANA

December 31, 1998

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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, 1998. 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.

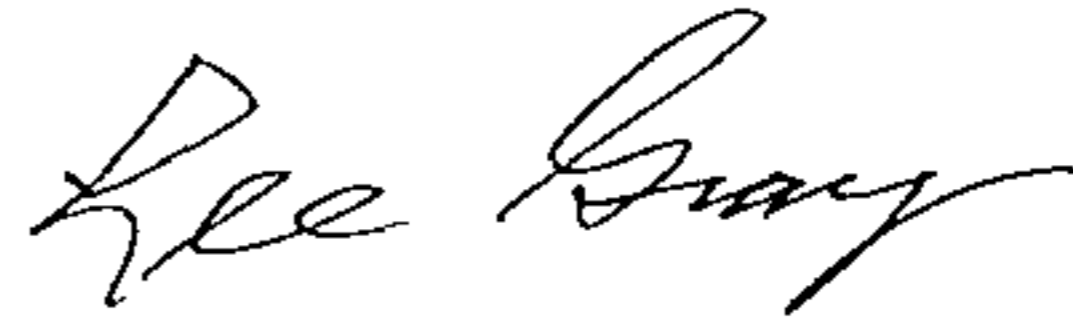
I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial 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, 1998, 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.

The year 2000 supplementary information on page 39 is not a required part of the general purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and do not express an opinion on it. In addition, I do not provide assurance that the Town of Roseland will become year 2000 compliant, that the Town of Roseland's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Town of Roseland does business are or will become year 2000 compliant.

In accordance with *Government Auditing Standards*, I have also issued a report dated June 4, 1999, 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 cursive script, appearing to read "Lee Gray".

Certified Public Accountant

June 4, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

Town of Roseland

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP

December 31, 1998

	<u>Governmental Fund Types</u>	<u>Proprietary Fund Type</u>	<u>Account Group</u>	<u>Total</u>
	<u>General</u>	<u>Enterprise</u>	<u>General</u>	<u>(Memorandum</u>
			<u>Fixed</u>	<u>Only)</u>
			<u>Assets</u>	<u>_____</u>
				<u>_____</u>
<u>Assets</u>				
Cash	\$12,774	\$ 8,644	\$ -	\$ 21,579
Receivables (net of allowance)	17,172	27,029	-	49,963
Interfund receivables	9,331	-	-	13,856
Restricted assets - cash	-	26,863	-	26,863
Land, buildings, and equipment (net, where applicable, of accumulated depreciation)	-	<u>1,814,160</u>	<u>293,471</u>	<u>2,107,631</u>
 Total Assets and Other Debits	 <u>\$39,277</u>	 <u>\$1,876,696</u>	 <u>\$293,471</u>	 <u>\$2,219,892</u>

ASSETS AND OTHER DEBITS

(Continued)

The accompanying notes are an integral part of this statement.

Town of Roseland

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
December 31, 1998

	<u>Governmental Fund Types</u>	<u>Proprietary Fund Type</u>	<u>Account Group</u>	<u>Total</u>
	<u>General</u>	<u>Enterprise</u>	<u>General</u> <u>Fixed</u> <u>Assets</u>	<u>(Memorandum</u> <u>Only)</u>
	<u>Special</u> <u>Revenue</u>			
<u>Liabilities</u>				
Accounts Payable	\$ 44,925	\$ 18,316	\$ -	\$ 67,079
Judgment payable	14,533	-	-	14,533
Payable from restricted assets -				
Customers' deposits	-	33,731	-	33,731
Accrued interest expense	-	11,347	-	11,347
Interfund payables	4,525	9,331	-	13,856
Intergovernmental payables	2,274	-	-	7,332
Unearned revenue	2,813	-	-	2,813
Bonds payable	<u>-</u>	<u>685,462</u>	<u>-</u>	<u>685,462</u>
Total liabilities	<u>69,070</u>	<u>758,187</u>	<u>-</u>	<u>836,153</u>
<u>Fund Equity</u>				
Contributed capital	-	1,330,053	-	1,330,053
Investment in general fixed assets	-	-	293,471	293,471
Retained earnings (deficit)	-	(211,544)	-	(211,544)
Fund (deficit) balances -				
Unreserved - Undesignated	<u>(29,793)</u>	<u>-</u>	<u>-</u>	<u>(28,241)</u>
Total fund equity	<u>(29,793)</u>	<u>1,118,509</u>	<u>293,471</u>	<u>1,383,739</u>
Total Liabilities and Fund Equity	<u>\$ 39,277</u>	<u>\$ 1,876,696</u>	<u>\$ 293,471</u>	<u>\$ 2,219,892</u>

LIABILITIES AND FUND EQUITY

(Concluded)

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, 1998

	<u>General</u>	<u>Special Revenue</u>	<u>Total (Memorandum Only)</u>
<u>Revenues</u>			
Taxes	\$ 31,444	\$ 72,780	\$104,224
Licenses and permits	27,970	-	27,970
Intergovernmental	33,279	-	33,279
Fines	22,464	-	22,464
On behalf payments by state	3,600	-	3,600
Miscellaneous	<u>3,045</u>	<u>-</u>	<u>3,045</u>
Total revenues	<u>121,802</u>	<u>72,780</u>	<u>194,582</u>
<u>Expenditures</u>			
Current -			
General government	47,356	-	47,356
Public safety - Police	89,214	-	89,214
Public safety - Fire	5,948	-	5,948
Streets & Sanitation	13,611	-	13,611
Collection fees	-	473	473
Drug buys	-	100	100
Payments to informants	-	250	250
Museum expense	-	2,032	2,032
Debt service	<u>3,503</u>	<u>-</u>	<u>3,503</u>
Total expenditures	<u>159,632</u>	<u>2,855</u>	<u>162,487</u>
Excess (deficiency) of revenues over expenditures	<u>(37,830)</u>	<u>69,925</u>	<u>32,095</u>
<u>Other Financing Sources (Uses)</u>			
Operating transfers in	72,260	-	72,260
Operating transfers out	<u>-</u>	<u>(72,260)</u>	<u>(72,260)</u>
Total other financing sources (uses)	<u>72,260</u>	<u>(72,260)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	34,430	(2,335)	32,095
Fund balances (deficits), beginning, restated	<u>(64,223)</u>	<u>3,887</u>	<u>(60,336)</u>
Fund balances (deficits), ending	<u>\$ (29,793)</u>	<u>\$ 1,552</u>	<u>\$ (28,241)</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 (GAP BASIS) AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUND TYPES

Year Ended December 31, 1998

	General Fund			Annually Budgeted Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>						
Taxes	\$ 26,300	\$ 31,444	\$ 5,144	\$ 67,750	\$ 72,780	\$ 5,030
Licenses and permits	25,500	27,970	2,470	-	-	-
Intergovernmental	25,000	33,279	8,279	-	-	-
Fines	20,000	22,464	2,464	-	-	-
On behalf payments by state	-	3,600	3,600	-	-	-
Miscellaneous	500	3,045	2,545	-	-	-
Total revenues	<u>97,300</u>	<u>121,802</u>	<u>24,502</u>	<u>67,750</u>	<u>72,780</u>	<u>5,030</u>
<u>Expenditures</u>						
General government	45,010	47,356	(2,346)	12	-	12
Public safety - Police	76,700	89,214	(12,514)	-	-	-
Public safety - Fire	5,600	5,948	(348)	-	-	-
Streets & sanitation	13,000	13,611	(611)	-	-	-
Debt service	3,564	3,503	61	-	-	-
Collection fees	-	-	-	500	473	27
Drug buys	-	-	-	-	100	(100)
Payments to informants	-	-	-	-	250	(250)
Museum expense	-	-	-	2,032	2,032	-
Total expenditures	<u>143,874</u>	<u>159,632</u>	<u>(15,758)</u>	<u>2,544</u>	<u>2,855</u>	<u>(311)</u>
Excess (deficiency) of revenues over expenditures	<u>(46,574)</u>	<u>(37,830)</u>	<u>8,744</u>	<u>65,206</u>	<u>69,925</u>	<u>4,719</u>
<u>Other Financing Sources (Uses)</u>						
Operating transfers in	68,000	72,260	4,260	-	-	-
Operating transfers out	-	-	-	(68,000)	(72,260)	(4,260)
Total other financing sources (uses)	<u>68,000</u>	<u>72,260</u>	<u>4,260</u>	<u>(68,000)</u>	<u>(72,260)</u>	<u>(4,260)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	21,426	34,430	13,004	(2,794)	(2,335)	459
Fund balances (deficits), beginning, restated	<u>(64,009)</u>	<u>(64,223)</u>	<u>(214)</u>	<u>3,488</u>	<u>3,887</u>	<u>399</u>
Fund balances (deficits), ending	<u>\$ (42,583)</u>	<u>\$ (29,793)</u>	<u>\$ 12,790</u>	<u>\$ 694</u>	<u>\$ 1,552</u>	<u>\$ 858</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, 1998

Operating Revenues

Charges for services -	
Water sales	\$ 112,738
Sewer charges	49,062
Delinquent charges	7,136
Connection charges	2,435
Other income	<u>906</u>
Total operating revenues	<u>172,277</u>

Operating Expenses

Salaries	45,368
Payroll taxes	3,811
Accounting and auditing	2,135
Supplies and repairs	9,354
Office expense	4,567
Equipment fuel	1,172
Insurance	8,581
Utilities	14,893
Miscellaneous	1,627
Testing	1,125
Meter reading expense	5,140
Equipment rent	438
Bad debt expense	16,991
Depreciation	<u>89,956</u>
Total operating expenses	<u>205,158</u>

Operating (loss) (32,881)

Non-operating Revenues (Expenses)

Rural Development Grant	16,871
Plug abandoned water well	(13,950)
Interest expense	<u>(43,590)</u>
Total non-operating revenues (expenses)	<u>(40,669)</u>

Net loss (73,550)

Contributed Capital Adjustments

Depreciation on fixed assets acquired by grants that reduces contributed capital	<u>69,564</u>
--	---------------

Decrease in retained earnings (3,986)

Retained earnings (deficit), beginning, restated (207,558)

Retained earnings (deficit), ending \$(211,544)

The accompanying notes are an integral part of this statement.

Town of Roseland

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
Year Ended December 31, 1998

Cash flows from operating activities:

Operating loss		\$(32,881)
Adjustments to reconcile net operating loss to net cash provided by operating activities:		
Depreciation	\$ 89,956	
Non-operating revenues	16,871	
Non-operating expenses	(13,950)	
Changes in assets and liabilities:		
Decrease in receivables	16,806	
Decrease in interfund receivables	13,882	
Decrease in prepaid insurance	1,814	
(Increase) in restricted assets	(16,775)	
(Decrease) in accounts payable	(20,998)	
(Decrease) in customer deposits	(24)	
Increase in interfund payables	<u>9,331</u>	
Total adjustments		<u>96,913</u>
Net cash provided by operating activities		64,032
Cash flows from capital and related financing activities:		
Payments for capital acquisitions	(1,748)	
Principal repayments	(17,554)	
Interest paid	<u>(39,466)</u>	
Net cash (used) for capital and related financing activities		<u>(58,768)</u>
Net cash increase for the year		5,264
Cash at beginning of year		<u>3,380</u>
Cash at end of year		<u>\$ 8,644</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, 1998

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, 1998

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, 1998

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, 1998

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 except for the Drug Asset Forfeiture Special Revenue Fund. 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.

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, 1998

The Town did not adopt a budget for the Drug Asset Forfeiture Special Revenue Fund.

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.

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1998

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 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

Contributed capital is recorded in the Waterworks and Sewer 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.

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1998

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.

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 proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net income.

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1998

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.

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.

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1998

(2) FUND DEFICITS

The following individual funds had deficits in retained earnings or fund balance at December 31, 1998:

<u>Fund</u>	<u>Deficit Amount</u>
General Fund	\$ (29,793)
1993 Summer Food Service Program	(4,371)
Waterworks and Sewer	(211,544)

(3) EXPENDITURES - ACTUAL AND BUDGET

The following individual funds have actual expenditures and other uses over budgeted expenditures and other uses for the year ended December 31, 1998:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>Percent</u>
General Fund	\$143,874	\$159,632	\$15,758	10.95%
Sales Tax Special Revenue Fund	\$68,500	\$72,733	\$4,233	6.18%

The Louisiana Municipal Budget Law 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 budgets by an adequate amount for the general fund and sales tax fund for the fiscal year ended December 31, 1998.

(4) CASH

At December 31, 1998, the town has cash (book balances) of \$48,442 (including \$26,863 of restricted cash) as follows:

Cash on hand	\$ 140
Non interest bearing demand deposits	45,447
Interest bearing demand deposits	<u>2,855</u>
Total	<u>\$48,442</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

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1998

insurance must at all times equal the amount on deposit with the fiscal agent. The bank balance of \$51,693 at December 31, 1998, is secured from risk by federal deposit insurance (GASB Risk Category 1).

(5) RECEIVABLES

Receivables at December 31, 1998, 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	\$ 2,938	\$ -	\$ -	\$ 2,938
Franchise	11,839	-	-	11,839
Sales	-	5,762	-	5,762
Accounts -				
Water and Sewer	-	-	23,079	23,079
Intergovernmental -				
Beer taxes	241	-	-	241
Tobacco taxes	1,422	-	-	1,422
Video poker	1,026	-	-	1,026
State grant	-	-	13,950	13,950
Less: Allowance for Uncollectibles	<u>(294)</u>	<u>-</u>	<u>(10,000)</u>	<u>(10,294)</u>
Totals	<u>\$17,172</u>	<u>\$5,762</u>	<u>\$ 27,029</u>	<u>\$ 49,963</u>

(6) AD VALOREM TAXES

For the year ended December 31, 1998, taxes of 5.79 mills were levied on property with assessed valuations totaling \$1,514,028.

Total taxes levied were \$8,766. Taxes receivable at December 31, 1998, were \$2,938.

(7) RESTRICTED ASSETS - PROPRIETARY FUND TYPE

Restricted assets applicable to the Waterworks and Sewer Fund at December 31, 1998, consisted of cash reserved for bond requirements of \$17,224 and for customer deposits of \$9,639. The customer deposits are underfunded by \$24,092 as the liability for customer deposits is \$33,731 at December 31, 1998.

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1998

(8) FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, <u>1998</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>1998</u>
Land	\$ 58,693	\$ -	\$ -	\$ 58,693
Buildings	150,672	-	-	150,672
Equipment	<u>75,637</u>	<u>8,469</u>	<u>-</u>	<u>84,106</u>
Total	<u>\$285,002</u>	<u>\$8,469</u>	<u>\$ -</u>	<u>\$293,471</u>

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

Land	\$ 6,500
Buildings	19,861
Equipment	26,421
Water system	1,681,009
Sewerage system	<u>1,213,681</u>
Sub-total	2,947,472
Less: accumulated depreciation	<u>(1,133,312)</u>
Net	<u>\$ 1,814,160</u>

During the fiscal year, the proprietary fund had additions of \$1,748 and deletions of \$46,175 to property, plant, and equipment.

(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

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1998

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 (504) 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, 1998, 1997, and 1996, were \$1,944, \$1,932, and \$1,904, 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, 1998, were \$13,780 of which \$6,890 was contributed by the Town.

(11) LEASES

The Town does not have any operating or capital leases.

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1998

(12) LONG-TERM OBLIGATIONS

A detailed summary of all obligations outstanding at December 31, 1998, and changes in long-term obligations for the year then ended are as follows:

	<u>Balance at</u> <u>January 1, 1998</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>December 31, 1998</u>
General Long-Term Obligations				
Account Group				
First Guaranty Certificates of Indebtness:				
Issued December 22, 1997	\$ 3,315	-	\$ (3,315)	\$ -
Waterworks and Sewer Fund				
U.S. Department of Agriculture				
Rural Development Revenue Bonds:				
Series A	444,778	-	(10,759)	434,019
Series B	<u>258,238</u>	<u>-</u>	<u>(6,795)</u>	<u>251,443</u>
Total Proprietary Fund	<u>703,016</u>	<u>-</u>	<u>(17,554)</u>	<u>685,462</u>
Total long-term obligations	<u>\$706,331</u>	<u>\$ -</u>	<u>\$(20,869)</u>	<u>\$685,462</u>

The Revenue Bonds Payable in the Waterworks and Sewer Fund consists of two issues financed by the U.S. Department of Agriculture, 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, were 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, were 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, 1998, the Reserve Fund should have totaled \$25,277; however, this account only has \$17,012. 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, 1998, the Depreciation and Contingency Fund should have totaled \$28,743; however, this account only has \$213.

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 in lieu of the original annual payments. In addition, the town will make additional deposits into the

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1998

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, 1998, including interest of \$862,528 are as follows:

	<u>USDA Rural Development FmHA Revenue Bonds</u>		
	<u>1988-A</u>	<u>1988-B</u>	<u>Total</u>
1999	\$ 33,094	\$ 18,480	\$ 51,574
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
Thereafter	<u>827,612</u>	<u>462,508</u>	<u>1,290,120</u>
Total	<u>\$993,082</u>	<u>\$554,908</u>	<u>\$1,547,990</u>

(13) INTERFUND RECEIVABLES/PAYABLES

Amounts due to or from other funds at December 31, 1998, consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 9,331	\$ 4,525
Special Revenue Funds - 1993 Summer Food Service Program	4,525	-
Enterprise Fund - Waterworks and Sewer Fund	<u>-</u>	<u>9,331</u>
Total	<u>\$13,856</u>	<u>\$13,856</u>

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1998

(14) CHANGES IN CONTRIBUTED CAPITAL

The following is a summary of changes in contributed capital of the Town for the year ended December 31, 1998:

Balance at January 1, 1998	\$1,399,617
Deductions:	
Depreciation on fixed assets acquired by grants	<u>(69,564)</u>
Balance at December 31, 1998	<u>\$1,330,053</u>

(15) LITIGATION AND CLAIMS

There are no lawsuits or 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	\$ 7,800
As Water/Street Superintendent	7,200
Tommy Cutrer, Chief of Police	18,000
<u>Town Council</u>	
Anthony Distefano	1,300
Paula Hughes	1,300
John Pritchett, Sr.	1,300
Lee Terrell	1,300
Fredrick Widas	<u>1,300</u>
	<u>\$39,500</u>

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 1998

(17) ON BEHALF PAYMENTS BY STATE OF LOUISIANA

For the year ended December 31, 1998, 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 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, 1997, balances:

	<u>General Fund</u>	<u>Waterworks Sewer Fund</u>
Fund Deficit/Retained Deficit at December 31, 1997	\$(64,009)	\$(207,805)
Unrecorded accrued lien payable	(1,680)	-
Adjustment to accrued payroll taxes	<u>1,466</u>	<u>247</u>
Fund Deficit/Retained Deficit at December 31, 1997, as restated	<u>\$(64,223)</u>	<u>\$(207,558)</u>

(20) SUBSEQUENT EVENTS

There were no events from December 31, 1998, through June 4, 1999, that would have a material impact on these financial statements.

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, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Revenues</u>			
Taxes -			
Ad valorem	\$ 9,500	\$ 9,807	\$ 307
Public utilities franchise	16,800	21,637	4,837
Licenses and permits -			
Occupational licenses	25,000	27,238	2,238
Permits	500	732	232
Intergovernmental -			
Beer and tobacco taxes	11,000	6,712	(4,288)
Federal grants - police	14,000	21,734	7,734
Video poker	-	4,833	4,833
Fines	20,000	22,464	2,464
On behalf payments by state	-	3,600	3,600
Miscellaneous revenues	500	3,045	2,545
Total revenues	<u>97,300</u>	<u>121,802</u>	<u>24,502</u>
<u>Expenditures</u>			
Current -			
General government	45,010	47,356	(2,346)
Public safety - police	76,700	89,214	(12,514)
Public safety - fire	5,600	5,948	(348)
Streets and sanitation	13,000	13,611	(611)
Debt service	3,564	3,503	61
Total expenditures	<u>143,874</u>	<u>159,632</u>	<u>(15,758)</u>
Excess (deficiency) of revenues over expenditures	<u>(46,574)</u>	<u>(37,830)</u>	<u>8,744</u>
<u>Other Financing Sources (Uses)</u>			
Operating transfers in:			
Sales Tax Fund	<u>68,000</u>	<u>72,260</u>	<u>4,260</u>
Total other financing sources (uses)	<u>68,000</u>	<u>72,260</u>	<u>4,260</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	21,426	34,430	13,004
Fund deficit, beginning, restated	<u>(64,009)</u>	<u>(64,223)</u>	<u>(214)</u>
Fund deficit, ending	<u>\$(42,583)</u>	<u>\$(29,793)</u>	<u>\$12,790</u>

Town of Roseland
General Fund

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
Year Ended December 31, 1998

	<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	\$14,300	\$ (550)
Salaries - Clerical	8,600	5,167	3,433
Payroll taxes	960	1,757	(797)
Attorney	2,400	4,800	(2,400)
Accounting services	3,000	2,380	620
Insurance	9,200	9,328	(128)
Official journal	1,400	2,129	(729)
City Hall utilities and telephone	2,600	2,302	298
Assessor and tax roll	-	638	(638)
Coroner	-	540	(540)
Legal	-	118	(118)
Miscellaneous	700	1,664	(964)
Supplies	<u>2,400</u>	<u>2,233</u>	<u>167</u>
Total General Government	<u>\$45,010</u>	<u>\$47,356</u>	<u>\$ (2,346)</u>
 <u>Public Safety - Police</u>			
Salaries	\$52,000	\$ 54,310	\$ (2,310)
Payroll taxes	2,500	2,778	(278)
On behalf payments by state	-	3,600	(3,600)
Retirement contributions	1,900	1,951	(51)
Auto fuel	5,000	4,699	301
Auto repairs	5,000	791	4,209
Repairs and maintenance	-	165	(165)
Insurance	5,500	8,153	(2,653)
Miscellaneous	1,000	1,398	(398)
Supplies	1,000	121	879
Utilities	2,800	2,779	21
Equipment acquisitions	<u>-</u>	<u>8,469</u>	<u>(8,469)</u>
Total Public Safety - Police	<u>\$76,700</u>	<u>\$ 89,214</u>	<u>\$(12,514)</u>
 <u>Public Safety - Fire</u>			
Salaries	\$ 1,200	\$ 1,200	\$ -
Payroll taxes	100	92	8
Repairs and fuel	-	67	(67)
Utilities	4,200	3,974	226
Miscellaneous	<u>100</u>	<u>615</u>	<u>(515)</u>
Total Public Safety - Fire	<u>\$ 5,600</u>	<u>\$ 5,948</u>	<u>\$ (348)</u>

(continued)

Town of Roseland
General Fund

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Streets and Sanitation</u>			
Street and traffic lights	\$ 13,000	\$13,611	\$(611)
Total Street	<u>\$ 13,000</u>	<u>\$13,611</u>	<u>\$(611)</u>
<u>Debt Service</u>			
Interest	\$ -	\$ 188	\$(188)
Principal	<u>3,564</u>	<u>3,315</u>	<u>249</u>
Total Debt Service	<u>\$ 3,564</u>	<u>\$ 3,503</u>	<u>\$ 61</u>

(concluded)

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, 1987, 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.

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.

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.

Old Town Hall Restoration Fund

The Old Town Hall Restoration Fund accounts for funds donated for the restoration of the old town hall.

Town of Roseland
Special Revenue Funds

COMBINING BALANCE SHEET
December 31, 1998

	1993 Summer Food Service Program <u>Fund</u>	Fiscal Year 1992 LCDBG <u>Fund</u>	Drug Asset Forfeiture <u>Fund</u>	Old Town Hall Restoration <u>Fund</u>	<u>Total</u>
<u>ASSETS</u>					
Cash	\$ 100	\$ 12	\$ 49	\$ -	\$ 161
Sales tax receivable	5,762	-	-	-	5,762
Interfund receivable - General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,525</u>
Total Assets	<u>\$5,862</u>	<u>\$ 12</u>	<u>\$ 49</u>	<u>\$ -</u>	<u>\$10,448</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ 3,838	\$ -	\$ -	\$ -	\$ 3,838
Intergovernmental payable	<u>5,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,058</u>
Total Liabilities	<u>8,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,896</u>
<u>Fund Balance (Deficit)</u>					
Unreserved - undesignated	<u>5,862</u>	<u>12</u>	<u>49</u>	<u>-</u>	<u>1,552</u>
Total Liabilities and Fund Balances	<u>\$5,862</u>	<u>\$ 12</u>	<u>\$ 49</u>	<u>\$ -</u>	<u>\$10,448</u>

Town of Roseland
Special Revenue Funds

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended December 31, 1998

	Sales Tax Fund	1993 Summer Food Service Program Fund	Fiscal Year 1992 LCDBG Fund	Drug Asset Forfeiture Fund	Old Town Hall Restoration Fund	Total
<u>REVENUES</u>						
Taxes	\$ 72,780	\$ -	\$ -	\$ -	\$ -	<u>\$ 72,780</u>
Total revenues	<u>72,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,780</u>
<u>Expenditures</u>						
Collection fees	473	-	-	-	-	473
Drug buys	-	-	-	100	-	100
Payments to informants	-	-	-	250	-	250
Museum expense	-	-	-	-	2,032	<u>2,032</u>
Total expenditures	<u>473</u>	<u>-</u>	<u>-</u>	<u>350</u>	<u>2,032</u>	<u>2,855</u>
Excess (deficiency) of revenues over expenditures	72,307	-	-	(350)	(2,032)	69,925
<u>Other Financing (Uses)</u>						
Operating transfers out	<u>(72,260)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(72,260)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	47	-	-	(350)	(2,032)	(2,335)
Fund balance (deficit), beginning	<u>5,815</u>	<u>(4,371)</u>	<u>12</u>	<u>399</u>	<u>2,032</u>	<u>3,887</u>
Fund balance (deficit), ending	<u>\$ 5,862</u>	<u>\$(4,371)</u>	<u>\$ 12</u>	<u>\$ 49</u>	<u>\$ -</u>	<u>\$ 1,552</u>

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, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Revenues</u>			
Taxes - Sales taxes	\$67,750	\$72,780	\$5,030
<u>Expenditures</u>			
Collection fees	<u>500</u>	<u>473</u>	<u>27</u>
Excess of revenues over expenditures	67,250	72,307	5,057
<u>Other Financing (Uses)</u>			
Operating transfers to: General Fund	<u>(68,000)</u>	<u>(72,260)</u>	<u>(4,260)</u>
Excess (deficiency) of revenues over expenditures and other financing uses	(750)	47	797
Fund balance, beginning	<u>5,815</u>	<u>5,815</u>	<u>-</u>
Fund balance, ending	<u>\$ 5,065</u>	<u>\$ 5,862</u>	<u>\$ 797</u>

Town of Roseland
Special Revenue Fund
Fiscal Year 1992 LCDBG Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Expenditures</u>			
General government	\$ 12	\$ -	\$ 12
Excess (deficiency) of revenues over expenditures	(12)	-	(12)
Fund balance, beginning	12	12	12
Fund balance, ending	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ -</u>

Town of Roseland
Special Revenue Fund
Old Town Hall Restoration Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Expenditures</u>			
Museum expense	<u>\$ 2,032</u>	<u>\$ 2,032</u>	<u>\$ -</u>
Excess (deficiency) of revenues over expenditures	<u>(2,032)</u>	<u>(2,032)</u>	<u>-</u>
Fund balance, beginning	<u>2,032</u>	<u>2,032</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Roseland

Supplementary Information Schedule
As of and for the Year Ended December 31, 1998

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, 1998:

- 1) Insurer: Louisiana Municipal Risk Management Agency,
expiring November 6, 1999:

<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, 1998 (has been renewed to December 29, 1999)

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

- 3) Insurer: American Fire and Indemnity,
expiring May 15, 1999:

<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, 1998 - Page 2

- 4) Insurer: Hanover Insurance Company,
 expiring April 25, 1999

<u>Policy Limit</u>	<u>Risk Covered</u>
\$104,000	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, 1999
- \$15,000 Bond on Asst. Clerk expiring February 12, 1999

- 6) Insurer: Audubon Insurance Group,
 expiring August 18, 1999

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

- b. There were 568 metered water users, 40 flat rate water users, and 341 users of the sewerage system at December 31, 1998.
- c. See audit Finding 98-7 for auditor's other comments.

Town of Roseland

Year 2000 Supplementary Information
(UNAUDITED)

As of and for the Year Ended December 31, 1998

Time and space saving programming decisions made in prior years resulted in two-digit computer codes that may not directly recognize "00" as the year 2000. Serious processing error or system failure could result. To prevent this error, computer systems and equipment must be re-programmed or replaced to make them year 2000 compliant.

Town of Roseland is not significantly dependent on its computerized systems for essential operations or to provide services to its citizens.

However, in 1999 the Town purchased a new computer system and received a year 2000 fix from its computer software vendor. The Town plans to have a computer consultant test the new computer and updated software for year 2000 compatibility. The cost of this testing is not expected to be a material dollar amount.

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

**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, 1998, and have issued my report thereon dated June 4, 1999. 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 98-1, 98-2, and 98-7.

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 98-1, 98-2, 98-4, 98-5, and 98-6.

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 98-3 and 98-8 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 4, 1999

TOWN OF ROSELAND

Schedule of Findings
Year Ended December 31, 1998

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, 1998, and have issued my report thereon dated June 4, 1999. 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, 1998, resulted in an unqualified opinion.

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:
Material weaknesses identified? yes no

Reportable conditions identified not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes 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. 98-1

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 comply with the following requirements:

- a. A budget for the Drug Asset Forfeiture Fund was not adopted.
- b. The Town failed to amend the expenditure budgets of the following funds by adequate amounts:

	<u>Unfavorable Variance</u>	<u>Percent</u>
General Fund	\$15,758	10.95%
Sales Tax Fund	\$ 4,233	6.18%

These deficiencies place the Town in noncompliance with the Louisiana 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 obtain an understanding of the requirements of the Local Government Budget Act and then follow those requirements.

Finding No. 98-2

Condition - Inadequate Fixed Asset Records

Criteria - Louisiana Revised Statute 24:515 and federal regulations (the Common Rule - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments) require the town to maintain records of all fixed assets and movable property to include the date of purchase, initial cost, and deposition of such property, if applicable.

Effect - The Town has the following deficiencies in controls over fixed assets:

- a. The Town has not adopted written fixed asset policies and procedures to define assets that will be inventoried.
- b. The detailed listing of fixed assets needs to be improved so that it includes the required information and agrees to the amounts per the accounting records.
- c. A physical inventory of the Town's fixed assets has not been performed.

Town of Roseland
Schedule of Findings - Continued

The deficiencies subject the Town to noncompliance with state and federal laws and regulations and increases the risk that:

- Assets could be lost, destroyed, or misplaced, and the town would have no record or description of the asset.
- Assets could be subjected to loss or damage arising from unauthorized use.
- Assets may not be adequately insured.
- Assets cannot be accurately reported in the financial statements.

Cause - These deficiencies occurred because the Town did not have an adequate fixed asset inventory system.

Recommendation - The Town should develop an accounting system for fixed assets and movable property that ensures assets are accounted for properly, safeguarded against loss or misuse, and reported accurately in the financial statements. The system should include, at a minimum, the following:

- A written policy that defines assets to be inventoried. The policy should establish a minimum value of assets to be included on the list of fixed assets.
- A complete list of fixed assets/movable property that includes information as to (a) a description of the property; (b) a serial number or other identification number; (c) the source of the asset; (d) who holds title to the asset; (e) the date of acquisition; (f) the cost or estimated cost; (g) the percentage of federal participation in the cost of the asset; (h) the location of the asset; (i) the use and condition of the property; and (j) any ultimate disposition data including the purpose of the disposition, date of disposal, sale price, and the recipient of items.
- Annual physical inventories and follow-up procedures for items not found during the physical inventory.
- Procedures to identify (tag) assets as belonging to the town.
- Use of a fixed asset listing to periodically review the adequacy, type, and amount of insurance coverage.

Finding No. 98-3

Condition - Failure to reconcile water meter deposits and to fund customer deposits payable.

Town of Roseland
Schedule of Findings - Continued

Criteria - Management of the town has a fiduciary responsibility to establish and maintain adequate internal controls that includes reconciliation of the water meter deposit general ledger control account to the subsidiary records of customer deposits and to require that the cash balance in the water meter deposit bank account equal the amount deposited by customers.

Effect - The Town of Roseland did not reconcile the water meter deposit general ledger control account to the subsidiary record of customers' water meter deposits or the water meter deposit bank account.

At December 31, 1998, the meter deposit general ledger control account had a balance of \$33,731, while the meter deposit bank account had a balance of \$9,639, resulting in an unfunded meter deposit liability of \$24,092.

The deposit amount (the liability to customers) per the Utility Billing System (UBS), the general ledger control account, and the Town's manual deposit records should all agree. They do not.

Failure to perform the necessary reconciliation could result in errors or fraud that would not be detected in a timely manner. Furthermore, this situation could result in an inequity in customer service and a loss of revenues for the town.

Cause - The Town has no formal policies and procedures requiring the reconciliation of water meter deposits.

A prior administration transferred funds from the water meter bank account and used them to pay operating expenses. This has not been the practice of the present administration.

Recommendation - The town should verify transactions of the meter deposit records to the cash deposits and disbursement records of the town. The subsidiary records of customer deposits in the computerized UBS system should be reconciled to the general ledger control account.

The meter deposit bank account should be funded to the amount of the liability as soon as funds become available.

Finding No. 98-4

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.

Town of Roseland
Schedule of Findings - Continued

This has resulted in:

- difficulty to verify the completeness and accuracy of occupational and insurance license taxes remitted to the Town.
- 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. 98-5

Condition - Weaknesses in control over Payroll Disbursements

Criteria - The Town of Roseland has not established formal written payroll policies and procedures regulating the employment of town employees as required by R.S. 33:362. Proper internal controls require that formal payroll/personnel policies and procedures be established to ensure compliance with state and federal laws.

Effect - The lack of formal policies and procedures resulted in the following deficiencies:

Complete individual employee personnel files are not maintained for police department employees. There is no formal documentation available in the personnel files for approval of the pay rates for salaried or hourly police department employees. No termination records available.

The police department did not provide work attendance certifications for salaried employees.

Cause - There are no formal written payroll/personnel policies and procedures regulating the employment of town employees.

Recommendation - The Town should establish formal written payroll/personnel policies and procedures regulating the employment of town employees.

Finding No. 98-6

Condition - Electronic Data Processing Control Weaknesses

Criteria - Internal controls require safeguarding of information in computers.

Effect - A review of the electronic data processing controls revealed the following deficiencies:

There is no password security for access to the UBS program, which is used to bill and record the collection of water fund revenues. Anyone who turns on the computer has access to the program.

The system is not backed up daily or on a routine basis by the town clerk as recommended in the UBS user manual.

The lack of controls allows any person who turns on the computer to access the UBS program to change/delete records vital to revenue billing and collection. If the system is not backed up on a routine basis, vital records could be lost, resulting in a possible loss of water fund revenue.

Cause - The Town had deficiencies relating to computer back-up procedures and access to its computerized UBS files.

Recommendation - The Town should adopt procedures to ensure routine system back-up and general access security for the UBS application software. User identification and password access should be established to prevent unauthorized use of the program.

In May 1999 the Town purchased a new computer and has begun daily tape back-ups. However, the tapes are not being stored in a fire proof vault (rated for magnetic media) or taken off-site. Password access has been implemented.

Finding No. 98-7

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 Services. The FHA, through the Water and Waste Disposal Systems for Rural Communities (CFDA 10.760), loaned the town funds to pay a 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.

Town of Roseland
Schedule of Findings - Continued

Effect - The Town did not comply with these requirements as follows:

1. The loan agreements require the town to establish and maintain a Reserve Fund and a Depreciation and Contingency Fund and require monthly payments to the two accounts.
 - Revenue Bond Reserve Fund - During the fiscal year ended December 31, 1998, the Town added \$17,001 to this fund in accordance with the Positive Action Plan (PAC). However, there is a deficit of \$8,265 in the funding required by the bond resolution. If the terms of the PAC fund are met by the Town the deficit will be met in 1999.
 - 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, 1998, totaled \$28,743 however only \$213 had been funded at that date, leaving a deficit of \$28,530 at year end.

In accordance with the terms of the PAC, once the Reserve Fund is current the Town has agreed to deposit \$1,647.20 per month into the Depreciation and Contingency Fund until it is funded to the required amount. These payments are scheduled to commence in 1999.

2. The loan agreements require the Town to shut off water services to a customer whose payment is so many days delinquent.

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.

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 the bond holders to 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 Services on 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.

Town of Roseland
Schedule of Findings - Continued

Recommendation - The Town should continue making the monthly payments required by the Positive Action Plan. During the current year the principal payments became current. Continued payments to the Reserve Fund will bring it current in 1999. The Depreciation and Contingency Fund will be current in about two years if the Town continues the required payments.

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

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

Finding No. 98-8

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.

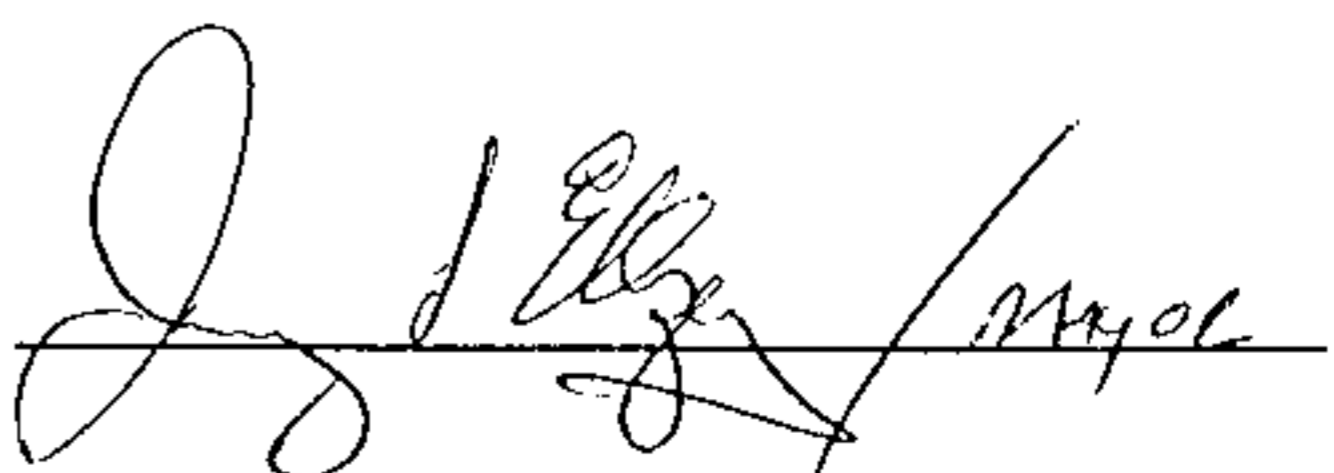
TOWN OF ROSELAND
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended December 31, 1998

SECTION 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
Finding Reference No.	Management's Corrective Action Plan
98-1 Failure to comply with the Local Government Budget Act	<p>The Town will prepare and adopt budgets for the General Fund and all Special Revenue Funds.</p> <p>The financial statements of the budgeted funds will be reviewed in the last quarter of the year and the budgets amended if necessary.</p>
98-2 Inadequate fixed asset records	<p>A written policy which defines the assets to be inventoried and establishes a minimum value of the assets to be inventoried will be presented to the governing authority for approval in the near future. After the policy is approved, a complete listing of the assets required to be inventoried will be prepared containing the required information. In connection with the list preparation, a physical inventory will be taken and the assets will be tagged.</p>
98-3 Failure to reconcile water meter deposits and to fund customer deposits payable	<p>The Town will prepare a list of all current utility customers and verify deposits held for each current customer including necessary documentation regarding the deposit.</p> <p>The liability account, Customer Deposits Payable, will be adjusted to agree with this verified amount.</p> <p>The cash shortage will be funded as soon as funds are available.</p> <p>All current transactions involving customer deposits will be reconciled by staff on a monthly basis.</p>
98-4 Inadequate internal controls over revenues	<p>At present, the Town is doing everything possible to collect all revenues.</p>
98-5 Weakness in control over payroll disbursements	<p>The Town will provide the Chief of Police a list of required items to be placed in each policeman's personnel file.</p> <p>The Chief of Police will also be furnished a timesheet to report all policemen's time to the Town Clerk.</p> <p>The Chief of Police has agreed to implement these matters.</p>

Town of Roseland
 Management's Corrective Action Plan
 For the Year Ended December 31, 1998 - Page 2

Finding Reference No.	Management's Corrective Action Plan
98-6 Electronic data processing control weaknesses	<p>The Town has purchased a new computer, has begun tape back-ups, and assigned passwords to each user of the computer. This has been accomplished in June 1999.</p> <p>A lock will be installed on an old safe and backup tapes will be stored there in.</p>
98-7 Failure to comply with bond resolution	<p>The Town is currently making the payments required by the Positive Action Plan and as of May 1999 the Bond Reserve Fund was fully funded.</p> <p>The Town is improving the cutoff procedures.</p> <p>The Town will seek clarification from FmHA as to what they construe "fully insured" to mean.</p>
98-8 Lack of segregation of duties	<p>The Town concurs with the auditor's recommendation. No further action to be taken.</p>

Date Submitted: 6-29-99

Auditee: 

TOWN OF ROSELAND
 SCHEDULE OF PRIOR YEAR FINDINGS
 For the Year Ended December 31, 1998

SECTION 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
B-97-1 Failure to comply with Local Government Budget Act (Initially reported - 1987)	Unresolved - see current year Finding 98-1
B-97-2 Control weakness and inadequate records in 1996 (Initially reported - 1995)	Resolved in 1997
B-97-3 Inadequate fixed asset records (Initially reported - 1995)	Partially resolved - see current year Finding 98-2
B-97-4 Failure to reconcile water meter deposits (Reported prior to 1994)	Unresolved - see current year Finding 98-3
B-97-5 Inadequate internal controls over revenue (Initially reported - 1997)	Unresolved - see current year Finding 98-4
B-97-6 Weaknesses in controls over payroll disbursements (Initially reported - 1995)	Partially resolved - see current year Finding 98-5
B-97-7 Electronic data processing control weaknesses (Initially reported - 1997)	Partially resolved in 1999 - see current year Finding 98-6
SECTION 2. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
C-97-1 Failure to comply with bond resolution (Reported prior to 1994)	Partially resolved - see current year Finding 98-7
SECTION 3. MANAGEMENT LETTER	
Not applicable - no management letter issued	