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## TOWN OF ROSELAND

Louisiana

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS

December 31, 2003

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

Release Date: 7-21-04

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December 31, 2003

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### INDEPENDENT AUDITOR'S REPORT

Honorable Mayor Charles M. Huxey  
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, 2003, as listed in the table of contents. 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.

Except as discussed in the following paragraph, I conducted my audit in accordance with auditing standards generally accepted in the United States of America. 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.

I was unable to satisfy myself as to the amount of fines levied for the year ended December 31, 2003, and the amount of uncollected fines as of December 31, 2003. This financial activity is included in the General Fund and represents 13.88% of revenues.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to satisfy myself as to the financial activity (fines levied and uncollected) by other audit procedures, 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, 2003, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 18, 2004, on my consideration of the Town's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the result of my audit.

My audit was conducted 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 stated, in all material respects, in relation to the general purpose financial statements taken as a whole.



Certified Public Accountant

June 18, 2004

**GENERAL PURPOSE FINANCIAL STATEMENTS**

Books of Balance

(COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT CATEGORIES)  
December 31, 2001

ASSETS AND OTHER DEBITS

	Governmental Fund Types		Proprietary Fund Types	Account Types		Total (Governmental Debit)
	General	Special Revenue		Debt/Proceed Assets	Long Term Debt	
Assets						
Cash	\$ 7,944	\$ 79,419	\$ 4,284	\$ -	\$ -	\$ 92,647
Investments (net of allowance)	28,404	15,382	23,708	-	-	67,594
Receivables	28,251	3,878	-	-	-	32,129
Restricted assets - cash	-	4,029	70,000	-	-	74,029
Land, buildings, and equipment (net, where applicable, of accumulated depreciation)	-	-	1,293,773	-	1,066,077	2,360,850
Other Assets	-	-	-	-	-	-
Amounts to be provided for retirement of general long-term debt	-	-	-	-	-	-
Total Assets and Other Debits	100,000	110,000	1,401,000	60,000	1,166,077	2,737,077

(Continued)

The accompanying notes are an integral part of this statement.

Items of Baseball

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
December 31, 2001

Liabilities	General	Governmental Fund Types, Special Revenue	Proprietary Fund Types Subtotals	Account Groups		Total (Major Account Only)
				General Fund Items	General Long Term Debt	
Accounts payable	\$ 52,119	\$ 51,634	\$ 24,156	\$ -	\$ -	\$ 127,909
Repayable from restricted assets - Customers' Deposits	-	-	48,899	-	-	48,899
Bond reserves	-	-	8,178	-	-	8,178
Identified payables	1,674	-	24,526	-	-	26,199
Leases payable	-	-	-	193	-	193
Revenues bonds payable	-	-	608,123	-	-	608,123
Contributions of individuals	-	-	-	-	49,000	49,000
<b>Total liabilities</b>	<b>61,793</b>	<b>51,634</b>	<b>711,698</b>	<b>49,193</b>	<b>49,193</b>	<b>1,371,511</b>
<b>Fund Equity:</b>						
Contributed capital, and Revenues in general fund assets	-	-	1,061,143	-	-	1,061,143
Retained earnings (deficit)	-	-	(200,462)	-	-	(200,462)
Fund balances:						
Reserves for debt service	-	1,029	-	-	-	1,029
Unreserved - Unassigned	(8,305)	(3,548)	-	-	-	(11,853)
<b>Total fund equity</b>	<b>(8,305)</b>	<b>1,521</b>	<b>1,061,143</b>	<b>-</b>	<b>-</b>	<b>1,054,361</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 53,488</b>	<b>\$ 53,155</b>	<b>\$ 1,772,841</b>	<b>\$ 49,193</b>	<b>\$ 49,193</b>	<b>\$ 3,425,301</b>

(Continued)

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, 2021**

	General	Special Revenues	Total (Memorandum Only)
<b>Revenues</b>			
Taxes	\$ 38,688	\$ 60,879	\$101,563
Licenses and permits	34,019	-	34,019
Intergovernmental	7,871	136,288	144,200
Fines	36,787	136	36,903
On behalf payments by state	7,200	-	7,200
Miscellaneous	<u>1,324</u>	<u>11,995</u>	<u>13,319</u>
<b>Total revenues</b>	<b><u>186,699</u></b>	<b><u>242,208</u></b>	<b><u>388,476</u></b>
<b>Expenditures</b>			
Current -			
General government	62,117	560	62,637
Public safety - Police	186,878	-	186,878
Public safety - Fire	7,913	116,687	124,600
Streets	13,518	-	13,518
Capital outlay	<u>-</u>	<u>31,325</u>	<u>31,325</u>
<b>Total expenditures</b>	<b><u>370,626</u></b>	<b><u>148,572</u></b>	<b><u>362,395</u></b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b><u>258,580</u></b>	<b><u>93,636</u></b>	<b><u>352,266</u></b>
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	78,518	-	78,518
Operating transfers out	<u>-</u>	<u>(78,518)</u>	<u>(78,518)</u>
<b>Total other financing     sources (uses)</b>	<b><u>78,518</u></b>	<b><u>(78,518)</u></b>	<b><u>-</u></b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b><u>(36,667)</u></b>	<b><u>23,333</u></b>	<b><u>7,286</u></b>
Fund balances, beginning	<u>3,762</u>	<u>28,345</u>	<u>36,097</u>
<b>Fund balances (deficits), ending</b>	<b><u>\$ (3,321)</u></b>	<b><u>\$ 51,318</u></b>	<b><u>\$ 48,021</u></b>

The accompanying notes are an integral part of this statement.

State of Maryland

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - DEPARTMENT OF TREASURY AND ACTUAL -  
GENERAL AND SPECIAL REVENUE FUND - TERM

Year ended December 31, 2003

	General Fund		Variations Favorable Unfavorable	Annually Assigned Special Revenue Funds		Variations Favorable Unfavorable
	Budget	Actual		Budget	Actual	
<b>Revenues</b>						
Taxes	\$ 34,000	\$ 34,000	\$ 4,608	\$ 95,075	\$ 4,715	
Loans and grants	20,000	34,015	(3,801)	-	-	
Intergovernmental	3,000	1,660	(1,449)	104,000	1,172	
Charges	3,000	4,312	3,412	-	-	
Fees	8,000	16,780	787	136	(14)	
On hand payments by state	1,000	1,000	-	-	-	
Miscellaneous	1,000	1,000	524	11,000	11,000	
Total revenues	<u>50,000</u>	<u>106,687</u>	<u>4,388</u>	<u>206,075</u>	<u>11,778</u>	
<b>Expenditures</b>						
General government	62,000	45,337	(16,663)	900	487	
Public safety - Police	100,000	106,074	6,074	-	-	
Public safety - Fire	4,000	7,303	3,303	114,315	(176)	
Services	11,000	11,000	11,000	113,415	1,655	
Total expenditures	<u>177,000</u>	<u>169,714</u>	<u>(7,286)</u>	<u>208,630</u>	<u>2,066</u>	
Excess (deficiency) of revenues over expenditures		<u>1,860</u>	<u>8,988</u>	<u>75,445</u>	<u>9,712</u>	
Initial Encumbrance Balance (Initial)						
Operating transfers in	73,000	73,000	(1,481)	-	-	
Operating transfer out	<u>(73,000)</u>	<u>(73,000)</u>	<u>(1,481)</u>	<u>(10,000)</u>	<u>(1,481)</u>	
Total other financing sources (uses)				<u>(10,000)</u>	<u>(1,481)</u>	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses		<u>(1,620)</u>	<u>(1,481)</u>	<u>6,445</u>	<u>(1,481)</u>	
Fund balances, beginning		<u>3,382</u>		<u>(2,000)</u>	<u>302</u>	
Fund balances (deficit), ending	<u>1,762</u>	<u>1,762</u>	<u>1,140</u>	<u>4,445</u>	<u>1,140</u>	

The accompanying notes are an integral part of this statement.

Items of Revenue

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN SUSTAINED EARNINGS - PROPRIETARY FUND TYPE  
Year Ended December 31, 2001**

<b>Operating Revenues</b>	
Charges for services -	\$ 134,126
Water sales	61,270
Sewer charges	8,875
Delinquent charges	273
Connection charges	<u>3,068</u>
Other income	<u>196,712</u>
<b>Total operating revenues</b>	
<b>Operating Expenses</b>	61,433
Salaries	4,685
Payroll taxes	8,520
Accounting and auditing	7,790
Rail fares	-78
Engineering	15,410
Repairs and maintenance	3,964
Equipment fuel	6,682
Insurance	1,079
Meter reading expense	4,464
Office expense	5,372
Supplies	1,426
Training	34,082
Utilities and telephone	1,838
Miscellaneous expense	<u>105,734</u>
Depreciation	<u>153,865</u>
<b>Total operating expenses</b>	
<b>Net Operating (Loss)</b>	<u>(157,085)</u>
<b>Non-operating Revenues (Expenses)</b>	179
Interest income	14,499
Repayment of 1992 LCDFAG grant	<u>60,623</u>
Interest expense	<u>(14,999)</u>
<b>Total non-operating revenues (expenses)</b>	<u>(142,885)</u>
<b>Net loss</b>	
<b>Contributed Capital Adjustments</b>	<u>93,466</u>
Depreciation on fixed assets acquired with grants that reduces contributed capital	
<b>Decrease in retained earnings</b>	(11,619)
<b>Retained earnings (deficit), beginning</b>	<u>(213,941)</u>
<b>Retained earnings (deficit), ending</b>	<u>(215,965)</u>

The accompanying notes are an integral part of this statement.

Town of Roseland

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPE**  
**Year Ended December 31, 2001**

<b>Cash flows from operating activities:</b>		
Operating loss		\$ (37,860)
Adjustments to reconcile net operating loss to net cash provided by operating activities:		
Depreciation	\$186,734	
(Decrease) in accounts receivable	2,858	
(Increase) in restricted assets	(8,010)	
Increase in accounts payable	12,277	
Decrease in customer deposits	(2,484)	
Decrease in interfund payables	(2,675)	
Decrease in intergovernmental payables	<u>(1,271)</u>	
Total adjustments		<u>186,809</u>
Net cash provided by operating activities		48,949
<b>Cash flows from capital and related financing activities:</b>		
Payments for capital acquisitions	(789)	
Principal repayments	(9,471)	
Repayment of 1992 LCD80 Grant	(4,499)	
Interest paid	<u>(41,182)</u>	
Net cash (used) for capital and related financing activities		<u>(56,141)</u>
<b>Cash flows from investing activities:</b>		
Interest income	<u>129</u>	
Net cash provided by investing activities		<u>129</u>
Net cash decrease for the year		(6,863)
Cash at beginning of year		<u>11,291</u>
Cash at end of year		<u>\$ 4,428</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, 2021

#### INTRODUCTION

The Town of Roseland was incorporated on January 4, 1882, under the provisions of the "Lawrence Act" [Louisiana Revised Statutes (R.S.) 15:321-481] of the constitution of the State of Louisiana. The town is located in the Parish of Tangipahoa and has a population of 1,162. 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.

#### (I) 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 the 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.

## Town of Roseland

### NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2012

2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
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 fund 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.

## Town of Roseland

### NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2003

#### **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 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.

#### **B. 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 beer

## Town of Roseland

### NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2003

tax is 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 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 accrual criteria is 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 unamortized interest on general long term debt which is recognized when due, and certain compensated absences and claims and judgments 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 sources/uses) are accounted for as other financing sources (uses).

#### **Proprietary Fund**

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

#### **E. BUDGETS**

Formal budgetary accounting is employed as a management control for the General Fund and Special Revenue Funds of the Town. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General Fund and Special Revenue Funds, and the same basis of accounting is used to reflect actual revenues and expenditures recognized on a generally accepted accounting principles basis. Budgets are prepared and adopted in accordance with the Louisiana Local Government Budget Act. Budgetary control is exercised at the fund level for each fund. The Town amends its budget only once during the year, on December 11, 2003.



Town of Bossard

**NOTES TO FINANCIAL STATEMENTS**

*As of and for the Year Ended December 31, 2003*

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

**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 receivable. 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**

For the special revenue fund, Fire Protection, the restricted asset is cash that is required to be set aside to fund a reserve account per the debt agreement.

For the enterprise fund, restricted assets consist of cash resources 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, 2003

#### 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 fund net of 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	02 - 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	30 years

#### L. COMPENSATED ABSENCES

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

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

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

## Terms of Rescind

### **NOTES TO FINANCIAL STATEMENTS**

**As of and for the Year Ended December 31, 2002**

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 governmental funds are reported in the general long-term debt account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

#### **N. FUND EQUITY**

##### **Contributed Capital**

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

##### **Reserves**

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

#### **O. INTERFUND TRANSACTIONS**

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

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

Town of Roseland

**NOTES TO FINANCIAL STATEMENTS**

As of and for the Year Ended December 31, 2001

**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, 1987, 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, 1992. The tax may be used for any lawful purpose.

**R. TOTAL COLUMNS ON COMBINED STATEMENTS**

Total columns on the combined statements are captioned "Minorities 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.

**S. USE OF ESTIMATES**

The preparation of financial statements in conformance with generally accepted accounting principles requires management to make estimates and assumptions that affect the recorded amount of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the report period. Actual results could differ from these estimates.

**(2) FUND DEFICITS**

The following funds had deficits in fund balances/retained earnings at December 31, 2000:

Fund	Deficit
General Fund	\$ (8,285)
Waterworks and Sewer Fund - retained earnings	(235,562)

## Town of Bossard

### NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2003

#### **(3) EXPENDITURES - ACTUAL AND BUDGET**

The following individual fund had actual expenditures and other uses over budgeted expenditures and other uses for the year ended December 31, 2003:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>Percent</u>
Expenditures:				
General Fund	\$181,600	\$192,696	\$(11,096)	6.09%

The Louisiana Local Government Budget Act requires a local government to amend its operating budget when the total actual expenditures and other uses exceed the total budgeted expenditures and other uses by 5% or more.

#### **(4) CASH**

At December 31, 2003, the town has cash (bank balances) of \$163,815 (including \$76,882 of restricted cash) as follows:

Cash on hand	\$ 50
New interest bearing demand deposits	125,014
Interest bearing demand deposits	<u>38,751</u>
Total	<u>\$163,815</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2003, the Town has \$171,472 in deposits (collected bank balances). These deposits are secured from risk by \$117,392 of federal deposit insurance and \$54,394 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 90 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

Town of Roseland

**NOTES TO FINANCIAL STATEMENTS**

As of and for the Year Ended December 31, 2003.

(5) **RECEIVABLES**

Receivables at December 31, 2003, consist of the following:

Class of Receivables	General	Special Revenues	Enterprise	Total
Taxes -				
Ad valorem	\$ 8,222	\$15,928	\$ -	\$ 24,150
Franchise	13,853	-	-	13,853
Sales	-	5,789	-	5,789
Accounts -				
Water and Sewer	-	-	35,708	35,708
Intergovernmental -				
Beer taxes	401	-	-	401
Parish grant	-	2,400	-	2,400
Miscellaneous	638	-	-	638
Less: Allowance for Uncollectibles	<u>(3,480)</u>	<u>(4,647)</u>	<u>(10,000)</u>	<u>(17,127)</u>
Total	<u>\$20,636</u>	<u>\$18,181</u>	<u>\$ 25,708</u>	<u>\$ 44,525</u>

(6) **LEVIED TAXES**

The following is a summary of authorized and levied ad valorem taxes:

	2003
Assessed valuation	\$2,040,823
Authorized and levied millage	
General Fund	5.79
Fire Protection Fund	10.00
Total millage	<u>15.79</u>
Total tax levy	\$32,156

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town of Roseland during the year and actually billed to taxpayers and become due in November. Billed taxes become delinquent on December 31 of each year. Revenues from ad valorem taxes are budgeted in the year billed and recognized as revenue when billed. The taxes are generally collected in December of the current year and January and February of the ensuing year.

A special election was held on October 7, 2000, in which voters of the Town of Roseland passed a 10 year, 10 mills property tax for fire protection to begin with the year of 2000.

## Town of Roseland

### NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2003

#### (7) RESTRICTED ASSETS

Restricted assets applicable to the Fire Protection Fund at December 31, 2003, consist of cash reserved for payment of debt service of \$1,829.

Restricted assets applicable to the Waterworks and Sewer Fund at December 31, 2003, consisted of cash reserved for bond requirements of \$39,389 and for customer deposits of \$18,444. The customer deposits are underfunded by \$24,449 as the liability for customer deposits is \$40,893 at December 31, 2003.

#### (8) FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance 1-1-03	Additions	Deletions	Balance 12-31-03
Land	\$ 38,693	\$ -	\$ -	\$ 38,693
Buildings	644,376	-	-	644,376
Equipment	288,633	90,089	(7,876)	360,846
Total	<u>\$971,693</u>	<u>\$90,089</u>	<u>\$(7,876)</u>	<u>\$1,063,902</u>

A summary of proprietary fund land, plant, and equipment at December 31, 2003, follows:

	Balance 1-1-03	Additions	Deletions	Balance 12-31-03
Land	\$ 6,500	\$ -	\$ -	\$ 6,500
Buildings	20,640	-	-	20,640
Equipment	24,986	796	(1,498)	24,284
Water system	1,762,883	-	(9,533)	1,693,350
Sewerage system	1,182,298	894,138	-	2,076,436
Sub-total	<u>2,977,297</u>	<u>894,934</u>	<u>\$(10,031)</u>	<u>3,862,199</u>
Less: accumulated depreciation	<u>(1,439,221)</u>	<u>\$106,734</u>	<u>\$ 18,831</u>	<u>(1,528,174)</u>
Net	<u>\$1,538,076</u>			<u>\$1,528,174</u>

Depreciation for the fiscal year amounted to \$106,734.

#### (9) PENSION PLANS

The police chief of the Town of Roseland and one other full-time police officer are members 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.

## Town of Roseland

### NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2003

#### **A. Municipal Police Employees' Retirement System of Louisiana (System):**

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

The System issues an annual publicly available financial report that includes financial statement and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8481 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2258, or by calling (225) 829-7411.

*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 11:183, 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, 2003, 2002, and 2001, were \$4,477, \$3,908, and \$3,038, 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 required to match the employee contributions. Aggregate contributions to the social security system for the year ended December 31, 2003, were \$14,412 of which \$7,266 was contributed by the Town.

#### **(11) ECONOMIC DEVELOPMENT AWARD AGREEMENT AND LEASE**

On May 3, 2000, an Economic Development Award Agreement between the Louisiana Department of Economic Development, Karts International, Inc. (referred to as Company), and the Town of Roseland (referred to as Sponsoring Entity) was approved by the Governor of the State of Louisiana. The award (grant) of \$300,000 was used to assist the Town in building a new manufacturing facility that is located in the Town's industrial park. The Agreement was effective from May 3, 2000, thru November 30, 2000.



## Town of Roseland

### NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2003

As part of the Agreement, the Company was required to meet specific performance objectives each year. The Company is now bankrupt and failed to meet the required performance objectives.

The total cost to construct the building was \$300,000. To pay for the construction, the Town used the \$300,000 award money plus \$200,000 advanced lease payments received from Kars International, Inc. The \$200,000 advance lease payments was for the full monthly net rental that would otherwise become due over both the primary term of the lease commencing October 1, 2000, and ending September 30, 2007, and the option term commencing October 1, 2007, and ending September 30, 2009.

The Town of Roseland, on May 3, 2003, filed litigation proceedings against Kars International, Inc. and/or Parkaria, Inc. concerning the occupancy of the above mentioned real property located in the Town of Roseland Industrial Park. The outcome of this litigation is currently pending.

#### **(12) CAPITAL LEASE**

The Town has one capital lease of the following nature:

On March 15, 2002, the General Fund entered into a Capital Lease with BellSouth Communications Systems, LLC for the purchase of a Norstar 3x8 Key Telephone System for \$2,250. The Town recorded this item as an asset and obligation in the accompanying financial statements.

The following is a summary of future minimum lease payments under the capital lease and the present value of the net minimum lease payments as of December 31, 2003:

<b>Fiscal Year</b>	<b>Total</b>
<b>12-31-04</b>	<b>\$250</b>
<b>Total Minimum Lease Payments</b>	<b>550</b>
<b>Less: Amount Representing Interest</b>	<b>(133)</b>
<b>Present Value of Net Minimum Lease Payments</b>	<b>\$417</b>

## Town of Roseland

### NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2003

#### **(17) REVENUE BONDS PAYABLE - PROPRIETARY FUND**

The following is a detailed summary of bond transactions outstanding for the year ended December 31, 2003:

	Balance at <u>1-1-00</u>	Additions	Reductions	Balance at <u>12-31-03</u>
<b>Proprietary Fund</b>				
<b>Waterworks and Sewer Fund</b>				
U.S. Department of Agriculture Rural Development Revenue Bonds:				
Series A	\$411,204	\$ -	\$ (3,912)	\$407,292
Series B	<u>218,379</u>	<u>-</u>	<u>(18,611)</u>	<u>200,000</u>
<b>Total Proprietary Fund</b>	<u>\$629,583</u>	<u>-</u>	<u>(22,523)</u>	<u>\$607,060</u>
<b>Total long-term obligations</b>	<u>\$629,583</u>	<u>\$ -</u>	<u>\$ (22,523)</u>	<u>\$607,060</u>

The Revenue Bonds payable in the Waterworks and Sewer Fund consists of two issues financed by the U.S. Department of Agriculture, Rural Utilities Service, formerly Farmers Home Administration, to pay part of the cost of constructing, acquiring, extending, and improving the waterworks and sewerage systems. Principal and interest payments are payable solely from revenues derived from the operation of the waterworks and sewer systems. Series A Revenue Bonds for \$412,000, dated January 22, 1988, are due in annual installments of principal and interest, totaling \$33,094, payable for 40 years, with interest at 6.375%. Series B Revenue Bonds for \$272,000, dated May 23, 1988, are due in annual installments of principal and interest totaling \$18,480 payable for 40 years, with interest at 6.125%.

The bond agreements for these revenue bonds require a Combined Waterworks and Sewerage System Revenue Bond Reserve Fund ("Reserve Fund") funded by monthly payments based on 5% of the annual bond payments until the accumulation of a sum equal to the highest combined principal and interest falling due in any succeeding year. By December 31, 2003, the Reserve Fund should have totaled \$38,170. This account had \$38,668. At December 31, 2003, the Reserve Fund was fully funded.

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. At December 31, 2003, the Depreciation and Contingency Fund should have totaled \$99,273; however, the balance in this account was \$20,723.

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 is to make additional deposits into the Reserve Fund and the Depreciation and Contingency Fund to bring these accounts to the levels required in the initial bond agreements.

Town of Escand

**NOTES TO FINANCIAL STATEMENTS**

**As of and for the Year Ended December 31, 2003**

The annual requirements to amortize all revenue bonds outstanding at December 31, 2003, including interest of \$597,341 are as follows:

	USDA Rural Development FDIA Revenue Bonds		Total
	1985-A	1988-B	
2004	\$ 33,094	\$ 18,480	\$ 51,574
2005	33,094	18,480	51,574
2006	33,094	18,480	51,574
2007	33,094	18,480	51,574
2008	33,094	18,480	51,574
Thereafter	<u>618,903</u>	<u>139,690</u>	<u>758,593</u>
Total	<u>\$784,375</u>	<u>\$457,090</u>	<u>\$1,241,465</u>

**(14) CHANGES IN GENERAL LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended December 31, 2003:

	Long-Term Obligations Payable January 1, 2003	Additions	Reductions	Long-Term Obligations Payable December 31, 2003
Certificate of Indebtedness	\$65,000	\$ -	\$ -	\$65,000
Capital Lease	<u>1,497</u>	<u>-</u>	<u>(962)</u>	<u>535</u>
	<u>\$66,497</u>	<u>\$ -</u>	<u>\$ (962)</u>	<u>\$65,535</u>

The Certificate of Indebtedness is comprised as the following issue:

On July 1, 2003, the Town borrowed \$65,000 from USDA - Rural Development on Certificate of Indebtedness, Series 2003 bearing interest at the rate of 4 1/4% per annum to purchase a new fire truck.

Town of Basford

**NOTES TO FINANCIAL STATEMENTS**

As of and for the Year Ended December 31, 2003

Certificate R-1 is payable in eight consecutive annual payments due on March 1 of the years 2003 through 2010 with the first payment being for interest only (\$2,024.85), and thereafter, the payments shall be equal, annual amortized payments of principal and interest (\$11,131.90).

The Town is also required to make annual payments on March 30<sup>th</sup> of each year, starting March 20, 2003, into the "Certificate of Indebtedness, Series 2002, Reserve Fund" in an amount equal to 10% of the annual debt service payment made on the prior March 1<sup>st</sup> until \$6,500 is on deposit in said Reserve Fund. At December 31, 2003, \$1,113 was on deposit in this fund.

The \$65,000 certificate of indebtedness is collateralized by and payable from a pledge of the special tax (30) mills ad valorem tax levy approved by the voters at the October 7, 2000 election.

The certificate of indebtedness debt service requirements to maturity, including \$12,824 of interest, are as follows:

Final Year Ending <u>December 31</u>	Amount
2004	\$11,132
2005	11,132
2006	11,132
2007	11,132
2008	11,132
2009-2010	<u>22,264</u>
	<u>\$77,924</u>

(15) **INTERFUND RECEIVABLES/PAYABLES**

Amounts due to or from other funds at December 31, 2003, consisted of the following:

	Interfund Receivables	Interfund Payables
General Fund	\$28,501	\$ 7,876
Special Revenue Funds - Fire Protection Fund	7,876	-
Enterprise Fund - Waterworks and Sewer Fund	-	<u>26,581</u>
Total	<u>\$36,377</u>	<u>\$34,457</u>

## Town of Roseland

### NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2003

#### **(16) CHANGES IN CONTRIBUTED CAPITAL**

The following is a summary of changes in contributed capital of the Town for the year ended December 31, 2003:

Balance at January 1, 2003, net of amortization	\$1,087,508
Additions:	
Assets acquired with grant proceeds	694,138
Deductions:	
Depreciation on fixed assets acquired with capital grants	<u>      (80,498)</u>
Balance at December 31, 2003, net of amortization	<u>\$1,901,162</u>

#### **(17) LITIGATION AND CLAIMS**

Legal counsel for the Town of Roseland, Louisiana has informed the Town's management of one potential claim for cause of action against the Town for a total of \$33,851. The Town has recorded a liability of \$78,244 related to this matter. The Town disputes all or part of the liability.

In addition to the above matter, the following legal actions are currently pending against the Town of Roseland:

1. Suit# 2003-001910, Jason Dufrene, et al v. Reginald A. Comas, et al. This is a personal injury claim. The Town is being defended by its insurer, Risk Management.
2. Suit# 2004-0607, Calvin E. Batista, Sr., et al v. James Edward Luytjens, et al. The chief of police, Timothy Cutser, has been named as a defendant in this case. This is a First Amendment violation case that has been filed with the U.S. District Court for the Eastern District of Louisiana. The Town is being defended by its insurer, Risk Management, with a reservation of coverage. The Town does not have coverage as relates to any "dishonest, fraudulent, criminal, or malicious act or omission of any participant."

Town of Roseland

**NOTES TO FINANCIAL STATEMENTS**

**As of and for the Year Ended December 31, 2003**

**(18) 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:

Charles Bracey, Mayor	\$ 2,400
Tommey Carter, Chief of Police	18,720
<b>Town Council</b>	
Anthony Distefano	1,400
Paula Hughes	1,400
John Fritchett, Sr.	1,400
Monroe Perry, Jr.	1,400
Ray Burton, Sr.	1,400
	<u>1,400</u>
	<u>\$34,120</u>

**(19) ON BEHALF PAYMENTS BY STATE OF LOUISIANA**

For the year ended December 31, 2003, the State of Louisiana made on behalf payments in the form of supplemental pay to the Town of Roseland's police chief and one police officer. In accordance with OASH 24, the Town has recorded \$7,280 of on behalf payments as revenue and as expense in the General Fund.

**(20) RISK MANAGEMENT**

The Town of Roseland is exposed to various risks of losses related to theft; 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.

**(21) LCDBG PROGRAM REPAYMENT**

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

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

## Town of Roseland

### NOTES TO FINANCIAL STATEMENTS

#### As of and for the Year Ended December 31, 2003

To cure the default in the 1992 sewer grant and thereby allowing the Town of Roseland to become eligible for future consideration of Louisiana Community Development Block Grant Funds, the Town entered into an agreement with the Division of Administration, State of Louisiana on November 16, 1999, to repay the \$71,624 mentioned above.

In the agreement, the Town of Roseland agreed to pay the Division of Administration \$408.63 per month for a period of one hundred eighty (180) months until the total sum of \$71,624 is repaid in full. This repayment shall be without the payment of interest.

Only eleven of the twelve required monthly payments for this fiscal year were paid by the Waterworks and Sewer Fund.

#### (20) GASB 34 IMPLEMENTATION

The GASB issued Statement Number 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, in June of 1999. The date of implementation is effective in three phases based on a government's total annual revenues in the first fiscal year ending after June 15, 1999 (earlier application is encouraged). The Town of Roseland's total annual revenues were less than \$10 million in the fiscal year ending December 31, 1999; therefore, the Town of Roseland is (Phase I) required to implement the provisions for the pronouncement for financial statements for the period beginning after June 15, 2000. GASB Statement Number 34 establishes a new governmental financial reporting model that will feature, among other significant changes, management discussion and analysis, a unique combination of fund-based and government-wide financial statements, required supplementary information, accounting for infrastructure assets, and accounting for the depreciation of infrastructure assets. The effects on the Town's financial statements are not known at this time; however, the pronouncement will be implemented for the fiscal year ending December 31, 2004.

#### (21) LOUISIANA COMMUNITY DEVELOPMENT BLOCK GRANT (LCDGB)

On March 14, 2001, the 2001 Louisiana Community Development Block Grant (LCDGB) in the amount of \$ 871,120 for wastewater treatment facility improvements was completed.

On June 18, 2003, the Town was awarded a 2003 LCDGB grant in the amount of \$640,350 for water system improvements.

The Town entered into a contract with a grant administrator for \$20,000. The Town paid \$5,000 during 2003.

The Town entered into an engineering service contract for the water system improvements project for basic engineering services of \$50,500 and \$7,500 for inspections. The Town paid \$15,150 during 2003.

In connection with the 2003 LCDGB Grant, the Town awarded a contract on January 23, 2004, for the construction of a 2,033 foot deep 360 gpm water well for \$428,000.

Town of Roseland

NOTES TO FINANCIAL STATEMENTS

As of and For the Year Ended December 31, 2003

(14) SUBSEQUENT EVENTS

Subsequent to December 31, 2003, the following events occurred:

- On January 8, 2004, the Town awarded Greiner Drilling the contract for a new water well. The contract price is for \$428,000 and was signed on January 23, 2004.
- The Town was awarded an \$11,258 Rural Development grant for the purchase of a tractor.



**SUPPLEMENTAL INFORMATION SCHEDULES**

### **General Fund**

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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.

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**Town of Rockland**  
**General Fund**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET (OR AMENDED) AND ACTUAL**  
**Year Ended December 31, 2003**

Revenue	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes -			
All voters	\$ 9,000	\$ 12,128	\$ 3,128
Public utilities franchise	25,000	26,550	1,550
Licenses and permits -			
Occupational licenses	37,000	32,915	(4,085)
Permits	1,000	1,104	104
Intergovernmental -			
Beer taxes	2,000	1,660	(340)
Federal grants - police	1,800	5,644	3,844
State grants - police	-	568	568
Fees	16,804	16,767	(37)
On behalf payments by state	7,200	7,200	-
Miscellaneous revenues	1,828	1,524	(304)
<b>Total revenues</b>	<b>182,632</b>	<b>108,080</b>	<b>(74,552)</b>
<b>Expenditures</b>			
Current -			
General government	62,000	62,337	(337)
Public safety - police	108,000	109,878	(1,878)
Public safety - fire	6,000	7,613	(1,613)
Street	13,000	15,538	(2,538)
<b>Total expenditures</b>	<b>189,000</b>	<b>195,366</b>	<b>(6,366)</b>
Excess (deficiency) of revenues over expenditures	<u>(79,632)</u>	<u>(86,286)</u>	<u>(6,654)</u>
<b>Other Financing Sources</b>			
Operating transfers in	72,000	50,314	(21,686)
Operating transfers out	-	-	-
<b>Total other financing sources</b>	<b>72,000</b>	<b>50,314</b>	<b>(21,686)</b>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>(7,632)</u>	<u>(35,972)</u>	<u>(28,340)</u>
Fund balance, beginning	<u>7,762</u>	<u>7,762</u>	<u>-</u>
Fund balance (deficit), ending	<b>\$ (28,210)</b>	<b>\$ (28,210)</b>	<b>\$ (28,210)</b>

Town of Franklin  
General Fund

**SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASED)**  
Year Ended December 31, 2003

	Budget	Actual	Variance Favorable (Unfavorable)
<b>General Government</b>			
Salaries - Mayor and Council	\$14,300	\$13,408	\$(1,100)
Salaries - Clerical	2,000	2,408	(100)
Payroll taxes	1,500	1,624	(100)
Attorney	4,000	4,728	67
Auditor	800	800	0
Accounting and auditing	7,000	1,700	(200)
Insurance	6,000	11,814	(1,000)
Office expense	4,000	3,218	1,700
Official journal	1,000	2,000	(1,000)
City Hall utilities and telephone	4,000	2,124	800
Concessions	1,000	200	800
Animal control	2,000	-	2,000
Repairs and maintenance	6,000	3,818	2,000
Miscellaneous	1,500	117	1,000
Capital purchases	1,000	1,519	(500)
Debt service	-	900	(900)
<b>Total General Government</b>	<b>\$62,000</b>	<b>\$62,101</b>	<b>\$1,000</b>
<b>Public Safety - Police</b>			
Salaries	\$ 55,200	63,100	(7,900)
Payroll taxes	2,500	2,604	(100)
On behalf payments by state	7,200	7,200	-
Retirement contributions	4,000	4,477	477
Auto fuel	5,000	3,000	(800)
Auto repairs	2,000	2,617	617
Insurance	10,000	10,207	(200)
Miscellaneous	2,400	1,000	1,200
Supplies	1,000	501	499
Utilities	3,000	3,800	(800)
Equipment acquisitions	1,000	2,440	(1,940)
Grant expenditures	3,000	2,001	1,000
<b>Total Public Safety - Police</b>	<b>\$100,000</b>	<b>\$100,677</b>	<b>\$(600)</b>
<b>Public Safety - Fire</b>			
Salaries	\$1,000	\$ -	\$ 1,000
Payroll taxes	800	-	800
Utilities	2,000	3,670	(1,670)
Miscellaneous	2,000	2,000	-
<b>Total Public Safety - Fire</b>	<b>\$5,000</b>	<b>\$2,000</b>	<b>\$(3,000)</b>
<b>Street</b>			
Street and traffic light	\$10,000	\$4,120	\$(1,120)
Materials, supplies, and repairs	-	3,000	3,000
<b>Total Street</b>	<b>\$10,000</b>	<b>\$7,000</b>	<b>\$(3,000)</b>

## SPECIAL REVENUE FUNDS

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

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**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 8, 1967, and an additional one percent sales and use tax authorized by the adoption of Ordinance Number 182 revising and extending Ordinance Number 158 increasing the original sales tax from one percent to two percent effective April 12, 1982. The tax may be used for any lawful purpose.

**Fire Protection Fund** - A special election was held on October 7, 2000, in which the voters of the Town of Roseland approved a 10 year, 10 mills property tax. The tax is to be used for the acquiring, constructing, improving, maintaining and operating facilities and equipment to provide fire protection and emergency medical service to the public, including paying the cost of obtaining water for fire protection purposes. The tax began with year 2000 and ends in year 2009.

Also, the transactions of the Roseland Fire Department (formerly the Roseland Volunteer Fire Department) have been included in this fund.

**LCDBG Fund** - This fund is used to account for the two Louisiana Community Development Block Grant Awards for the Town. 2001 LCDBG project was completed March 04, 2003. This grant was for the wastewater treatment plant.

2000 LCDBG award total of \$647,750 is to be used for the construction of a new water well. Construction for this project is to begin in 2004.

Town of Rosland  
Special Revenue Funds

COMPARING BALANCE SHEET  
December 31, 2002

	Sales Tax Fund	Fire Protection Fund	2001 & 2002 LICENSING Fund	Total
<b>ASSETS</b>				
Cash	\$ 180	\$24,613	\$ 18	\$ 24,723
Accrued sales tax receivable (net of allowance)	-	11,279	-	11,279
Intergovernmental receivable	-	2,408	-	2,408
Sales tax receivable	5,783	-	-	5,783
Due from General Fund	-	7,878	-	7,878
Restricted assets - cash	-	1,828	-	1,828
<b>Total Assets</b>	<b><u>55,803</u></b>	<b><u>523,199</u></b>	<b><u>36</u></b>	<b><u>583,012</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$21,434	\$ -	\$ 21,434
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>21,434</u></b>	<b><u>-</u></b>	<b><u>21,434</u></b>
<b>Fund Balances</b>				
Reserved for debt service	-	1,029	-	1,029
Unreserved - undesignated	5,803	45,785	36	56,269
<b>Total Fund Balances</b>	<b><u>5,803</u></b>	<b><u>45,785</u></b>	<b><u>36</u></b>	<b><u>56,578</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>5,803</u></b>	<b><u>523,199</u></b>	<b><u>36</u></b>	<b><u>583,012</u></b>

**Town of Bowland  
Special Revenue Funds**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
Year Ended December 31, 2003**

	Sales Tax Fund	Fire Protection Fund	2001 & 2002 LCSBAG Funds	Total
<b>REVENUES</b>				
Taxes	\$ 74,718	\$ 79,159	\$ -	\$ 153,877
Grant - Federal	-	95,861	20,265	121,216
Grant - parish	-	9,172	-	9,172
Other revenue	<u>139</u>	<u>11,592</u>	<u>-</u>	<u>12,131</u>
Total Revenues	<u>74,857</u>	<u>186,782</u>	<u>20,265</u>	<u>281,904</u>
<b>Expenditures</b>				
Office expense	-	-	15	15
Collection fees	487	-	-	487
Capital outlay	-	-	31,395	31,395
Fire expenditures	<u>-</u>	<u>116,682</u>	<u>-</u>	<u>116,682</u>
Total Expenditures	<u>487</u>	<u>116,682</u>	<u>31,395</u>	<u>148,564</u>
Excess of revenues over expenditures	<u>74,369</u>	<u>69,999</u>	<u>(11)</u>	<u>144,357</u>
<b>Other Financing (Used)</b>				
Operating transfer out	<u>(70,210)</u>	<u>-</u>	<u>-</u>	<u>(70,210)</u>
Excess (deficiency) of revenues over expenditures and other financing uses	<u>4,159</u>	<u>69,999</u>	<u>(11)</u>	<u>74,147</u>
Fund balance, beginning	<u>1,927</u>	<u>26,265</u>	<u>23</u>	<u>28,215</u>
Fund balance, ending	<u>\$ 6,086</u>	<u>\$ 96,264</u>	<u>\$ 12</u>	<u>\$ 102,362</u>

Town of Rowland  
Special Revenue Fund  
Sales Tax Fund

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET-BY-LINE BASIS AND ACTUAL**  
Year Ended December 31, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes - Sales taxes	\$ 72,150	\$ 74,716	\$ 2,466
Penalties and interest	<u>190</u>	<u>138</u>	<u>(114)</u>
Total Revenues	<u>72,340</u>	<u>74,854</u>	<u>2,514</u>
<b>Expenditures</b>			
Collection fees	<u>590</u>	<u>607</u>	<u>17</u>
Excess of revenues over expenditures	<u>71,750</u>	<u>74,247</u>	<u>2,497</u>
<b>Other Financing (Uses)</b>			
Operating transfers to: General Fund	<u>(73,000)</u>	<u>(70,519)</u>	<u>2,481</u>
Excess (deficiency) of revenues over expenditures and other financing uses	-	3,846	3,846
Fund balance, beginning	<u>6,541</u>	<u>1,057</u>	<u>(5,484)</u>
Fund balance, ending	<u>\$ 6,541</u>	<u>\$ 5,003</u>	<u>\$ (1,538)</u>



Town of Eastland  
Special Revenue Fund  
Fire Protection Fund

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended December 31, 2000**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes - Ad Valorem	\$ 16,900	\$ 19,189	\$ 2,289
Federal Grant	93,860	99,861	-
Public Grant	7,608	9,172	1,572
Other Revenue	-	11,993	11,993
Total Revenues	<u>128,368</u>	<u>139,215</u>	<u>10,847</u>
<b>Expenditures</b>			
General Government	7,608	-	-
Licenses & Subscriptions	-	914	-
Insurance	-	1,597	-
Interest	3,808	3,004	-
Legal & Professional Fees	-	3,580	-
Office Expenses	-	393	-
Repairs & Maintenance	-	384	-
Supplies	-	22,482	-
Capital Outlay	126,512	85,326	-
Total Expenditures	<u>138,512</u>	<u>118,687</u>	<u>- (19,825)</u>
Excess (deficiency) of revenues over expenditures	8,856	19,528	10,672
Fund balance, beginning	<u>21,356</u>	<u>26,360</u>	<u>4,871</u>
Fund balance, ending	<u>\$ 30,212</u>	<u>\$ 45,788</u>	<u>\$ 15,576</u>

Town of Roseland  
Special Revenue Fund  
SOLICITING FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended December 31, 2003**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Grants - Federal	\$ -	\$11,265	\$ 11,265
<b>Expenditures</b>			
Administrative	-	2,965	(2,965)
Office Expenses	-	13	(13)
Project construction	-	8,287	(8,287)
Total expenditures	-	11,265	(11,265)
Excess of revenues over expenditures	-	(13)	(13)
<b>Other financing sources</b>			
Transfer from general fund	-	-	
Excess (deficiency) of revenues over expenditures and other financing uses	-	(13)	(13)
Fund balance, beginning	-	13	13
Fund balance, ending	\$ -	\$ -	\$ -

Town of Foxland  
Special Revenue Fund  
2002 (GLTR) Fund

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended December 31, 2002**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Grant - federal	\$ -	\$ 20,158	\$ 20,158
<b>Expenditures</b>			
Administrative	-	5,000	(5,000)
Engineer fees	-	15,158	(15,158)
Project construction	-	-	-
Total expenditures	<u>          -</u>	<u>20,158</u>	<u>(20,158)</u>
Excess of revenues over expenditures	<u>          -</u>	<u>          -</u>	<u>          -</u>
<b>Other financing sources</b>			
Transfer from general fund	-	-	-
Excess (deficiency) of revenues over expenditures and other financing uses	<u>          -</u>	<u>          -</u>	<u>          -</u>
Fund balance, beginning	<u>          -</u>	<u>          -</u>	<u>          -</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Roseland

Proprietary Fund Type - Additional Information  
As of and for the Year Ended December 31, 2003

**WATERWORKS AND SEWER UTILITY REVENUE BONDS**  
**ADDITIONAL INFORMATION**

The resolutions authorizing the issuance of \$704,000 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, 2003:

1) Insurer: Louisiana Municipal Risk Management Agency,  
expiring November 8, 2005 (has been renewed to November 8, 2004)

<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, 2003 (has been renewed to December 29, 2004)

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

3) Insurer: Hanover Insurance Company,  
expiring April 25, 2004

<u>Policy Limit</u>	<u>Risk Covered</u>
\$51,250	Commercial property coverage (Water well & tower)
\$23,960	Commercial property coverage (Lift stations)
\$30,898	Commercial property coverage (C&I well)
\$241,000	Commercial property coverage (Buildings)

4) Insurer: Trinity Universal Insurance Company

\$15,000 Bond on Assistant Clerk expiring March 1, 2004

\$25,000 Bond on Mayor Charles Ensey expiring April 15, 2004

**Town of Rockland**  
**Proprietary Fund Type - Additional Information**  
**As of and for the year ended December 31, 2003 - continued**

S) Insurer: Western Surety Company

\$13,000 Bond on Clerk expiring May 9, 2004

G) Insurer: Lexington Insurance Corporation,  
 expiring August 18, 2004

**Policy Limit**

**Risk Covered**

\$18,000

Commercial Automobile Physical Damage (Police)

T) Insurer: American Alternative Insurance Corporation  
 expiring April 1, 2004

**Policy Limit**

**Risk Covered**

• \$1,000,000 each accident  
 minus deductible

Business Auto Liability on 1973 Cherry Pomper,  
 1998 American LaFrance, and 2002  
 Freightliner Pomper

• \$211,041 minus deductibles on  
 the 2002 Freightliner

2002 Freightliner Pomper - Comprehensive coverage

- b. There were 634 metered water users and 161 users of the sewerage system at December 31, 2003.
- c. There were 583 residential and 41 commercial water users at December 31, 2003.
- d. Aging of water and sewer accounts receivable as of December 31, 2003:

0 - 30 days	\$26,805
Over 30 days	5,892
Over 60 days	6,811
Over 90 days	<u>8</u>
	<u>\$39,516</u>

The Town wrote off 17,730 of uncollectible accounts during the year ended December 31, 2003.

Town of Rutland  
Proprietary Fund Type - Additional Information  
As of and for the year ended December 31, 2003 - (continued)

a. Schedule of water and sewer rates as of December 31, 2003:

Sewer Service Charges

Residential Rates:

Minimum:

\$7.00 base rate for sewer service - for 2,000 gallons water use.  
\$2.00 per thousand gallons all over 2,000 gallons.

Flat Rate in Town:

\$14.00

Commercial Rates:

\$24.00 base rate for sewer service - for 2,000 gallons water use.  
\$2.00 per thousand gallons all over 2,000 gallons.

Wholesale Rates:

\$117.15

State Rates

Residential Rates:

In Town:

\$7.50 per month for the first 2,000 gallons  
\$1.50 per month per thousand or part thereof all over 2,000 gallons

Out of Town:

\$9.50 per month for the first 2,000 gallons  
\$1.60 per month per thousand or part thereof all over 2,000 gallons

Commercial Rates:

In Town:

\$21.50 per month for the first 10,000 gallons  
\$1.00 per thousand or part thereof all over 10,000 gallons

Out of Town:

\$23.50 per month for the first 1,000 gallons  
\$1.60 per month per thousand or part thereof all over 1,000 gallons

Flat Rate Customers:

\$63.00

f. See audit Finding 00-2 for auditor's other comments.

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



**LEE GRAY**  
CERTIFIED PUBLIC ACCOUNTANT

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

The Honorable Mayor Charles M. Bracey 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, 2003, and have issued my report thereon dated June 18, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**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 these 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 in items 03-1, 03-2, 03-6, 03-7, and 03-10.

I also noted certain immaterial instances of noncompliance that I have reported to the management of the Town of Roseland in a separate letter dated June 18, 2004.

**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



**Town of Roseland  
Independent Auditor's Report on Compliance  
and on Internal Control-Continued**

matter 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 00-1, 01-2, 00-3, 00-4, 01-7, 00-8, 00-9, and 02-10.

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 00-4, 00-8, and 00-10 to be a material weakness.

I also noted other matters involving the internal control over financial reporting that I have reported to the management of the Town of Roseland in a separate letter dated June 18, 2004.

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 18, 2004

TOWN OF ROSELAND

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
For the Year Ended December 31, 2000

<b>SECTION 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
02-1 Failure to comply with the Local Government Budget Act/Lawrence Act	Not Resolved- see current year Finding 02-1
02-2 Failure to comply with Bond Resolution	Not Resolved- see current year Finding 02-2
02-3 Failure to comply with the Town's annual leave and sick leave policy	Not Resolved- see current year Finding 02-3
02-4 Failure to comply with Fiscal Agency and Cash Management Laws	Resolved
02-5 Lack of segregation of duties	Not Resolved- see current year Finding 02-4
02-6 Failure to correctly report employee retirement contributions.	Not Resolved- see current year Finding 02-5
02-7 Delinquent payments by an elected official.	Not Resolved- see current year Finding 02-6
02-8 Cell phone use not in compliance.	Not Resolved- see current year Finding 02-7
02-9 Failure to fix compensation of municipal officers by ordinance.	Resolved

<b>SECTION 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS (CONTINUED)</b>	
02-10 Unauthorized purchase by town employee, possible theft.	Unresolvable
02-11 Roseland Volunteer Fire Department.	Resolved
02-12 Inadequate controls over water and sewer receivables.	Not Resolved- see current year Finding 02-8
02-13 Deficiencies in payroll records.	Not Resolved - see current year Finding 02-9
<b>SECTION 2. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
<b>Finding Reference No.</b>	<b>Management's Corrective Action Plan</b>
NONE	NONE
<b>SECTION 3. MANAGEMENT LETTER</b>	
<b>Finding Reference No.</b>	<b>Management's Corrective Action Plan</b>
MGNT-1 Customer Deposits Payable	Resolved
MGNT-2 Minutes appear Incomplete	Not Resolved-see current year MGNT-2
MGNT-3 Millage rate set by resolution.	Not Resolved-see current year MGNT-3
MGNT-4 No Bid Files	Not Resolved-see current year MGNT-4
MGNT-5 Missed Payment on 1992 LCCOB grant repayment.	Not Resolved-see current year MGNT-5
MGNT-6 2001 LCCOB Grant Files	Resolved
MGNT-7 No fire insurance on City Hall and Police Station.	Resolved

TOWN OF ROSELAND

Schedule of Current Year Audit Findings  
Year Ended December 31, 2003

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

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I have audited the financial statements of the Town of Roseland as of and for the year ended December 31, 2003, and have issued my report thereon dated June 18, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2003, resulted in an unqualified opinion.

**Financial Statements**

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

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

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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 (GAGAS).

**03-1 Local Government Budget Act Violations**  
(Reported from Prior Year)

For the year ended December 31, 2003, the General Fund had budgeted expenditures and other uses of \$381,600 compared to actual expenditures and other uses of \$192,606. An unfavorable variance existed of \$189,000 or 49.55%.

Town of Roseland  
Schedule of Financial Statement Findings - Continued

Louisiana Revised Statute (R.S.) 39:1316-13 requires the Town to amend its budget when actual expenditures and other uses exceed the budgeted expenditures and other uses by 5% or more.

The Town should monitor its financial statements at least quarterly and amend the budgets as needed.

For the year ended December 31, 2003, the Town failed to prepare and adopt budgets for the 2001 LCDBG and the 2003 LCDBG special revenue funds.

R.S. 39:1385 requires the Town to prepare a budget for each special revenue fund.

**03-2 Failure to comply with Bond Resolution**  
(Repeated from Prior Year)

In connection with the issuance of certain revenue bonds in 1988, the Town agreed to comply with certain terms of the bond indentures and loan agreements with the Farmers Home Administration (FmHA) and its Rural Utilities Service (RUS). The FmHA, through the Water and Waste Disposal Systems for Rural Communities (CFDA 18.900), loaned the town funds to pay part of the cost of constructing and acquiring improvements to the water system of the town (water system bond issue) and constructing, acquiring, improving, and extending a sewer system for the town, as a combined utility system (sewer system bond issue). As conditions of the loan agreements and bond indentures, FmHA established certain requirements with which the town must comply.

The Town did not comply with the following requirements:

- (1) The loan agreements require the town to establish and maintain a Depreciation and Contingency Fund and make monthly payments to this account.

The terms of the original bond resolution required payments of \$231 per month into the Depreciation and Contingency Fund.

On July 2, 1999, Bruce Beedleson with RUS verbally agreed to amend the Positive Action Plan (PAC) in regards to the monthly deposits to the Depreciation and Contingency Fund. The original PAC agreement called for monthly deposits of \$1,647.20. The amended monthly deposit amount was \$647.20 with \$1,000 required to be paid monthly to the General Fund as an interfund loan balance of \$10,000. The Town was to resume paying the \$1,647.20 when the Waterworks and Sewer Fund repaid this loan in full and funded the customer deposits bank account to a level sufficient to meet the liability.

Town of Roseland  
Schedule of Financial Statement Findings - Continued

At December 31, 2003, the Waterworks and Sewer Fund had not made any payments on its debt to the General Fund. In addition, the Town did not resume paying the full \$1,647.20 monthly payment to the Depreciation and Contingency Fund per the PAC agreement.

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

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

- (2) 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. The current policy for the water tower and well has a coverage limit of \$50,156.

Several years ago, 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 required payments in connection with the Water and Sewer Revenue Bonds.

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

The Town should make the monthly payments required by the Positive Action Plan.

The Town needs to improve its efforts to cut-off delinquent water and sewer customers and collect delinquent accounts receivable.

I recommend that the Town ask RUS for a definition of "fully insured". I realize that additional insurance coverage means additional premium dollars.

**03-3 Annual Leave and Sick Leave Policy**  
(Repealed from Prior Year)

The Town of Roseland Police Department continues to fail to provide and maintain adequate leave records for the police department.

The Chief of Police should comply with maintaining leave records for his employees.

Leave records for the city hall employees are not maintained in a clear and precise manner. Determining the correct amount of leave is difficult and in some cases impossible.

**Town of Roseland**  
**Schedule of Financial Statement Findings - Continued**

The Town administration should develop a new form for recording annual, sick, and compensatory leave. The "Daily Attendance Report" should be revised so that monthly totals are provided along with the amount of leave earned and taken. These two reports should be reconciled on a monthly basis.

**03-4 Lack of Segregation of Duties**  
**(Repeated from Prior Year)**

The Town's clerk is the sole employee involved in the recording, processing, and summarizing of the Town's financial data.

An adequate system of internal control requires an appropriate segregation of duties consistent with control objectives. This deficiency could adversely affect the entity's ability to record, process, and summarize financial data consistent with management's objectives.

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.

**03-5 Employee Retirement Contributions**  
**(Repeated from Prior Year)**

The clerk did not prepare the 2001 amended retirement reports to correct and remit the \$918.50 of under reported contributions.

Again, the clerk did not withhold the correct amount of retirement contributions from the participants. Total employee retirement contributions due from employees for 2001 is \$187.82. The clerk failed to collect the \$261 due from employees for 2002.

The clerk should prepare the 2002 amended retirement reports and remit the contributions. The clerk needs to collect all under withheld contributions from employees, and the clerk needs to proof her calculations each time to prevent errors.

**03-6 Delinquent Payments**  
**(Repeated from Prior Years)**

A certain elected official of the Town of Roseland continues to be delinquent in paying his utility bill and property taxes. This has been going on since 2000.

Elected officials should not receive preferential treatment when enforcing collections.

**83-7 Cell Phone use is not in compliance with Louisiana Constitution and Louisiana Revised Statute**  
(Repeated from Prior Year)

The 1874 Louisiana Constitution prohibits the donation of things of value of the municipality in Article VII, Section 14 (A). Additionally, public officials and their employees have a duty to safeguard the public funds or property belonging to the municipality for which they hold office or are employed. R.S. 42:1461 (A) provides that public officials and employees by act of accepting office or employment assume a personal obligation not to misappropriate, misapply, convert, misuse, or otherwise wrongfully take any funds, property, or other things of value belonging to the municipality. R.S. 14:134 (2) defines malfeasance in office when any public officer or employee shall intentionally perform any such duty in an unlawful manner.

During 2003, the Town paid for four cell phones provided by either Nextel or Cingular. The Town has no cell phone policy. No details of calls have been provided by Nextel or Cingular making it impossible to determine town business use.

One employee has a phone in the Town's name but is responsible for payment of the account. At December 31, 2003, the balance owed on the account was \$ 333.51, approximately 4 months worth of charges.

The employees and officials would be in violation of R.S. 42:1461 (A) if there is personal use of the cell phones for which the Town is not being reimbursed. The employees and officials have an obligation and duty to immediately reimburse the Town for the personal calls made as an act to wrongfully take anything of value belonging to the Town.

Administration should develop a cell phone policy in order to prevent misuse of public funds. This policy should address who qualifies for a cell phone furnished by the Town, prohibit personal use of cell phones, prohibit family members from obtaining cell phones through the Town, and the monitoring of the monthly bills for personal use.

Administration should require the phone companies to provide details of all calls (the Town may have to pay for this service). The Town's staff must monitor personal use.



**Town of Roseland**  
**Schedule of Financial Statement Findings - Continued**

**85-8 Inadequate controls over Water and Sewer Receivables**  
**(Repeated from Prior Year)**

The Town needs to improve controls over the water and sewer receivables. My review of these receivables revealed the following:

- At December 31, 2003, the Town wrote off \$1,130 of uncollectible accounts. As of the date of this report, the inactive accounts now has a balance of \$1,401.
- The Town does not prepare or mail billing statements for inactive accounts.
- There has been no attempt made by administrative personnel to collect these inactive accounts.

The Town needs to strictly enforce the cutoff policy.

The Mayor should establish a policy for the collection of inactive accounts. Also, personnel should be instructed to contact the software company for the utility billings and find out how to print out billing statements for inactive accounts without billing them currently.

**83-9 Payroll**  
**(Repeated from Prior Year)**

The following deficiencies relating to payroll were noted:

- There was one police officer that was paid 340 hours of sick leave and 80 hours of vacation. However, the police department does not maintain leave records so determining if this employee was eligible for this amount of leave was impossible. This same police officer would be paid for working 80 hours when his time card showed less hours worked. When asked about this, the clerk informed me that the officer was salaried. However, this same officer was paid overtime on several occasions.
- Time cards do not reflect authorization.
- There was no documentation in the personnel files to document pay rate changes.
- The totals on the Form W-3 for 2003 do not agree with the totals page of Forms W-2.

Without proper leave records and requests for leave, the clerk should not make payment for any leave. The Mayor and Chief of Police should sign every time card submitted for payment for their respective employees. Each employee's personnel file should have a document indicating their current rate of pay and any future rate changes with the appropriate authorization signed by the Mayor for that change.

Town of Roseland  
Schedule of Financial Statement Findings - Concluded

**69-18 Mayer's Court and Fines**

During my audit, I was unable to determine the amount of fines levied and to be collected. The question of whether the judgments were enforceable was also raised.

Currently, the assistant clerk prepares the court docket. To prepare the court docket, she uses copies of tickets issued, a criminal subpoena, a criminal affidavit, or a police report. Included on the docket is the violator's name, the violation code and description, the issuing officer's name, the amount of the fine, and the equivalent of days in jail. However, the docket does not show those fines paid prior to court nor are those tickets that have been made prosequi prior to court been removed off the docket.

The Magistrate receives a copy of the court docket.

At court the Magistrate does not provide his signature or initials by the final disposition of each case. It is undeterminable as to what the final disposition of each court is. A question raised during the audit, was if the magistrate does not sign off on the final disposition and there is no proof that is the final disposition, is the fine legally enforceable?

If a defendant indicates that they can not pay all of their fine, the Magistrate instructs them to see the Mayor for a payment plan. The Town has a large file box where these records are kept. However, the Town is not taking action against those people who have quit paying their fine.

It was also noted that the Mayor, the Chief of Police, the Magistrate, and police officers are all made prosequi tickets. This is not proper.

The Town needs to improve it's entire court process from docket preparation to assessing and collecting the fines. The Magistrate needs to fill in the amount of the final disposition and sign off on it. The Town official's need to obtain a copy of the "Mayer's Court" handbook and familiarize themselves with the process and understand who has the authority to make prosequi tickets.

TOWN OF ROSELAND

MANAGEMENT'S CORRECTIVE ACTION PLAN  
For the Year Ended December 31, 2003

SECTION I. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
Finding Reference No.	Management's Corrective Action Plan
00-1 Failure to comply with the Local Government Budget Act/Lawson Act	Administration will monitor the budget and actual figures more closely and comply with budget law.
00-2 Failure to comply with Bond Resolution.	a) Mayor will ask FHA for extended cutoff dates. b) The Town will make payments per the PAC agreement when funds come available. c) The Mayor will look into the costs of additional insurance coverage on the system.
00-3 Failure to comply with the Town's annual leave and sick leave policy.	a) The Chief of Police will get with Clerk to resolve the issue with the police department leave records. b) The Clerk has agreed to improve record keeping of the leave records she is responsible for.
00-4 Lack of segregation of duties.	Mayor concurs with auditor's recommendation.
00-5 Failure to amend retirement reports and withhold the correct amount.	Clerk has acknowledged the problem and plans to correct it in 2004.
00-6 Delinquent payments by an elected official	Substantially all arrears have been paid by date of audit. The balance will be paid in 2004.
00-7 Cell phone use not in compliance	The Mayor and Chief of Police will establish a cell phone policy that is workable for the Town.
00-8 Inadequate controls over water and sewer receivables.	The Mayor is working to resolve this problem.
00-9 Deficiencies in payroll records.	a) The Mayor, Chief of Police, and Clerk will establish a pay plan that will be workable for the Town. b) The Mayor and Chief of Police will sign off on all time cards of their respective employees.
00-10 Mayor's Court Fines	Mayor will contact Magistrate and resolve this issue.

Town of Roseland  
 Management's Corrective Action Plan-concluded

SECTION 3. MANAGEMENT LETTER	
Finding Reference No.	Management's Corrective Action Plan
MGNT-1 Minutes appear incomplete	Mayor will instruct Clerk to transcribe minutes of the Town meetings to reflect a complete and accurate recording of events.
MGNT-2 Millage rate set by resolution.	Mayor concurs with auditor's recommendation.
MGNT-3 No bid files maintained.	Mayor will instruct Clerk to comply with auditor's recommendation.
MGNT-4 Missed payment on 1992 LCDBG grant repayment.	The Town will make up the missed payments and will strive to keep current.

Date Submitted: 6-25-04

Auditor: 



**LEE GRAY**  
CERTIFIED PUBLIC ACCOUNTANT

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June 18, 2004

**MANAGEMENT LETTER**

Honorable Mayor Charles H. Bracey  
Members of the Town Council  
Town of Roseland  
Bossier, Louisiana

Dear Mayor and Town Council:

In connection with my audit of the financial statements of the Town of Roseland as of and for the year ended December 31, 2003, I noted a few matters which need to be brought to your attention. These matters and my recommendations concerning them are listed below:

**MGMT-1 Minutes Appear to be Incomplete**  
(Repeated from Prior Year)

Minutes of the town council meeting appear to be incomplete. For example, all bidders bidding on a job were not listed, there was no proof of public hearings being held in some instances, and the proper introduction of an ordinance was not evident.

The clerk should make sure that the transcription of the minutes provides a complete recording of business discussed and action taken at the meetings.

**MGMT-2 Millage rate set by resolution**  
(Repeated from Prior Year)

The Town set the millage rate for the 2000 tax levy by resolution.

It is recommended that the Town council in the future adopt the millage by ordinance. An ordinance allows the tax levy to be legally enforceable.

**MGNT - 3    No bid files maintained**  
(Repeated from Prior Year)

The Town currently does not maintain bid files.

For each item subject to the bid law, a separate file should be maintained. The file should contain phone quotes or bids (if applicable), proof of advertisement, all submitted bids, sign in sheet from the bid opening, bid tally sheet, and a copy of the minutes showing the action taken by the council.

**MGNT -4    Missed Payment on 1992 LCDBG Grant repayment**  
(Repeated from Prior Year)

The Town is required to make monthly payments of \$409.85 to the Office of Community Development for repayment of the 1992 LCDBG grant. The Town failed to pay the March 2003 payment.

Administration should see that all required payments are made to the Office of Community Development per the repayment agreement.

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I thank you and your staff for the helpful cooperation I received during my audit.

Sincerely,



Certified Public Accountant