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TOWN OF ROSEPINE
STATE OF LOUISIANA

ANNUAL FINANCIAL STATEMENTS
WITH AUDITOR'S REPORTS
For the Year Ended June 30, 1999

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

Release Date DEC 22 1999

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INDEPENDENT AUDITOR'S REPORT

The Honorable Jeff James, Mayor
and the Members of The Board of Aldermen
Town of Rosepine, Louisiana

I have audited the accompanying general purpose financial statements of the Town of Rosepine, Louisiana, as of and for the year ended June 30, 1999 as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Rosepine, Louisiana, management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

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

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Rosepine, Louisiana, as of June 30, 1999 and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with GOVERNMENT AUDITING STANDARDS, I have also issued my report dated October 4, 1999 on my consideration of the Town of Rosepine, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws and regulations, contracts and grants.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole.

The Honorable Jeff James, Mayor
and the Members of The Board of Aldermen
Town of Rosepine, Louisiana
Page 2

The combining and individual fund and account group financial statements and 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 Rosepine, Louisiana. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS, and is also not a required part of the general purpose financial statements of the Town of Rosepine, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements; and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

John A. Windham, CPA
DeRidder, Louisiana
October 4, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

TOWN OF ROSEPINE

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1999

ASSETS	Governmental Fund Types	
	<u>General</u>	<u>Capital Projects</u>
Cash	\$ 137,886	\$ 56
Receivables-		
Franchise taxes	7,030	---
Payroll taxes	124	---
Accounts, net of allowance for doubtful accounts	---	---
Other entities	---	---
Federal funds	3,865	---
Due from other funds	---	---
Due from other governmental units	1,476	---
Prepaid expenses	3,296	---
Restricted assets	---	---
Property, Plant and Equipment-net	---	7,920
Amount to be provided for retirement of general long term debt	---	---
	<u> </u>	<u> </u>
Total assets	\$ 153,677	\$ 7,976
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ 3,282	\$ ---
Due to other funds	1,848	56
Payable from restricted assets -		
Bonds	---	---
Accrued interest	---	---
Customers' deposits	---	---
Bonds, mortgage and note payable	---	---
General long-term debt	---	---
	<u> </u>	<u> </u>
Total liabilities	\$ 5,130	\$ 56

Statement A

Proprietary Fund Type <u>Enterprise</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only) 1999</u>
	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	
\$ 192,137	\$ ---	\$ ---	\$ 330,079
---	---	---	7,030
1,010	---	---	1,134
22,161	---	---	22,161
5,716	---	---	5,716
---	---	---	3,865
1,904	---	---	1,904
---	---	---	1,476
3,172	---	---	6,468
82,632	---	---	82,632
1,711,565	118,478	---	1,837,963
<u>\$ ---</u>	<u>---</u>	<u>5,887</u>	<u>5,887</u>
<u>\$2,020,297</u>	<u>\$ 118,478</u>	<u>\$ 5,887</u>	<u>\$ 2,306,315</u>
\$ 7,039	\$ ---	\$ ---	\$ 10,321
---	---	---	1,904
18,642	---	---	18,642
9,312	---	---	9,312
25,205	---	---	25,205
731,182	---	---	731,182
---	---	5,887	5,887
<u>\$ 791,380</u>	<u>\$ ---</u>	<u>\$ 5,887</u>	<u>\$ 802,453</u>

(Continued)

The accompanying notes are an integral part of this statement.

TOWN OF ROSEPINE

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1999

LIABILITIES AND FUND EQUITY	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Capital Projects</u>
Fund equity:		
Contributed capital	\$ ---	\$ ---
Investment in general fixed assets	---	---
Retained earnings -		
Reserved for bond retirement and contingencies	---	---
Unreserved - (deficit)	---	---
Total retained earnings (deficit)	<u>\$ ---</u>	<u>\$ ---</u>
Fund balances -		
Unreserved - undesignated	<u>\$ 148,547</u>	<u>\$ 7,920</u>
Total fund equity	<u>\$ 148,547</u>	<u>\$ 7,920</u>
Total liabilities and fund equity	<u>\$ 153,677</u>	<u>\$ 7,976</u>

Statement A

Proprietary Fund Type <u>Enterprise</u>	<u>Account Groups</u>		Total (Memorandum Only) <u>1999</u>
	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	
\$ 1,447,222 ---	\$ --- 118,478	\$ --- ---	\$ 1,447,222 118,478
29,473 (247,778)	---	---	29,473 (247,778)
<u>\$ (218,305)</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ (218,305)</u>
\$ ---	\$ ---	\$ ---	\$ 156,467
<u>\$ 1,228,917</u>	<u>\$ 118,478</u>	<u>\$ ---</u>	<u>\$ 1,503,862</u>
<u>\$ 2,020,297</u>	<u>\$ 118,478</u>	<u>\$ 5,887</u>	<u>\$ 2,306,315</u>

(Concluded)

The accompanying notes are an integral part of this statement.

TOWN OF ROSEPINE

Statement B

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
Year Ended June 30, 1999

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Revenues:			
Taxes	\$ 52,086	\$ ---	\$ 52,086
Licenses and permits	31,274	---	31,274
Intergovernmental	23,132	440,080	463,212
Fines and forfeits	47,381	---	47,381
Other revenues	2,536	---	2,536
Total revenues	<u>\$ 156,409</u>	<u>\$ 440,080</u>	<u>\$ 596,489</u>
Expenditures:			
General government	\$ 28,151	\$ ---	\$ 28,151
Public safety	71,747	---	71,747
Public works	---	440,080	440,080
Highways and streets	3,702	---	3,702
Total expenditures	<u>\$ 103,600</u>	<u>\$ 440,080</u>	<u>\$ 543,680</u>
Excess of revenues over expenditures	\$ 52,809	\$ ---	\$ 52,809
Fund balance, beginning	<u>95,738</u>	<u>7,920</u>	<u>103,658</u>
Fund balance, ending	<u>\$ 148,547</u>	<u>\$ 7,920</u>	<u>\$ 156,467</u>

The accompanying notes are an integral part of this statement.

TOWN OF ROSEPINE

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 1999

	General Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Taxes	\$ 52,800	\$ 52,086	\$ (714)
Licenses and permits	29,000	31,274	2,274
Intergovernmental	19,400	23,132	3,732
Fines and forfeits	45,700	47,381	1,681
Other revenues	2,570	2,536	(34)
Total revenues	<u>\$ 149,470</u>	<u>\$ 156,409</u>	<u>\$ 6,939</u>
Expenditures:			
General government	\$ 20,000	\$ 28,151	\$ (8,151)
Public safety	85,027	71,747	13,280
Public works	---	---	---
Highways and streets	9,300	3,702	5,598
Total expenditures	<u>\$ 114,327</u>	<u>\$ 103,600</u>	<u>\$ 10,727</u>
Excess of revenues over expenditures	\$ 35,143	\$ 52,809	\$ 17,666
Fund balance, beginning	<u>95,738</u>	<u>95,738</u>	<u>---</u>
Fund balance, ending	<u>\$ 130,881</u>	<u>\$ 148,547</u>	<u>\$ 17,666</u>

Statement C

<u>Capital Project Fund</u>			<u>Totals (Memorandum Only)</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ ----	\$ ----	\$ ----	\$ 52,800	\$ 52,086	\$ (714)
----	----	----	29,000	31,274	2,274
440,080	440,080	----	459,480	463,212	3,732
----	----	----	45,700	47,381	1,681
----	----	----	2,570	2,536	(34)
<u>\$ 440,080</u>	<u>\$ 440,080</u>	<u>\$ ----</u>	<u>\$ 589,550</u>	<u>\$ 596,489</u>	<u>\$ 6,939</u>
\$ ----	\$ ----	\$ ----	\$ 20,000	\$ 28,151	\$ (8,151)
----	----	----	85,027	71,747	13,280
440,080	440,080	----	440,080	440,080	----
----	----	----	9,300	3,702	5,598
<u>\$ 440,080</u>	<u>\$ 440,080</u>	<u>\$ ----</u>	<u>\$ 554,407</u>	<u>\$ 543,680</u>	<u>\$ 10,727</u>
\$ ----	\$ ----	\$ ----	\$ 35,143	\$ 52,809	\$ 17,666
7,920	7,920	----	103,658	103,658	----
<u>\$ 7,920</u>	<u>\$ 7,920</u>	<u>\$ ----</u>	<u>\$ 138,801</u>	<u>\$ 156,467</u>	<u>\$ 17,666</u>

The accompanying notes are an integral part of this statement.

TOWN OF ROSELINE

Statement D

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS - PROPRIETARY FUND TYPE
Year Ended June 30, 1999

	<u>Enterprise Fund</u>
Operating revenues:	
Charges for services	<u>\$ 214,402</u>
Operating expenses:	
Personal services	\$ 94,313
Supplies	12,150
Other services and charges	38,727
Heat, light, and power	22,277
Depreciation	83,036
Amortization	591
Total operating expenses	<u>\$ 251,094</u>
Operating loss	<u>\$ (36,692)</u>
Non-operating revenues (expenses):	
Sales taxes	\$ 76,345
Interest income	5,872
Interest expense	<u>(43,288)</u>
Total non-operating revenues (expenses)	<u>\$ 38,929</u>
Net income	\$ 2,237
Retained earnings, (deficit) beginning	<u>(220,542)</u>
Retained earnings, (deficit) ending	<u>\$ (218,305)</u>

The accompanying notes are an integral part of this statement.

TOWN OF ROSEPINE

Statement E

STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
For the Year Ended June 30, 1999

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Cash received for charges for services	\$ 214,594
Cash payments to suppliers for goods and services	(77,426)
Cash payments to employees for salaries and related benefits	<u>(95,345)</u>
Net cash provided by operating activities	<u>\$ 41,823</u>
Cash flows from noncapital financing activities:	
Sales tax revenue	<u>\$ 76,345</u>
Net cash provided by noncapital financing activities	<u>\$ 76,345</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	\$ (1,401)
Principal paid on long-term debt	(7,376)
Interest paid on long-term debt	(50,285)
Contributed capital transfer	(7,920)
Cost due to bond refinancing	<u>(5,001)</u>
Net cash used for capital and related financing activities	<u>\$ (71,983)</u>
Cash flows from investing activities:	
Interest on cash management activities	<u>\$ 5,872</u>
Net increase in cash and cash equivalents	\$ 52,057
Cash and cash equivalents, beginning of year	<u>222,712</u>
Cash and cash equivalents, end of year	<u>\$ 274,769</u>

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY
OPERATING ACTIVITIES:

Operating loss	<u>\$ (36,692)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	\$ 83,036
Changes in assets and liabilities:	591
Decrease in accounts receivable	1,136
Decrease in prepaid expenses	61
Increase in payroll taxes receivable	(1,032)
Decrease in allowance for doubtful accounts	(669)
Decrease in customer deposit	(275)
Increase in accounts payable	3,287
Increase in due from other funds/entities	<u>(7,620)</u>
Total adjustments	<u>\$ 78,515</u>
Net cash provided by operating activities	<u>\$ 41,823</u>

The accompanying notes are an integral part of this statement.

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 1999

INTRODUCTION

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

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

The Town maintains a general fund that provides police protection for its citizens and repairs and maintenance of approximately 7 miles of roads and streets. The Town also maintains an enterprise fund that provides water and sewer services to approximately 700 residents.

The Town is located within Vernon Parish in the southwestern part of the State of Louisiana and is comprised of approximately 1,500 residents. The governing board is composed of five elected aldermen that are compensated for regular and special board meetings. There are four employees who maintain the water and sewer systems and handle the clerical work of the Town. The police department consists of an elected chief of police and one full time deputy.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Town of Rosepine 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 Rosepine is considered a separate financial reporting entity. The Town of Rosepine, which is the primary government, does not have (a) organizations for which the primary government is financially accountable, and (b) other

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, therefore the Town is also the financial reporting entity.

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 acquisition or construction of general fixed assets, and the servicing of general long term debt. Governmental funds include:

1. General Fund - the general operating fund of the municipality and accounts for all financial resources, except those required to be accounted for in other funds.
2. Capital projects fund - accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

Proprietary Fund

The proprietary fund is used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

sound financial administration. The proprietary fund differs from the governmental fund in that its focus is on income measurement, which together with the maintenance of equity, is an important financial indicator. The proprietary fund includes:

1. Enterprise fund - accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The 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 the funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Revenues are recognized when they become measurable and available as net current assets. Taxpayer assessed income and gross receipts are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt is recognized when due.

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Other Financing Sources (Uses)

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

The proprietary fund is 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 this fund is 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. BUDGET

The primary government municipality uses the following budget practices:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after the publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. The budget for the General Fund and Capital Projects Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

F. ENCUMBRANCES

The Town of Rosepine does not use encumbrance accounting.

G. CASH AND CASH EQUIVALENTS
AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and or any other state of the United States, or under the laws of the United States.

H. INVESTMENTS

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the municipality's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The Town of Rosepine, Louisiana had no investments as of June 30, 1999.

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.

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

J. INVENTORIES

The Town of Rosepine does not maintain an inventory. Purchases are made as needed for repair and maintenance and replacement of existing equipment.

K. PREPAID ITEMS

Prepaid amounts consist of insurance policy premiums paid in advance.

L. RESTRICTED ASSETS

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

Bond sinking funds - The Utility Revenue Bonds dated November 1, 1995 require a monthly deposit into a sinking fund of \$2,600 for payment of principal due each month. The Utility Revenue Refunding Bonds dated June 1, 1998 require a sinking fund deposit paid monthly in advance on or before the 20th day of each month during the period June, 1998 through March, 1999, of \$2,919.94 and thereafter monthly in advance on or before the 20th day of each month of each year. Commencing April, 1999, a sum equal to one-sixth (1/6th) of the interest falling due on the next interest payment date and a sum equal to one-twelfth (1/12th) of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due shall be deposited into the sinking fund.

Bond reserve funds - The Utility Revenue bonds dated November 1, 1995 require a monthly deposit into a reserve fund of \$130 until a \$31,200 balance is accumulated therein. Money in these accounts is used to pay the maturing principal and interest on the bonds when there is not sufficient money in the sinking funds.

Depreciation and contingency funds - The Utility Revenue Bonds dated November 1, 1995 require a monthly deposit into a depreciation and contingency fund of \$133 for the life of the bond. Money in this account is used for repairs and replacement of the existing utility system. The Utility Revenue Refunding Bonds dated June 1, 1998 require a depreciation and contingency fund deposit paid monthly in

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

advance on or before the 20th day of each month, commencing June, 1998, a sum at least equal to five percent (5%) of the amount to be paid into the sinking fund.

M. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are reported in the general fixed assets account group. Public domain or infrastructures are capitalized. Interest costs incurred during construction are not capitalized.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds, net of accumulated depreciation. 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 and useful lives as follows:

Utility Fund -	
Wells	40 years
Storage tanks	40 years
Purification plant	40 years
Lines and meters	40 years
Autos and trucks	5 years
Other equipment	3-15 years
Pump stations	40 years
Lines	40 years
Buildings	40 years

N. COMPENSATED ABSENCES

The Town of Rosepine does not provide for the accumulation and vesting of leave.

O. LONG-TERM OBLIGATIONS

For the primary government, long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations 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.

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

P. FUND EQUITY

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

Reserves

Reserves represent those portions of fund equity not appropriated for expenditure or legally segregated for a specific future use.

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

Q. 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. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers of the primary government are reported as operating transfers.

R. SALES TAXES

The Town of Rosepine receives a one-percent sales tax which is dedicated to the maintenance of the sewer system for a period of 40 years beginning December 14, 1972.

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

S. TOTAL COLUMNS ON COMBINED STATEMENTS

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

2. FUND DEFICITS

The following individual fund had a deficit in its unreserved retained earnings at June 30, 1999:

<u>Fund</u>	<u>Deficit Amount</u>
Enterprise Fund	\$ <u>247,778</u>

The retained earnings deficit of the enterprise fund arises because of the application of generally accepted accounting principles of financial reporting for such funds. Depreciation and amortization, non-cash expenses, contributes to the deficit. Even though the retained earnings deficit exists, the enterprise fund had an overall fund equity of \$1,228,917 at June 30, 1999. The Board of Aldermen will raise user fees to reduce the retained earnings deficit, when needed.

3. LEVIED TAXES

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

	<u>Primary Government</u>		
	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Citywide taxes:			
General corporate tax	5.00	5.00	renewed annually

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents at June 30, 1999:

	<u>Primary Government</u>
Demand deposits	\$ 96,517
Interest-bearing demand deposits	315,544
Petty cash	<u>650</u>
Total	<u>\$ 412,711</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 June 30, 1999, the primary government has \$465,328 in deposits (collected bank balances). These deposits are secured from risk by \$196,517 of federal deposit insurance and \$477,118 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 No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

5. INVESTMENTS

The Town of Rosepine had no investments as of June 30, 1999.

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. RECEIVABLES

The following is a summary of receivables for June 30, 1999:

<u>Class of Receivable</u>	<u>Primary Government</u>	
	<u>General Fund</u>	<u>Proprietary Fund</u>
Taxes:		
Franchise taxes	\$ 7,030	\$ ---
Payroll taxes	124	1,010
Other entities	---	5,716
Utility billing:		
Accounts, net of allowance for doubtful accounts	---	22,161
Total	\$ 7,154	\$ 28,887

As of June 30, 1999 the Town of Rosepine had accounts receivable of \$23,327 and an allowance for doubtful accounts of \$1,166. Accounts receivables are shown as \$22,161, net of the allowance account. The Town has elected to write off bad debts as they are deemed to be uncollectible as determined by management. Bad debts are shown as an expense of operations in the enterprise fund.

7. FIXED ASSETS

The changes in general fixed assets follow:

	<u>Primary Government</u>			
	<u>Balance June 30, 1998</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 1999</u>
Land	\$ 410	\$ ---	\$ ---	\$ 410
Improvements other than buildings	44,898	---	---	44,898
Equipment and furniture	66,945	6,225	---	73,170
Total	\$ 112,253	\$ 6,225	\$ ---	\$ 118,478

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

A summary of proprietary property, plant and equipment follows:

	<u>Primary Government</u>
Land	\$ 15,325
Buildings	80,584
Wells	143,037
Sewer plant & equipment	1,977,174
Mains, storage & equipment	659,464
Fences	9,340
Intangible cost	79,879
Office furniture & fixtures	17,121
Trucks and tractors	63,795
Bond issuance cost	<u>7,097</u>
Total	\$ 3,052,816
Less:	
Accumulated depreciation	(1,340,610)
Accumulated amortization	<u>(641)</u>
Total	<u>\$ 1,711,565</u>

8. PENSION PLAN

Police officers of the Town of Rosepine are members of the Municipal Police Employees Retirement System of Louisiana. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

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

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

established or amended by state statute.

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

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Rosepine 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 Rosepine are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Rosepine contributions to the System for the year ended June 30, 1999, 1998 and 1997 were \$2,868, \$2,573, and \$2,042 respectively, equal to the required contributions for each year.

9. ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at June 30, 1999:

<u>Class of Payable</u>	<u>Primary Government</u>	
	<u>General Fund</u>	<u>Proprietary Fund</u>
Accounts	\$ <u>3,282</u>	<u>7,039</u>

10. LEASES

The Town of Rosepine had no leases as of June 30, 1999.

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

11. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 1999:

	<u>Proprietary Fund</u>		<u>General Fund</u>	
	<u>Bonded Debt</u>	<u>Mortgage Note</u>	<u>Mortgage Note</u>	<u>Total</u>
Long-term obligations payable at June 30, 1998	\$ 712,607	\$ 49,594	\$ 13,115	\$ 775,316
Additions		---	---	
Principal payments	(7,376)	---	(7,228)	(14,604)
Reduction in deferred valuation account	<u>(5,001)</u>	<u>---</u>	<u>---</u>	<u>(5,001)</u>
Long-term obligations payable at June 30, 1999	<u>\$ 700,230</u>	<u>\$ 49,594</u>	<u>\$ 5,887</u>	<u>\$ 755,711</u>

Revenue bonds, are comprised of the following individual issues:

Utilities Revenue Refunding Bonds, Series 1998
 \$247,000 Utilites Revenue Refunding
 Bonds dated 6-1-98, due in average annual installments of \$31,000 through 4-1-10, interest at 7.25%. Proceeds to be used for constructing and acquiring extensions and improvements to the combined waterworks and sewerage systems. \$ 239,624

Utilities Revenue Bonds
 \$500,000 Utilities Revenue Bonds dated 11-1-95; due in monthly installments of \$2,600 beginning 12-1-96 and continuing through 11-1-2035; interest at the rate of 5 1/2 %. Proceeds to be used for constructing and acquiring extensions and improvements to the combined waterworks and sewerage systems including the payment of a bond anticipation note dated 4-20-95 issued to provide interim financing for the project. \$ 485,006

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The annual cash flows required to service the debt as of June 30, 1999, including interest payments of \$792,720, are as follows:

<u>June 30,</u>	<u>Proprietary Fund</u>		<u>General Fund</u>	
	<u>Utilities Revenue Refunding Bonds</u>	<u>Utilities Revenue Bonds</u>	<u>Mortgage Note</u>	<u>Total</u>
2000	\$ 34,349	\$ 31,200	\$ 6,656	\$ 72,205
2001	33,657	31,200	---	64,857
2002	35,082	31,200	---	66,282
2003	34,300	31,200	---	65,500
2004	33,519	31,200	---	64,719
Thereafter	<u>179,044</u>	<u>1,011,400</u>	<u>---</u>	<u>1,190,444</u>
Total	<u>\$ 349,951</u>	<u>\$1,167,400</u>	<u>\$ 6,656</u>	<u>\$1,524,007</u>

The Town of Rosepine has a mortgage note payable in the amount of \$49,594 carried on its books. This note arose years ago when a local subdivision developer paid to have Town water lines run throughout the subdivision. The Town agreed to charge new connecting customers a fee to tap into the Town water line and in turn pay the local developer. A note was signed between the Town and the land developer and the contract was honored for several years. The developer then went bankrupt and relocated. The Town has requested and received a legal opinion from their attorney that states the note should remain on the books but payments need not be made to the bankrupt developer at this time.

12. RESERVED RETAINED EARNINGS

The Enterprise Fund-Utility Fund has reserved retained earnings available as follows:

Sinking funds	\$ 13,829
Reserve funds	19,474
Depreciation and contingency funds	22,608
Customer deposits	<u>26,721</u>
Total	<u>\$ 82,632</u>

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS

Less:

Liabilities payable from restricted assets:	
Current portion of bonds	\$ 18,642
Accrued interest on bonds	9,312
Customer deposits	<u>25,205</u>
Total	<u>\$ 53,159</u>
Reserved retained earnings	<u>\$ 29,473</u>

13. CHANGES IN CONTRIBUTED CAPITAL

The following is a summary of changes in contributed capital:

	<u>Primary Government</u>
	Enterprise Fund
Balance at June 30, 1998	\$ 1,455,142
Additions	---
Deductions	---
Transfer to capital projects fund	<u>(7,920)</u>
Balance at June 30, 1999	<u>\$ 1,447,222</u>

14. YEAR 2000 ISSUE - (Y2K)

The Town of Rosepine has its general ledger and water billing computerized. The Town's water billing program will be updated to handle the Y2K issue by the manufacturer of the software.

The Town of Rosepine has been paying maintenance on their water billing program. The manufacturer has agreed that the maintenance agreement will cover the cost of the Y2K update.

The Town has converted their general ledger program to a program that is Y2K compliant.

SUPPLEMENTAL INFORMATION SCHEDULES

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

TOWN OF ROSEPINE
GENERAL FUND

Schedule 1

BALANCE SHEET
June 30, 1999

ASSETS	<u>1999</u>
Cash	\$ 137,886
Franchise taxes receivable	7,030
Payroll taxes receivable	124
Intergovernmental:	
Federal funds	3,865
Due from other governmental units	1,476
Prepaid insurance	<u>3,296</u>
Total assets	<u>\$ 153,677</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 3,282
Due to utility fund	<u>1,848</u>
Total liabilities	<u>\$ 5,130</u>
Fund balance:	
Unreserved - undesignated	<u>\$ 148,547</u>
Total liabilities and fund balance	<u>\$ 153,677</u>

TOWN OF ROSEPINE
GENERAL FUND

Schedule 2

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 1999

	<u>1999</u>		
	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Revenues:			
Taxes	\$ 52,800	\$ 52,086	\$ (714)
Licenses and permits	29,000	31,274	2,274
Intergovernmental	19,400	23,132	3,732
Fines and forfeits	45,700	47,381	1,681
Other revenues	2,570	2,536	(34)
Total revenues	<u>\$ 149,470</u>	<u>\$ 156,409</u>	<u>\$ 6,939</u>
Expenditures:			
General government	\$ 20,000	\$ 28,151	\$ (8,151)
Public safety	85,027	71,747	13,280
Highways and streets	9,300	3,702	5,598
Total expenditures	<u>\$ 114,327</u>	<u>\$ 103,600</u>	<u>\$ 10,727</u>
Excess of revenues over expenditures	\$ 35,143	\$ 52,809	\$ 17,666
Fund balance, beginning	<u>95,738</u>	<u>95,738</u>	<u>---</u>
Fund balance, ending	<u>\$ 130,881</u>	<u>\$ 148,547</u>	<u>\$ 17,666</u>

TOWN OF ROSEPINE
GENERAL FUND

Schedule 3

SCHEDULE OF REVENUES COMPARED TO BUDGET (GAAP BASIS)
Year Ended June 30, 1999

	<u>1999</u>		Variance -
	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)
Taxes:			
Ad valorem taxes	\$ 16,800	\$ 16,617	\$ (183)
Franchise taxes	36,000	35,469	(531)
Total taxes	<u>\$ 52,800</u>	<u>\$ 52,086</u>	<u>\$ (714)</u>
Licenses and permits:			
Occupational	<u>\$ 29,000</u>	<u>\$ 31,274</u>	<u>\$ 2,274</u>
Intergovernmental:			
Tobacco taxes	\$ 6,000	\$ 5,905	\$ (95)
Federal grants	12,200	16,057	3,857
State grants	<u>1,200</u>	<u>1,170</u>	<u>(30)</u>
Total inter- governmental	<u>\$ 19,400</u>	<u>\$ 23,132</u>	<u>\$ 3,732</u>
Fines and forfeits:			
Traffic fines	<u>\$ 45,700</u>	<u>\$ 47,381</u>	<u>\$ 1,681</u>
Miscellaneous:			
Miscellaneous	\$ 2,400	\$ 2,357	\$ (43)
Interest income			
Copy machine revenue	80	79	(1)
Vending machine revenue	<u>90</u>	<u>100</u>	<u>10</u>
Total other revenue	<u>\$ 2,570</u>	<u>\$ 2,536</u>	<u>\$ (34)</u>
Total revenues	<u>\$ 149,470</u>	<u>\$ 156,409</u>	<u>\$ 6,939</u>

TOWN OF ROSEPINE
GENERAL FUND

Schedule 4

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
Year Ended June 30, 1999

	<u>1999</u>		
	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
General government:			
Supplies	\$ 2,000	\$ 1,080	\$ 920
Other services and charges	6,000	7,664	(1,664)
Heat, light, and power	12,000	13,691	(1,691)
Capital outlay	<u>---</u>	<u>5,716</u>	<u>(5,716)</u>
Total general government	<u>\$ 20,000</u>	<u>\$ 28,151</u>	<u>\$ (8,151)</u>
Public safety:			
Police -			
Personal services	\$ 38,900	\$ 37,464	\$ 1,436
Supplies	1,500	699	841
Other services and charges	36,700	24,397	12,303
Principal paid on long-term debt	7,228	7,228	---
Interest expense	699	699	---
Capital outlay	<u>---</u>	<u>1,300</u>	<u>(1,300)</u>
Total public safety	<u>\$ 85,027</u>	<u>\$ 71,747</u>	<u>\$ 13,280</u>
Highways and streets:			
Street maintenance	<u>\$ 9,300</u>	<u>\$ 3,702</u>	<u>\$ 5,598</u>
Total expenditures	<u>\$ 114,327</u>	<u>\$ 103,600</u>	<u>\$ 10,727</u>

CAPITAL PROJECTS FUND

Water System Improvements - To account for LCDBG grant funds used for improvements to the existing water system and construction of a new waterwell.

TOWN OF ROSEFINE
CAPITAL PROJECTS FUND

Schedule 5

BALANCE SHEET
June 30, 1999

ASSETS	Water System Improvements
Current assets:	
Cash	\$ <u> 56</u>
Property and Equipment Work in progress	\$ <u> 7,920</u>
Total assets	\$ <u> 7,976</u>
LIABILITIES AND FUND BALANCE	
Current liabilities:	
Due to utility fund	\$ <u> 56</u>
Fund Balance	
Unreserved/Undesignated	\$ <u> 7,920</u>
Total liabilities and fund balance	\$ <u> 7,976</u>

TOWN OF ROSEPINE

Schedule 6

CAPTIAL PROJECTS FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (GAAP Basis) and Actual
 Year Ended June 30, 1999

	<u>Water System Improvements</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
LCDBG grant revenue	\$ 440,080	\$ 440,080	\$ ---
Expenditures:			
Land aquisition	\$ 8,850	\$ 8,850	\$ ---
Engineering and other cost	74,495	74,495	---
Construction cost	<u>356,735</u>	<u>356,735</u>	<u>---</u>
Total expenditures	\$ 440,080	\$ 440,080	\$ ---
Excess (deficiency) of revenues over expenditures	\$ ---	\$ ---	\$ ---
Fund balance at beginning of year	\$ 7,920	\$ 7,920	\$ ---
Fund balance at end of year	\$ 7,920	\$ 7,920	\$ ---

ENTERPRISE FUND

Utility Fund - To account for the provisions of water and sewer services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financial and related debt service, and billing and collection.

TOWN OF ROSEPINE
ENTERPRISE FUND

Schedule 7

BALANCE SHEET
JUNE 30, 1999

ASSETS	<u>1999</u>
Current assets:	
Cash	\$ 192,137
Accounts receivable:	
Accounts, net of allowance for doubtful accounts	22,161
Payroll taxes receivable	1,010
Other entities	5,716
Due from general fund	1,848
Due from capital projects fund	56
Prepaid insurance	<u>3,172</u>
Total current assets	<u>\$ 226,100</u>
Restricted assets:	
Bond reserve, sinking fund and contingency account	\$ 55,911
Customers' deposits	<u>26,721</u>
Total restricted assets	<u>\$ 82,632</u>
Plant in service:	
Property, plant, and equipment at cost, net of accumulated depreciation	\$1,705,109
Bond issue cost, net of accumulated amortization	<u>6,456</u>
Total plant in service	<u>\$1,711,565</u>
Total assets	<u>\$2,020,297</u>

(Continued)

TOWN OF ROSEPINE
ENTERPRISE FUND

Schedule 7

BALANCE SHEET (CONTINUED)
June 30, 1999

LIABILITIES AND FUND EQUITY	<u>1999</u>
Liabilities:	
Current liabilities (payable from current assets):	
Accounts payable	\$ <u>7,039</u>
Current liabilities (payable from restricted assets):	
Current portion of bonds	\$ 18,642
Accrued bond interest	9,312
Customers' deposits	<u>25,205</u>
Total current liabilities (payable from restricted assets)	\$ <u>53,159</u>
Long-term liabilities:	
Mortgage note payable	\$ 49,594
Bonds payable	705,989
Deferred refunding valuation	<u>(24,401)</u>
Total long-term liabilities	\$ <u>731,182</u>
Total liabilities	\$ <u>791,380</u>

(Continued)

TOWN OF ROSEPINE
ENTERPRISE FUND

Schedule 7

BALANCE SHEET (CONTINUED)
June 30, 1999

LIABILITIES AND FUND EQUITY	<u>1999</u>
Fund Equity:	
Contributed capital-	
Municipality	\$ 18,313
Federal and state grants	<u>1,428,909</u>
Total contributed capital	<u>\$1,447,222</u>
Retained earnings:	
Reserve for contingency funds	\$ 29,473
Unreserved	<u>(247,778)</u>
Total retained earnings	<u>\$ (218,305)</u>
Total fund equity	<u>\$1,228,917</u>
Total liabilities and fund equity	<u>\$2,020,297</u>
(Concluded)	

TOWN OF ROSEPINE

Schedule 8

ENTERPRISE FUND
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 RETAINED EARNINGS - PROPRIETARY FUND TYPE
 Year Ended June 30, 1999

	1999
Operating revenues:	
Charges for services	\$ <u>214,402</u>
Operating expenses:	
Personal services	\$ 94,313
Supplies	12,150
Other services and charges	38,727
Heat, light, and power	22,277
Depreciation	83,036
Amortization	591
Total operating expenses	\$ <u>251,094</u>
Operating loss	\$ <u>(36,692)</u>
Non-operating revenues (expenses):	
Sales taxes	\$ 76,345
Interest income	5,872
Interest expense	<u>(43,288)</u>
Total non-operating revenues (expenses)	\$ <u>38,929</u>
Net income	\$ 2,237
Retained earnings, (deficit) beginning	<u>(220,542)</u>
Retained earnings, (deficit) ending	\$ <u>(218,305)</u>

TOWN OF ROSEPINE
ENTERPRISE FUND

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS--RESTRICTED ACCOUNTS
REQUIRED BY BOND ORDINANCE
Year Ended June 30, 1999

	FNB Sinking Fund	FNB Depreciation and Contingency Fund
Cash, July 1, 1998	<u>\$ 4,543</u>	<u>\$ 15,957</u>
Cash receipts:		
Transfers from operating cash	\$ 39,986	\$ 1,744
Interest income	<u> ---</u>	<u> 378</u>
Total cash available	<u>\$ 44,529</u>	<u>\$ 18,079</u>
Cash disbursements:		
Principal payments	\$ 14,836	\$ ---
Interest payments	15,333	---
Payments to escrow	5,717	---
Bank fees	<u> 15</u>	<u> ---</u>
Total cash disbursements	<u>\$ 35,901</u>	<u>\$ ---</u>
Cash, June 30, 1999	<u>\$ 8,628</u>	<u>\$ 18,079</u>

Schedule 9

<u>RECD Sinking Fund</u>	<u>RECD Reserve Fund</u>	<u>RECD Depreciation and Contingency Fund</u>	<u>Total</u>
\$ 2,601	\$ 17,503	\$ 2,854	\$ 43,458
\$ 33,800	\$ 1,559	\$ 1,596	\$ 78,685
<u>---</u>	<u>412</u>	<u>79</u>	<u>869</u>
\$ 36,401	\$ 19,474	\$ 4,529	\$ 123,012
\$ ---	\$ ---	\$ ---	\$ 14,836
31,200	---	---	46,533
---	---	---	5,717
<u>---</u>	<u>---</u>	<u>---</u>	<u>15</u>
\$ 31,200	\$ ---	\$ ---	\$ 67,101
\$ 5,201	\$ 19,474	\$ 4,529	\$ 55,911

TOWN OF ROSEPINE

Schedule 10

SCHEDULE OF GENERAL FIXED ASSETS
June 30, 1999

	<u>1999</u>
General fixed assets, at cost:	
Equipment	\$ 73,170
Land	410
Bridge	<u>44,898</u>
Total general fixed assets	<u>\$ 118,478</u>
Investment in general fixed assets:	
General fund revenues	\$ 70,061
Volunteer fire department	3,519
Grant funds	<u>44,898</u>
Total investment in general fixed assets	<u>\$ 118,478</u>

TOWN OF ROSEPINE

Schedule 11

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
Year Ended June 30, 1999

	<u>Equipment</u>	<u>Land</u>	<u>Bridge</u>	<u>Total</u>
General fixed assets, beginning of year	\$ 66,945	\$ 410	\$ 44,898	\$ 112,253
Additions:				
Assets added	<u>6,225</u>	<u>---</u>	<u>---</u>	<u>6,225</u>
Deductions:				
Assets removed	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
General fixed assets, end of year	<u>\$ 73,170</u>	<u>\$ 410</u>	<u>\$ 44,898</u>	<u>\$ 118,478</u>

TOWN OF ROSEPINE

Schedule 12

SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
Year Ended June 30, 1999

<u>Board Member</u>	<u>Total Paid</u>
Carol Bosley	1,150
James Weeks	1,125
Kenneth Harper	1,125
Jimmy Cryer	1,125
Jeff James	500
Todd Fazio	650
	<u>\$ 5,675</u>

TOWN OF ROSEPINE

Schedule 13

Schedule of Expenditures of Federal Awards

Year ended June 30, 1999

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>United States Department of Housing and Urban Development</u>		
Passed through State Division of Administration		
Community Development Block Grants State's Program (State Administered Small Cities Program)	14.228	\$ <u>448,080</u>
<u>United States Department of Justice</u>		
Passed through Louisiana Commission on Law Enforcement		
Law Enforcement Equipment	16.592	\$ 1,170
Community Oriented Policing Services	16.710	<u>12,857</u>
Total		<u>\$ 14,027</u>
Total expenditures of federal awards		<u>\$ 462,107</u>

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Rosepine and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

John A. Windham, CPA

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John A. Windham, CPA

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

The Honorable Jeff James, Mayor
and the Members of The Board of Aldermen
Town of Rosepine, Louisiana

I have audited the general purpose financial statements of the Town of Rosepine, Louisiana, as of and for the year ended June 30, 1999, and have issued my report thereon dated October 4, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Rosepine, Louisiana's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under GOVERNMENT AUDITING STANDARDS. However, I noted certain immaterial instances of noncompliance that I have reported to management of the the Town of Rosepine, Louisiana, in a separate letter dated October 4, 1999.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of Rosepine, 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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over

Honorable Jeff James, Mayor
and the Members of The Board of Aldermen
Town of Rosepine, Louisiana
Page 2

financial reporting that might be material weaknesses. 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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

John A. Windham, CPA
DeRidder, Louisiana
October 4, 1999

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John A. Windham, CPA

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Jeff James, Mayor
and the Members of The Board of Aldermen
Town of Rosepine, Louisiana

I have audited the compliance of the Town of Rosepine, Louisiana, with the types of compliance requirements described in the U. S. OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133 COMPLIANCE SUPPLEMENT that are applicable to each of its major federal programs for the year ended June 30, 1999. The Town of Rosepine, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Rosepine, Louisiana's management. My responsibility is to express an opinion on the Town of Rosepine, Louisiana's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States; and OMB Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Rosepine, Louisiana's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Town of Rosepine, Louisiana's compliance with those requirements.

In my opinion, the Town of Rosepine, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

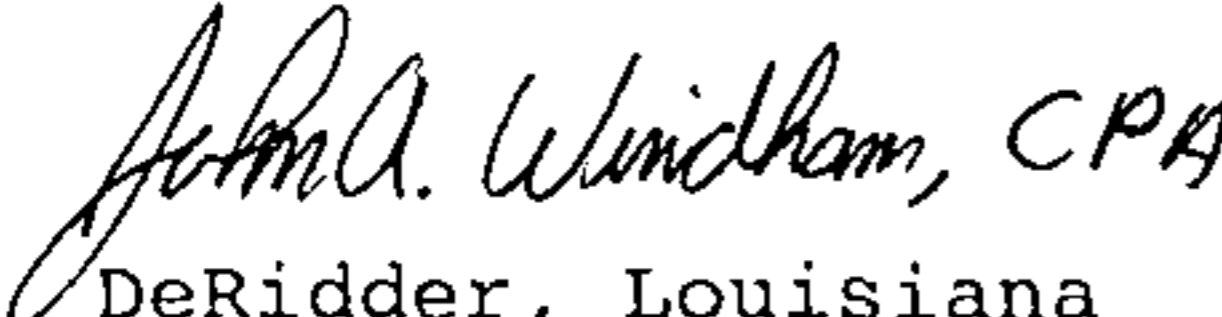
The Honorable Jeff James, Mayor
and the Members of The Board of Aldermen
Town of Rosepine, Louisiana
Page 2

Internal Control Over Compliance

The management of the Town of Rosepine, Louisiana is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the Town of Rosepine, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, Board of Aldermen, Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


DeRidder, Louisiana
October 4, 1999

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 1999

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Town of Rosepine, Louisiana.
2. No reportable conditions relating to the audit of general purpose financial statements are reported in the Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the general purpose financial statements of the Town of Rosepine, Louisiana were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs is reported in the Report on Compliance Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the Town of Rosepine, Louisiana expresses an unqualified opinion.
6. The programs tested as major programs include:
 - Department of Housing and Urban Development
Community Development Block Grant/State's Program
(State-Administered Small Cities Program)
CFDA No. 14.228

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 1999

7. The threshold for distinguishing Types A and B programs was as follows:

DETERMINING TYPE A PROGRAMS

<u>If Total Federal Awards Expended Are:</u>	<u>A "Type A" Program Is Any Program with Federal Awards Expended of:</u>
\$300,000 to \$100 million	The larger of \$300,000 or 3% (.03) of total federal awards expended
\$100,000,001 to \$10 billion	The larger of \$3 million or .3% (.003) of total federal awards expended
Above \$10 billion	The larger of \$30 million or .15% (.0015) of total federal awards expended

DETERMINING "TYPE B" SMALL PROGRAM FLOOR

<u>If Total Federal Awards Expended Are:</u>	<u>A "Type B" Small Program Floor Applies to Any Program with Federal Awards Expended That Exceed:</u>
\$100 Million or less	The larger of \$100,000 or 3% (.03) of total federal awards expended
Above \$100 Million	The larger of \$300,000 or .03% (.003) of total federal awards expended

8. The Town of Rosepine, Louisiana was not determined to be a low-risk auditee.

B. FINDINGS-FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL PROGRAMS AUDIT

None

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John A. Windham, CPA

The Honorable Jeff James, Mayor
and the Members of The Board of Aldermen
Town of Rosepine, Louisiana

In planning and performing my audit of the general purpose financial statements of the Town of Rosepine, Louisiana, for the year ended June 30, 1999, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

Other Comments:

General Fixed Assets

Finding:

The Town of Rosepine, Louisiana does not maintain a listing of its general fixed assets, therefore there is no control over the safeguarding of assets through periodic inventory counts which would be matched to the asset listing with any discrepancies investigated.

Recommendation:

I recommend that the Town take an inventory of it's fixed assets. The assets should be tagged in some manner and responsibility for the asset should be assigned to the department head. At least annually the assets should be inventoried and any discrepancies investigated.

Management's response:

The Town clerk is in the process of taking inventory of fixed assets. At the close of the fiscal year the listing was not complete, but is expected to be completed during the upcoming year.

The Honorable Jeff James, Mayor
and the Members of The Board of Aldermen
Town of Rosepine, Louisiana
Page 2

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe none of the reportable conditions described above is a material weakness.

These conditions were considered in determining the nature, timing, and extent of the audit tests applied in my audit of the June 30, 1999 general purpose financial statements, and this report does not affect my report on those general purpose financial statements dated October 4, 1999. I have not considered the internal control since the date of my report.

This report is intended solely for the information and use of management, and others within the administration, the Board of Aldermen and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

John A. Windham, CPA
DeRidder, Louisiana
October 4, 1999



TOWN OF ROSEPINE

Post Office Box 528

ROSEPINE, LOUISIANA 70659

(318) 463-8908

October 20, 1999

JEFF L. JAMES, Mayor
JAMES D. PARROTT, Chief of Police
MELISSA A. DAVIS, Clerk-Treasurer

90111-1119:19

JAMES F. WEEKS, Alderman, Mayor-Pro tem
VIVIAN C. BOSLEY, Alderman
TODD J. FAZIO, Alderman
JAMES E. CRYER, Alderman
JAMES K. HARPER, Alderman

State of Louisiana
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, La. 70804-9397
Attn: Mr. Dan Kyle, Legislative Auditor

Dear Mr. Kyle:

Our audit report for the year ended June 30, 1999 contained one management letter comment concerning our general fixed assets.

The Town Clerk has been working on creating a general fixed asset ledger. She is in the process of listing all of the Town's assets and assigning responsibility for them to the department heads.

We anticipate that the ledger will be completed within the upcoming year, and that it will be kept up to date, with an inventory of the assets taken at the close of each year thereafter.

If you require further information please notify me.

With best regards,

Jeff James, Mayor
Town of Rosepine