

# TOWN OF ROSELAND, LOUISIANA

## Annual Financial Statements

As of and for the Year Ended December 31, 2020  
With Supplementary Information

**TOWN OF ROSELAND**  
**Annual Financial Statements**  
**As of and for the Year Ended December 31, 2020**  
**With Supplementary Information**

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**TOWN OF ROSELAND, LOUISIANA**  
**Annual Financial Statements**  
**As of and for the Year Ended December 31, 2020**  
**With Supplementary Information**

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**TOWN OF ROSELAND, LOUISIANA**

**Annual Financial Statements  
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# *Minda B. Raybourn*

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Limited Liability Company*

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Member  
AICPA

Member  
LCPA

## **Independent Auditor's Report**

Honorable Mayor Wanda McCoy and  
Members of the Town Council  
To the Town of Roseland  
Roseland, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town Of Roseland, Louisiana (hereinafter referred to as "Town"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town Of Roseland, Louisiana as of and for the year ended December 31, 2020, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Management has omitted the management's discussion and analysis that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such information is the responsibility of management. My opinion on the basis financial statements is not affected by this missing information. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedules listed as Other Supplementary Information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

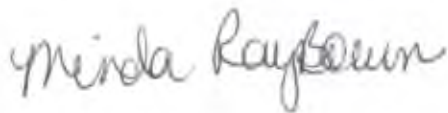
The accompanying schedules listed as Other Supplementary Information in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules listed as Other Supplemental Information in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The December 31, 2019 financial statements were previously audited by other auditors. The December 31, 2019 expressed unmodified opinions on the respective financial statements of governmental activities, the business-

type activities, each major fund, and the aggregate remaining fund information and was dated January 29, 2021. The December 31, 2019 financial statements are not presented with the accompanying financial statements. The information in the accompanying schedules listed as Other Supplemental Information in the table of contents related to the 2019 financial statements is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in the accompanying schedules listed as Other Supplemental Information in the table of contents related to the 2019 financial statements is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2022, based on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town Of Roseland's internal control over financial reporting and compliance.



Minda B. Raybourn CPA  
Franklinton, Louisiana

November 21, 2022



**Basic Financial Statements**  
**Government-Wide Financial Statements**

## Statement A

**TOWN OF ROSELAND**  
**Statement of Net Position**  
**As of December 31, 2020**

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 75,032	99,036	\$ 174,068
Receivables, Net:			
Intergovernmental	73,916	-	73,916
Ad Valorem Taxes	3,722	-	3,722
Accounts and Other	9,155	40,392	49,547
Due From Other Funds	115,720	-	115,720
Prepaid Insurance	4,907	3,104	8,011
Total Current Assets	<u>282,452</u>	<u>142,532</u>	<u>424,984</u>
Restricted Assets:			
Restricted Cash and Cash Equivalents	-	191,775	191,775
Total Restricted Assets	<u>-</u>	<u>191,775</u>	<u>191,775</u>
Capital Assets:			
Land	58,693	6,500	65,193
Construction in Progress	-	-	-
Capital Assets, Net	461,863	1,669,107	2,130,970
Total Capital Assets	<u>520,556</u>	<u>1,675,607</u>	<u>2,196,163</u>
<b>Total Assets</b>	<u>803,008</u>	<u>2,009,914</u>	<u>2,812,922</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	26,210	22,174	48,384
Other Accrued Payables	2,433	1,861	4,294
Due To Other Funds	-	115,720	115,720
Customer Deposits	-	66,340	66,340
Bonds Payable	-	34,168	34,168
Accrued Interest on Long Term Debt	-	435	435
Total Current Liabilities	<u>28,643</u>	<u>240,698</u>	<u>269,341</u>
Long Term Liabilities:			
Bonds Payable	-	258,392	258,392
Total Long Term Liabilities	<u>-</u>	<u>258,392</u>	<u>258,392</u>
<b>Total Liabilities</b>	<u>28,643</u>	<u>499,090</u>	<u>527,733</u>
<b>Net Position</b>			
Net Investment in Capital Assets	520,556	1,383,047	1,903,603
Restricted for:			
Capital Projects and Debt Service	-	125,435	125,435
Unrestricted	253,809	2,342	256,151
<b>Total Net Position</b>	<u>\$ 774,365</u>	<u>\$ 1,510,824</u>	<u>\$ 2,285,189</u>

The accompanying notes are an integral part of this statement

**TOWN OF ROSELAND**  
**Statement of Activities**  
For the year ended December 31, 2020

	Program Revenues					Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Net (Expenses) Revenues	Govern- mental Activities	Business- Type Activities	Total
<b>Governmental Activities</b>								
General Government	\$ 168,176	\$ 57,057	\$ -	\$ -	\$ (111,119)	\$ (111,119)	\$ -	\$ (111,119)
Public Safety	161,334	5,596	-	-	(155,738)	(155,738)	-	(155,738)
Public Works	64,088	-	-	-	(64,088)	(64,088)	-	(64,088)
<b>Total Governmental Activities</b>	<u>\$ 393,598</u>	<u>\$ 62,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (330,945)</u>	<u>\$ (330,945)</u>	<u>\$ -</u>	<u>\$ (330,945)</u>
<b>Business-type Activities</b>								
Water and Sewer	\$ 349,679	\$ 345,665	\$ -	\$ -	\$ (4,014)	\$ -	\$ (4,014)	\$ (4,014)
Bond Interest	19,435	-	-	-	(19,435)	-	(19,435)	(19,435)
<b>Total Business-type Activities</b>	<u>\$ 369,114</u>	<u>\$ 345,665</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,449)</u>	<u>\$ -</u>	<u>\$ (23,449)</u>	<u>\$ (23,449)</u>
<b>General Revenues:</b>								
Taxes:								
Property Taxes						17,971	-	17,971
Sales Taxes						191,464	-	191,464
Franchise Taxes						32,724	-	32,724
Intergovernmental						8,470	-	8,470
Lease Income						58,311	-	58,311
Interest Income						694	1,726	2,420
Miscellaneous						1,802	385	2,187
Transfers In (Out)						-	-	-
<b>Total General Revenues and Transfers</b>						<u>311,436</u>	<u>2,111</u>	<u>313,547</u>
<b>Change in Net Position</b>						<u>(19,509)</u>	<u>(21,338)</u>	<u>(40,847)</u>
<b>Net Position - Beginning</b>						<u>793,874</u>	<u>1,532,162</u>	<u>2,326,036</u>
<b>Net Position - Ending</b>						<u>\$ 774,365</u>	<u>\$ 1,510,824</u>	<u>\$ 2,285,189</u>

The accompanying notes are an integral part of this statement

# Basic Financial Statements

## Fund Financial Statements

**TOWN OF ROSELAND**  
**Balance Sheet - Governmental Funds**  
**As of December 31, 2020**

	<b>General Fund</b>	<b>Fire Protection Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Cash	\$ 51,907	\$ 23,125	\$ 75,032
Receivables, Net:			
Intergovernmental	73,916	-	73,916
Ad Valorem Taxes	3,722	-	3,722
Accounts and Other	9,155	-	9,155
Due From Other Funds	122,544	36,467	159,011
Prepaid Insurance	3,309	1,598	4,907
<b>Total Assets</b>	<b>\$ 264,553</b>	<b>\$ 61,190</b>	<b>\$ 325,743</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
Liabilities:			
Accounts Payable	\$ 25,069	\$ 1,141	\$ 26,210
Other Accrued Expenses	2,433	-	2,433
Due to Other Funds	42,071	1,220	43,291
<b>Total Liabilities</b>	<b>69,573</b>	<b>2,361</b>	<b>71,934</b>
Deferred Inflows of Resources:			
Unavailable Ad Valorem Taxes	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balances:			
Nonspendable	3,309	1,598	4,907
Assigned	-	57,231	57,231
Unassigned Fund Balances	191,671	-	191,671
<b>Total Fund Balances</b>	<b>194,980</b>	<b>58,829</b>	<b>253,809</b>
			-
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 264,553</b>	<b>\$ 61,190</b>	<b>\$ 325,743</b>

The accompanying notes are an integral part of this statement.

**TOWN OF ROSELAND**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Financial Statement of Net Position**  
**As of December 31, 2020**

Amounts reported for governmental activities in the Statement of Net Position are different because:

**Fund Balances, Total Governmental Funds (Statement C)** \$ 253,809

Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.

Governmental capital assets net of depreciation 520,556

Ad valorem taxes collected after year-end, but not available soon enough to pay for current expenditures -

**Net Position of Governmental Activities (Statement A)** \$ 774,365

The accompanying notes are an integral part of this statement

**TOWN OF ROSELAND**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Governmental Funds**  
**For the year ended For the year ended December 31, 2020**

	<u>General Fund</u>	<u>Fire Protection Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Taxes	\$ 238,762	\$ 3,398	\$ 242,160
Licenses and Permits	57,057	-	57,057
Intergovernmental	8,470	-	8,470
Lesse Income	58,311	-	58,311
Fines and Forfeitures	5,596	-	5,596
Interest	384	310	694
Other	1,802	1	1,803
<b>Total Revenues</b>	<u>370,382</u>	<u>3,709</u>	<u>374,091</u>
<b>Expenditures</b>			-
General Government	143,326	-	143,326
Public Safety:			
Police	90,885	-	90,885
Fire	5,761	51,185	56,946
Public Works	61,710	-	61,710
Capital Outlays	-	-	-
<b>Total Expenditures</b>	<u>301,682</u>	<u>51,185</u>	<u>352,867</u>
<b>Excess of Revenues Over (Under)</b>			
<b>Expenditures</b>	<u>68,700</u>	<u>(47,476)</u>	<u>21,224</u>
(Continued)			
<b>Net Change in Fund Balances</b>	<u>68,700</u>	<u>(47,476)</u>	<u>21,224</u>
<b>Fund Balances, Beginning</b>	126,280	106,305	232,585
<b>Fund Balances, Ending</b>	<u>\$ 194,980</u>	<u>\$ 58,829</u>	<u>\$ 253,809</u>

The accompanying notes are an integral part of this statement.

**TOWN OF ROSELAND**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended December 31, 2020**

Amounts reported for governmental activities in the Statement of Activities are different because:

<b>Net Change in Fund Balances, Total Governmental Funds, Statement E</b>	\$	21,224
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets			
Capital asset additions	\$	-	
Less:			
Current year depreciation		(40,733)	(40,733)
		(40,733)	(40,733)
 <b>Change in Net Position of Governmental Activities, Statement B</b>	 \$	 <u>(19,509)</u>	

The accompanying notes are an integral part of this statement



**TOWN OF ROSELAND**  
**Statement of Net Position - Proprietary Funds**  
**As of December 31, 2020**

**Statement G**

**Assets**

Current Assets:

Cash and Cash Equivalents	\$	99,036
Accounts Receivables, Net		38,902
Other Receivables		1,490
Due From Other Funds		-
Prepaid Insurance		3,104
<b>Total Current Assets</b>		<b>142,532</b>

Restricted Assets:

Restricted Cash and Cash Equivalents		191,775
<b>Total Restricted Assets</b>		<b>191,775</b>

Capital Assets

Land		6,500
Capital Assets, Net		1,669,107
<b>Total Capital Assets</b>		<b>1,675,607</b>

**Total Assets**

**2,009,914**

**Liabilities**

Current Liabilities (Payable From Current Assets):

Accounts Payable		22,174
Other Accrued Payables		1,861
Due To Other Funds		115,720
<b>Total Current Liabilities (Payable From Current Assets)</b>		<b>139,755</b>

Current Liabilities (Payable From Restricted Assets):

Customer Deposits		66,340
Revenue Bonds Payable		34,168
Interest Payable on Long Term Debt		435
<b>Total Current Liabilities (Payable From Restricted Assets)</b>		<b>100,943</b>

Long Term Liabilities:

Bonds Payable		258,392
<b>Total Long Term Liabilities</b>		<b>258,392</b>

**Total Liabilities**

**499,090**

**Net Position**

Net Investment in Capital Assets		1,383,047
Restricted for:		
Capital Projects and Debt Service		125,435
Unrestricted		2,342
		<b>2,342</b>

**Total Net Position**

**\$ 1,510,824**

The accompanying notes are an integral part of this statement.

## Statement H

**TOWN OF ROSELAND**  
**Statement of Revenues, Expenses and**  
**Changes in Net Position - Proprietary Funds**  
**For the year ended December 31, 2020**

	<b>Business-Type Activities</b>
	<b>Utility Fund</b>
<b>Operating Revenues</b>	
Water Sales	\$ 225,589
Sewer Service Charges	105,964
Penalties	12,158
Intergovernmental	-
Other	2,339
<b>Total Operating Revenues</b>	<b>346,050</b>
<b>Operating Expenses</b>	
Bad Debts	22,558
Contract Services	24,400
Depreciation	137,857
Equipment Rental	-
Insurance	14,830
Payroll Taxes	3,979
Professional Fees	19,013
Repairs and Maintenance	24,897
Salaries and Wages	52,019
Supplies	8,809
Utilities	27,106
Other	14,211
<b>Total Operating Expenses</b>	<b>349,679</b>
<b>Operating Income (Loss)</b>	<b>(3,629)</b>
<b>Nonoperating Revenues (Expenses)</b>	
Interest Income	1,726
Interest Expense	(19,435)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(17,709)</b>
<b>Income (Loss) Before Transfers</b>	<b>(21,338)</b>
<b>Transfers</b>	
Operating Transfers In	-
Operating Transfers Out	-
<b>Change in Net Position</b>	<b>(21,338)</b>
<b>Total Net Position, Beginning</b>	<b>1,532,162</b>
<b>Total Net Position, Ending</b>	<b>\$ 1,510,824</b>

The accompanying notes are an integral part of this statement.

## Statement I

**TOWN OF ROSELAND**  
**Statement of Cash Flows -**  
**Proprietary Funds**  
**For the year ended December 31, 2020**

	<u>Enterprise Fund</u>
<b>Cash Flows From Operating Activities</b>	
Received From Customers	\$ 357,686
Received (Refunded) for Meter Deposit Fees	3,731
Other Receipts	4,375
Receipt for Interfund Services	2,195
Payments for Operations	(173,666)
Payments to Employees	(55,998)
Net Cash Provided (Used) by Operating Activities	<u>138,323</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Capital Contributions Received	-
Payments for Capital Acquisitions	-
Repayments for Long Term Debt	(31,552)
Interest Payments for Long Term Debt	(19,483)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(51,035)</u>
<b>Cash Flows From Investing Activities</b>	
Receipt of Interest	<u>1,726</u>
Net Cash Provided (Used) by Investing Activities	<u>1,726</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	89,014
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>201,797</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 290,811</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:</b>	
Cash and Cash Equivalents, Unrestricted	\$ 99,036
Cash and Cash Equivalents, Restricted	191,775
Total Cash and Cash Equivalents	<u>\$ 290,811</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>	
Operating Income (Loss)	\$ (3,629)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	137,857
(Increase) Decrease in Accounts Receivable	15,701
Decrease in Other Receivable	310
(Increase) Decrease in Prepaid Insurance	(156)
Decrease in Due (to) and from Other Funds	2,195
(Decrease) Increase in Accounts Payable	(14,814)
(Decrease) Increase in Accrued Expenses	(2,872)
(Decrease) Increase in Customer Deposits	3,731
Net Cash Provided by Operating Activities	<u>\$ 138,323</u>

The accompanying notes are an integral part of this statement.

# Basic Financial Statements

## Notes to the Financial Statements

**Town of Roseland**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2020**

**Introduction**

The Town of Roseland was incorporated January 4, 1892, under the provisions of the Lawrason Act (Louisiana Revised Statutes (R.S.) 33:321-481) of the constitution of the State of Louisiana. The Town is located in the Parish of Tangipahoa and has a population of approximately 880, per the 2020 U.S. Census. The Town operates under a Board of Councilman – 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.

Utility services are provided for 537 water customers, and 292 sewer customers. The Town employs approximately five full-time employees in addition to the Mayor and Board of Aldermen.

The accounting and reporting policies of the Town Of Roseland, Louisiana conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Town of Roseland is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. There are no other component units which the Town of Roseland has an oversight relationship.

**1. Summary of Significant Accounting Policies**

**A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, a primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are presented as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The accompanying basic financial statements of the TOWN OF ROSELAND have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999, and as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the Louisiana Governmental Audit Guide, and to the industry audit guide, *Audits of State and Local Governmental Units*.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net position by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Footnote K—Fund Equity and Net Position*.

The Town has also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The application of this standard to long-term debt offerings of the Town is more fully described in *Footnote J—Long-Term Offerings*.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are

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levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable, if any, due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire Protection Special Revenue Fund* accounts for the receipt and disbursement of a ten-year ten mill ad valorem tax dedicated for acquiring, constructing, improving, maintaining, and operating facilities and equipment to provide fire protection and emergency medical service.

The Town reports the following major proprietary funds:

The *Enterprise Funds* account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees, 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. The Town maintains one Enterprise fund, the Waterworks and Sewer Fund, which provides water and sewer services.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when the liability is incurred or economic asset used. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

When restricted, committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds as needed, unless it has been provided for otherwise in the restriction, commitment, or assignment actions.

**C. Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

Investments for the Town are reported at fair market value. The state investment pool, LAMP, operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Statutes allow the Town to deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, as well as invest in United States bonds, treasury notes, or certificates. These are classified as investments if their maturities exceed 90 days; however, if the maturities are 90 or less, they are classified as cash equivalents.

**D. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.



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All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

**E. Ad Valorem and Sales Taxes**

The Town is permitted by the Municipal Finance Law of the state to levy taxes up to 5.74 mills on the total assessed value for the Town for governmental services other than the payment of principal and interest on long term debt and in required amounts for the payment of principal and interest on long term debt. For the year ended December 31, 2020 taxes of 5.73 mills were levied on property with taxable assessed valuations totaling \$3,359,433 for a total of \$18,767. The taxes were dedicated for general purposes. The levy dedicated for fire protection purpose was not renewed.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The taxes are generally collected in December of the current year, and January and February of the ensuing year. The following is a summary of authorized and levied ad valorem taxes

	<b>Authorized Millage</b>	<b>Levied Millage</b>
General Alimony	5.74 mills	5.73 mills
Fire Protection	0.00 mills	0.00 mills

Sales and use taxes are levied at one percent as authorized by Ordinance Number 158 adopted November 6, 1967. An additional one percent sales and use tax was authorized by the adoption of Ordinance Number 182, which revised and extended the sales tax to two percent effective April 12, 1982 for perpetuity. The original tax ordinance includes a range of eligible expenditures including expenditures for streets and drainage facilities, sewerage and disposal facilities, fire or police department stations, equipment, and furnishings, public parks and recreational facilities, works of permanent public improvement, equipment and furnishings for public improvements and facilities, and expenditures for general operating expenses of the Town.

**F. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**G. Restricted Assets**

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

**H. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their

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estimated fair market value at the date of donation. The municipality maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Effective for fiscal year 2020, the Town no longer capitalizes interest during the construction period on a prospective basis as per GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Improvements	20 - 40 Years
Machinery and Equipment	5 - 15 Years
Water Utility System	20 - 50 Years
Sewer Utility System	20 - 50 Years

**I. 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 one year, five days of leave, after two years, ten days and after four years, fifteen days.

Annual leave accrues without limit. Leave is paid to an employee at the 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. No liability is recorded for leave in the accompanying statements.

Sick Leave is earned at the rate of one day per month. Any unused sick leave at the end of a calendar year may be accrued up to ninety 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.

**J. Long-Term Offerings**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are now expensed in the period incurred under GASB 65.

The Town has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and with the implementation of GASB 65, the recognition of bond-related costs, including the costs related to issuance and refunding of debt, were revised. This standard was intended to compliment

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GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB 65. The Town did not have any bond related costs in the year ending December 31, 2020.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**K. Fund Equity and Net Position**

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 for the government-wide financial statements requires the following components of net position:

- **Net Investment in Capital Assets** - The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
- **Restricted Net Position** - The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- **Unrestricted Net Position** - The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

In the fund statements, governmental fund equity is classified as fund balance. The Town adopted GASB 54 for the year ended December 31, 2011. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

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- **Nonspendable.** These are amounts that cannot be spent either, because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Nonspendable reflects prepaid insurance in the amount of \$4,888.
- **Restricted.** These are amounts that can be spent only for specific purposes, because of constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed.** These are amounts that can be used only for specific purposes determined by a formal decision of the Board, which is the highest level of decision-making authority. To be reported as committed amounts, these cannot be used for any other purposes unless the government takes the same highest-level action to remove or change the constraint.
- **Assigned.** These are amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes based on the discretion of the Board.
- **Unassigned.** These are all other spendable amounts that are available for any purpose. Positive amounts are reported only in the general fund. Also, within other governmental funds, these include expenditure amounts incurred for specific purposes which exceed the amounts restricted, committed, or assigned to those purposes.

**L. Comparative Data/Reclassifications**

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2018, from which the comparative data was derived.

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. All prior period adjustments recorded in the current period have been reflected in prior period data presented wherever possible.

**M. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

**N. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

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**O. Reconciliations of Government-Wide and Fund Financial Statements**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

**2. Stewardship, Compliance and Accountability**

The Town uses the following budget practices:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Town Council 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 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 the increase in expenditures resulting from revenues exceeding amounts estimated require the approval of the Town Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the general and enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

The proposed budget for December 31, 2020 was made available for public inspection November 1, 2019. The proposed budget, prepared on the modified accrual basis of accounting. The public hearing which was held at the Town of Roseland's City Hall on December 12, 2019, for comments by taxpayers. The amended budget was legally adopted by the Town Council on December 12, 2019.

The amended budget, prepared on the modified accrual basis of accounting, for December 31, 2020 was made available for public inspection on November 12, 2020. The public hearing which was held at the

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Town of Roseland's City Hall on December 10, 2020, for comments by taxpayers. The amended budget was legally adopted by the Town Council on December 10, 2020.

As required by state law, General Fund actual revenues and other sources were within five percent of budgeted revenues and actual expenditures did not exceed budgeted expenditures by five percent. The Fire Fund (Special Revenue Fund) actual revenues and other sources were less than five percent of budgeted revenues and actual expenditures and other uses were within five percent of budgeted expenditures and other uses.

**3. Cash and Cash Equivalents**

At December 31, 2020, the Town has cash and cash equivalents (book balances), as follows:

Demand Deposits	\$ <u>365,843</u>
	\$ <u><u>365,843</u></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.

Custodial credit risk as it relates to cash deposits is the risk that in the event of a bank failure, the government's deposits may not be returned. At December 31, 2020, the Town has \$380,554 in deposits (collected bank balances), within one bank, consisting of demand deposits. The demand deposits are secured from risk by \$250,000 of federal deposit insurance and \$130,554 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The \$130,554 of pledged securities are exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are 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 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

*Custodial Credit Risk:* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a formal policy for custodial risk. However, 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.

**4. Investments**

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the town or its agent in the Town's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Town's name

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3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Town's name

At December 31, 2020, the Town's did not hold any investments.

When held, all investments are typically stated on the balance sheet (carrying value) at market value. All investments are in the name of the Town and are held at the Town's office. Because these investments are in the name of the Town and are held by the Town or the Town's agent, the investments are considered insured and registered, Category (1), in applying the credit risk of GASB Codification Section 150.164.

*Interest Rate Risk:* The Town does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value arising from increasing interest rates.

**5. Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends and the period aging and write-off of accounts receivable. Major receivables balances for the governmental activities include sales taxes, franchise taxes, occupational licenses, and fines. Business-type activities report utilities earnings as their major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise taxes, occupational licenses, fines, and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded only if paid within 60 days since they would be considered both measurable and available. Proprietary fund revenues consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable. Included in the allowances for uncollectible amounts are inactive and closed accounts with past-due balances of over 120 days. Inactive accounts with past-due balances of over 120 days totaled \$12,337. Closed accounts with past-due balances of over 120 days totaled \$37,763.

The Governmental Fund receivables at December 31, 2020 consist of the following:

<b>Government Receivables</b>	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Total</b>
Taxes:			
Ad Valorem	\$ 3,722	\$ -	\$ 3,722
Sales Tax Receivable	15,434	-	15,434
Franchise Tax	9,155	-	9,155
Intergovernmental:			
Lease-State of La	58,482	-	58,482
Other Receivables	-	-	-
<b>Total Government Receivables</b>	<b>\$ 86,793</b>	<b>\$ -</b>	<b>\$ 86,793</b>

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The Enterprise Fund accounts receivable at December 31, 2020 consist of the following:		<b>Enterprise</b>
Accounts Receivable		<b>Fund</b>
Current	\$	18,988
31 - 60 Days		6,763
61 - 90 Days		7,580
91 - 120 Days		(2,293)
Over 120 Days		64,501
Subtotal		95,539
Less Allowance for Bad Debt		(64,501)
Accounts Receivables, Net		31,038
Unbilled Receivables		7,864
Total Accounts Receivable	\$	<u>38,902</u>

**6. Restricted Assets**

The following is a listing of the restricted assets for the fund financial statements on December 31, 2020:

The Restricted Assets for all funds at December 31, 2020 consist of the following:

<b>Restricted Assets</b>	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Enterprise Fund</b>	<b>Total</b>
Cash and Cash Equivalents				
Customer Deposits	\$ -	\$ -	\$ 72,778	\$ 72,778
Bond Reserve Account	-		53,730	53,730
Bond Contingency Account	-	-	65,267	65,267
<b>Total Restricted Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,775</u>	<u>\$ 191,775</u>

**7. Interfund Receivables/Payables**

The following is a detailed list of interfund balances for fund financial statements on December 31, 2020:

<b>Interfund Balances</b>	<b>Due From Other Funds</b>	<b>Due To Other Funds</b>
<b>General Fund</b>		
Fire Fund	\$ 1,220	\$ 36,467
Enterprise Fund	115,720	
<b>Special Revenue Funds</b>		
Fire Fund		
General Fund	36,467	1,220
<b>Enterprise Fund</b>		
General Fund		115,720
<b>Total Interfund Balances</b>	<u>\$ 153,407</u>	<u>\$ 153,407</u>



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The reason for the interfund receivables/payables balances is the General Fund pays payroll expenses and accounts payable for other funds.

**8. Capital Assets**

The following is a summary of the changes in capital assets for governmental activities for the fiscal year ended December 31, 2020::

<b>Governmental Activities Capital Assets:</b>	<u><b>Beginning Balance</b></u>	<u><b>Increases</b></u>	<u><b>Decreases</b></u>	<u><b>Ending Balance</b></u>
Capital Assets Not Being Depreciated:				
Land	\$ 58,693	\$ -	\$ -	\$ 58,693
Construction in Progress	-	-	-	
Total Capital Assets Not Being Depreciated	<u>58,693</u>	<u>-</u>	<u>-</u>	<u>58,693</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	818,742	-	-	818,742
Machinery and Equipment	637,184	-	-	637,184
Total Capital Assets Being Depreciated	<u>1,455,926</u>	<u>-</u>	<u>-</u>	<u>1,455,926</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(349,813)	(24,680)	-	(374,493)
Machinery and Equipment	(603,520)	(16,050)	-	(619,570)
Total Accumulated Depreciation	<u>(953,333)</u>	<u>(40,730)</u>	<u>-</u>	<u>(994,063)</u>
Total Capital Assets Being Depreciated, Net	<u>502,593</u>	<u>(40,730)</u>	<u>-</u>	<u>461,863</u>
<b>Total Governmental Activities Capital Assets, Net</b>	<b>\$ <u>561,286</u></b>	<b>\$ <u>(40,730)</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>520,556</u></b>
Depreciation was charged to governmental functions as follows:				
General Government			\$ 24,849	
Public Safety - Police			5,735	
Public Safety - Fire			7,768	
Public Works			2,378	
			<u>\$ 40,730</u>	

Significant capital additions for the fiscal year ending December 31, 2020, included the purchase of a new Kubota zero turn mower.

**Town of Roseland**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2020**

Capital assets and depreciation activity as of and for the year ended December 31, 2020 for business-type activities is as follows:

<b>Business - Type Activities Capital Assets:</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Land	\$ 6,500	\$ -	\$ -	\$ 6,500
Construction in Progress		-		
Total Capital Assets Not Being Depreciated	<u>6,500</u>	<u>-</u>	<u>-</u>	<u>6,500</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	20,640	-	-	20,640
Machinery and Equipment	36,428	13,365	-	49,793
Water Utility System	2,801,906	-	-	2,801,906
Sewer Utility System	2,172,712	-	-	2,172,712
Total Capital Assets Being Depreciated	<u>5,031,686</u>	<u>13,365</u>	<u>-</u>	<u>5,045,051</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(20,640)	-	-	(20,640)
Machinery and Equipment	(34,406)	(4,565)	-	(38,971)
Water Utility System	(1,607,332)	(66,413)	-	(1,673,745)
Sewer Utility System	(1,575,710)	(66,880)	-	(1,642,590)
Total Accumulated Depreciation	<u>(3,238,088)</u>	<u>(137,858)</u>	<u>-</u>	<u>(3,375,946)</u>
Total Capital Assets Being Depreciated, Net	<u>1,793,598</u>	<u>(124,493)</u>	<u>-</u>	<u>1,669,105</u>
<b>Total Business - Type Activities Capital Assets, Net</b>	<b>\$ <u>1,800,098</u></b>	<b>\$ <u>(124,493)</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>1,675,605</u></b>

There were no proprietary fund additions

**9. Interfund Transfers**

There were no interfund transfers between funds for the year ended December 31, 2020.

**Town of Roseland**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2020**

**10. Accounts, Salaries, and Other Payables**

Fund payables at December 31, 2020 are as follows:

<b>Funds Payable</b>	<b>General Fund</b>	<b>Volunteer Fire Fund</b>	<b>Utility Fund</b>	<b>Total</b>
Accounts	\$ 25,069	\$ 1,141	\$ 22,174	\$ 48,384
Payroll Tax Related Liabilities	2,433	-	1,861	4,294
Customer Deposits	-	-	66,340	66,340
Other	-	-	-	-
<b>Total Funds Payable</b>	<b>\$ 27,502</b>	<b>\$ 1,141</b>	<b>\$ 90,375</b>	<b>\$ 119,018</b>

**11. Short-Term Debt**

The Town had no short-term debt outstanding at December 31, 2020, other than the current portions of revenue bonds payables described in the long-term debt footnote.

**12. Capital Leases**

The Town records items under capital leases as an asset and an obligation in the accompanying financial statements. At December 31, 2020, the Town had no capital leases.

**13. Long-Term Obligations**

The following is a summary of long-term obligation transactions for the year ended December 31, 2020:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Long-Term Obligations</b>
	<b>Capital Leases</b>	<b>Certificates of Indebtedness</b>	<b>Capital Leases</b>	<b>Revenue Bonds</b>	
Beginning Balance	\$ -	\$ -	\$ -	\$ 324,653	\$ 324,653
Additions	-	-	-	-	-
Deletions	-	-	-	-	-
Scheduled Payments	-	-	-	(32,093)	(32,093)
Ending Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 292,560</u>	<u>\$ 292,560</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of the long-term obligations:

	<b>Governmental Activities</b>			<b>Business-Type Activities</b>			<b>Total Long-Term Obligations</b>
	<b>Current Portion</b>	<b>Long Term Portion</b>	<b>Total</b>	<b>Current Portion</b>	<b>Long Term Portion</b>	<b>Total</b>	
Governmental Activities							
Capital Leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds	-	-	-	34,168	258,392	292,560	292,560
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,168</u>	<u>\$ 258,392</u>	<u>\$ 292,560</u>	<u>\$ 292,560</u>

Bonds Payable as of December 31, 2020 are as follows:

**Town of Roseland**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2020**

	<b>Bonds Payable End of Year</b>	<b>Due Within One Year</b>
Business Type: \$ 472,500 of Sewer Revenue Bonds, Series A Dated 01/22/88 , due in monthly installments of principal and interest of \$2,758 , through 01/22/2028, interest at 6.34%.	\$ 183,992	\$ 22,000
Business Type: \$ 272,000 of Sewer Revenue Bonds, Series B Dated 5/23/88 , due in monthly installments of principal and interest of \$1,540 , through 05/23/2028, interest at 6.125%.	108,568	12,168
	\$ 292,560	\$ 34,168

The annual requirements to amortize all debt outstanding at December 31, 2020, including interest payments of \$89,614 are as follows:

Year Ending 12/31/2020	\$472,500 Utility Revenue Bonds 91-01			\$272,000 Utility Revenue Bonds 92-03			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 22,000	11,094	\$ 33,094	\$ 12,168	6,312	\$ 18,480	\$ 34,168	\$ 17,406	\$ 51,574
2022	23,444	9,650	33,094	12,934	5,546	18,480	36,378	15,196	51,574
2023	24,983	8,111	33,094	13,749	4,731	18,480	38,732	12,842	51,574
2024	26,623	6,471	33,094	14,615	3,864	18,479	41,238	10,335	51,573
2025	28,371	4,723	33,094	15,536	2,944	18,480	43,907	7,667	51,574
2026 to 2027	58,571	3,735	62,306	39,566	2,950	42,516	98,137	6,685	104,822
	\$ 183,992	\$ 43,784	\$ 227,776	\$ 108,568	\$ 26,347	\$ 134,915	\$ 292,560	\$ 70,131	\$ 362,691

**14. Flow of Funds, Restrictions on Use – Enterprise Fund Bonds**

**Water and Sewer Revenue Bonds**

The Water and Sewer Revenue Bonds, Series A and B, issued by the United States Department of Agriculture, Rural Utilities Service, require that all income and revenues earned or derived from the operation of the system be deposited in the Revenue Fund. Out of the funds on deposit in the Revenue Fund, after reasonable and necessary expenses of operating the system have been paid, moneys are to be transferred to the Reserve Fund and/or the Contingency Fund as provided in the Resolution.

The Reserve Fund is maintained solely for the purpose of paying the principal of and interest on bonds payable as to which there would otherwise be default. A monthly sum equal to one twelfth of five percent of the highest annual bond payments or \$137 for Series A and \$77 for Series B must be deposited into this fund no later than the 20<sup>th</sup> day of each month until \$33,094 for Series A and \$18,480 for Series B is on deposit therein for a total of \$51,574. This Reserve Fund is fully funded at December 31, 2020 with a balance maintained of \$53,730.

The Contingency Fund is established to care for depreciation, extensions, additions, improvements, renewals and replacements necessary to operate properly the System, by transferring from the Revenue Fund on or before the 20<sup>th</sup> day of each month of each year a sum of \$221. In addition to caring for depreciation, extensions, additions, improvements, renewals and replacements necessary to properly operate the System, the money in the Contingency Fund may also be used to pay the principal of and the interest on the bonds including any additional pari passu bonds issued hereafter in the manner provided by

**Town of Roseland**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2020**

the Resolution, for the payment of which there is not sufficient money in the Reserve Funds. This Contingency Fund is fully funded at December 31, 2020 with a balance maintained of \$65,267.

Per Bond Covenants, the Town Council and the Mayor must maintain rates for utility services to provide for the payment of all reasonable and necessary expenses of the System, bond principal and interest payments, and the funding of required reserve accounts. As noted within the *Corrective Action Plan for Current Year Audit Findings* (Finding 2020-C1), the Town is required by bond covenants to shut off delinquent customer accounts water services to a customer whose account is not paid within forty days of the billing date. Past due and delinquent accounts are detailed in Footnote 5- *Receivables*.

**15. Retirement Systems**

All employees of the town are members of the social security system. In addition to employee payroll deductions, Town funds are remitted to match employee contributions. Town contributions to the social security system for the year ended December 31, 2020 were \$15,191.

**16. Fund Balances and Net Position**

At December 31, 2020, the General Fund had a nonspendable fund balance created from \$3,309 of prepaid insurance. The Fire Fund, a special revenue fund, had a nonspendable fund balance created from \$1,598 prepaid insurance and \$57,231 that is assigned at fiscal year-end. The Utility fund has \$6,438 of net position restricted for customer deposits and \$118,997, of net position restricted for debt service.

**17. Risk Management**

The Town is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The Town purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The Town's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year.

**18. Contingent Liabilities**

At December 31, 2020, the Town was not involved in any outstanding litigation or claims.

**19. Subsequent Events**

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic and this pandemic has resulted in federal, state, and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders, and quarantining of people that may have been exposed to the virus. As the COVID-19 pandemic is complex and rapidly evolving, at this point we cannot reasonably estimate the duration or severity of this pandemic nor its impact on the entity, its financial position, change in financial position, or cash flows.

Subsequent events have been evaluated by management through November 21, 2022, the date the financial statements were available to be issued and these financial statements considered subsequent events through such date. No other events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2020,

## Required Supplementary Information (Part II)

**TOWN OF ROSELAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund - Summary**  
**For the year ended For the year ended December 31, 2020**

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 234,000	\$ 234,000	\$ 238,762	\$ 4,762
Licenses and Permits	56,000	56,000	57,057	1,057
Intergovernmental	14,700	6,700	8,470	1,770
Lease Proceeds	-	-	58,311	58,311
Fines and Forfeitures	30,000	4,000	5,596	1,596
Interest	600	600	384	(216)
Miscellaneous	3,500	3,500	1,802	(1,698)
<b>Total Revenues</b>	<b>338,800</b>	<b>304,800</b>	<b>370,382</b>	<b>65,582</b>
<b>Expenditures</b>				
General Government	144,300	144,300	143,326	974
Public Safety:				
Police	117,700	117,700	90,885	26,815
Fire	5,500	5,500	5,761	(261)
Public Works	71,300	71,300	61,710	9,590
Capital Outlays	-	-	-	-
<b>Total Expenditures</b>	<b>338,800</b>	<b>338,800</b>	<b>301,682</b>	<b>37,118</b>
<b>Excess Revenues (Expenditures)</b>	<b>-</b>	<b>(34,000)</b>	<b>68,700</b>	<b>102,700</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(34,000)</b>	<b>68,700</b>	<b>102,700</b>
<b>Fund Balances, Beginning</b>	<b>126,280</b>	<b>126,280</b>	<b>126,280</b>	<b>-</b>
<b>Fund Balances, Ending</b>	<b>\$ 126,280</b>	<b>\$ 92,280</b>	<b>\$ 194,980</b>	<b>\$ 102,700</b>

See Independent Auditor's Report

**TOWN OF ROSELAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund - Detail**  
**For the year ended December 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> GAAP Basis	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Taxes</b>				
Ad Valorem	\$ 22,000	22,000	\$ 14,574	\$ (7,426)
Sales Taxes	180,000	180,000	191,464	11,464
Franchise Taxes	32,000	32,000	32,724	724
<b>Total Taxes</b>	<u>234,000</u>	<u>234,000</u>	<u>238,762</u>	<u>4,762</u>
<b>Intergovernmental</b>				
State Grants	8,000	-	-	-
Beer Tax	1,200	1,200	2,941	1,741
Fire Insurance Rebate	5,500	5,500	5,529	29
Lease Proceeds	-	-	58,311	58,311
<b>Total Intergovernmental</b>	<u>14,700</u>	<u>6,700</u>	<u>66,781</u>	<u>60,081</u>
<b>Other Revenues</b>				
Licenses and Permits	56,000	56,000	57,057	1,057
Fines and Forfeitures	30,000	4,000	5,596	1,596
Interest	600	600	384	(216)
Miscellaneous	3,500	3,500	1,802	(1,698)
<b>Total Other Revenues</b>	<u>90,100</u>	<u>64,100</u>	<u>64,839</u>	<u>739</u>
<b>Total Revenues</b>	<u>338,800</u>	<u>304,800</u>	<u>370,382</u>	<u>65,582</u>

Continued

See Independent Auditor's Report



**TOWN OF ROSELAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund - Detail**  
**For the year ended December 31, 2020**

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
<b>General Government</b>				
Salaries	54,000	54,000	51,663	2,337
Benefits		-		-
Payroll Taxes	4,200	4,200	4,081	119
Advertising		-		-
Bad Debt		-		-
Depreciation		-		-
General and Administrative	2,800	2,800	2,258	542
Insurance	30,000	30,000	23,882	6,118
Vehicle Expenses		-		-
Other operating	5,800	5,800	2,651	3,149
Professional Fees	33,000	33,000	37,324	(4,324)
Rent		-		-
Repairs and Maintenance	1,000	1,000	656	344
Supplies	7,500	7,500	9,125	(1,625)
Telephone		-		-
Utilities	6,000	6,000	11,686	(5,686)
<b>Total General Government</b>	144,300	144,300	143,326	974
<b>Public Safety:</b>				
Police				
Salaries	77,000	77,000	62,887	14,113
Payroll Taxes	6,400	6,400	5,552	848
General and Administrative	2,258	2,258		2,258
Insurance	16,500	16,500	8,457	8,043
Vehicle Expenses	8,000	8,000	6,250	1,750
Other operating	442	442	327	115
Repairs and Maintenance	1,200	1,200	1,904	(704)
Supplies	3,400	3,400	2,030	1,370
Utilities	2,500	2,500	3,478	(978)
Total Police	117,700	117,700	90,885	26,815
Fire				
Insurance	1,500	1,500	1,245	255
Other operating	-	-	176	(176)
Repairs and Maintenance	-	-	383	(383)
Utilities	4,000	4,000	3,957	43
Total Fire	5,500	5,500	5,761	(261)
<b>Total Public Safety</b>	123,200	123,200	96,646	26,554

Continued

See Independent Auditor's Report

**TOWN OF ROSELAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund - Detail**  
**For the year ended December 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Public Works</b>				
Salaries	32,000	32,000	28,225	3,775
Payroll Taxes	2,500	2,500	2,819	(319)
Insurance	2,000	2,000	1,132	868
Vehicle Expenses	11,000	11,000	4,757	6,243
Other operating	1,800	1,800	1,165	635
Repairs and Maintenance	-	-	62	(62)
Supplies	2,000	2,000		2,000
Utilities	20,000	20,000	23,550	(3,550)
<b>Total Public Works</b>	<u>71,300</u>	<u>71,300</u>	<u>61,710</u>	<u>9,590</u>
<b>Capital Outlays</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>338,800</u>	<u>338,800</u>	<u>301,682</u>	<u>37,118</u>
<b>Excess Revenues (Expenditures)</b>	<u>-</u>	<u>(34,000)</u>	<u>68,700</u>	<u>102,700</u>
<b>Net Change in Fund Balances</b>	<u>-</u>	<u>(34,000)</u>	<u>68,700</u>	<u>102,700</u>
<b>Fund Balances, Beginning</b>	<u>126,280</u>	<u>126,280</u>	<u>126,280</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 126,280</u>	<u>\$ 92,280</u>	<u>\$ 194,980</u>	<u>\$ 102,700</u>

Concluded

See Independent Auditor's Report

**TOWN OF ROSELAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual**  
**Special Revenue Fund - Fire Protection**  
**For the year ended December 31, 2020**

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Ad Valorem Taxes	\$ 38,000	\$ 38,000	\$ 3,399	\$ (34,601)
Interest	600	600	310	(290)
<b>Total Revenues</b>	38,600	38,600	3,709	(34,891)
<b>Expenditures</b>				
Public Safety:				
Fire				
Salaries	12,000	24,000	28,233	(4,233)
Payroll Taxes	1,200	2,400	2,739	(339)
General and Administrative	600	600	548	52
Insurance	6,200	6,200	6,415	(215)
Fuel	1,200	1,200	547	653
Other operating	2,400	2,400	1,200	1,200
Professional Fees	2,650	2,650	150	2,500
Repairs and Maintenance	6,000	6,000	5,173	827
Supplies	2,350	2,350	563	1,787
Utilities	4,000	4,000	5,617	(1,617)
<b>Total Expenditures</b>	38,600	51,800	51,185	615
<b>Excess Revenues (Expenditures)</b>	-	(13,200)	(47,476)	(34,276)
<b>Net Change in Fund Balances</b>	-	(13,200)	(47,476)	(34,276)
<b>Fund Balances, Beginning</b>	106,305	106,305	106,305	-
<b>Fund Balances, Ending</b>	\$ 106,305	\$ 93,105	\$ 58,829	\$ (34,276)

See Independent Auditor's Report

## Other Supplementary Information

**TOWN OF ROSELAND**  
**Schedule of Net Position - Proprietary Fund Type**  
**As of December 31, 2020**  
**(with 2019 summarized comparative information)**

	<b>Enterprise Funds</b>	
	<b>12/31/2020</b>	<b>12/31/2019</b>
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 99,036	\$ 22,314
Receivables, Net		
Accounts	38,902	52,877
Prepaid Insurance	3,104	2,948
Other Receivables	1,490	1,800
Due From Other Funds	-	125
Total Current Assets	<u>142,532</u>	<u>80,064</u>
Restricted Assets:		
Restricted Cash and Cash Equivalents	191,775	179,483
Total Restricted Assets	<u>191,775</u>	<u>179,483</u>
Property, Plant, and Equipment		
Land	6,500	6,500
Property, Plant and Equipment, Net	1,669,107	1,793,598
Total Property, Plant, and Equipment	<u>1,675,607</u>	<u>1,800,098</u>
<b>Total Assets</b>	<u>2,009,914</u>	<u>2,059,645</u>
<b>Liabilities</b>		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	22,174	21,360
Other Accrued Payables	1,861	4,733
Due To Other Funds	115,720	113,650
Total Current Liabilities (Payable From Current Assets)	<u>139,755</u>	<u>139,743</u>
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits	66,340	62,609
Revenue Bonds Payable	34,168	32,092
Interest Payable on Long Term Debt	435	483
Total Current Liabilities (Payable From Restricted Assets)	<u>100,943</u>	<u>95,184</u>
Long Term Liabilities:		
Bonds Payable	258,392	292,560
Total Long Term Liabilities	<u>258,392</u>	<u>292,560</u>
<b>Total Liabilities</b>	<u>499,090</u>	<u>527,487</u>
<b>Net Position</b>		
Net Investment in Capital Assets	1,383,047	1,475,446
Restricted for:		
Capital Projects and Debt Service	125,435	116,874
Unrestricted	2,342	(60,162)
<b>Total Net Position</b>	<u>\$ 1,510,824</u>	<u>\$ 1,532,158</u>

See Independent Auditor's Report

## Schedule 5

**TOWN OF ROSELAND**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**Proprietary Fund Type**  
**For the year ended December 31, 2020**  
**(with 2019 summarized comparative information)**

	<b>Enterprise Funds</b>	
	<b>12/31/2020</b>	<b>12/31/2019</b>
<b>Operating Revenues</b>		
Water Sales	\$ 225,589	\$ 220,964
Sewer Service Charges	105,964	99,850
Penalties	12,158	10,363
Intergovernmental		-
Other	2,339	2,215
<b>Total Operating Revenues</b>	<b>346,050</b>	<b>333,392</b>
<b>Operating Expenses</b>		
Bad Debt	22,558	20,693
Contract Services	24,400	30,360
Depreciation	137,857	125,575
Equipment Rental	-	750
Insurance	14,830	20,833
Payroll Taxes	3,979	4,932
Professional Fees	19,013	17,450
Repairs and Maintenance	24,897	64,604
Salaries and Wages	52,019	69,293
Supplies	8,809	9,179
Utilities	27,106	18,682
Other	14,211	17,935
<b>Total Operating Expenses</b>	<b>349,679</b>	<b>400,286</b>
<b>Operating Income (Loss)</b>	<b>(3,629)</b>	<b>(66,894)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Interest Income	1,726	1,514
Interest Expense	(19,435)	(21,386)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(17,709)</b>	<b>(19,872)</b>
<b>Income (Loss) Before Contributions &amp; Transfers</b>	<b>(21,338)</b>	<b>(86,766)</b>
<b>Contributions and Transfers</b>		
Capital Contributions	-	670,059
Operating Transfers In	-	-
Operating Transfers Out	-	-
<b>Change in Net Position</b>	<b>(21,338)</b>	<b>583,293</b>
<b>Total Net Position, Beginning</b>	<b>1,532,162</b>	<b>948,869</b>
Before Prior Period Adjustments	1,532,162	948,869
Prior Period Adjustments (Note 18)		
Total Net Assets, Beginning After Prior	1,532,162	948,869
<b>Total Net Position, Ending</b>	<b>\$ 1,510,824</b>	<b>\$ 1,532,162</b>

See Independent Auditor's Report

**TOWN OF ROSELAND**  
**Schedule of Cash Flows**  
**Proprietary Fund Type**  
**For the year ended December 31, 2020**  
**(with 2018 summarized comparative information)**

	<b>Enterprise Funds</b>	
	<u>12/31/2020</u>	<u>12/31/2019</u>
<b>Cash Flows From Operating Activities</b>		
Received From Customers	\$ 357,686	\$ 353,067
Received (Refunded) for Meter Deposit Fees	3,731	(7,255)
Other Receipts	4,375	1,732
Receipt (Paid) for Interfund Services	2,195	(24,880)
Payments for Operations	(173,666)	(187,819)
Payments to Employees	(55,998)	(74,225)
Net Cash Provided (Used) by Operating Activities	<u>138,323</u>	<u>60,620</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Capital Contributions Received	-	670,059
Payments for Capital Acquisitions	-	(670,059)
Principal Proceeds from (Repayments for) Long Term Debt	(31,552)	(30,142)
Interest Payments for Long Term Debt	(19,483)	(21,431)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(51,035)</u>	<u>(51,573)</u>
<b>Cash Flows From Investing Activities</b>		
Receipt of Interest	1,726	1,514
Net Cash Provided by Investing Activities	<u>1,726</u>	<u>1,514</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	89,014	10,561
<b>Cash and Cash Equivalents, Beginning of Year</b>	201,797	191,236
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 290,811</u>	<u>\$ 201,797</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:</b>		
Cash and Cash Equivalents, Unrestricted	\$ 99,036	\$ 22,314
Cash and Cash Equivalents, Restricted	191,775	179,483
Total Cash and Cash Equivalents	<u>\$ 290,811</u>	<u>\$ 201,797</u>

(Continued)

See Independent Auditor's Report

**TOWN OF ROSELAND**  
**Schedule of Cash Flows**  
**Proprietary Fund Type**  
**For the year ended December 31, 2020**  
**(with 2018 summarized comparative information)**

	<b>Enterprise Funds</b>	
	<u>12/31/2020</u>	<u>1905</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)</b>		
<b>by Operating Activities</b>		
Operating Income (Loss)	\$ (3,629)	\$ (66,898)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided		
by Operating Activities:		
Depreciation	137,857	125,575
(Increase) Decrease in Accounts Receivable	15,701	21,894
(Increase) Decrease in Other Receivable	310	(483)
(Increase) Decrease in Prepaid Insurance	(156)	(150)
(Increase) Decrease in Due (to) and from Other Funds	2,195	(24,880)
Increase (Decrease) in Accounts Payable	(14,814)	14,485
Increase (Decrease) in Accrued Expenses	(2,872)	(1,668)
Increase (Decrease) in Customer Deposits	3,731	(7,255)
Net Cash Provided by Operating Activities	<u>\$ 138,323</u>	<u>\$ 60,620</u>

See Independent Auditor's Report  
(Concluded)



**TOWN OF ROSELAND**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**Budget (GAAP Basis) and Actual, Proprietary Fund Type, Water and Sewer Utility System**  
**For the year ended December 31, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating Revenues</b>			
Water Sales	\$ 215,000	\$ 225,589	\$ 10,589
Sewer Charges	102,000	105,964	3,964
Penalties	12,000	12,158	158
Intergovernmental	-	-	-
Other	2,100	2,339	239
<b>Total Operating Revenues</b>	<u>331,100</u>	<u>346,050</u>	<u>14,950</u>
<b>Operating Expenses</b>			
Bad Debts	-	22,558	(22,558)
Contract Services	19,200	24,400	(5,200)
Depreciation	108,000	137,857	(29,857)
Equipment Rental	-	-	-
Insurance	20,000	14,830	5,170
Payroll Taxes	5,400	3,979	1,421
Professional Fees	17,000	19,013	(2,013)
Repairs and Maintenance	36,600	24,897	11,703
Salaries and Wages	62,000	52,019	9,981
Supplies	8,000	8,809	(809)
Utilities	24,000	27,106	(3,106)
Other	10,600	14,211	(3,611)
<b>Total Operating Expenses</b>	<u>310,800</u>	<u>349,679</u>	<u>(38,879)</u>
<b>Operating Income (Loss)</b>	<u>20,300</u>	<u>(3,629)</u>	<u>(23,929)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	1,200	1,726	526
Interest Expense	(21,500)	(19,435)	2,065
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(20,300)</u>	<u>(17,709)</u>	<u>2,591</u>
<b>Change in Net Position</b>	<u>\$ -</u>	<u>\$ (21,338)</u>	<u>\$ (21,338)</u>

See Independent Auditor's Report

Schedule 8

**Town of Roseland  
Schedule of Water and Sewer Rates  
Proprietary Fund Type  
For the year ended December 31, 2020**

Water	
Residential Rates	Commercial Rates
<b>In Town</b>	<b>In Town</b>
\$ 24.25 - Base Charge	\$ 43.25 - Base Charge
\$ 1.90 - Per 1,000 Gallons of Water over 2,000 Gallons	\$ 1.90 - Per 1,000 Gallons of Water over 10,000 Gallons
<b>Out of Town</b>	<b>Out of Town</b>
\$ 28.25 - Base Charge	\$ 61.25 - Base Charge
\$ 2.00 - Per 1,000 Gallons of Water over 2,000 Gallons	\$ 2.00 - Per 1,000 Gallons of Water over 10,000 Gallons
	\$ 103.00 - Flat Rate Customers
Sewer	
Residential Rates	Commercial Rates
<b>Metered</b>	
\$ 18.00 - Base Charge	\$ 67.00 - Base Charge
\$ 3.25 - Per 1,000 Gallons of Water over 2,000 Gallons	\$ 3.25 - Per 1,000 Gallons of Water over 2,000 Gallons
<b>In Town</b>	<b>Wholesale</b>
\$ 31.00 - Flat Rate	\$ 152.00

**Schedule of Number of Customers  
Proprietary Fund Type  
For the year ended December 31, 2020**

	Residential	Commercial	School	Total
Water	500	36	1	537
Sewer	273	18	1	292
<b>Total</b>	773	54	2	829

See Independent Auditor's Report

**TOWN OF ROSELAND**  
**Schedule of Insurance**  
**For the year ended December 31, 2020**

<u>Insurance Company / Policy Number</u>	<u>Coverage</u>	<u>Amount</u>	<u>Period</u>
Louisiana Municipal Risk Management Agency 100-1241-2019-17338	Commercial General Liability	\$ 500,000	11/6/2020 to 11/6/2021
	Commercial Automobile	500,000	
	Law Enforcement Officer's Comprehensive Liability	500,000	
	Public Officials' Errors and Omissions Liability	500,000	
Group # 70-0303	Workers Compensation at Statutory Limitations		12/29/2020 to 12/29/2021
American Alternative Insurance Corporation PF-6050522-02	Commercial Property Coverage Water and Sewer Dept. Property	2,189,110	5/5/2020 to 5/5/2021
	Commercial General Liability	3,000,000	
	Personal & Advertising Injury	1,000,000	
	Each Occurrence	1,000,000	
	Fire Damage	1,000,000	
	Employee Theft	10,000	
Underwriters at Lloyd's, London LA134288	Commercial Property Coverage-Warehouse	1,200,000	5/6/2020 to 5/6/2021
American Alternative Insurance Corporation VFIS-CM1051305-11	Business Auto Liability - Fire Department	1,000,000	4/1/2020 to 4/1/2021
	Physical Damage for Vehicles	per accident As Scheduled	

See Independent Auditor's Report.

**Schedule 10**

**TOWN OF ROSELAND**  
**Schedule of Compensation Paid to Board Members**  
**For the year ended December 31, 2020**

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>
Wanda McCoy, Mayor (225) 362-3528	P.O. Box 511 Roseland, Louisiana 70456	\$ 16,200
Kevin Robinson, Council Member (985) 517-6619	P.O. Box 95 Roseland, Louisiana 70456	2,700
Charles Davis, Council Member (985) 286-3699	12359 Roseland Avenue Roseland, Louisiana 70456	-
Rose Bennett, Council Member (985) 474-5034	63061 Church Street Roseland, Louisiana 70456	2,625
Sandra Turner, Council Member (985) 748-9589	P.O. Box 89 Roseland, Louisiana 70456	2,700
Ruthie Vernon, Council Member (985) 791-1796	12184 Buchanan Lane Roseland, Louisiana 70456	2,700
		\$ <u>26,925</u>

All terms expire December 31, 2020.

See Independent Auditor's Report

**TOWN OF ROSELAND**  
**Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head**  
**For the year ended December 31, 2020**

**Agency Head Name: Wanda McCoy, Mayor**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 16,200
Employer Paid Payroll Taxes	1,239
Total	\$ <u>17,439</u>

See Independent Auditor's Report.

**TOWN OF ROSELAND, LOUISIANA**  
**Justice System Funding Schedule - Collecting/Disbursing Entity**  
 As Required by Act 87 of the 2020 Regular Legislative Session

<b>Cash Basis Presentation</b>	<b>First Six Month Period Ended 06/30/20</b>	<b>Second Six Month Period Ended 12/31/20</b>
<b>Beginning Balance of Amounts Collected (i.e. cash on hand)</b>	-	-
<b>Add: Collections</b>		
Criminal Fines - Other	2,120	3,476
<b>Subtotal Collections</b>	<b>2,120</b>	<b>3,476</b>
<b>Less: Amounts Retained by Collecting Agency</b>		
Town of Roseland Criminal Fees, Other	2,120	3,476
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	-	-
<b>Subtotal Disbursements/Retainage</b>	<b>2,120</b>	<b>3,476</b>
<b>Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)</b>	<b>-</b>	<b>-</b>
<b>Ending Balance of "Partial Payments" Collected but not Disbursed</b> <i>(only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained</i>	-	-
<b>Other Information:</b>		
Ending Balance of Total Amounts Assessed but not yet Collected <i>(i.e. receivable balance)</i>	-	-
Total Waivers During the Fiscal Period <i>(i.e. non-cash reduction of receivable balances, such as time served or community service)</i>	-	-

See independent auditor's report.

Schedule of Findings and Responses  
For the Year Ended December 31, 2020

Section I Summary of Auditor's Reports

*Financial Statements*

a. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified  Qualified   
Disclaimer  Adverse

b. *Report on Internal Control and Compliance Material to the Financial Statements*

Internal Control:

Material Weaknesses  Yes  No Significant Deficiencies  Yes  No

Compliance:

Noncompliance Material to Financial Statements  Yes  No

*Federal Awards – N/A*

Internal Control over Major Federal Programs:

Material Weaknesses  Yes  No Significant Deficiencies  Yes  No

Type of auditor's report issued on compliance for major federal programs:

Unmodified  Qualified   
Disclaimer  Adverse

Are there findings required to be reported in accordance with 2 CFR 200.516(a)?

Yes  No

Was a management letter issued?

Yes  No

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs: \$ \_\_\_\_\_

Is the auditee a 'low-risk' auditee, as defined by the Uniform Guidance?  Yes  No

Schedule of Findings and Responses  
For the Year Ended December 31, 2020

**Section II Financial Statement Findings**

**Finding 2020-I1: Inadequate Segregation of Duties (Significant Deficiency)**

Criteria: Proper segregation of incompatible duties requires that there be different individuals responsible for authorizing transactions, recording transactions and maintaining custody of related assets.

Condition: The Town has few administrative employees. Consequently, some duties throughout the financial reporting process, which are considered incompatible, are being performed by the same individual(s). The Town has implemented certain compensating controls internally and works with an external CPA as well. Also, incompatible duties in the expenditure and disbursement process were performed by the mayor during the fiscal year.

Cause: Due to the size and nature of the Town, there are few administrative employees and as such, some incompatible duties are not adequately segregated. The Town does have dual signature checks with the Mayor and the Clerk since 2016.

Effect: Inadequate segregation of duties exposes the Town to several risks, including, but not limited to misappropriation of assets and inaccurate or fraudulent financial reporting.

Recommendation: The Town should continue to explore ways to segregate incompatible duties possibly through the use of other personnel or staff, Board members, and use of the Town's outside CPA as appropriate. The Town should also add a Board member as an approved signer.

Management's Response: While the Town has taken steps to mitigate the risks arising from incompatible duties, it will continue to explore additional avenues for segregating duties. The Town added a Board member as an approves signer in February 2019, Sandra Turner.

**Contact Person:**

Wanda McCoy, Mayor  
P.O. Box 511, Roseland, LA 70456, (985-748-9063)

**Finding 2020-I2: Inadequate Controls over the Utility Billing System (Material Weakness)**

Criteria: Effective operation of a utility billing system and an effective internal control system requires the design and operation of standardized procedures related to input and reconciliation of billings, adjustments and collections for optimization and collection of major revenue sources and assurance that related financial data is accurate and complete, and the Town's assets are safeguarded.



Schedule of Findings and Responses  
For the Year Ended December 31, 2020

Condition: The Town lacks complete standardized procedures for effective operation of a utility billing system and proper working internal controls over some transactions related to the system. Specifics of the condition are as follows:

- The Town did not maintain strict adherence to its cutoff policy throughout the year. The Town lacks adequate controls to identify past due amounts and perform timely disconnecting of service. The Town also lacks procedures to provide sufficient effort in collecting delinquent accounts.
  - As noted in the prior year audit, included at December 31, 2015, within the receivables balance were closed accounts at \$36,818 and inactive accounts at \$8,889, totaling \$45,707. As part of the financial audit for the fiscal year ending December 31, 2015, these accounts were adjusted out of the current receivables balance, to leave a total of \$52,642 as the current accounts receivable balance, although after adjustment a total \$21,250 was still in the over 90 days past due category. Included at December 31, 2016, within the receivables balance were closed accounts of \$8,836 and inactive accounts of \$3,767, totaling \$12,603 (\$9,369 of this amount is delinquent). Additionally, at December 31, 2016, within the receivables balance were active accounts of \$62,206 of which, \$37,143.42 was delinquent. Included at December 31, 2017, within the receivables balance were closed accounts of \$4,888 and inactive accounts of \$15,938, totaling \$20,826 (\$20,607 of this amount is delinquent). Additionally, at December 31, 2017, within the receivables balance were active accounts of \$59,572 of which, \$24,647 was delinquent. Included at December 31, 2018, within the receivables balance were closed accounts of \$21,682 and inactive accounts of \$18,567, totaling \$40,249 (\$39,788 of this amount is delinquent). Additionally, at December 31, 2018, within the receivables balance were active accounts of \$50,494 of which, \$12,243 was delinquent. Included at December 31, 2019, within the receivables balance were closed accounts of \$35,737 and inactive accounts of \$8,537, totaling \$44,274 (\$41,943 of this amount is delinquent by over 120 days). Additionally, at December 31, 2019, within the receivables balance were active accounts of \$49,178 of which, \$14,917 was delinquent.
  - Included at December 31, 2020, within the receivables balance were closed accounts of \$42,388 and inactive accounts of \$14,029 totaling \$56,416 (\$50,099 was delinquent by over 120 days). Additionally, at December 31, 2020, within the receivables balance were active accounts of \$39,122 of which, \$14,401 was delinquent.
  - Customers with promissory note agreements to pay delinquent accounts were not disconnected from service in a timely manner when the terms of the agreement were not honored. Additionally, the customers were reconnected upon a partial payment when the terms of the agreement stipulate that full payment would be required. A sample of delinquent accounts totaling \$13,100 were sampled for collectability at the end of 2021. Of this amount \$4,309 were paid by February 2022 leaving an uncollected balance of \$8,791 that was still owed to the Town.
  - The town was unable to provide documentation of referral of closed or inactive accounts or of delinquent active accounts to legal counsel for collection procedures.

**Schedule of Findings and Responses  
For the Year Ended December 31, 2020**

- During 2020, COVID 19 conditions drastically decreased the Town's ability to perform cutoffs on delinquent customers. In addition, the office was closed for a considerable amount of time. Personnel were not readily available to do cutoffs.
- As noted in the prior year audit, the utility system software has features that have not been activated that allow the application of meter deposit refunds, necessary to determine more accurately the balance owed by customers.

Cause: There is a lack of complete standardized procedures and a lack of properly designed and operating internal controls over some aspects of utility billings and collections, likely resulting from a lack of adequate understanding of the utility billing system and transactions and an override of present controls.

In addition as stated under Condition, COVID 19 impeded the Town's ability to do cut offs on delinquent accounts. The office was closed due to COVID 19. These conditions caused the rise in the delinquencies.

Effect: Failure to design and follow effective standardized procedures for operation of a utility billing system and failure to design and operate effective internal controls over the transactions related to the system exposes the Town to several risks, including, but not limited to, misappropriation of assets and inaccurate or fraudulent financial reporting. As a result, material misstatement in the Town's financial statements may not be prevented or detected.

Recommendation: The Town must continue to seek help in better understanding the utility billing system software. The Town should ensure that its employees obtain a full understanding of the transactions surrounding utility billing and collections. Finally, the following specific recommendations are made in the current year:

- Standardized procedures should be developed for monitoring delinquent accounts and adequately pursuing collection of such accounts. The Town should adhere to a strict cutoff policy.
- All customer billing and account adjustments should be fully documented and approved and supporting documentation retained. Additionally, all customer billing and account adjustments must be entered into the utility billing system and an adjustments report should be run from the utility billing system for presentation to the Board and approval by the Board.
- The customer deposit listing should be reconciled to the bank statement and general ledger, and any differences investigated. The utility billing system should then be used to continuously monitor the customer deposit listing.

Management's Response: The Town will consider implementing all of the Auditor's recommendations immediately.

Schedule of Findings and Responses  
For the Year Ended December 31, 2020

**Contact Person:**

Wanda McCoy, Mayor  
P.O. Box 511, Roseland, LA 70456, (985-748-9063)

**Finding 2020-C1: Bond Requirements (Noncompliance)**

Criteria: Loan assistance for the Town Of Roseland consists of bonds financed by the United States Department of Agriculture (USDA), Rural Development. Revenue bond agreements require the Town to establish rates sufficient to pay bond installments and fund required reserves, and to disconnect delinquent accounts over 90 days past due.

Condition: Failure to cut off services on delinquent accounts as previously described in Finding 2020-I2.

Cause: There is a lack of complete standardized procedures and a lack of properly designed and operating internal controls over some aspects of utility billings and collections, likely resulting from a lack of adequate understanding of the utility billing system and transactions and an override of present controls.

Effect: Noncompliance with bond requirements.

Recommendation: The Town should adhere to a strict cutoff policy as previously recommended. The Town should monitor its compliance with applicable laws, regulations, contracts, and grant agreements.

Management's Response: The Town will consider implementing all of the Auditor's recommendations immediately. COVID 19 impacts resulted in fewer cutoffs due to staffing shortages and sanitation concerns.

**Contact Person:**

Wanda McCoy, Mayor  
P.O. Box 511, Roseland, LA 70456, (985-748-9063)

**Finding 2020-C2: Traffic Citations (Noncompliance)**

Criteria: Louisiana Revised Statute 32:398 requires that a record must be maintained for each citation book issued to officers and each citation contained therein. Additionally, the statute outlines the legal and proper procedures for disposition of issued traffic citations. Finally, the statute requires the following traffic citations be returned to the chief administration officer (1) a copy of every citation issued, and (2) all copies of every traffic citation which has been spoiled or upon which an entry has been made without having issued the citation. Louisiana Revised Statute 32:393C(1)(b) requires that records of all (paid and unpaid) traffic violations, except parking violations, be reported to the Department of Safety and Corrections not later than 30 days after the date of the person's conviction and sentencing or the final disposition of the case.

Condition: During the Town's 2020 audit the following issues were identified:

Schedule of Findings and Responses  
For the Year Ended December 31, 2020

- Ticket books were not properly maintained. Ticket books for January 2020 through August 2020 were not provided. The Town's chief of police acting at that time was responsible for the maintenance of the ticket books and citations. Mayor's court was not held for several months in 2020 due to COVID 19.
- Docket sheets were not completed. Missing information included the court finding, sentence, and signatures.
- Two tickets were missing information such as docket number, amount, and court date. One was traced to receipt.
- Several gaps in ticket numbers on the docket without any copies of the tickets on hand and no accounting of the final disposition of the ticket. It is unknown if the tickets were spoiled and not returned or issued and improperly disposed.
- There was difficulty tracing some of the tickets to receipts.

Cause: The Town did not have written policies on traffic citation issuance, processing and disposition and did not enforce procedures outlined in the above referenced statutes. As the Town began to implement policies, there was high staff turnover that hindered this process.

The Town's chief of police acting at that time was responsible for the ticket books and citations. Maintenance of the ticket books and citations were lax. Mayor's court was not held for several months due to COVID 19.

Effect: Noncompliance with the above referenced statutes.

Recommendation: The Town's Chief of Police and Mayor should develop written procedures for traffic citations in accordance with state statutes and monitor compliance with these procedures.

Management's Response: The Town's officials will meet with legal counsel and review the Louisiana Revised Statutes and best practices for traffic tickets from the Louisiana Legislative Auditor and develop necessary policies and procedures to become compliant.

**Contact Person:**

Wanda McCoy, Mayor  
P.O. Box 511, Roseland, LA 70456, (985-748-9063)

**Finding 2020-I3: Lack of Internal Controls over Traffic Citations (Material Weakness)**

Criteria: A properly designed and implemented internal control system over financial reporting provides, among other things, reasonable assurance that financial data is accurate and complete and that Town's assets are properly safeguarded.

**Schedule of Findings and Responses  
For the Year Ended December 31, 2020**

Condition: The Town's police department did not have adequate internal controls surrounding traffic citations as demonstrated in Finding 2020-C2.

Cause: Failure to design and implement standard procedures and adequate internal controls.

Effect: Failure to design and implement standard procedures and adequate internal controls over police citations exposes the Town to several risks, including, but not limited to, misappropriation of assets and inaccurate or fraudulent financial reporting. As a result, material misstatement in the Town's financial statements may not be prevented or detected.

Recommendation: The Town's Chief of Police should develop written procedures for traffic citations in accordance with state statute and monitor compliance with these procedures.

Management's Response: The Town's officials will meet with legal counsel and review the Louisiana Revised Statutes and best practices for traffic tickets from the Louisiana Legislative Auditor and develop necessary policies and procedures.

**Contact Person:**

Wanda McCoy, Mayor  
P.O. Box 511, Roseland, LA 70456, (985-748-9063)

**Finding 2020-C3 Donation, Loan, or Pledge of Public Credit (Noncompliance)**

Criteria: Article VII, Section 14(A) of the Louisiana Constitution states that the funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public to private, unless exception provided for in the constitution.

Condition: The Town engaged in certain transactions during the year and failed to effectively operate its internal control system in such a way that the Town made de-facto loans and donations of public funds. Specifics of the condition area as follows:

1. As noted in Finding 2020-I2, the Town failed to adhere to a strict cutoff policy and demonstrated insufficient effort in collecting delinquent accounts receivable amounts. In doing so, funds of the Town were loaned to customers with delinquent accounts as services continued to be provided to these customers.
2. As noted in Finding 2020-C2, the Town failed to provide documentation of legal and proper procedures for disposal of issued traffic citations or spoiled traffic citations. As such, there exists the possibility that amounts due the Town for traffic Citations were not properly collected.

Cause: Specifics of the condition above are discussed in Findings 2020-I2 and 2020-C2.

Effect: Noncompliance with the referenced section of the Louisiana Constitution.

Schedule of Findings and Responses  
For the Year Ended December 31, 2020

Recommendation: See specific recommendations in Findings 2020-I2 and 2020-C2. Also, the Town should monitor its compliance with applicable laws, regulations, contracts, and grant agreements.

Management's Response: The Town will consider implementing all of the Auditor's recommendations immediately.

**Contact Person:**

Wanda McCoy, Mayor  
P.O. Box 511, Roseland, LA 70456, (985-748-9063)

**Finding 2020-C4 Local Budget Act (Noncompliance)**

Criteria: Louisiana Revised Statute 39:1311 requires that total expenditures and other uses must not exceed budgeted expenditures and other uses by 5% or more and revenues and other sources must meet budgeted revenue and other sources by 5% or more.

Condition: The Town's actual revenue and other sources in the Fire Fund were below the total budgeted revenue and other sources by five percent or more.

Cause: The Town's millage for fire protection was not renewed. Revenue for ad valorem taxes received at year-end was lower than anticipated.

Effect: Noncompliance with the above referenced statute.

Recommendation: The budget should be amended when budget variances greater than 5% are evident.

Management's Response: We will continue to monitor budget compliance.

**Contact Person:**

Wanda McCoy, Mayor  
P.O. Box 511, Roseland, LA 70456, (985-748-9063)

**Finding 2020-C5 Late Submittal of Audit Report**

Criteria: Local auditees must engage a CPA firm approved by Louisiana Legislative Auditors to perform its audit or other engagement no later than sixty days after its fiscal year end. The statutory due date for an agency to file the audit report is six months after the fiscal year end.

Condition: The agency's report was submitted November 2022.

**Schedule of Findings and Responses  
For the Year Ended December 31, 2020**

Cause of Condition: The previous auditor who had performed the audit for the Town for many years resigned in March 2022 due to high staff turnover. The present auditor's child had a medical emergency regarding a neurological disorder.

Effect: Noncompliance with state audit law.

Recommendation: The conditions noted above were out of the Town's control. The Town is on track to complete all audits timely from here on.

Management's Response: The conditions noted above were out of the Town's control and not foreseen. The Town will complete all audits by the statutory due date.

**Contact Person:**

Wanda McCoy, Mayor  
P.O. Box 511, Roseland, LA 70456, (985-748-9063)

**Section III Federal Award Findings and Questioned Costs**

No Section III Findings

Schedule of Prior Year Findings and Responses  
For the Year Ended December 31, 2020

**Section I Internal Control and Compliance Material to the Financial Statements**

**Finding 2019-I1: Inadequate Segregation of Duties (Significant Deficiency)**

Criteria: Proper segregation of incompatible duties requires that there be different individuals responsible for authorizing transactions, recording transactions and maintaining custody of related assets.

Condition: The Town has few administrative employees. Consequently, some duties throughout the financial reporting process, which are considered incompatible, are being performed by the same individual(s). The Town has implemented certain compensating controls internally and works with an external CPA as well. Also, incompatible duties in the expenditure and disbursement process were performed by the mayor during the fiscal year.

Cause: Due to the size and nature of the Town, there are few administrative employees and as such, some incompatible duties are not adequately segregated. Due to lack of a Town Clerk for most of the fiscal year, checks did not have dual signatures as required.

Effect: Inadequate segregation of duties exposes the Town to several risks, including, but not limited to misappropriation of assets and inaccurate or fraudulent financial reporting.

Recommendation: The Town should continue to explore ways to segregate incompatible duties possibly through the use of other personnel or staff, Board members, and use of the Town's outside CPA as appropriate. The Town should also add a Board member as an approved signer.

Management's Response: While the Town has taken steps to mitigate the risks arising from incompatible duties, it will continue to explore additional avenues for segregating duties. The Town will add a Board member as an approved signer on all bank accounts and will have dual signatures on the checks going forward.

**Current Year Status:** Segregation of duties is a continuing issue with similar organizations. This finding was reevaluated in the current year and reported as Finding 2020-I1 within the *Schedule of Findings and Responses*.

**Finding 2019-I2: Inadequate Controls over the Utility Billing System (Material Weakness)**

Criteria: Effective operation of a utility billing system and an effective internal control system requires the design and operation of standardized procedures related to input and reconciliation of billings, adjustments and collections for optimization and collection of major revenue sources and assurance that related financial data is accurate and complete, and the Town's assets are safeguarded.

Condition: The Town lacks complete standardized procedures for effective operation of a utility billing system and proper working internal controls over some transactions related to the system. Specifics of the condition are as follows:

- The Town did not maintain strict adherence to its cutoff policy throughout the year. The Town lacks adequate controls to identify past due amounts and perform timely disconnecting of service. The Town also lacks procedures to provide sufficient effort in collecting delinquent accounts.



**Schedule of Prior Year Findings and Responses  
For the Year Ended December 31, 2020**

- As noted in the prior year audit, included at December 31, 2015, within the receivables balance were closed accounts at \$36,818 and inactive accounts at \$8,889, totaling \$45,707. As part of the financial audit for the fiscal year ending December 31, 2015, these accounts were adjusted out of the current receivables balance, to leave a total of \$52,642 as the current accounts receivable balance, although after adjustment a total \$21,250 was still in the over 90 days past due category. Included at December 31, 2016, within the receivables balance were closed accounts of \$8,836 and inactive accounts of \$3,767, totaling \$12,603 (\$9,369 of this amount is delinquent). Additionally, at December 31, 2016, within the receivables balance were active accounts of \$62,206 of which, \$37,143.42 was delinquent. Included at December 31, 2017, within the receivables balance were closed accounts of \$4,888 and inactive accounts of \$15,938, totaling \$20,826 (\$20,607 of this amount is delinquent). Additionally, at December 31, 2017, within the receivables balance were active accounts of \$59,572 of which, \$24,647 was delinquent. Included at December 31, 2018, within the receivables balance were closed accounts of \$21,682 and inactive accounts of \$18,567, totaling \$40,249 (\$39,788 of this amount is delinquent). Additionally, at December 31, 2018, within the receivables balance were active accounts of \$50,494 of which, \$12,243 was delinquent. Included at December 31, 2019, within the receivables balance were closed accounts of \$35,737 and inactive accounts of \$8,537, totaling \$44,274 (\$41,943 of this amount is delinquent by over 120 days). Additionally, at December 31, 2019, within the receivables balance were active accounts of \$49,178 of which, \$14,917 was delinquent.
  - Customers with promissory note agreements to pay delinquent accounts were not disconnected from service in a timely manner when the terms of the agreement were not honored. Additionally, the customers were reconnected upon a partial payment when the terms of the agreement stipulate that full payment would be required.
  - The town was unable to provide documentation of referral of closed or inactive accounts or of delinquent active accounts to legal counsel for collection procedures.
- As noted in the prior year audit, the utility system software has features that have not been activated that allow the application of meter deposit refunds, necessary to determine more accurately the balance owed by customers. In the prior year, while some meter deposit refunds were shown as refunded within the meter deposit listing and the balance applied to the customer accounts, the process is being done manually within the system. Specifically, the utility billing system displays a message indicating that the function allowing input of meter deposit refunds has not been installed. The Town indicated that this has not changed from the prior year.
  - An accurate meter deposit listing was available at year end; however, there was no reconciliation of meter deposits from the general ledger to the utility billing system. Additionally, there was no evidence of a reconciliation of the meter deposit general ledger liability account to the related cash account. The Town updated the meter deposit listing during the fiscal year and now needs to reconcile the listing to the general ledger.

Cause: There is a lack of complete standardized procedures and a lack of properly designed and operating internal controls over some aspects of utility billings and collections, likely resulting from a lack of adequate understanding of the utility billing system and transactions and an override of present controls.

Effect: Failure to design and follow effective standardized procedures for operation of a utility billing system and failure to design and operate effective internal controls over the transactions related to the system exposes the Town to several risks, including, but not limited to, misappropriation of assets and inaccurate or fraudulent financial reporting. As a result, material misstatement in the Town's financial statements may not be prevented or detected.

Schedule of Prior Year Findings and Responses  
For the Year Ended December 31, 2020

Recommendation: The Town must continue to seek help in better understanding the utility billing system software. The Town should ensure that its employees obtain a full understanding of the transactions surrounding utility billing and collections. Finally, the following specific recommendations are made in the current year:

- Standardized procedures should be developed for monitoring delinquent accounts and adequately pursuing collection of such accounts. The Town should adhere to a strict cutoff policy.
- All customer billing and account adjustments should be fully documented and approved and supporting documentation retained. Additionally, all customer billing and account adjustments must be entered into the utility billing system and an adjustments report should be run from the utility billing system for presentation to the Board and approval by the Board.
- The customer deposit listing should be reconciled to the bank statement and general ledger, and any differences investigated. The utility billing system should then be used to continuously monitor the customer deposit listing.

Management's Response: The Town will consider implementing all of the Auditor's recommendations immediately.

**Current Year Status:** Some of the previous recommendations have been implemented in the current fiscal year and the Town is continuing to work on collections. The Finding was reevaluated in the current year and reported as finding 2020-I2 within the *Schedule of Findings and Responses*

**Finding 2019-C1: Bond Requirements (Noncompliance)**

Criteria: Loan assistance for the TOWN OF ROSELAND consists of bonds financed by the United States Department of Agriculture (USDA), Rural Development. Revenue bond agreements require the Town to establish rates sufficient to pay bond installments and fund required reserves, and to disconnect delinquent accounts over 90 days past due.

Condition: Failure to cut off services on delinquent accounts as previously described in Finding 2019-I2.

Cause: There is a lack of complete standardized procedures and a lack of properly designed and operating internal controls over some aspects of utility billings and collections, likely resulting from a lack of adequate understanding of the utility billing system and transactions and an override of present controls.

Effect: Noncompliance with bond requirements.

Recommendation: The Town should adhere to a strict cutoff policy as previously recommended. The Town should monitor its compliance with applicable laws, regulations, contracts, and grant agreements.

Management's Response: The Town will consider implementing all of the Auditor's recommendations immediately.

**Current Year Status:** Some of the previous recommendations have been implemented in the current fiscal year and the Town is continuing to work on collections. The Finding was reevaluated in the current year and reported as Finding 2020-C1 within the *Schedule of Findings and Responses*.

Schedule of Prior Year Findings and Responses  
For the Year Ended December 31, 2020

**Finding 2019-C2: Traffic Citations (Noncompliance)**

Criteria: Louisiana Revised Statute 32:398 requires that a record must be maintained for each citation book issued to officers and each citation contained therein. Additionally, the statute outlines the legal and proper procedures for disposition of issued traffic citations. Finally, the statute requires the following traffic citations be returned to the chief administration officer (1) a copy of every citation issued, and (2) all copies of every traffic citation which has been spoiled or upon which an entry has been made without having issued the citation. Louisiana Revised Statute 32:393C(1)(b) requires that records of all (paid and unpaid) traffic violations, except parking violations, be reported to the Department of Safety and Corrections not later than 30 days after the date of the person's conviction and sentencing or the final disposition of the case.

Condition: During the Town's 2019 audit the following issues were identified:

- Copies of tickets issued were not consistently maintained by the police department and turned in at Town Hall;
- The ticket log that details tickets written wasn't updated throughout the year; and
- Several gaps in ticket numbers on the docket without any copies of the tickets on hand and no accounting of the final disposition of the ticket. It is unknown if the tickets were spoiled and not returned or issued and improperly disposed.

Finally, records of several issued citations have not been reported to the Department of Safety and Corrections.

Cause: The Town did not have written policies on traffic citation issuance, processing and disposition and did not enforce procedures outlined in the above referenced statutes. As the Town began to implement policies, there was high staff turnover that hindered this process.

Effect: Noncompliance with the above referenced statutes.

Recommendation: The Town's Chief of Police and Mayor should develop written procedures for traffic citations in accordance with state statutes and monitor compliance with these procedures.

Management's Response: The Town's officials will meet with legal counsel and review the Louisiana Revised Statutes and best practices for traffic tickets from the Louisiana Legislative Auditor and develop necessary policies and procedures to become compliant.

**Current Year Status:** During 2020, issued citations were reported to the Department of Safety and Corrections. However, due to high staff turnover during the fiscal year, these problems were not addressed and continued. The finding was reevaluated in the current year and reported as Finding 2020-C2 in the *Schedule of Findings and Responses*.

**Finding 2019-I3: Lack of Internal Controls over Traffic Citations (Material Weakness)**

Criteria: A properly designed and implemented internal control system over financial reporting provides, among other things, reasonable assurance that financial data is accurate and complete and that Town's assets are properly safeguarded.

Condition: The Town's police department did not have adequate internal controls surrounding traffic citations as demonstrated in Finding 2019-C2.

Cause: Failure to design and implement standard procedures and adequate internal controls.

Schedule of Prior Year Findings and Responses  
For the Year Ended December 31, 2020

Effect: Failure to design and implement standard procedures and adequate internal controls over police citations exposes the Town to several risks, including, but not limited to, misappropriation of assets and inaccurate or fraudulent financial reporting. As a result, material misstatement in the Town's financial statements may not be prevented or detected.

Recommendation: The Town's Chief of Police should develop written procedures for traffic citations in accordance with state statute and monitor compliance with these procedures.

Management's Response: The Town's officials will meet with legal counsel and review the Louisiana Revised Statutes and best practices for traffic tickets from the Louisiana Legislative Auditor and develop necessary policies and procedures.

**Current Year Status:** Resolved.

**Finding 2019-C3 Donation, Loan, or Pledge of Public Credit (Noncompliance)**

Criteria: Article VII, Section 14(A) of the Louisiana Constitution states that the funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public to private, unless exception provided for in the constitution.

Condition: The Town engaged in certain transactions during the year and failed to effectively operate its internal control system in such a way that the Town made de-facto loans and donations of public funds. Specifics of the condition area as follows:

1. As noted in Finding 2019-I2, the Town failed to adhere to a strict cutoff policy and demonstrated insufficient effort in collecting delinquent accounts receivable amounts. In doing so, funds of the Town were loaned to customers with delinquent accounts as services continued to be provided to these customers.
2. As noted in Finding 2019-C2, the Town failed to provide documentation of legal and proper procedures for disposal of issued traffic citations or spoiled traffic citations. As such, there exists the possibility that amounts due the Town for traffic Citations were not properly collected.

Cause: Specifics of the condition above are discussed in Findings 2019-I2 and 2019-C2.

Effect: Noncompliance with the referenced section of the Louisiana Constitution.

Recommendation: See specific recommendations in Findings 2019-I2 and 2019-C2. Also, the Town should monitor its compliance with applicable laws, regulations, contracts, and grant agreements.

Management's Response: The Town will consider implementing all of the Auditor's recommendations immediately.

**Current Year Status:** The Town is continuing to work on collections. This finding was reevaluated in the current year and reported as part of Finding 2020-C3 withing *the Schedule of Findings and Responses*.

**Finding 2019-I4: Inadequate Internal Controls over Capital Assets (Significant Deficiency)**

Schedule of Prior Year Findings and Responses  
For the Year Ended December 31, 2020

Criteria: Adequately designed and implemented internal control system over financial reporting provides, among other things, reasonable assurance that financial data is accurate and complete and that the Town's assets are properly safeguarded. A physical inventory of capital assets allows for the proper accounting for capital assets and provides an opportunity, if one otherwise wouldn't have existed, to note any indicators for impairment.

Condition: Although fixed assets additions and disposals are reported and the fixed asset listing maintained by the outside CPA, the Town did not complete an annual inventory of capital assets. The Town also needs to continue tagging fixed asset additions.

Cause: An accurate statement of fixed assets requires an annual inventory and monthly review to ensure that asset additions are tagged for tracking and inventory purposes.

Effect: Inadequate controls over capital assets exposes the Town to several risks, including, but not limited to misappropriation of assets and inaccurate or fraudulent financial reporting.

Recommendation: The Town's should complete the annual inventory on a timely basis. Fixed assets need to be tagged as they are received and put into service.

Management's Response: The Town will consider implementing all of the Auditor's recommendations immediately.

**Current Year Status:** Resolved.

**Finding 2019-C4 Local Budget Act (Noncompliance)**

Criteria: Louisiana Revised Statute 39:1311 requires that total expenditures and other uses must not exceed budgeted expenditures and other uses by 5% or more and revenues and other sources must meet budgeted revenue and other sources by 5% or more.

Condition: The Town's actual revenue and other sources in the Fire Fund were below the total budgeted revenue and other sources by five percent or more. The Town's actual expenditures and other uses in the Fire Fund exceeded the total budgeted expenditures and other uses by five percent or more.

Cause: Revenue for ad valorem taxes received at year-end was lower than anticipated. Most revenue wasn't received until after 60 days after year-end and was reclassified as a deferred inflow of resources instead of revenue. Salaries in the last two months of the year were higher than anticipated.

Effect: Noncompliance with the above referenced statute.

Recommendation: The budget should be amended when budget variances greater than 5% are evident.

Management's Response: We will continue to monitor budget compliance.

**Current Year Status:** Partially Resolved. The Town had a similar finding in the current year for budget compliance for December 31, 2020 on the Fire Fund's actual revenues and other sources.

**Schedule of Prior Year Findings and Responses  
For the Year Ended December 31, 2020**

**Section III Federal Award Findings and Questioned Costs**

No Section III Findings

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Member  
AICPA

Member  
LCPA

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

Honorable Mayor Wanda McCoy and  
Members of the Town Council  
To the Town of Roseland  
Roseland, Louisiana

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Roseland, Louisiana (the "Town") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 21, 2022.

### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying *Summary Schedule of Findings and Responses*, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement

of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies as described in the accompanying *Schedule of Findings and Responses* as Findings 2020-I2 and 2020-I3 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying *Schedule of Findings and Responses* as Finding 2020-I1 to be significant deficiencies.

### **Compliance and Other Matters**

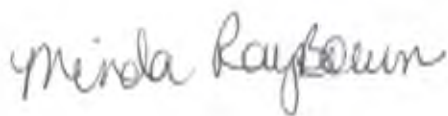
As part of obtaining reasonable assurance about whether the Town's, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying *Schedule of Findings and Responses* as Findings 2020-C1, 2020-C2, 2020-C3, 2020-C4, and 2020-C5.

### **Town Of Roseland's Response to Findings**

The Town Of Roseland's response to the findings identified in our audit is described in the accompanying *Schedule of Findings and Responses*. The Town Of Roseland's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Minda B. Raybourn CPA  
Franklinton, Louisiana  
November 21, 2022