

TOWN OF ROSELAND, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Town Council of
Town of Roseland
Roseland, Louisiana

Report on the Audit of the Financial Statements

Opinions

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 of Roseland, Louisiana (the "Town") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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 as of December 31, 2021, and the respective changes in 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.

Basis for Opinions

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 and the *Louisiana Government Audit Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



To the Mayor and Town Council of
Town of Roseland
March 26, 2024

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.



To the Mayor and Town Council of
Town of Roseland
March 26, 2024

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, and schedules of revenue, expenditures, and changes in fund balance –budget and actual, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. 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 responses 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town’s basic financial statements. The accompanying schedule of councilpersons’ compensation and schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of justice system funding schedules is presented to comply with Act 87 of the 2020 Louisiana Legislative Session and is not 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 basic financial statements. The 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Mayor and Town Council of
Town of Roseland
March 26, 2024

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2024 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 solely 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 the effectiveness of the Town's 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's internal control over financial reporting and compliance.

March 26, 2024
Mandeville, Louisiana

Ericksen Krentel, LLP

Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION – PART I

TOWN OF ROSELAND, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

As management of the Town of Roseland, Louisiana (the "Town"), we offer residents of the Town this narrative overview and financial analysis of the financial activities of the Town as of December 31, 2021, and for the year then ended.

Overview of Financial Statements

The Town adopted Governmental Accounting Standards Board (GASB) Statement No. 34 on January 1, 2004. Under this pronouncement, the Town's basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Town's financial position and the results of its operations from differing perspectives, which are described as follows:

Government-Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using an accounting method similar to that used by private-sector companies. The basis of accounting used is accrual accounting. The government-wide statements reflect all of the Town's assets (including capital assets) and all of the Town's liabilities. The two government-wide financial statements are as follows:

- **Statement of Net Position:** This statement presents information on all of the Town's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
- **Statement of Activities:** This statement presents information showing how the Town's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

Fund Financial Statements

A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. The Town has two types of funds:

1. *Governmental Funds* - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The Town's major governmental funds are the General Fund and the Fire Protection Special Revenue Fund.

TOWN OF ROSELAND, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2021

2. *Proprietary Funds* - These funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide a more detailed presentation of the information reported in the business-type activities portion of the government-wide financial statements. The Town's major proprietary fund is the Waterworks and Sewer Fund.

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 19 of this report.

Financial Highlights

At December 31, 2021, the Town's assets exceeded its liabilities by \$2,256,038 (net position). Of this amount, \$268,864 (unrestricted net position) may be used to meet the Town's ongoing obligations to its citizens and creditors. The Town's total net position decreased by \$29,151 for the year ended December 31, 2021.

At December 31, 2021, the Town's governmental funds reported combined ending fund balances of \$347,750. Compared to prior year, the total combined fund balance increased by \$93,941 for the year ended December 31, 2021.

Financial Analysis of the Town as a Whole

A condensed version of the government-wide Statements of Net Position is presented as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>2021</u>	<u>2020</u>
Assets				
Current assets	\$ 410,210	\$ 102,681	\$ 512,891	\$ 424,984
Other assets	-	424,672	424,672	191,775
Capital assets, net	<u>493,767</u>	<u>1,583,081</u>	<u>2,076,848</u>	<u>2,196,163</u>
Total assets	<u>903,977</u>	<u>2,110,434</u>	<u>3,014,411</u>	<u>2,812,922</u>
Liabilities				
Current liabilities	62,460	473,904	536,364	269,341
Long-term liabilities	<u>-</u>	<u>222,009</u>	<u>222,009</u>	<u>258,392</u>
Total liabilities	<u>62,460</u>	<u>695,913</u>	<u>758,373</u>	<u>527,733</u>
Net position				
Net investments in capital assets	493,767	1,324,693	1,818,460	1,903,603
Restricted	-	168,714	168,714	125,435
Unrestricted	<u>347,750</u>	<u>(78,886)</u>	<u>268,864</u>	<u>256,151</u>
Total net position	<u>\$ 841,517</u>	<u>\$ 1,414,521</u>	<u>\$ 2,256,038</u>	<u>\$ 2,285,189</u>

The net investment in capital assets amount represents 81% of total net position. Net investment in capital assets consists of land, buildings, and equipment, less any outstanding debt used to acquire those assets. The Town has elected not to retroactively record, as capital assets, its infrastructure that existed prior to adopting GASB 34.

TOWN OF ROSELAND, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2021

A condensed version of the government-wide Statements of Activities is presented as follows:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for services	\$ 61,407	\$ 62,653	\$ 340,891	\$ 345,665	\$ 402,298	\$ 408,318
Operating grants and contributions	2,010	-	-	-	2,010	-
General revenues						
Taxes	306,706	242,159	-	-	306,706	242,159
Intergovernmental	8,108	8,470	-	-	8,108	8,470
Lease income	75,167	58,311	-	-	75,167	58,311
Interest income	785	694	2,375	1,726	3,160	2,420
Other	106,641	1,802	-	385	106,641	2,187
Total revenues	<u>560,824</u>	<u>374,089</u>	<u>343,266</u>	<u>347,776</u>	<u>904,090</u>	<u>721,865</u>
Expenses						
General government	250,454	168,176	-	-	250,454	168,176
Public safety	174,557	161,334	-	-	174,557	161,334
Public works	68,661	64,088	-	-	68,661	34,088
Water and sewer	-	-	422,218	349,679	422,218	349,679
Interest on long-term debt	-	-	17,351	19,435	17,351	19,435
Total expenses	<u>493,672</u>	<u>393,598</u>	<u>439,569</u>	<u>369,114</u>	<u>933,241</u>	<u>762,712</u>
Change in net position	67,152	(19,509)	(96,303)	(21,338)	(29,151)	(40,847)
Net position – beginning	<u>774,365</u>	<u>793,874</u>	<u>1,510,824</u>	<u>1,532,162</u>	<u>2,285,189</u>	<u>2,326,036</u>
Net position – ending	<u>\$ 841,517</u>	<u>\$ 774,365</u>	<u>\$ 1,414,521</u>	<u>\$ 1,510,824</u>	<u>\$ 2,256,038</u>	<u>\$ 2,285,189</u>

Financial Analysis of the Major Funds

The Town's General Fund and Fire Protection Special Revenue Fund had increases (decreases) in fund balances in the amount of \$110,133 and \$(16,192), respectively, for the year ended December 31, 2021. Total governmental fund amounts are different from governmental activities due to capital assets.

Amounts reported for business-type activities in the Town's individual funds are identical to business-type activities reported in the government-wide presentation.

Budget Highlights

As required by law, the Town adopted a budget for its General Fund Fire Protection Special Revenue Fund.

TOWN OF ROSELAND, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2021

Capital Asset Administration

For governmental activities, capital assets, net of accumulated depreciation, decreased by \$26,789 for the year ended December 31, 2021, as a result of depreciation expense and loss on disposal exceeding purchases of capital assets for the year. For business-type activities, capital assets, net of accumulated depreciation, decreased by \$92,526 as a result of depreciation expense exceeding purchases of capital assets for the year.

Debt Administration

The Town's total long-term debt decreased by \$34,172 during the year ended December 31, 2021, as the result of regularly scheduled debt payments.

Economic Factors and a Look at Next Year

With no new debt issuances, the Town will continue using the outstanding bond proceeds for acquiring, constructing improvements, and replacing the Town's sewerage system and water system as well as constructing, paving, resurfacings and improving public streets in the Town.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances. Questions concerning this report or the need for additional information should be directed to Wanda McCoy, Mayor, 62438 Commercial Street, Roseland, Louisiana 70456.

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF ROSELAND
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	<u>PRIMARY GOVERNMENT</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>CURRENT ASSETS:</u>			
Cash and cash equivalents	\$ 88,349	\$ 59,749	\$ 148,098
Receivables, net of allowances for uncollectibles:			
Ad valorem taxes	14,955	-	14,955
Sales taxes	16,388	-	16,388
Accounts and other	8,752	34,987	43,739
Leases	127,152	-	127,152
Prepaid items	4,695	3,345	8,040
Due from other funds	<u>149,919</u>	<u>4,600</u>	<u>154,519</u>
Total current assets	<u>410,210</u>	<u>102,681</u>	<u>512,891</u>
<u>RESTRICTED ASSETS:</u>			
Cash and cash equivalents - restricted	<u>-</u>	<u>424,672</u>	<u>424,672</u>
Total restricted assets	<u>-</u>	<u>424,672</u>	<u>424,672</u>
<u>CAPITAL ASSETS:</u>			
Capital assets not being depreciated	58,693	6,500	65,193
Capital assets being depreciated, net of accumulated depreciation	<u>435,074</u>	<u>1,576,581</u>	<u>2,011,655</u>
Total capital assets, net	<u>493,767</u>	<u>1,583,081</u>	<u>2,076,848</u>
Total assets	<u>903,977</u>	<u>2,110,434</u>	<u>3,014,411</u>
<u>CURRENT LIABILITIES:</u>			
Accounts payable	21,806	17,014	38,820
Accrued expenses	14,292	1,789	16,081
Due to other funds	26,362	128,157	154,519
Customer deposits	-	68,065	68,065
Accrued interest payable	-	384	384
Unearned revenue	-	222,116	222,116
Bonds payable, due within one year	<u>-</u>	<u>36,379</u>	<u>36,379</u>
Total current liabilities	<u>62,460</u>	<u>473,904</u>	<u>536,364</u>
<u>LONG-TERM LIABILITIES:</u>			
Bonds payable, due in more than one year	<u>-</u>	<u>222,009</u>	<u>222,009</u>
Total long-term liabilities	<u>-</u>	<u>222,009</u>	<u>222,009</u>
Total liabilities	<u>62,460</u>	<u>695,913</u>	<u>758,373</u>
<u>NET POSITION:</u>			
Net investment in capital assets	493,767	1,324,693	1,818,460
Restricted for:			
Capital projects and debt service	-	168,714	168,714
Unrestricted net position	<u>347,750</u>	<u>(78,886)</u>	<u>268,864</u>
Total net position	<u>\$ 841,517</u>	<u>\$ 1,414,521</u>	<u>\$ 2,256,038</u>

The accompanying notes are an integral part of this statement

TOWN OF ROSELAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	<i>Primary Government</i>		
					Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	\$ 250,454	\$ 51,320	\$ 2,010	\$ -	\$ (197,124)	\$ -	\$ (197,124)
Public safety	174,557	10,087	-	-	(164,470)	-	(164,470)
Public works	68,661	-	-	-	(68,661)	-	(68,661)
Total governmental activities	493,672	61,407	2,010	-	(430,255)	-	(430,255)
Business-type activities:							
Water and sewer	422,218	340,891	-	-	-	(81,327)	(81,327)
Interest on long-term debt	17,351	-	-	-	-	(17,351)	(17,351)
Total business-type activities	439,569	340,891	-	-	-	(98,678)	(98,678)
Total primary government	<u>\$ 933,241</u>	<u>\$ 402,298</u>	<u>\$ 2,010</u>	<u>\$ -</u>	<u>(430,255)</u>	<u>(98,678)</u>	<u>(528,933)</u>
General Revenues:							
Taxes:							
Property taxes					48,541	-	48,541
Franchise taxes					34,886	-	34,886
Sales taxes					223,279	-	223,279
Intergovernmental					8,108	-	8,108
Lease income					75,167	-	75,167
Interest income					785	2,375	3,160
Other					106,641	-	106,641
Total general revenues					497,407	2,375	499,782
Change in net position					67,152	(96,303)	(29,151)
Net position - beginning of year					774,365	1,510,824	2,285,189
Net position - end of year					<u>\$ 841,517</u>	<u>\$ 1,414,521</u>	<u>\$ 2,256,038</u>

The accompanying notes are an integral part of this statement

BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

TOWN OF ROSELAND
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General Fund	Fire Protection Special Revenue Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
<u>CURRENT ASSETS:</u>			
Cash and cash equivalents	\$ 78,453	\$ 9,896	\$ 88,349
Receivables, net of allowances for uncollectibles:			
Ad valorem taxes	1,155	13,800	14,955
Sales taxes	16,388	-	16,388
Other	8,752	-	8,752
Leases	127,152	-	127,152
Prepaid items	3,293	1,402	4,695
Due from other funds	<u>129,425</u>	<u>20,494</u>	<u>149,919</u>
 Total current assets	 <u>364,618</u>	 <u>45,592</u>	 <u>410,210</u>
 Total assets	 <u>\$ 364,618</u>	 <u>\$ 45,592</u>	 <u>\$ 410,210</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>CURRENT LIABILITIES:</u>			
Accounts payable	\$ 20,119	\$ 1,687	\$ 21,806
Accrued expenses	14,292	-	14,292
Due to other funds	<u>25,094</u>	<u>1,268</u>	<u>26,362</u>
 Total current liabilities	 <u>59,505</u>	 <u>2,955</u>	 <u>62,460</u>
 Total liabilities	 <u>59,505</u>	 <u>2,955</u>	 <u>62,460</u>
<u>FUND BALANCES:</u>			
Nonspendable	3,293	1,402	4,695
Assigned	-	57,427	57,427
Unassigned	<u>301,820</u>	<u>(16,192)</u>	<u>285,628</u>
 Total fund balances	 <u>305,113</u>	 <u>42,637</u>	 <u>347,750</u>
 Total liabilities and fund balances	 <u>\$ 364,618</u>	 <u>\$ 45,592</u>	 <u>\$ 410,210</u>

The accompanying notes are an integral part of this statement

TOWN OF ROSELAND
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021

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

Funds balances, total governmental funds	\$	347,750
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital assets not being depreciated	\$	58,693
Capital assets being depreciated, net of accumulated depreciation		<u>435,074</u> <u>493,767</u>
Net position of governmental activities	\$	<u><u>841,517</u></u>

TOWN OF ROSELAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund	Fire Protection Special Revenue Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
<u>REVENUES:</u>			
Taxes:			
Property taxes	\$ 19,028	\$ 29,513	\$ 48,541
Franchise taxes	34,886	-	34,886
Sales taxes	223,279	-	223,279
Licenses and permits	51,320	-	51,320
Capital grants and contributions	2,010	-	2,010
Intergovernmental grants	8,108	-	8,108
Lease income	75,167	-	75,167
Fines and forfeitures	10,087	-	10,087
Interest income	701	84	785
Other	109,006	-	109,006
	<u>533,592</u>	<u>29,597</u>	<u>563,189</u>
 Total revenues	 <u>533,592</u>	 <u>29,597</u>	 <u>563,189</u>
<u>EXPENDITURES:</u>			
General government	225,339	-	225,339
Public safety:			
Police	121,928	-	121,928
Fire	3,314	43,157	46,471
Public works	67,849	-	67,849
Capital outlay	5,029	2,632	7,661
	<u>423,459</u>	<u>45,789</u>	<u>469,248</u>
 Total expenditures	 <u>423,459</u>	 <u>45,789</u>	 <u>469,248</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>110,133</u>	 <u>(16,192)</u>	 <u>93,941</u>
 Net change in fund balances	 110,133	 (16,192)	 93,941
 Fund balances - beginning of year	 <u>194,980</u>	 <u>58,829</u>	 <u>253,809</u>
 Fund balances - end of year	 <u>\$ 305,113</u>	 <u>\$ 42,637</u>	 <u>\$ 347,750</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, 2021

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

Net change in fund balances, total governmental funds	\$	93,941
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Governmental funds report capital outlays as expenditures.
 However, in the Statement of Activities, the cost of those
 assets is allocated over their estimated useful lives and reported
 as depreciation expense.

Capital outlay additions	\$	7,661	
Loss on disposal of capital assets		(2,365)	
Current year depreciation expense		<u>(32,085)</u>	<u>(26,789)</u>
 Change in net position of governmental activities	 \$		 <u>67,152</u>

TOWN OF ROSELAND
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2021

ASSETS:

Current assets:

Cash and cash equivalents	\$ 59,749
Receivables, net of allowances for uncollectibles:	
Accounts	33,497
Other	1,490
Prepaid items	3,345
Due from other funds	4,600
Total current assets	<u>102,681</u>

Restricted assets:

Cash and cash equivalents - restricted	<u>424,672</u>
Total restricted assets	<u>424,672</u>

Capital assets:

Capital assets not being depreciated	6,500
Capital assets being depreciated, net of accumulated depreciation	<u>1,576,581</u>
Total capital assets, net	<u>1,583,081</u>

Total assets 2,110,434

LIABILITIES:

Current liabilities (payable from current assets):

Accounts payable	17,014
Accrued expenses	1,789
Due to other funds	<u>128,157</u>
Total current liabilities (payable from current assets)	<u>146,960</u>

Current liabilities (payable from restricted assets):

Customer deposits	68,065
Accrued interest payable	384
Unearned revenue	222,116
Revenue bonds payable, current portion	<u>36,379</u>
Total current liabilities (payable from restricted assets)	<u>326,944</u>

Long-term liabilities:

Revenue bonds payable, long-term portion	<u>222,009</u>
Total long-term liabilities	<u>222,009</u>

Total liabilities 695,913

NET POSITION:

Net investment in capital assets	1,324,693
Restricted for:	
Capital projects and debt service	168,714
Unrestricted	<u>(78,886)</u>
Total net position	<u>\$ 1,414,521</u>

The accompanying notes are an integral part of this statement

TOWN OF ROSELAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

OPERATING REVENUES:

Charges for services:	
Water sales	\$ 215,158
Sewer service charges	101,654
Penalties	11,622
Other	1,196
Total operating revenues	<u>329,630</u>

OPERATING EXPENSES:

Bad debt	18,006
Contract services	28,800
Depreciation	140,408
Equipment rental	4,555
Insurance	14,163
Payroll taxes	4,366
Professional fees	5,624
Repairs and maintenance	103,573
Salaries and wages	57,072
Supplies	5,505
Utilities	22,763
Other	17,383
Total operating expenses	<u>422,218</u>

Operating loss	<u>(92,588)</u>
----------------	-----------------

NON-OPERATING REVENUES (EXPENSES):

Interest (expense)	(17,351)
Intergovernmental revenue	11,261
Interest income	2,375
Total non-operating revenue (expenses)	<u>(3,715)</u>

Change in net position	(96,303)
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Net position - beginning of the year	<u>1,510,824</u>
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Net position - end of the year	<u>\$ 1,414,521</u>
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TOWN OF ROSELAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Received from customers	\$ 315,833
Received (refined) for meter deposit fees	1,725
Other receipts	1,196
Receipt for interfund services	7,837
Payments for operations	(212,205)
Payments to employees	<u>(57,072)</u>
Net cash from operating activities	<u>57,314</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES:**

Capital contributions received	11,261
American Rescue Plan Act	233,377
Purchase of capital assets	(59,143)
Repayments for long-term debt	(34,172)
Interest payments on long-term debt	<u>(17,402)</u>
Net cash from capital and related financing activities	<u>133,921</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Receipts of interest	<u>2,375</u>
Net cash from investing activities	<u>2,375</u>
Net increase in cash and cash equivalents	193,610
Unrestricted cash and cash equivalents - beginning of year	99,036
Restricted cash and cash equivalents - beginning of year	<u>191,775</u>
Cash and cash equivalents - end of year	<u><u>\$ 484,421</u></u>

TOWN OF ROSELAND
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

Reconciliation of operating income to net cash
provided (used) by operating activities:

Operating loss	\$ (92,588)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	140,408
Bad debt expense	18,006
Change in asset and liabilities:	
(Increase) decrease in accounts receivable	(12,601)
(Increase) decrease in prepaid items	(241)
Increase (decrease) in due to/from other funds	7,837
Increase (decrease) in accounts payable	(5,160)
Increase (decrease) in accrued expenses	(72)
Increase (decrease) in customer deposits	<u>1,725</u>
Net cash provided by operating activities	<u>\$ 57,314</u>

TOWN OF ROSELAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 of the nonfiduciary activities of the Town. 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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments 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.

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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the Town are prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF ROSELAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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 Town 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. 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 fund types and funds:

General Fund

The *General Fund* is the general operating fund of the Town. This fund is used to account for all financial transactions and resources except those that are required to be accounted for in another fund. Revenues are derived primarily from sales, property, and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income.

Special Revenue Fund

The *Fire Protection Special Revenue Fund* is used to account for the specific expenditures and of specific revenue sources (other than debt service or capital projects) that are restricted or committed to expenditure for specified purposes.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

The Town reports the following major proprietary fund types and funds:

Enterprise Fund

The *Waterworks and Sewer Fund* accounts for activities similar to those found in the private sector where the determination of net income is necessary or useful for sound financial administration and are used to account for the Town's ongoing organizations and activities which are similar to those often found in the private sector. The Town uses a proprietary fund to account for the water and sewer services it provides to the residents and businesses of the Town.

The activities reported in this fund are reported as business-type activities in the government-wide financial statements.

TOWN OF ROSELAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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, licenses and permits, and other general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. Operating revenues for the Town's proprietary fund consist of charges to customers and users of its natural gas, water, sewer, and garbage collection services. Operating expenses for the Town's proprietary fund 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 non-operating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Budgets and Budgetary Accounting

At the beginning of each fiscal year, an annual budget is prepared. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The Town does not use encumbrance accounting. At the end of the fiscal year, unexpended appropriations of these funds automatically lapse.

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

- a. The Town Clerk prepares a proposed budget and submits same to the Mayor and Town Council no later than 15 days prior to the beginning of each fiscal year.
- b. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- c. A public hearing is held on the proposed budget at least 10 days after publication of the call for the hearing.
- d. 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.
- e. 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.
- f. All budgetary appropriations lapse at the end of each fiscal year.

TOWN OF ROSELAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting (continued)

- g. Budgets for the general and enterprise funds are adopted on a basis consistent with GAAP. Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds are presented on the modified accrual basis of accounts. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with GAAP 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).

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include cash on hand, demand deposits, as well as certificates of deposit and short-term investments, with a maturity date within three months of the date acquired by the Town.

For the purpose of the proprietary fund statement of cash flows, all highly liquid investments (including certificates of deposit) with a maturity of three months or less when purchased are considered to be cash equivalents.

Cash and cash equivalents include amounts in demand deposits. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Town may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes, repurchase agreements, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Short-term investments are stated at amortized cost, which approximates market. Certain investments, as required by GASB 31, are reported at fair value, which is determined using published market prices.

Inventories

Purchases of operating supplies are recorded as expenditures when purchased; inventories of such supplies are not recorded and are not considered by management to be material.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items in both government-wide and fund financial statements.

TOWN OF ROSELAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Receivables and Allowances for Uncollectible Accounts

In the government-wide statements, receivables consist of all revenue 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 coming as their major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise taxes, occupational license, fees, 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 referred 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. Allowance for uncollectible accounts receivable is based upon historical trends and the periodic aging and write-off of accounts receivable. The balance allowance for uncollectible amounts at December 31, 2021 was \$82,507 which consist of active, inactive, and closed accounts with past-due balances of over 120 days. Active accounts with past-due balances of over 120 days totaled \$20,910. Inactive accounts with past-due balances of over 120 days totaled \$45,301. Closed accounts with past-due balances of over 120 days totaled \$16,296.

Interfund Receivables and Payables:

Short-term cash loans between funds are considered temporary in nature. These amounts are reported as “due from/to 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.”

Capital Assets and Depreciation Expense

Capital assets, which include property, plant, and equipment, 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 estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing equipment, furniture, and fixtures. The threshold for infrastructure and improvements is \$25,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

TOWN OF ROSELAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation Expense (continued)

Capital outlays are recorded as expenditures in the governmental fund financial statements and as assets in the government-wide financial statements. In accordance with GASB 34, the Town has elected not to capitalize infrastructure retroactively. Depreciation is recorded on general fixed assets on a government-wide basis. Capital outlays of the proprietary fund are recorded as fixed assets and depreciated over their estimated useful lives on both the fund basis and the government-wide basis.

All capital assets, other than land and works of art that are inexhaustible, are depreciated using the straight-line method over the following useful lives:

Buildings and building improvements	20 to 40 years
Machinery and equipment	5 to 15 years
Water utility system	20 to 50 years
Sewer utility system	20 to 50 years

Deferred Outflows and Inflows of Resources

The Statement of Net Position includes a separate section for Deferred Outflows of Resources. This represents the consumption of net assets that applies to future periods.

The Statement of Net Position also includes a separate section for Deferred Inflows of Resources. This represents the acquisition of net assets applies to future periods.

There were no deferred outflows and inflows of resources at December 31, 2021.

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	5 days
Two years	10 days
Four years	15 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 90 days, only to be used for major medical leave. There is no payment for accrued sick leave upon retirement or termination. Therefore, accrual of the liability is not recorded.

TOWN OF ROSELAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Debt

In the government-wide financial statements, debt principal payments of both governmental and business-type activities are reported as decreases in the balance of the liability on the 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 withheld from the actual debt proceeds, are expended in the period incurred.

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.

The reporting of long-term debt in the proprietary statements is the same in the fund statements as it is in the government-wide statements.

Fund Equity

Government-Wide and Proprietary Fund Financial Statements

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position - Consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position - All other net position that do not meet the definition of the other two components.

Governmental Fund Financial Statements

Fund balances are classified as follows:

1. Nonspendable fund balance - Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted fund balance - Amounts that are restricted to specific purposes imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments.

TOWN OF ROSELAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (continued)

3. Committed fund balance - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board.
4. Assigned fund balance - Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.
5. Unassigned fund balance - All amounts not included in other four fund balance classifications.

Elimination and Reclassification

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

Ad Valorem Taxes and Sales Taxes Revenue

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:

	Authorized Millage	Levied Millage
General alimony	5.74 mills	5.73 mills
Fire protection	0.00 mills	0.00 mills

Date of Management Review

Subsequent events have been evaluated through March 26, 2024, which is the date the financial statements were available to be issued.

TOWN OF ROSELAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(2) CASH, CASH EQUIVALENTS, AND INVESTMENTS

The table below reconciles deposits by the nature of the deposits to the applicable financial statement classification at December 31, 2021:

	Demand Deposits		
	Governmental		Business-Type
	Activities	Activities	Total
Financial statement classification:			
Cash and cash equivalents	\$ 88,349	\$ 59,749	\$ 148,098
Restricted cash and cash equivalents	-	424,672	424,672
Total	\$ 88,349	\$ 484,421	\$ 572,770

Custodial Credit Risk

The total balances will not necessarily equal the balances per the statement of net position. Deposits in bank accounts are stated at cost, which approximates market value. Under state law, these deposits are 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 at all times equaled the amount on deposit with the fiscal agent. Because the securities are held by the pledging fiscal agent in the Town's name, the Town does not have any custodial credit risk.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be recovered. The Town does not have a formal policy for custodial risk.

As of December 31, 2021, \$581,966 of the Town's bank balance of \$331,966 was exposed to custodial credit risk. However, these deposits are secured from risk by the pledge of securities owned by the fiscal agent bank.

Deposit and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. At December 31, 2021, the Town was in compliance with the deposit and investment laws and regulations.

TOWN OF ROSELAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(3) CAPITAL ASSETS AND DEPRECIATION EXPENSE

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2021:

	<u>12/31/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/2021</u>
Governmental activities				
<u>Capital assets not being depreciated:</u>				
Land	\$ 58,693	\$ -	\$ -	\$ 58,693
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	58,693	-	-	58,693
<u>Capital assets being depreciated:</u>				
Buildings and improvements	818,742	-	(1,057)	817,685
Machinery and equipment	<u>637,184</u>	<u>7,661</u>	<u>(82,153)</u>	<u>562,693</u>
Total capital assets being depreciated	1,455,926	7,661	(83,210)	1,380,378
<u>Less: accumulated depreciation:</u>				
Buildings and improvements	(374,493)	(25,936)	678	(399,751)
Machinery and equipment	<u>(619,570)</u>	<u>(6,149)</u>	<u>80,166</u>	<u>(545,553)</u>
Total accumulated depreciation	(994,063)	(32,085)	80,844	(945,304)
Total capital assets being depreciated, net	<u>461,863</u>	<u>(24,424)</u>	<u>(2,366)</u>	<u>435,074</u>
Total governmental activities capital assets, net	<u>\$ 520,556</u>	<u>\$ (24,424)</u>	<u>\$ (2,366)</u>	<u>\$ 493,767</u>

Depreciation expense was charged to governmental activity functions as follows:

General government	\$ 25,115
Public safety - police	4,367
Public safety - fire	1,791
Public works	<u>812</u>
Total depreciation expense	<u><u>\$ 32,085</u></u>

TOWN OF ROSELAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(3) CAPITAL ASSETS AND DEPRECIATION EXPENSE (CONTINUED)

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2021:

	<u>12/31/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/2021</u>
Business - type activities				
<u>Capital assets not being depreciated:</u>				
Land	\$ 6,500	\$ -	\$ -	\$ 6,500
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	6,500	-	-	6,500
 <u>Capital assets being depreciated:</u>				
Buildings and improvements	20,640	-	-	20,640
Machinery and equipment	49,794	11,179	(10,469)	50,504
Water utility system	2,801,906	9,733	(835)	2,810,804
Sewer utility system	<u>2,172,712</u>	<u>26,970</u>	<u>-</u>	<u>2,199,682</u>
Total capital assets being depreciated	5,045,052	47,882	(11,304)	5,081,630
 <u>Less: accumulated depreciation</u>				
Buildings and improvements	(20,640)	-	-	(20,640)
Machinery and equipment	(38,971)	(4,693)	10,469	(33,195)
Water utility system	(1,673,745)	(66,701)	835	(1,739,611)
Sewer utility system	<u>(1,642,589)</u>	<u>(69,014)</u>	<u>-</u>	<u>(1,711,603)</u>
Total accumulated depreciation	(3,375,945)	(140,408)	11,304	(3,505,049)
 Total capital assets being depreciated, net	 <u>1,669,107</u>	 <u>(92,526)</u>	 <u>-</u>	 <u>1,576,581</u>
 Total business-type activities capital assets, net	 <u>\$1,675,607</u>	 <u>\$ (92,526)</u>	 <u>\$ -</u>	 <u>\$1,583,081</u>

TOWN OF ROSELAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(4) LONG-TERM OBLIGATIONS

The following is a summary of the changes in long-term debt for the fiscal year ended December 31, 2021:

	<u>Balance at</u> <u>12/31/2020</u>	Additions or Bonds <u>Issued</u>	Decreases Or Bonds <u>Redeemed</u>	<u>Balance at</u> <u>12/31/2021</u>	Due Within <u>One Year</u>
Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ -
Business - type activities					
Sewer revenue bonds, Series A	183,992	-	(22,000)	161,992	23,444
Sewer revenue bonds, Series B	<u>108,568</u>	<u>-</u>	<u>(12,172)</u>	<u>96,396</u>	<u>12,935</u>
Total bonds payable	<u>\$ 292,560</u>	<u>\$ -</u>	<u>\$(34,172)</u>	<u>\$ 258,388</u>	<u>\$ 36,379</u>

As of December 31, 2021, the long-term debt payable from proprietary fund resources consisted of the following revenue bonds:

\$472,500 Sewer Revenue Bonds, Series A dated January 22, 1988, due in monthly installments of \$2,758 through March 22, 2028; including interest at 6.34%; secured by revenues of the Utility System.	\$ 161,992
\$272,000 Sewer Revenue Bonds, Series B dated May 23, 1988, due in monthly installments of \$1,540 through May 23, 2028; including interest at 6.125%; secured by revenues of the Utility System.	<u>96,396</u>
	<u>\$ 258,388</u>

The annual requirements to maturity for the revenue bonds as of December 31, 2021 are as follows:

Year Ending	Principal	Interest	Total
2022	\$ 36,378	\$ 15,196	\$ 51,574
2023	38,732	12,842	51,574
2024	41,238	10,335	51,573
2025	43,907	7,667	51,574
2026	46,748	4,826	51,574
2027-2031	<u>51,385</u>	<u>1,859</u>	<u>53,244</u>
Total	<u>\$ 258,388</u>	<u>\$ 52,725</u>	<u>\$ 311,113</u>

TOWN OF ROSELAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(5) RESTRICTED ASSETS

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.

Revenue Bond Reserve Fund

The resolution called for the establishment of a Revenue Bond Reserve Fund by depositing with the designated fiscal agent bank of the Town until such time as there has been accumulated in said Reserve Fund a sum equal to the highest combined principal and interest payment in any year of the bond. The sole purpose of this fund is to pay the principal of and the interest on the bonds payable from the Revenue Bond Reserve Fund as to which these would otherwise be in default.

Depreciation and Contingency Fund

The resolution called for the establishment and maintenance of a Depreciation and Contingency Fund to care for depreciation, extensions, additions, improvements, and replacements necessary to properly operate the system. Regular deposits of \$416 per month are to be deposited with the regularly designated fiscal agent bank of the Town.

Meter Deposit Fund

The Town established a Meter Deposit Fund to help maintain customer meter deposits on hand, as well as to help control customer meter deposits received.

Restricted cash and cash equivalents consisted of the following at December 31, 2021:

Revenue bon reserve fund	\$ 54,096
Depreciation and contingency fund	73,497
Meter deposit fund	74,963
American Rescue Plan Act (Note 7)	<u>222,116</u>
Total restricted cash and cash equivalents	<u>\$ 424,672</u>

TOWN OF ROSELAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(6) INTERFUND TRANSACTIONS

Due To/From Other Funds

Due to/from other funds at December 31, 2021 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Waterworks and Sewer Fund	\$ 128,157
General Fund	Fire Protection Fund	1,268
Fire Protection Fund	General Fund	14,455
Fire Protection Fund	General Fund	6,039
Waterworks and Sewer Fund	General Fund	4,600
Total		<u>\$ 154,519</u>

The above due to/from other funds were short-term receivables or payables resulting from the normal course of the Town's operations.

Interfund Transfers

There were no interfund transfers during the year ended December 31, 2021.

(7) AMERICAN RESCUE PLAN ACT

The American Rescue Plan Act (ARPA) established the Coronavirus State and Local Recovery Funds (SLFRF) to provide governments with the resources needed to respond to the pandemic. The Town is required to spend these funds in accordance with applicable guidelines, with the funds required to be obligated by December 31, 2024 and expended by December 31, 2026. The Town was allocated a total of \$466,754, to be received in two tranches. During the year ended December 31, 2021, the Town received \$233,377 from SLFRF that is restricted in its use. During the year ended December 31, 2021, the Town spent \$11,261. As of the year ended December 31, 2021, \$222,116 remained available.

(8) LEASES

The Town leases a warehouse which it owns beginning in May 2020 through May 2021 for monthly payments of \$6,833. In July 2021, lease was renewed for one additional year through May 2022.

Future minimum rental payments to be received under this lease are \$34,165 in 2022.

(9) RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2021, the Town carried insurance through various commercial carriers to cover all risks of loss. The Town has no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

TOWN OF ROSELAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(10) SUBSEQUENT EVENTS

In October 2022, the Town received the second tranche of the SLFRF funding as described in Note 7.

In 2022, the lease described in Note 9 was renewed through May 2023. In 2023, the lease was renewed through May 2024.

(11) NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 84, “*Fiduciary Activities*.” The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 as extended by GASB Statement No. 95, “*Postponement of Effective Dates of Certain Authoritative Guidance*.” This Statement did not have a material effect on the Town’s financial statements upon implementation.

The GASB has issued Statement No. 87, “*Leases*.” The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, as extended by GASB Statement No. 95, “*Postponement of Effective Dates of Certain Authoritative Guidance*.” The Town plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 89, “*Accounting for Interest Cost Incurred before the End of a Construction Period*.” The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, as extended by GASB Statement No. 95, “*Postponement of Effective Dates of Certain Authoritative Guidance*.” This Statement did not have a material effect on the Town’s financial statements upon implementation.

TOWN OF ROSELAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(10) NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The GASB has issued Statement No. 90, “*Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61.*” The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, as extended by GASB Statement No. 95, “*Postponement of Effective Dates of Certain Authoritative Guidance.*” This Statement did not have a material effect on the Town’s financial statements upon implementation.

The GASB has issued Statement No. 91, “*Conduit Debt Obligations.*” The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021, as extended by GASB Statement No. 95, “*Postponement of Effective Dates of Certain Authoritative Guidance.*” The Town plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 92, “*Omnibus 2020.*” The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The Town plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 93, “*Replacement of Interbank Offered Rates.*” The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of IBOR. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The Town plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 94, “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements.*” The objective of this Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into public-private and public-public partnerships (PPPs) and availability payment arrangements (APAs) by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The Town plans to adopt this Statement as applicable by the effective date.

TOWN OF ROSELAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(10) NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The GASB has issued Statement No. 95, “*Postponement of the Effective Dates of Certain Authoritative Guidance.*” The primary objective of this Statement is to provide temporary relief from certain newer accounting and financial reporting requirements to governments due to the COVID-19 pandemic. The effective date of certain Statements and Implementation Guides—through GASB Statement No. 93, Replacement of Interbank Offered Rates, and Implementation Guide No. 2019-03, Leases—that first became effective or were scheduled to become effective for periods beginning after June 15, 2018, and later are deferred by either one year or eighteen months.

The GASB has issued Statement No. 96, “*Subscription-Based Information Technology Arrangements.*” The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The Town plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 97, “*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84.*” The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The Town plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 98, “*The Annual Comprehensive Financial Report*”. This Statement establishes the term annual comprehensive financial report and its acronym ACRF. The new term and acronym replace the instances of comprehensive annual financial report and tis acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged. This Statement did not have a material effect on the Town’s financial statements upon implementation.

TOWN OF ROSELAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(10) NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The GASB has issued Statement No. 99, “*Omnibus 2022*”. The Statement addresses three key areas. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Town plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 100, “*Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*”. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023. The Town plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 101, “*Compensated Absences*”. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. The Town plans to adopt this Statement as applicable by the effective date.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

TOWN OF ROSELAND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgetary Amounts		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Taxes:				
Property taxes	\$ 22,000	\$ 22,000	\$ 19,028	\$ (2,972)
Franchise taxes	32,000	32,000	34,886	2,886
Sales taxes	180,000	180,000	223,279	43,279
Licenses and permits	56,000	56,000	51,320	(4,680)
Capital grants and contributions	-	12,000	2,010	(9,990)
Intergovernmental grants	5,500	5,500	8,108	2,608
Lease income	34,000	82,000	75,167	(6,833)
Fines and forfeitures	30,000	30,000	10,087	(19,913)
Interest income	600	600	701	101
Other	5,500	5,500	109,006	103,506
Total revenues	365,600	425,600	533,592	107,992
<u>EXPENDITURES:</u>				
General government	162,400	255,150	225,339	29,811
Public safety:				
Police	119,000	132,800	121,928	10,872
Fire	6,500	6,500	3,314	3,186
Public works	77,700	77,700	67,849	9,851
Capital outlay	-	-	5,029	(5,029)
Total expenditures	365,600	472,150	423,459	48,691
Excess (deficiency) of revenues over (under) expenditures	-	(46,550)	110,133	156,683
<u>OTHER FINANCING SOURCES:</u>				
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	(46,550)	110,133	156,683
Fund balance, beginning of year	194,980	194,980	194,980	194,980
Fund balance, end of year	\$ 194,980	\$ 148,430	\$ 305,113	\$ 351,663

TOWN OF ROSELAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND - DETAIL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgetary Amounts		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Taxes:				
Property taxes	\$ 22,000	\$ 22,000	\$ 19,028	\$ (2,972)
Franchise taxes	32,000	32,000	34,886	2,886
Sales taxes	180,000	180,000	223,279	43,279
Licenses and permits	56,000	56,000	51,320	(4,680)
Capital grants and contributions	-	12,000	2,010	(9,990)
Intergovernmental grants	5,500	5,500	8,108	2,608
Lease income	34,000	82,000	75,167	(6,833)
Fines and forfeitures	30,000	30,000	10,087	(19,913)
Interest income	600	600	701	101
Other	5,500	5,500	109,006	103,506
Total revenues	365,600	425,600	533,592	107,992
<u>EXPENDITURES:</u>				
General government:				
Salaries	59,750	74,500	72,480	2,020
Payroll taxes	4,850	5,850	5,545	305
Advertising	-	-	389	(389)
Depreciation	-	12,000	-	12,000
General and administrative	-	-	1,392	(1,392)
Insurance	30,000	30,000	18,562	11,438
Other operating	8,800	13,800	14,817	(1,017)
Professional fees	38,000	54,000	31,427	22,573
Repairs and maintenance	1,000	5,000	20,980	(15,980)
Supplies	8,000	48,000	46,112	1,888
Utilities	12,000	12,000	13,635	(1,635)
Public safety:				
Police:				
Salaries	77,000	80,000	77,304	2,696
Benefits	-	10,800	8,831	1,969
Payroll taxes	6,500	6,500	5,273	1,227
Depreciation	-	-	-	-
Insurance	15,500	15,500	13,247	2,253
Vehicle expenses	9,000	9,000	7,187	1,813
Other operating	1,000	1,000	1,585	(585)
Repairs and maintenance	3,000	3,000	2,180	820
Supplies	3,500	3,500	3,105	395
Utilities	3,500	3,500	3,216	284

See Independent Auditors' Report

TOWN OF ROSELAND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 GENERAL FUND - DETAIL (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgetary Amounts		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Fire:				
Salaries	-	-	-	-
Payroll taxes	-	-	-	-
Depreciation	-	-	-	-
General and administrative	-	-	-	-
Insurance	1,800	1,800	306	1,494
Vehicle expenses	-	-	-	-
Other operating	700	700	111	589
Professional fees	-	-	-	-
Repairs and maintenance	-	-	376	(376)
Supplies	-	-	97	(97)
Utilities	4,000	4,000	2,424	1,576
Public works:				
Salaries	36,000	36,000	24,089	11,911
Payroll taxes	3,600	3,600	2,563	1,037
Depreciation	-	-	-	-
Insurance	1,600	1,600	1,141	459
Vehicle expenses	12,000	12,000	8,609	3,391
Other operating	1,500	1,500	2,321	(821)
Supplies	2,000	2,000	6,083	(4,083)
Utilities	21,000	21,000	23,043	(2,043)
Capital outlay	-	-	5,029	(5,029)
	365,600	472,150	423,459	48,691
Excess (deficiency) of revenues over (under) expenditures	-	(46,550)	110,133	156,683
<u>OTHER FINANCING SOURCES:</u>	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	(46,550)	110,133	156,683
Fund balance, beginning of year	194,980	194,980	194,980	194,980
Fund balance, end of year	\$ 194,980	\$ 148,430	\$ 305,113	\$ 351,663

TOWN OF ROSELAND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 FIRE PROTECTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgetary Amounts		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Taxes:				
Property taxes	\$ -	\$ -	\$ 29,513	\$ 29,513
Interest income	300	300	84	(216)
Total revenues	300	300	29,597	29,297
<u>EXPENDITURES:</u>				
Public safety:				
Fire				
Salaries	12,000	18,000	19,078	(1,078)
Payroll taxes	1,200	1,800	2,030	(230)
Depreciation	-	-	-	-
General and administrative	-	-	901	(901)
Insurance	6,500	6,500	5,804	696
Vehicle expenses	750	2,400	1,623	777
Other operating	1,350	1,350	909	441
Professional fees	2,500	2,500	150	2,350
Repairs and maintenance	3,600	4,800	3,488	1,312
Supplies	500	2,400	28	2,372
Utilities	4,000	8,000	9,146	(1,146)
Capital outlay	-	-	2,632	(2,632)
Total expenditures	32,400	47,750	45,789	1,961
Excess (deficiency) of revenues over (under) expenditures	(32,100)	(47,450)	(16,192)	31,258
<u>OTHER FINANCING SOURCES:</u>				
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(32,100)	(47,450)	(16,192)	31,258
Fund balance, beginning of year	58,829	58,829	58,829	-
Fund balance, end of year	<u>\$ 26,729</u>	<u>\$ 11,379</u>	<u>\$ 42,637</u>	<u>\$ 31,258</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF ROSELAND
SCHEDULE OF WATER AND SEWER RATES
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Water

Residential Rates			
In Town		Out of Town	
\$ 24.25		\$ 28.25	Base charge
\$ 1.90		\$ 2.00	Per 1,000 gallons of water over 2,000 gallons
Commercial Rates			
In Town		Out of Town	
\$ 43.25		\$ 61.25	Base charge
\$ 1.90		\$ 2.00	Per 1,000 gallons of water over 10,000 gallons
\$ 103.00			Roseland Montessori School

Sewer

Metered			
Residential Rates		Commercial Rates	
\$ 18.00		\$ 67.00	Base charge
\$ 3.25		\$ 3.25	Per 1,000 gallons of water over 2,000 gallons
In Town			
\$ 32.00			Flat rate
\$ 152.00			Roseland Montessori School

TOWN OF ROSELAND
SCHEDULE OF NUMBER OF WATER AND SEWER CUSTOMERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

	<u>Residential</u>	<u>Commercial</u>	<u>School</u>	<u>Total</u>
Water	483	39	1	523
Sewer	<u>266</u>	<u>22</u>	<u>1</u>	<u>289</u>
Total	<u><u>749</u></u>	<u><u>61</u></u>	<u><u>2</u></u>	<u><u>812</u></u>

TOWN OF ROSELAND
SCHEDULE OF COMPENSATION PAID TO COUNCIL MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Name</u>	<u>Amount</u>
Tracey Johnson	\$ 3,275
Shavanna McCoy	3,275
Kevin Robinson	3,275
Sandra W. Turner	3,175
Ruthie Vernon	<u>3,275</u>
	<u>\$ 16,275</u>

TOWN OF ROSELAND
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2021

Wanda McCoy, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 16,400
Employer paid taxes	1,255
Conference fees	250
Lodging	258
Reimbursements	<u>80</u>
 Total compensation, benefits, and other payments	 <u><u>\$ 18,243</u></u>

TOWN OF ROSELAND, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY
FOR THE YEAR ENDED DECEMBER 31, 2021

<i>Cash Basis Presentation</i>	First Six Month Period End June 30, 2021	Second Six Month Period End December 31, 2021
Beginning balance of amounts collected (i.e. cash on hand)	\$ -	\$ -
Add: collections		
Criminal fines - other	<u>7,584</u>	<u>2,503</u>
Total collections	<u>7,584</u>	<u>2,503</u>
Less: amounts retained by collecting agency		
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount		
Criminal fines retained- criminal court costs/fees	<u>7,584</u>	<u>2,503</u>
Total disbursements/retainage	<u>7,584</u>	<u>2,503</u>
Total: ending balance of amounts collected but not disbursed/retained (i.e. cash on hand)	<u>\$ -</u>	<u>\$ -</u>
Ending balance of "partial payments" collected but not disbursed	<u>\$ -</u>	<u>\$ -</u>
Other information:		
Ending balance of total amounts assessed but not yet collected	* <u>\$ -</u>	* <u>\$ -</u>
Total waivers during the fiscal period	* <u>\$ -</u>	* <u>\$ -</u>

* Due to lack of case management reporting capabilities, this amount is not obtainable at the present time.



INDEPENDENT AUDITORS' 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*

To the Mayor and Town Council of
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 *Governmental 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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 26, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing 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 schedule of findings and questioned costs, 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 a 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 described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, and 2021-003 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 questioned costs as items 2021-004 and 2021-005 to be significant deficiencies.



To the Mayor and Town Council of
Town of Roseland
March 26, 2024

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town’s financial statements are free from 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 financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-006, 2021-007, 2021-008, and 2021-009.

The Town’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

This report is intended solely for the information and use of management, the Board of Aldermen, the Louisiana Legislative Auditor, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

March 26, 2024
Mandeville, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

TOWN OF ROSELAND, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION I SUMMARY OF AUDITORS' REPORTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the Town of Roseland, Louisiana.
2. Two significant deficiencies and three material weaknesses in internal control relating to the audit of the financial statements are reported in the Independent Auditors' 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*.
3. Four instances of noncompliance material to the financial statements of the Town of Roseland, Louisiana were reported in the 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*.
4. A management letter was not issued for the year ended December 31, 2021.

SECTION II FINANCIAL STATEMENTS FINDINGS

Material Weaknesses

Finding 2021-001 Inadequate Controls over the Utility Billing System

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 Towns 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. 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.

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 Towns financial statements may not be prevented or detected.

TOWN OF ROSELAND, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION II FINANCIAL STATEMENTS FINDINGS (CONTINUED)

Material Weaknesses (continued)

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, COVID-19 impeded the Town's ability to do cut offs on delinquent accounts.

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 cut off 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.

Views of Responsible Officials: The Town will consider implementing the recommendation. See Management's Corrective Action plan for further information.

Finding 2021-002 Improper Revenue Recognition

Criteria: American Rescue Plan Act (ARPA) funding is recognized as revenue as funding is spent on expenditures acceptable by the ARPA guidelines. Revenue recognition per the accounting principles accepted in the United States requires that revenues are recognized when realized and earned. Also, revenue is recorded when measurable as of year-end.

Condition: The Town recognized all of the first tranche of the ARPA funding that was allocated to the Town. The Town also did not record insurance proceeds related to Hurricane Ida in the proper period.

Effect: The improper ARPA accounting caused understatement in revenue and understatement in unearned revenue. Also, restricted cash and cash equivalents was misclassified. The improper insurance proceeds accounting caused understatement in revenue and receivables.

TOWN OF ROSELAND, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION II FINANCIAL STATEMENTS FINDINGS (CONTINUED)

Material Weaknesses (continued)

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

Recommendation: The Town personnel should become familiar with all receipt and expenditure requirements when receiving federal funding and insurance proceeds and communicate those requirements with the outsourced CPA. Additionally, the Town should consider all receipts and the period in which those receipts are relevant to when collecting monies after-year end.

Views of Responsible Officials: The Town will consider implementing the recommendation. See Management's Corrective Action plan for further information.

Finding 2021-003 Maintaining Depreciation Schedules

Criteria: Governments should maintain a subsidiary capital assets ledger that is, in effect, a database for governmental and business-type capital assets reported on the accrual basis in the government-wide statement of net position and proprietary fund balance sheet. Although this ledger may serve as an inventory of capital assets, the ledger should also capture information about assets that meet the government's capitalization threshold for financial reporting purposes. This ledger should also track depreciation expense reported in the government-wide and proprietary fund statements, as well as the departmental allocation of depreciation expense. Governmental software vendors offer capital asset modules that integrate with a government's operating funds accounting software to combine capital asset inventory management with financial reporting.

Condition: The Town did not maintain its governmental and business-type activities depreciation schedules. The Town also recorded capital asset purchases to expenditure accounts.

Effect: Capital assets that are no longer in service remain on the schedule; capital assets that should be added, are not; depreciation expense is not properly reflected in the financial statements. Also, capital assets are understated, and expenditures are overstated.

Cause: The Town relies on the year-end audit process to update depreciation schedules. The Town clerks coded capital asset acquisition invoices incorrectly after which the outsourced CPA recorded the invoices to the incorrect accounts in the general ledger.

Recommendation: The Town should incorporate maintaining the depreciation schedules in its monthly accounting process with the outsourced CPA.

Views of Responsible Officials: The Town will consider implementing the recommendation. See Management's Corrective Action plan for further information.

TOWN OF ROSELAND, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION II FINANCIAL STATEMENTS FINDINGS (CONTINUED)

Significant Deficiencies

Finding 2021-004 Inadequate Segregation of Duties

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.

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.

Cause: Due to the size and nature of the Town, some incompatible duties are not adequately segregated.

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.

Views of Responsible Officials: The Town will consider implementing the recommendation. See Management's Corrective Action plan for further information.

Finding 2021-005 Accounts Payable Practices

Criteria: Payables should be recorded in the period in which the goods are received or services performed in order to reflect proper cutoff and ensure that the financial statements are complete with respect to accounts payable.

Condition: The Town did not record all year-end payables.

Effect: Payables and expenses are understated.

Cause: The Town operates on a cash basis throughout the year and adjusts payables at year-end.

Recommendation: The Town should consider all invoices and the period in which those invoices are relevant to when disbursing after-year end.

TOWN OF ROSELAND, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION II FINANCIAL STATEMENTS FINDINGS (CONTINUED)

Significant Deficiencies (continued)

Views of Responsible Officials: The Town will consider implementing the recommendation. See Management's Corrective Action plan for further information.

Compliance

Finding 2021-006 Bond Requirements

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 interments and fund required reserves, and to disconnect delinquent accounts over 90 days past due.

Condition: Failure to cut off services on delinquent accounts.

Effect: Noncompliance with bond requirements.

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

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.

Views of Responsible Officials: The Town will consider implementing the recommendation. See Management's Corrective Action plan for further information.

Finding 2021-007 Donation, Loan, or Pledge of Public Credit

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 are as follows: the Town failed to adhere to a strict cutoff policy and demonstrated insufficient effort in collecting delinquent accounts receivable amounts. In doing so, the funds of the Town were loaned to customers with delinquent accounts as services continued to be provided to these customers.

TOWN OF ROSELAND, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION II FINANCIAL STATEMENTS FINDINGS (CONTINUED)

Compliance (continued)

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

Cause: 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, COVID-19 impeded the Towns ability to do cut offs on delinquent accounts.

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 cut off policy.

Views of Responsible Officials: The Town will consider implementing the recommendation. See Management’s Corrective Action plan for further information.

Finding 2021-008 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 Town’s report was submitted in March 2024.

Effect: Noncompliance with state audit law.

Cause: The previous auditor who had performed the audit for the Town for many years resigned in March 2022 due to high staff turnover. The delay in the issuance of the report is due to turnover in the key personnel positions, critical positions that are integral in assisting in the completion of an audit. These events caused significant disruption to operations and a reduction in operating capacity during the audit engagement period. Coupled with the turnover is the manual nature of accounting records, which requires extensive time to provide necessary information. Further, additional time was needed to gather information from the predecessor auditor.

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

TOWN OF ROSELAND, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION II FINANCIAL STATEMENTS FINDINGS (CONTINUED)

Compliance (continued)

Views of Responsible Officials: The Town will consider implementing the recommendation. See Management's Corrective Action plan for further information.

Finding 2021-009 American Rescue Plan Act Funding Compliance

Criteria: Recipients of the State and Local Fiscal Recovery Funds Program are required to meet compliance and reporting responsibilities including, submitting annual project and expenditure reports.

Condition: The Town has not submitted an annual project and expenditure report.

Effect: Noncompliance with State and Local Fiscal Recovery Funds Program.

Cause: The Town personnel were not aware of the reporting requirement due to the high turnover in personnel.

Recommendation: Carefully read through all funding documentation to ensure that any and all compliance requirements will be met.

Views of Responsible Officials: The Town will consider implementing the recommendation. See Management's Corrective Action plan for further information.

SECTION III FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARDS

Not applicable for the year ended December 31, 2021.

TOWN OF ROSELAND, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Material Weaknesses

Finding 2020-I2 Inadequate Controls over the Utility Billing System

This finding has not been resolved and is repeated as finding 2021-001 for the year ended December 31, 2021.

Finding 2020-I3 Lack of Internal Controls over Traffic Citations

This finding has been resolved as of December 31, 2021.

Significant Deficiencies

Finding 2020-I1 Inadequate Segregation of Duties

This finding has not been resolved and is repeated as finding 2021-004 for the year ended December 31, 2021.

Compliance

Finding 2020-C1 Bond Requirements

This finding has not been resolved and is repeated as finding 2021-006 for the year ended December 31, 2021.

Finding 2020-C2 Traffic Citations

This finding has been resolved as of December 31, 2021.

Finding 2020-C3 Donation, Loan, or Pledge of Public Credit

This finding has not been resolved and is repeated as finding 2021-007 for the year ended December 31, 2021.

Finding 2020-C4 Local Budget Act

This finding has been resolved as of December 31, 2021.

Finding 2020-C5 Late Submittal of Audit Report

This finding has not been resolved and is repeated as finding 2021-008 for the year ended December 31, 2021.

SECTION II - MANAGEMENT LETTER

There was no management letter issued for the year ended December 31, 2020.

TOWN OF ROSELAND

Andrew Henderson
Chief of Police

Wanda McCoy
Mayor

Clay Widas
Fire Chief



February 29, 2024

Louisiana Legislative Auditor

Town of Roseland, Louisiana (the Town) respectfully submits the following corrective action plan for items identified pursuant to the agreed-upon procedures in accordance with Statewide Agreed Upon Procedures.

Name and address of independent public accounting firm:

Ericksen Krentel, L.L.P.
4227 Canal Street
New Orleans, LA 70119

Engagement Period: January 1, 2021 – December 31, 2021

The exceptions from the statewide agreed-upon procedures report are discussed below:

Written Policies and Procedures

Exceptions: The written policies and procedures addressed each financial/business function except for the following: (1) purchasing (a) how purchases are initiated and (b) how vendors are added to the vendor list; (2) payroll/personnel (a) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules; (3) credit cards (b) how cards are to be controlled, (b) allowable business uses, (c) documentation requirements, (d) required approvers of statements, and (d) monitoring card usage (e.g., determining the reasonableness of fuel card purchases); (4) debt service (a) debt issuance approval, (b) continuing disclosure/EMMA reporting requirements, (c) debt reserve requirements, and (d) debt service requirements; (5) Information Technology Disaster Recovery/Business Continuity (a) identification of critical data and frequency of data backups, (b) storage of backups in a separate physical location isolated from the network, (c) periodic testing/verification that backups can be restored, (d) use of antivirus software on all systems, (e) timely application of all available system and software patches/updates, and (f) identification of personnel, processes, and tools needed to recover operations after a critical event; and (6) sexual harassment (a) annual employee training, and (b) annual reporting.

Board or Finance Committee

The Town of Roseland is an equal opportunity employer.

Post Office Box 302 • Roseland, Louisiana 70456 • Office Phone: 985-748-9063

Exceptions: The Town's minutes did not include reference or inclusion of monthly budget-to-actual comparisons on the general fund and major special revenue funds.

Bank Reconciliations

Exceptions: The bank reconciliations chosen for testing did not include evidence that they were prepared within 2 months of the related statement closing date or evidence that a member of management/board member has reviewed each bank reconciliation.

Collections (Excluding Electronic Funds Transfers)

Exceptions: Due to the size of the Town and limited accounting personnel, compensating controls are included in the policies and procedures. The compensating controls include, but are not limited to, financial information review by the Mayor and the Board.

Non-Payroll Disbursements (Excluding Card Purchases, Travel Reimbursements, and Petty Cash Purchases)

Exceptions: Due to the size of the Town and limited accounting personnel, compensating controls are included in the policies and procedures. The compensating controls include, but are not limited to, dual signatures on checks and review of invoices by the Mayor and Board and financial information review by the Mayor and the Board. The Town was charged and paid sales tax for a number of the invoices selected for testing. Further, a disbursement did not match an itemized invoice.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

Exceptions: The monthly statement did not have supporting documentation of review or approval in writing or electronically.

Travel and Travel-Related Expense Reimbursements

Exceptions: Two or five transactions tested lacked documentation of approval.

Credit Cards/Debit Cards/Fuel Cards/Purchase Cards

Exceptions: The monthly statements did not have an approval in writing or electronically.

Travel and Travel-Related Expense Reimbursements (Excluding Card Transactions)

Exceptions: The per diem provided to the five employees selected was less than the reimbursement rate to those established by the State of Louisiana. Due to the size of the Town and limited accounting personnel, compensating controls are included in the policies and procedures. The compensating controls include, but are not limited to, dual signatures on checks and review of invoices by the Mayor and Board and financial information review by the Mayor and the Board.

Payroll and Personnel

Exceptions: The personnel files did not include approved pay rates of the employees and we were not able to agree pay rates to the pay rate per the pay period selected.

Ethics

Exceptions: The Town did not retain documentation for the five employees selected so we were unable to ascertain whether the employee completed the training.

Sexual Harassment

Exceptions: The Town did not retain documentation for the five employees selected so we were unable to ascertain whether the employee completed the training.

Management's Response to Exceptions: Management has noted and agrees with the above exceptions. Management will consider the effects of such exceptions and the need to enhance key controls or compensating controls in the identified areas.

If there are any questions regarding this plan, please contact Wanda McCoy, Mayor at 62438 Commercial Street, Roseland, Louisiana 70456.

Sincerely,



Signature



Title

LOUISIANA LEGISLATIVE AUDITOR
STATEWIDE AGREED-UPON PROCEDURES
TOWN OF ROSELAND, LOUISIANA
FOR THE FISCAL PERIOD
JANUARY 1, 2021 THROUGH DECEMBER 31, 2021



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and Town Council of
Town of Roseland
Roseland, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Town of Roseland's (the Town) management is responsible for those C/C areas identified in the SAUPs.

The Town has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are attached in Schedule "1."

We were engaged by the Town to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

February 29, 2024
Mandeville, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

TOWN OF ROSELAND, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES
JANUARY 1, 2021 TO DECEMBER 31, 2021

WRITTEN POLICIES AND PROCEDURES

- 1) **Procedure:** Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - h) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
 - j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

TOWN OF ROSELAND, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2021 TO DECEMBER 31, 2021

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: The written policies and procedures addressed each financial/business function except for the following: (1) purchasing (a) how purchases are initiated and (b) how vendors are added to the vendor list; (2) payroll/personnel (a) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules; (3) credit cards (b) how cards are to be controlled, (b) allowable business uses, (c) documentation requirements, (d) required approvers of statements, and (d) monitoring card usage (e.g., determining the reasonableness of fuel card purchases); (4) debt service (a) debt issuance approval, (b) continuing disclosure/EMMA reporting requirements, (c) debt reserve requirements, and (d) debt service requirements; (5) Information Technology Disaster Recovery/Business Continuity (a) identification of critical data and frequency of data backups, (b) storage of backups in a separate physical location isolated from the network, (c) periodic testing/verification that backups can be restored, (d) use of antivirus software on all systems, (e) timely application of all available system and software patches/updates, and (f) identification of personnel, processes, and tools needed to recover operations after a critical event; and (6) sexual harassment (a) annual employee training, and (b) annual reporting.

BOARD OR FINANCE COMMITTEE

- 2) **Procedure:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

TOWN OF ROSELAND, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2021 TO DECEMBER 31, 2021

BOARD OR FINANCE COMMITTEE (CONTINUED)

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: The Town's minutes did not include reference or inclusion of monthly budget-to-actual comparisons on the general fund and major special revenue funds.

BANK RECONCILIATIONS

- 3) **Procedure:** Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain, and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: The bank reconciliations chosen for testing did not include evidence that they were prepared within 2 months of the related statement closing date or evidence that a member of management/board member has reviewed each bank reconciliation.

COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS)

- 4) **Procedure:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5) **Procedure:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

TOWN OF ROSELAND, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2021 TO DECEMBER 31, 2021

COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS) (CONTINUED)

- a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not responsible for collecting cash, unless another employee/official verifies the reconciliation.
- 6) **Procedure:** Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
- 7) **Procedure:** Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: Due to the size of the Town and limited accounting personnel, compensating controls are included in the policies and procedures. The compensating controls include, but are not limited to, financial information review by the Mayor and the Board.

TOWN OF ROSELAND, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2021 TO DECEMBER 31, 2021

NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)

- 8) **Procedure:** Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9) **Procedure:** For each location selected under procedure #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
- 10) **Procedure:** For each location selected under procedure #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- a) Observe whether the disbursement, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #9 above, as applicable

Results: Due to the size of the Town and limited accounting personnel, compensating controls are included in the policies and procedures. The compensating controls include, but are not limited to, dual signatures on checks and review of invoices by the Mayor and Board and financial information review by the Mayor and the Board. The Town was charged and paid sales tax for a number of the invoices selected for testing. Further, a disbursement did not match an itemized invoice.

TOWN OF ROSELAND, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2021 TO DECEMBER 31, 2021

CREDIT CARDS/DEBIT CARDS/FUEL CARDS/PURCHASE CARDS (CARDS)

- 11) **Procedure:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- 12) **Procedure:** Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
- 13) **Procedure:** Using the monthly statements or combined statements selected under procedure #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: The monthly statement did not have supporting documentation of review or approval in writing or electronically.

TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)

- 14) **Procedure:** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

TOWN OF ROSELAND, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2021 TO DECEMBER 31, 2021

TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS) (CONTINUED)

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: The per diem provided to the five employees selected was less than the reimbursement rate to those established by the State of Louisiana. Due to the size of the Town and limited accounting personnel, compensating controls are included in the policies and procedures. The compensating controls include, but are not limited to, dual signatures on checks and review of invoices by the Mayor and Board and financial information review by the Mayor and the Board.

CONTRACTS

15) **Procedure:** Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were found as a result of applying the procedure.

PAYROLL AND PERSONNEL

16) **Procedure:** Obtain a listing of employees and officials employed during the fiscal period, and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

TOWN OF ROSELAND, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2021 TO DECEMBER 31, 2021

PAYROLL AND PERSONNEL (CONTINUED)

- 17) **Procedure:** Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- 18) **Procedure:** Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
- 19) **Procedure:** Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: The personnel files did not include approved pay rates of the employees and we were not able to agree pay rates to the pay rate per the pay period selected.

ETHICS

- 20) **Procedure:** Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results: The Town did not retain documentation for the five employees selected so we were unable to ascertain whether the employee completed the training.

TOWN OF ROSELAND, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2021 TO DECEMBER 31, 2021

DEBT SERVICE

- 21) **Procedure:** Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.
- 22) **Procedure:** Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: No exceptions were found as a result of applying the procedures.

FRAUD NOTICE

- 23) **Procedure:** Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
- 24) **Procedure:** Observe the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions were found as a result of applying the procedures.

INFORMATION TECHNOLOGY DISASTER RECOVERY/ BUSINESS CONTINUITY

- 25) **Procedure:** Perform the following procedures:
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

TOWN OF ROSELAND, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2021 TO DECEMBER 31, 2021

INFORMATION TECHNOLOGY DISASTER RECOVERY/ BUSINESS CONTINUITY

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We performed the procedures and discussed the results with management.

SEXUAL HARASSMENT

- 26) **Procedure:** Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
- 27) **Procedure:** Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- 28) **Procedure:** Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
 - a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Results: The Town did not retain documentation for the five employees selected so we were unable to ascertain whether the employee completed the training.

TOWN OF ROSELAND

Andrew Henderson
Chief of Police

Wanda McCoy
Mayor

Clay Widas
Fire Chief



February 29, 2024

Louisiana Legislative Auditor

Town of Roseland, Louisiana (the Town) respectfully submits the following corrective action plan for items identified pursuant to the agreed-upon procedures in accordance with Statewide Agreed Upon Procedures.

Name and address of independent public accounting firm:

Ericksen Krentel, L.L.P.
4227 Canal Street
New Orleans, LA 70119

Engagement Period: January 1, 2021 – December 31, 2021

The exceptions from the statewide agreed-upon procedures report are discussed below:

Written Policies and Procedures

Exceptions: The written policies and procedures addressed each financial/business function except for the following: (1) purchasing (a) how purchases are initiated and (b) how vendors are added to the vendor list; (2) payroll/personnel (a) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules; (3) credit cards (b) how cards are to be controlled, (b) allowable business uses, (c) documentation requirements, (d) required approvers of statements, and (d) monitoring card usage (e.g., determining the reasonableness of fuel card purchases); (4) debt service (a) debt issuance approval, (b) continuing disclosure/EMMA reporting requirements, (c) debt reserve requirements, and (d) debt service requirements; (5) Information Technology Disaster Recovery/Business Continuity (a) identification of critical data and frequency of data backups, (b) storage of backups in a separate physical location isolated from the network, (c) periodic testing/verification that backups can be restored, (d) use of antivirus software on all systems, (e) timely application of all available system and software patches/updates, and (f) identification of personnel, processes, and tools needed to recover operations after a critical event; and (6) sexual harassment (a) annual employee training, and (b) annual reporting.

Board or Finance Committee

The Town of Roseland is an equal opportunity employer.

Exceptions: The Town's minutes did not include reference or inclusion of monthly budget-to-actual comparisons on the general fund and major special revenue funds.

Bank Reconciliations

Exceptions: The bank reconciliations chosen for testing did not include evidence that they were prepared within 2 months of the related statement closing date or evidence that a member of management/board member has reviewed each bank reconciliation.

Collections (Excluding Electronic Funds Transfers)

Exceptions: Due to the size of the Town and limited accounting personnel, compensating controls are included in the policies and procedures. The compensating controls include, but are not limited to, financial information review by the Mayor and the Board.

Non-Payroll Disbursements (Excluding Card Purchases, Travel Reimbursements, and Petty Cash Purchases)

Exceptions: Due to the size of the Town and limited accounting personnel, compensating controls are included in the policies and procedures. The compensating controls include, but are not limited to, dual signatures on checks and review of invoices by the Mayor and Board and financial information review by the Mayor and the Board. The Town was charged and paid sales tax for a number of the invoices selected for testing. Further, a disbursement did not match an itemized invoice.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

Exceptions: The monthly statement did not have supporting documentation of review or approval in writing or electronically.

Travel and Travel-Related Expense Reimbursements

Exceptions: Two or five transactions tested lacked documentation of approval.

Credit Cards/Debit Cards/Fuel Cards/Purchase Cards

Exceptions: The monthly statements did not have an approval in writing or electronically.

Travel and Travel-Related Expense Reimbursements (Excluding Card Transactions)

Exceptions: The per diem provided to the five employees selected was less than the reimbursement rate to those established by the State of Louisiana. Due to the size of the Town and limited accounting personnel, compensating controls are included in the policies and procedures. The compensating controls include, but are not limited to, dual signatures on checks and review of invoices by the Mayor and Board and financial information review by the Mayor and the Board.

Payroll and Personnel

Exceptions: The personnel files did not include approved pay rates of the employees and we were not able to agree pay rates to the pay rate per the pay period selected.

Ethics

Exceptions: The Town did not retain documentation for the five employees selected so we were unable to ascertain whether the employee completed the training.

Sexual Harassment

Exceptions: The Town did not retain documentation for the five employees selected so we were unable to ascertain whether the employee completed the training.

Management's Response to Exceptions: Management has noted and agrees with the above exceptions. Management will consider the effects of such exceptions and the need to enhance key controls or compensating controls in the identified areas.

If there are any questions regarding this plan, please contact Wanda McCoy, Mayor at 62438 Commercial Street, Roseland, Louisiana 70456.

Sincerely,



Signature



Title