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TOWN OF ROSEPINE
STATE OF LOUISIANA

ANNUAL FINANCIAL STATEMENTS
WITH AUDITOR'S REPORTS
For the Year Ended June 30, 1998

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

Printed Date DEC 16 1998

C O N T E N T S

	Statement	Schedule	Page
INDEPENDENT AUDITOR'S REPORT			1-2
 GENERAL PURPOSE FINANCIAL STATEMENTS (COMBINED STATEMENTS - OVERVIEW)			
Combined Balance Sheet - All Fund Types and Account Groups	A	-	4
Statement Of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types	B	-	5
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	C	-	6
Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Type	D	-	7
Statement of Cash Flows - Proprietary Fund Type	E	-	8
Notes to Financial Statements	-	-	9-27
 SUPPLEMENTAL INFORMATION SCHEDULES			
Individual Fund Financial Statements			
General Fund:			
Balance Sheet	-	1	30
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	-	2	31
Schedule of Revenues Compared to Budget (GAAP Basis)	-	3	32
Schedule of Expenditures Compared to Budget (GAAP Basis)	-	4	33
Enterprise Fund:			
Balance Sheet	-	5	35-37
Schedule of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Type	-	6	38
Schedule of Cash Receipts and Disbursements - Restricted Accounts Required by Bond Ordinance	-	7	39

	Statement	Schedule	Page
Account Group Financial Statements			
General Fixed Assets Account Group:			
Schedule of General Fixed Assets	-	8	40
Schedule of Changes in General Fixed Assets	-	9	41
Schedule of Per Diem Paid to Board Members	-	10	42
Schedule of Prior Year Audit Findings: Schedule of Prior year Audit Findings	-	11	43 44
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"	-	-	45-46

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INDEPENDENT AUDITOR'S REPORT

The Honorable Ottis R. Goins, Mayor
and the Members of The Board of Aldermen
Town of Rosepine, Louisiana

I have audited the accompanying general purpose financial statements of the Town of Rosepine, Louisiana, as of and for the year ended June 30, 1998 as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Rosepine, Louisiana, management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

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

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Rosepine, Louisiana, as of June 30, 1998 and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with GOVERNMENT AUDITING STANDARDS, I have also issued a report dated November 6, 1998 on my consideration of the Town of Rosepine, Louisiana's internal control structure and a report dated November 6, 1998 on its compliance with laws and regulations.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional

The Honorable Ottis R. Goins, Mayor
and the Members of The Board of Aldermen
Town of Rosepine, Louisiana
Page 2

analysis and are not a required part of the general purpose financial statements of the Town of Rosepine, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

John A. Windham, CPA
DeRidder, Louisiana
November 6, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

TOWN OF ROSEPINE

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1998

	Governmental Fund Type <u>General</u>	Proprietary Fund Type <u>Enterprise</u>
ASSETS		
Cash	\$ 85,583	\$ 153,700
Receivables-		
Franchise taxes	7,391	---
Accounts, net of allowance for doubtful accounts	---	22,628
Due from other governmental units	1,476	---
Prepaid expenses	3,780	3,233
Restricted assets	---	69,013
Property, Plant and Equipment-net Amount to be provided for retirement of general long term debt	---	1,793,790
	<u>---</u>	<u>---</u>
Total assets	<u>\$ 98,230</u>	<u>\$ 2,042,364</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ 2,220	\$ 3,752
Payroll taxes payable	272	22
Payable from restricted assets - Bonds	---	7,376
Accrued interest	---	16,309
Customers' deposits	---	25,480
Bonds, mortgage and loan payable	---	754,825
General long-term debt	---	---
	<u>---</u>	<u>---</u>
Total liabilities	<u>\$ 2,492</u>	<u>\$ 807,764</u>
Fund equity:		
Contributed capital	\$ ---	\$ 1,455,141
Investment in general fixed assets	---	---
Retained earnings -		
Reserved for bond retirement and contingencies	---	19,847
Unreserved - (deficit)	---	(240,388)
Total retained earnings (deficit)	<u>\$ ---</u>	<u>\$ (220,541)</u>
Fund balances -		
Unreserved - undesignated	<u>\$ 95,738</u>	<u>\$ ---</u>
Total fund equity	<u>\$ 95,738</u>	<u>\$ 1,234,600</u>
Total liabilities and fund equity	<u>\$ 98,230</u>	<u>\$ 2,042,364</u>

Statement A

Account Groups		Totals
General Fixed Assets	General Long-Term Debt	(Memorandum Only) 1998
\$ ---	\$ ---	\$ 239,283
---	---	7,391
---	---	22,628
---	---	1,476
---	---	7,013
---	---	69,013
112,253	---	1,906,043
---	13,115	13,115
<u>\$ 112,253</u>	<u>\$ 13,115</u>	<u>\$ 2,265,962</u>
\$ ---	\$ ---	\$ 5,972
---	---	294
---	---	7,376
---	---	16,309
---	---	25,480
---	---	754,825
---	13,115	13,115
<u>\$ ---</u>	<u>\$ 13,115</u>	<u>\$ 823,371</u>
\$ ---	\$ ---	\$ 1,455,141
112,253	---	112,253
---	---	19,847
---	---	(240,388)
<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ (220,541)</u>
<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 95,738</u>
<u>\$ 112,253</u>	<u>\$ ---</u>	<u>\$ 1,442,591</u>
<u>\$ 112,253</u>	<u>\$ 13,115</u>	<u>\$ 2,265,962</u>

The accompanying notes are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
 Year Ended June 30, 1998

	<u>General Fund</u>
Revenues:	
Taxes	\$ 51,109
Licenses and permits	28,410
Intergovernmental	32,905
Fines and forfeits	28,002
Other revenues	1,695
Total revenues	<u>\$ 142,121</u>
 Expenditures:	
General government	\$ 29,451
Public safety	71,454
Highways and streets	23,360
Total expenditures	<u>\$ 124,265</u>
 Excess of revenues over expenditures	 \$ 17,856
 Fund balance, beginning	 <u>77,882</u>
 Fund balance, ending	 <u>\$ 95,738</u>

The accompanying notes are an integral part of this statement.

TOWN OF ROSEPINE

Statement C

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 1998

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 49,900	\$ 51,109	\$ 1,209
Licenses and permits	24,300	28,410	4,110
Intergovernmental	36,900	32,905	(3,995)
Fines and forfeits	28,400	28,002	(398)
Other revenues	1,600	1,695	95
Total revenues	<u>\$ 141,100</u>	<u>\$ 142,121</u>	<u>\$ 1,021</u>
Expenditures:			
General government	\$ 30,900	\$ 29,451	\$ 1,449
Public safety	86,100	71,454	14,646
Highways and streets	24,100	23,360	740
Total expenditures	<u>\$ 141,100</u>	<u>\$ 124,265</u>	<u>\$ 16,835</u>
Excess of revenues over expenditures	\$ ---	\$ 17,856	\$ 17,856
Fund balance, beginning	<u>77,882</u>	<u>77,882</u>	<u>---</u>
Fund balance, ending	<u>\$ 77,882</u>	<u>\$ 95,738</u>	<u>\$ 17,856</u>

The accompanying notes are an integral part of this statement.

TOWN OF ROSEPINE

Statement D

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 RETAINED EARNINGS - PROPRIETARY FUND TYPE
 Year Ended June 30, 1998

	<u>Enterprise Fund</u>
Operating revenues:	
Charges for services	\$ <u>207,451</u>
Operating expenses:	
Personal services	\$ 96,219
Supplies	11,081
Other services and charges	49,797
Heat, light, and power	24,184
Depreciation	89,929
Amortization	393
Total operating expenses	<u>\$ 271,603</u>
Operating loss	<u>\$ (64,152)</u>
Non-operating revenues (expenses):	
Sales taxes	\$ 67,193
Interest income	4,127
Interest expense	<u>(53,833)</u>
Total non-operating revenues (expenses)	<u>\$ 17,487</u>
Net loss	\$ (46,665)
Retained earnings, (deficit) beginning	(173,876)
Retained earnings, (deficit) ending	<u>\$ (220,541)</u>

The accompanying notes are an integral part of this statement.

TOWN OF ROSEPINE

Statement E

STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
For the Year Ended June 30, 1998

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Cash received for charges for services	\$ 206,565
Cash payments to suppliers for goods and services	(85,792)
Cash payments to employees for salaries and related benefits	(98,450)
Net cash provided by operating activities	<u>\$ 22,323</u>
Cash flows from noncapital financing activities:	
Sales tax revenue	<u>\$ 67,193</u>
Net cash provided by noncapital financing activities	<u>\$ 67,193</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	\$ (7,920)
Principal paid on long-term debt	(5,355)
Interest paid on long-term debt	(58,504)
Contributed capital received	11,105
Cost due to bond refinancing	(23,461)
Net cash used for capital and related financing activities	<u>\$ (84,135)</u>
Cash flows from investing activities:	
Interest on cash management activities	<u>\$ 4,127</u>
Net increase in cash and cash equivalents	\$ 9,508
Cash and cash equivalents, beginning of year	213,205
Cash and cash equivalents, end of year	<u>\$ 222,713</u>

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

Operating loss	<u>\$ (64,152)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	\$ 90,322
Changes in assets and liabilities:	
Increase in accounts receivable	(2,654)
Increase in prepaid expenses	(255)
Decrease in payroll taxes payable	(2,232)
Decrease in allowance for doubtful accounts	(782)
Increase in customer deposit	2,550
Decrease in accounts payable	(306)
Decrease in due to other funds	(168)
Total adjustments	<u>\$ 86,475</u>
Net cash provided by operating activities	<u>\$ 22,323</u>

The accompanying notes are an integral part of this statement.

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1998

INTRODUCTION

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

As the municipal governing authority, for reporting purposes, the Town of Rosepine is considered a separate financial reporting entity. The Town of Rosepine which is the primary government does not have (a) organizations for which the primary government is financially accountable, and (b) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, therefore the Town is also the financial reporting entity.

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

B. FUND ACCOUNTING

The municipality uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the municipality are classified into two categories: governmental, and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Fund

The governmental fund is used to account for all or most of the municipality's general activities, including the acquisition or construction of general fixed assets. The governmental fund includes:

1. General Fund - the general operating fund of the municipality and accounts for all financial resources, except those required to be accounted for in other funds.

Proprietary Fund

The proprietary fund is used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The proprietary fund differs from the governmental fund in that its focus is on income measurement, which together with the maintenance of equity, is an important financial indicator. The proprietary fund includes:

1. Enterprise fund - accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of the fund present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental fund. The governmental fund uses the following practices in recording revenues and expenditures:

Revenues

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

Expenditures

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

Other Financing Sources (Uses)

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

The proprietary fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund is included on the balance sheet. The proprietary fund uses the accrual basis of accounting. Revenues are

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

recognized when earned, and expenses are recognized at the time liabilities are incurred.

D. BUDGET

The primary government municipality uses the following budget practices:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after the publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

E. ENCUMBRANCES

The Town of Rosepine does not use encumbrance accounting.

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

F. CASH AND CASH EQUIVALENTS
AND INVESTMENTS

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

Under state law, the municipality may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

G. SHORT-TERM INTERFUND
RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

H. INVENTORIES

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

I. PREPAID ITEMS

Prepaid amounts consist of insurance policy premiums paid in advance.

J. RESTRICTED ASSETS

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

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

Depreciation and contingency funds - The Utility Revenue Bonds dated November 1, 1995 requires a monthly deposit into a depreciation and contingency fund of \$133 for the life of the bond. Money in this account is used for repairs and replacement of the existing utility system. The Utility Revenue Refunding Bonds dated June 1, 1998 requires a depreciation and contingency fund deposit paid monthly in advance on or before the 20th day of each month, commencing June, 1998, a sum at least equal to five percent (5%) of the amount to be paid into the Sinking Fund.

K. FIXED ASSETS

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

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation is computed using the straight line method and useful lives as follows:

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

L. COMPENSATED ABSENCES

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

M. LONG-TERM OBLIGATIONS

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

N. FUND EQUITY

Contributed Capital

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

Reserves

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

Designated Fund Balances

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

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

O. INTERFUND TRANSACTIONS

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers of the primary government are reported as operating transfers.

P. SALES TAXES

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

Q. TOTAL COLUMNS ON COMBINED STATEMENTS

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

2. FUND DEFICITS

The following individual fund had a deficit in its unreserved retained earnings at June 30, 1998:

<u>Fund</u>	<u>Deficit Amount</u>
Enterprise Fund	\$ <u>245,317</u>

The retained earnings deficit of the enterprise fund, arises because of the application of generally accepted accounting principles of financial reporting for such funds. Depreciation and amortization, non-cash expenses, contributes

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

to the deficit. Even though the retained earnings deficit exists, the enterprise fund had an overall fund equity of \$1,229,671 at June 30, 1998. The Board of Aldermen will raise user fees to reduce the retained earnings deficit, when needed.

3. LEVIED TAXES

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

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

4. CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents at June 30, 1998:

	<u>Primary Government</u>
Demand deposits	\$ 32,755
Interest-bearing demand deposits	275,041
Petty cash	<u>500</u>
Total	<u>\$ 308,296</u>

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

At June 30, 1998, the primary government has \$308,877 in deposits (collected bank balances). These deposits are secured from risk by \$132,755 of federal deposit insurance and \$378,405 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

5. INVESTMENTS

The Town of Rosepine had no investments as of June 30, 1998.

6. RECEIVABLES

The following is a summary of receivables for June 30, 1998:

<u>Class of Receivable</u>	<u>Primary Government</u>	
	<u>General Fund</u>	<u>Proprietary Fund</u>
Taxes:		
Franchise taxes	\$ 7,391	\$ ---
Utility billing:		
Accounts, net of allowance for doubtful accounts	<u>---</u>	<u>17,699</u>
Total	<u>\$ 7,391</u>	<u>\$ 17,699</u>

As of June 30, 1998 the Town of Rosepine had accounts receivable of \$24,463 and an allowance for doubtful accounts of \$1,835. Accounts receivables are shown as \$22,628, net of the allowance account. The Town has elected to write off bad debts as they are deemed to be uncollectible as determined by management. Bad debts are shown as an expense of operations in the enterprise fund.

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. FIXED ASSETS

The changes in general fixed assets follow:

	<u>Primary Government</u>			Balance June 30, 1998
	Balance June 30, 1997	<u>Additions</u>	<u>Deductions</u>	
Land	\$ 410	\$ ---	\$ ---	\$ 410
Improvements other than buildings	44,898	---	---	44,898
Equipment and furniture	<u>61,945</u>	<u>5,000</u>	<u>---</u>	<u>66,945</u>
Total	<u>\$ 107,253</u>	<u>\$ 5,000</u>	<u>\$ ---</u>	<u>\$112,253</u>

A summary of proprietary property, plant and equipment follows:

	<u>Primary Government</u>
Land	\$ 15,325
Buildings	80,584
Wells	143,035
Sewer plant & equipment	1,976,052
Mains, storage & equipment	656,180
Fences	9,340
Intangible cost	79,879
Office furniture & fixtures	17,121
Trucks and tractors	68,920
Construction in progress	7,920
Bond issuance cost	<u>7,097</u>
Total	\$ 3,061,453
Less:	
Accumulated depreciation	1,267,614
Accumulated amortization	<u>49</u>
Total	\$ 1,793,790

8. PENSION PLAN

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

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Municipal Police Employees Retirement System of Louisiana
(System)

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Rosepine is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Town of Rosepine are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Rosepine contributions to the System for the year ended June 30, 1998, 1997 and 1996 were \$2,573, \$2,042, and \$2,478 respectively, equal to the required contributions for each year.

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at June 30, 1998:

<u>Class of Payable</u>	<u>Primary Government</u>	
	<u>General Fund</u>	<u>Proprietary Fund</u>
Withholdings	\$ 272	\$ 22
Accounts	<u>2,220</u>	<u>3,752</u>
Total	<u>\$ 2,492</u>	<u>\$ 3,774</u>

10. LEASES

The Town of Rosepine had no leases as of June 30, 1998.

11. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 1998:

	<u>Proprietary Fund</u>		<u>General Fund</u>	
	<u>Bonded Debt</u>	<u>Mortgage Note</u>	<u>Mortgage Note</u>	<u>Total</u>
Long-term obligations payable at June 30, 1996	\$ 741,117	\$ 49,594	\$ 19,383	\$ 810,094
Additions	227,600	---	---	227,600
Deductions	<u>(256,110)</u>	<u>---</u>	<u>(6,268)</u>	<u>(262,378)</u>
Long-term obligations payable at June 30, 1997	<u>\$ 712,607</u>	<u>\$ 49,594</u>	<u>\$ 13,115</u>	<u>\$ 775,316</u>

Revenue bonds, are comprised of the following individual issues:

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

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Utilities Revenue Bonds

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

The annual cash flows required to service the debt as of June 30, 1998, including interest payments of \$859,045, are as follows:

<u>June 30,</u>	<u>Proprietary Fund</u>		<u>General Fund</u>	
	<u>Utilities Revenue Refunding Bonds</u>	<u>Utilities Revenue Bonds</u>	<u>Mortgage Note</u>	<u>Total</u>
1999	\$ 22,299	\$ 31,200	\$ 7,261	\$ 60,760
2000	34,349	31,200	6,656	72,205
2001	33,657	31,200	---	64,857
2002	35,082	31,200	---	66,282
2003	34,300	31,200	---	65,500
Thereafter	<u>212,563</u>	<u>1,042,600</u>	<u>---</u>	<u>1,255,163</u>
Total	<u>\$ 372,250</u>	<u>\$1,198,600</u>	<u>\$ 13,917</u>	<u>\$1,584,767</u>

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

On June 1, 1998, the Town issued \$247,000 in Utilities Revenue Refunding Bonds with an interest rate of 7.25% to advance refund \$250,755 of outstanding 1989 Series Utilities Revenue Refunding Bonds with an interest rate of 11%. The net proceeds of \$239,904 (after payment of \$7,096 in underwriting fees, insurance, and other issuance costs) plus an additional \$23,460 of 1989 series sinking reserve fund monies were used to purchase U. S.

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1989 series bonds. As a result, the 1989 series bond are considered to be defeased and the liability for those bonds has been removed from the proprietary fund financial statements.

The Town in effect reduced its aggregate debt service payments by almost \$167,546 over the next 20 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$44,870.

Assumptions

On June 1, 1998 the Town refunded and defeased in substance its outstanding 1989 series bonds of \$250,755, carrying an interest rate of 11%, with a new debt of \$247,000, issued with an interest rate of 7.25%. The new debt is dated June 1, 1998. A portion(\$23,460) of the payment to the escrow agent was provided from monies in the Town's 1989 series sinking and reserve funds. All issuance costs of the transaction were paid from bond proceeds. Issuance costs were as follows:

Bond counsel fees	\$ 3,705
Bond counsel expenses	400
State bond commission fees	161
Publications	500
Legal counsel	1,200
Escrow agent	1,000
Miscellaneous	131
	<u>\$ 7,097</u>

Table 1 shows the debt service schedule of the new debt and its present value, and indicates how the effective interest rate is calculated. Table 2 shows the debt service schedule of the old debt and its present value calculated at the effective interest rate.

Sources and Uses of Funds

The sources and uses of funds required for the transaction are shown below. Table 3 shows the aggregate cash flow savings and economic gain on the refunding, after adjusting for the accrued interest of \$2,568 and the \$23,460 payment from the sinking and reserve funds.

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Sources

Principal amount of new debt	\$ 247,000
Accrued interest on new debt, 6/1/98-6/30/98	1,472
Available from sinking fund for old debt	23,460
Total sources	<u>\$ 271,932</u>

Uses

Deposit of accrued interest to debt service fund for new debt	\$ 1,472
Deposit to escrow fund	263,363
Issuance costs	7,097
Total uses	<u>\$ 271,932</u>

Table 1 - Debt Service Requirements of the New Debt and Calculation of the Effective Interest Rate

Payment Date	Principal Due	Interest Rate	Interest Due	Total Debt Service	Present Value 7.2527%
01-Oct-98	\$		\$ 5,969	\$ 5,969	\$ 5,829
01-Apr-99	7,376	7.25%	8,954	16,330	15,388
01-Oct-99			8,686	8,686	7,899
01-Apr-2000	16,976	7.25%	8,686	25,662	22,520
01-Oct-2000			8,071	8,071	6,835
01-Apr-2001	17,515	7.25%	8,071	25,586	20,909
01-Oct-2001			7,436	7,436	5,864
01-Apr-2002	20,210	7.25%	7,436	27,646	21,039
01-Oct-2002			6,703	6,703	4,923
01-Apr-2003	20,893	7.25%	6,703	27,596	19,557
01-Oct-2003			5,946	5,946	4,066
01-Apr-2004	21,627	7.25%	5,946	27,573	18,197
01-Oct-2004			5,162	5,162	3,288
01-Apr-2005	24,533	7.25%	5,162	29,695	18,250
01-Oct-2005			4,273	4,273	2,534
01-Apr-2006	20,617	7.25%	4,273	24,890	14,245
01-Oct-2006			3,525	3,525	1,947
01-Apr-2007	22,803	7.25%	3,525	26,328	14,032
01-Oct-2007			2,699	2,699	1,388
01-Apr-2008	24,551	7.25%	2,699	27,250	13,524
01-Oct-2008			1,809	1,809	866
01-Apr-2009	26,381	7.25%	1,809	28,190	13,029
01-Oct-2009			853	853	380
01-Apr-2010	<u>23,518</u>	7.25%	<u>853</u>	<u>24,371</u>	<u>10,491</u>
Totals	<u>\$247,000</u>		<u>\$125,249</u>	<u>\$ 372,249</u>	<u>\$247,000</u>

Calculation of effective interest rate target amount and rate:

Principal amount of new debt	\$ 247,000
Effective interest rate	7.252709%

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Table 2 - Debt Service Requirement of the Old Debt

Payment Date	Principal Due	Interest Rate	Interest Due	Semi-Annual Total	Bond Year Total	Present Value 7.2527%
01-Oct-98	\$		\$ 13,792	\$ 13,792	\$	\$ 13,477
01-Apr-99	7,460	11.00%	13,792	21,252	35,044	20,052
01-Oct-99			13,381	13,381		12,191
01-Apr-2000	7,587	11.00%	13,381	20,968	34,349	18,447
01-Oct-2000			12,964	12,964		11,013
01-Apr-2001	7,730	11.00%	12,964	20,694	33,658	16,974
01-Oct-2001			12,539	12,539		9,931
01-Apr-2002	10,005	11.00%	12,539	22,544	35,083	17,241
01-Oct-2002			11,989	11,989		8,853
01-Apr-2003	10,323	11.00%	11,989	22,312	34,301	15,910
01-Oct-2003			11,421	11,421		7,864
01-Apr-2004	10,678	11.00%	11,421	22,099	33,520	14,692
01-Oct-2004			10,833	10,833		6,955
01-Apr-2005	13,191	11.00%	10,833	24,024	34,857	14,892
01-Oct-2005			10,108	10,108		6,050
01-Apr-2006	8,947	11.00%	10,108	19,055	29,163	16,855
01-Oct-2006			9,616	9,616		5,366
01-Apr-2007	10,623	11.00%	9,616	20,239	29,855	10,906
01-Oct-2007			9,032	9,032		4,700
01-Apr-2008	11,886	11.00%	9,032	20,918	29,950	10,510
01-Oct-2008			8,378	8,378		4,065
01-Apr-2009	13,243	11.00%	8,378	21,621	29,999	10,129
01-Oct-2009			7,649	7,649		3,460
01-Apr-2010	14,705	11.00%	7,649	22,354	30,003	9,764
01-Oct-2010			6,841	6,841		2,885
01-Apr-2011	16,285	11.00%	6,841	23,126	29,967	9,418
01-Oct-2011			5,945	5,945		2,238
01-Apr-2012	17,995	11.00%	5,945	23,940	29,885	9,090
01-Oct-2012			4,955	4,955		1,817
01-Apr-2013	19,852	11.00%	4,955	24,807	29,762	8,783
01-Oct-2013			3,863	3,863		1,321
01-Apr-2014	21,872	11.00%	3,863	25,735	29,598	8,495
01-Oct-2014			2,660	2,660		848
01-Apr-2015	9,788	11.00%	2,660	12,448	15,108	3,831
01-Oct-2015			2,122	2,122		631
01-Apr-2016	11,245	11.00%	2,122	13,367	15,489	3,836
01-Oct-2016			1,504	1,504		417
01-Apr-2017	12,818	11.00%	1,504	14,322	15,826	3,832
01-Oct-2017			798	798		206
01-Apr-2018	<u>14,522</u>	11.00%	<u>798</u>	<u>15,320</u>	<u>16,118</u>	<u>3,822</u>
Totals	<u>\$250,755</u>		<u>\$320,780</u>	<u>\$571,535</u>	<u>\$571,535</u>	<u>\$331,767</u>

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

12. RESERVED RETAINED EARNINGS

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

Sinking funds	\$ 7,143
Reserve funds	17,503
Depreciation and Contingency funds	18,811
Customer deposits	<u>25,555</u>
Total	<u>\$ 69,012</u>

Less:

Liabilities payable from restricted assets:	
Current portion of bonds	\$ 7,376
Accrued interest on bonds	16,309
Customer deposits	<u>25,480</u>
Total	<u>\$ 49,165</u>

Reserved retained earnings \$ 19,847

13. CHANGES IN CONTRIBUTED CAPITAL

The following is a summary of changes in contributed capital:

	<u>Primary Government</u>
	Enterprise Fund
Balance at June 30, 1997	<u>\$ 1,444,035</u>
Additions:	
LCDBG grant	7,920
Rural Development Grant	<u>3,186</u>
Balance at June 30, 1998	<u>\$ 1,455,141</u>

14. YEAR 2000 ISSUE - (Y2K)

The Town of Rosepine has its general ledger and water billing computerized. The Town's water billing program will be updated to handle the Y2K issue by the manufacturer of the software. The general ledger system may not handle the Y2K issue therefore the Town is in the process of testing other general ledger programs that will be Y2K compliant. The computer hardware that the Town is currently using is also Y2K compliant.

TOWN OF ROSEPINE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The Town of Rosepine has been paying maintenance on their water billing program. The manufacturer has agreed that the maintenance agreement will cover the cost of the Y2K update. The cost of the new general ledger system that the Town has looked at will be immaterial to the financial statements.

A decision to convert their general ledger system is expected to be made by the Board during the upcoming fiscal year. The Town also expects the water billing system program changes that will be Y2K compliant to be made by the manufacturer during the upcoming fiscal year.

SUPPLEMENTAL INFORMATION SCHEDULES

GENERAL FUND

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

TOWN OF ROSEPINE
GENERAL FUND

Schedule 1

BALANCE SHEET
June 30, 1998

ASSETS	<u>1998</u>
Cash	\$ 85,583
Franchise taxes receivable	7,391
Due from other governmental units	1,476
Prepaid insurance	<u>3,780</u>
Total assets	<u>\$ 98,230</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 2,220
Payroll taxes payable	<u>272</u>
Total liabilities	<u>\$ 2,492</u>
Fund balance:	
Unreserved - undesignated	<u>\$ 95,738</u>
Total liabilities and fund balance	<u>\$ 98,230</u>

TOWN OF ROSEPINE
GENERAL FUND

Schedule 2

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 1998

	1998		Variance - Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Taxes	\$ 49,900	\$ 51,109	\$ 1,209
Licenses and permits	24,300	28,410	4,110
Intergovernmental	36,900	32,905	(3,995)
Fines and forfeits	28,400	28,002	(398)
Other revenues	1,600	1,695	95
Total revenues	<u>\$ 141,100</u>	<u>\$ 142,121</u>	<u>\$ 1,021</u>
Expenditures:			
General government	\$ 30,900	\$ 29,451	\$ 1,449
Public safety	86,100	71,454	14,646
Highways and streets	24,100	23,360	740
Total expenditures	<u>\$ 141,100</u>	<u>\$ 124,265</u>	<u>\$ 16,835</u>
Excess of revenues over expenditures	\$ ---	\$ 17,856	\$ 17,856
Fund balance, beginning	<u>77,882</u>	<u>77,882</u>	<u>---</u>
Fund balance, ending	<u>\$ 77,882</u>	<u>\$ 95,738</u>	<u>\$ 17,856</u>

TOWN OF ROSEPINE
GENERAL FUND

Schedule 3

SCHEDULE OF REVENUES COMPARED TO BUDGET (GAAP BASIS)
Year Ended June 30, 1998

	1998		Variance - Favorable (Unfavorable)
	Budget	Actual	
Taxes:			
Ad valorem taxes	\$ 14,400	\$ 14,278	\$ (122)
Franchise taxes	35,500	36,831	1,331
Total taxes	<u>\$ 49,900</u>	<u>\$ 51,109</u>	<u>\$ 1,209</u>
Licenses and permits:			
Occupational	\$ 24,300	\$ 28,410	\$ 4,110
Intergovernmental:			
Tobacco taxes	\$ 5,900	\$ 5,905	\$ 5
Federal grant	21,000	17,000	(4,000)
State grants	10,000	10,000	---
Total inter- governmental	<u>\$ 36,900</u>	<u>\$ 32,905</u>	<u>\$ (3,995)</u>
Fines and forfeits:			
Traffic fines	\$ 28,400	\$ 28,002	\$ (398)
Other revenues:			
Miscellaneous	\$ ---	10	\$ 10
Interest income	1,400	1,447	47
Copy machine revenue	100	108	8
Vending machine revenue	100	130	30
Total other revenues	<u>\$ 1,600</u>	<u>\$ 1,695</u>	<u>\$ 95</u>
Total revenues	<u>\$ 141,100</u>	<u>\$ 142,121</u>	<u>\$ 1,021</u>

TOWN OF ROSEPINE
GENERAL FUND

Schedule 4

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
Year Ended June 30, 1998

	1998		Variance - Favorable (Unfavorable)
	Budget	Actual	
General government:			
Supplies	\$ 1,500	\$ 1,758	\$ (258)
Other services and charges	9,400	9,469	(69)
Heat, light, and power	15,000	13,224	1,776
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>---</u>
Total general government	<u>\$ 30,900</u>	<u>\$ 29,451</u>	<u>\$ 1,449</u>
Public safety:			
Police -			
Personal services	\$ 42,400	\$ 38,393	\$ 4,007
Supplies	7,800	2,894	4,906
Other services and charges	28,640	22,907	5,733
Principal paid on long-term debt	6,268	6,268	---
Interest expense	<u>992</u>	<u>992</u>	<u>---</u>
Total public safety	<u>\$ 86,100</u>	<u>\$ 71,454</u>	<u>\$ 14,646</u>
Highways and streets:			
Street maintenance	<u>\$ 24,100</u>	<u>\$ 23,360</u>	<u>\$ 740</u>
Total expenditures	<u>\$ 141,100</u>	<u>\$ 124,265</u>	<u>\$ 16,835</u>

ENTERPRISE FUND

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

TOWN OF ROSEPINE
ENTERPRISE FUND

Schedule 5

BALANCE SHEET
JUNE 30, 1998

ASSETS	<u>1998</u>
Current assets:	
Cash	\$ 153,700
Accounts receivable:	
Accounts, net of allowance for doubtful accounts	22,628
Prepaid insurance	<u>3,233</u>
Total current assets	<u>\$ 179,561</u>
Restricted assets:	
Bond reserve, sinking fund and contingency accounts	\$ 43,458
Customers' deposits	<u>25,555</u>
Total restricted assets	<u>\$ 69,013</u>
Plant in service:	
Property, plant, and equipment at cost, net of accumulated depreciation	\$1,786,743
Bond issue cost, net of accumulated amortization	<u>7,047</u>
Total plant in service	<u>\$1,793,790</u>
Total assets	<u>\$2,042,364</u>

(Continued)

TOWN OF ROSEPINE
ENTERPRISE FUND

Schedule 5

BALANCE SHEET (CONTINUED)
June 30, 1998

LIABILITIES AND FUND EQUITY	<u>1998</u>
Liabilities:	
Current liabilities (payable from current assets):	
Accounts payable	\$ 3,752
Payroll taxes payable	<u>22</u>
Total current liabilities (payable from unrestricted assets)	<u>\$ 3,774</u>
Current liabilities (payable from restricted assets):	
Current portion of bonds	\$ 7,376
Accrued bond interest	16,309
Customers' deposits	<u>25,480</u>
Total current liabilities (payable from restricted assets)	<u>\$ 49,165</u>
Long-term liabilities:	
Mortgage note payable	\$ 49,594
Bonds payable	724,631
Deferred refunding valuation	<u>(19,400)</u>
Total long-term liabilities	<u>\$ 754,825</u>
Total liabilities	<u>\$ 807,764</u>

(Continued)

TOWN OF ROSEPINE
ENTERPRISE FUND

Schedule 5

BALANCE SHEET (CONTINUED)
June 30, 1998

LIABILITIES AND FUND EQUITY	<u>1998</u>
Fund Equity:	
Contributed capital-	
Municipality	\$ 18,313
Federal and state grants	<u>1,436,828</u>
Total contributed capital	<u>\$1,455,141</u>
Retained earnings:	
Reserve for contingency fund	\$ 19,847
Unreserved	<u>(240,388)</u>
Total retained earnings	<u>\$ (220,541)</u>
Total fund equity	<u>\$1,234,600</u>
Total liabilities and fund equity	<u>\$2,042,364</u>

(Concluded)

TOWN OF ROSEPINE

Schedule 6

ENTERPRISE FUND
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 RETAINED EARNINGS - PROPRIETARY FUND TYPE
 Year Ended June 30, 1998

	1998
Operating revenues:	
Charges for services	\$ <u>207,451</u>
Operating expenses:	
Personal services	\$ 96,219
Supplies	11,081
Other services and charges	49,797
Heat, light, and power	24,184
Depreciation	89,929
Amortization	393
Total operating expenses	<u>\$ 271,603</u>
Operating loss	<u>\$ (64,152)</u>
Non-operating revenues (expenses):	
Sales taxes	\$ 67,193
Interest income	4,127
Interest expense	<u>(53,833)</u>
Total non-operating revenues (expenses)	<u>\$ 17,487</u>
Net loss	\$ (46,665)
Retained earnings, (deficit) beginning	<u>(173,876)</u>
Retained earnings, (deficit) ending	<u>\$ (220,541)</u>

TOWN OF ROSEPINE
ENTERPRISE FUND

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS-RESTRICTED ACCOUNTS
REQUIRED BY BOND ORDINANCE
Year Ended June 30, 1998

	<u>Premier Sinking Fund</u>	<u>Premier Reserve Fund</u>	<u>Premier Depreciation and Contingency Fund</u>
Cash, July 1, 1997	<u>\$ 2,683</u>	<u>\$ 17,648</u>	<u>\$ 29,711</u>
Cash receipts:			
Transfers from			
operating cash	\$ 25,776	\$ ---	\$ 1,640
Transfer in	---	17,000	1,352
Interest income	---	684	254
	<u> </u>	<u> </u>	<u> </u>
Total cash available	<u>\$ 28,459</u>	<u>\$ 35,332</u>	<u>\$ 32,957</u>
Cash disbursements:			
Principal payments	\$ 5,355	\$ ---	\$ ---
Interest payments	14,086	---	---
Payments to escrow	4,475	---	---
Transfers out	---	35,332	17,000
	<u> </u>	<u> </u>	<u> </u>
Total cash disbursements	<u>\$ 23,916</u>	<u>\$ 35,332</u>	<u>\$ 17,000</u>
Cash, June 30, 1998	<u>\$ 4,543</u>	<u>\$ ---</u>	<u>\$ 15,957</u>

Schedule 7

<u>RECD Sinking Fund</u>	<u>RECD Reserve Fund</u>	<u>RECD Depreciation and Contingency Fund</u>	<u>Total</u>
\$ 2,601	\$ 1,021	\$ 1,021	\$ 54,685
\$ 31,200	\$ 1,580	\$ 2,997	\$ 63,193
---	14,832	---	33,184
---	70	188	1,196
<u>\$ 33,801</u>	<u>\$ 17,503</u>	<u>\$ 4,206</u>	<u>\$ 152,258</u>
\$ ---	\$ ---	\$ ---	\$ 5,355
31,200	---	---	45,286
---	---	---	4,475
---	---	1,352	53,684
<u>\$ 31,200</u>	<u>\$ ---</u>	<u>\$ 1,352</u>	<u>\$ 108,800</u>
<u>\$ 2,601</u>	<u>\$ 17,503</u>	<u>\$ 2,854</u>	<u>\$ 43,458</u>

TOWN OF ROSEPINE

Schedule 8

SCHEDULE OF GENERAL FIXED ASSETS
June 30, 1998

	<u>1998</u>
General fixed assets, at cost:	
Equipment	\$ 66,945
Land	410
Bridge	<u>44,898</u>
Total general fixed assets	<u>\$ 112,253</u>
Investment in general fixed assets:	
General fund revenues	\$ 63,836
Volunteer fire department	3,519
Grant funds	<u>44,898</u>
Total investment in general fixed assets	<u>\$ 112,253</u>

TOWN OF ROSEPINE

Schedule 9

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
Year Ended June 30, 1998

	<u>Equipment</u>	<u>Land</u>	<u>Bridge</u>	<u>Total</u>
General fixed assets, beginning of year	\$ 61,945	\$ 410	\$ 44,898	\$ 107,253
Additions:				
Assets added	5,000	---	---	5,000
Deductions:				
Assets removed	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
General fixed assets, end of year	<u>\$ 66,945</u>	<u>\$ 410</u>	<u>\$ 44,898</u>	<u>\$ 112,253</u>

TOWN OF ROSEPINE

Schedule 10

SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
Year Ended June 30, 1998

<u>Board Member</u>	<u>Total Paid</u>
Carol Bosley	950
James F. Weeks	975
Kenneth Harper	950
Jimmy Cryer	950
Ottis R. Goins	325
Jeff James	650
	<u>\$ 4,800</u>

TOWN OF ROSEPINE

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 1998

Prior Audit Findings

The follow-up and corrective action taken on all prior audit findings is presented in the summary schedule of prior audit findings (Schedule 11).

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year ended June 30, 1998

Audit Finding No. 1

Initial occurrence - June 30, 1997

Customer Deposits

Finding:

The balance in the restricted asset customer deposit cash account was less than the liability for customer deposits.

Corrective action taken - Yes

Audit Finding No. 2

Initial Occurrence - June 30, 1997

Restricted Asset Balance Requirements

Finding:

Monthly deposits are not being made into the bond sinking reserve and contingency funds as required by the bond agreements. Some of the restricted bond funds were underfunded at year end.

Corrective action taken - yes

John A. Windham, CPA

A Professional Corporation

1620 North Pine St.
DeRidder, LA 70634
Tel. (318) 462-3211
Fax. (318) 462-0640

John A. Windham, CPA

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

The Honorable Ottis R. Goins, Mayor
and the Members of The Board of Aldermen
Town of Rosepine, Louisiana

I have audited the general purpose financial statements of the Town of Rosepine, Louisiana, as of and for the year ended June 30, 1998, and have issued my report thereon dated November 6, 1998. I conducted my audit in accordance with generally accepted auditing standards and GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Rosepine, Louisiana's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under GOVERNMENT AUDITING STANDARDS. However, I noted certain immaterial instances of noncompliance that I have reported to management of the the Town of Rosepine, Louisiana, in a separate letter dated November 6, 1998.

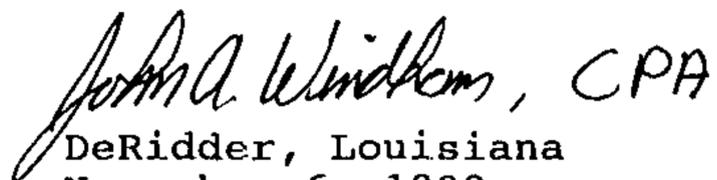
Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of Rosepine, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A The

Honorable Ottis R. Goins, Mayor
and the Members of The Board of Aldermen
Town of Rosepine, Louisiana
Page 2

material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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


DeRidder, Louisiana
November 6, 1998

John A. Windham, CPA

A Professional Corporation

1620 North Pine St.
DeRidder, LA 70634
Tel. (318) 462-3211
Fax. (318) 462-0640

John A. Windham, CPA

November 6, 1998

The Honorable Ottis R. Goins, Mayor
and the Members of the Board of Aldermen
Town of Rosepine, Louisiana

In planning and performing my audit of the general purpose financial statement of the Town of Rosepine, Louisiana, for the year ended June 30, 1998, I considered its internal control in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control. However, I noted certain matters involving internal control and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control that, in my judgement, could adversely affect the Town of Rosepine, Louisiana's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Other Comments and Recommendations

Compliance with Grant Requirements

Finding:

The Town of Rosepine's police department received a COPS Universal Hiring Program Grant during the year ended June 30, 1998. According to the grant manual, any changes made to the original approved number of officers and benefits are to be submitted to the grantor in writing for approval prior to making the changes. These changes are also to be documented by the grantee. No written request for changes were noted and no documentation existed on changes that were made by the grantee to the original approved grant award.

The Honorable Ottis R. Goins, Mayor
and the Members of the Board of Aldermen
Town of Rosepine, Louisiana
Page 2

A retention plan must be submitted to the grantor along with the grant application that focuses on maintaining the officers position beyond the life of the grant. This retention plan is not on file with the grantee and at this time is being requested from the grantor.

Reports required to be filed by the grant include, Department Initial Report, Department Annual Report, and a Officer Progress Report. The Department Initial Report and Department Annual Report is not on file and may not have been filed by the grantee. The grantee has requested these copies from the grantor if they were filed. The Officer Progress Report was due by February 15, 1998 and as of the date of this report has not been filed.

Recommendation:

I recommend that the officer in charge of administering the COPS Universal Hiring Grant read and become familiar with the grant manual and its requirements. All changes made to the approved grant should be submitted to the grantor in writing and documentation of the changes should be kept on file by the grantee. Documentation of local matching funds including the source of the funds, amount of funds and when the match was contributed should be documented and kept on file by the grantee. All reports required by the grantor should be timely filed and copies kept on file by the grantee.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the reportable conditions described above is believed to be a material weakness. These conditions were considered in determining the nature, timing, and extent of the audit tests applied in my audit of the general purpose financial statements, and this report does not affect my report on those general purpose financial statements dated November 6, 1998. I have not considered the internal control since the date of my report.

The Honorable Ottis R. Goins, Mayor
and the Members of the Board of Aldermen
Town of Rosepine, Louisiana
Page 3

This report is intended solely for the information and use of the
Town of Rosepine, Louisiana's management and the Legislative
Auditor. However, this report is a matter of public record, and
its distribution is not limited.

John A. Windham, CPA
DeRidder, Louisiana
November 6, 1998



TOWN OF ROSEPINE

Post Office Box 528

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(318) 463-8908

OTTIS R. GOINS, Mayor
JAMES D. PARROTT, Chief of Police
MELISSA A. DAVIS, Clerk-Treasurer

JAMES F. WEEKS, Alderman, Mayor-Pro tem
VIVIAN C. BOSLEY, Alderman
JEFF L. JAMES, Alderman
JAMES E. CRYER, Alderman
JAMES K. HARPER, Alderman

November 30, 1998

Mr. Daniel G. Kyle, CPA
Legislative Auditor's Office
State of Louisiana
P. O. Box 94397
Baton Rouge, LA. 70804-9397

ref: June 30, 1998 Audit Findings

Dear Mr. Kyle:

I have reviewed the management letter presented to me by our auditor, John A. Windham, CPA. The officer in charge of the COPS grant has been notified of the auditor's findings. The officer now has an updated COPS manual that he has read and is taking steps to update his files for our prior fiscal year as well as keeping current records for the current year. All correspondence with the COPS grantor will be in writing and kept in our files. Records will be kept on all local matching funds as required by the grant. Reports required by the grant will be timely filed and copies retained by the officer in charge.

If further correspondence is required please notify me.

With kindest regards,

Ottis R. Goins
Mayor - Town of Rosepine, Louisiana